

VA Office of Inspector General

OFFICE OF AUDITS & EVALUATIONS



# Department of Veterans Affairs

*American Recovery and  
Reinvestment Act  
Oversight Advisory Report*



*VHA Non-Recurring  
Maintenance Contract Award  
Oversight Needs Strengthening*

March 15, 2010  
09-01814-97

## ACRONYMS AND ABBREVIATIONS

|              |                                                     |
|--------------|-----------------------------------------------------|
| Recovery Act | American Recovery and Reinvestment Act of 2009      |
| eCMS         | Electronic Contract Management System               |
| FBO          | Federal Business Opportunities                      |
| NRM          | Non-Recurring Maintenance                           |
| OAL&C        | Office of Acquisitions, Logistics, and Construction |
| OMB          | Office of Management and Budget                     |
| VHA          | Veterans Health Administration                      |
| VISN         | Veterans Integrated Service Network                 |

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# REPORT HIGHLIGHTS: American Recovery and Reinvestment Act Advisory Report – VHA Non-Recurring Maintenance Contract Award Oversight Needs Strengthening

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## Why We Did This Review

This review examined the effectiveness of the Veterans Health Administration (VHA) American Recovery and Reinvestment Act of 2009 (Recovery Act) non-recurring maintenance (NRM) contract award monitoring processes. The Recovery Act provided VA with \$1 billion for NRM and energy projects to correct, replace, upgrade, and modernize existing infrastructure and utility systems at VA medical centers. VA's Office of Acquisitions, Logistics, and Construction (OAL&C) uses the Electronic Contract Management System (eCMS) to monitor Recovery Act NRM procurements. Accordingly, this review evaluated eCMS data for VHA's initial Recovery Act NRM contract awards to assess compliance with Recovery Act requirements and objectives and Office of Management and Budget (OMB) and OAL&C Recovery Act implementation guidance.

## What We Found

During the initial implementation of the Recovery Act's contracting requirements, VHA contracting officers did not properly publicize and prepare Recovery Act contract solicitations and awards in accordance with Recovery Act requirements and objectives and related OMB and OAL&C implementation guidance. Further, eCMS' data reliability and system problems hampered OAL&C's ability to effectively monitor Recovery Act procurements and

ensure NRM contract awards met Recovery Act requirements and accountability, efficiency, and transparency objectives.

## What We Recommended

We recommended the Acting Under Secretary for Health, in consultation with the OAL&C Executive Director, develop and provide training for VHA contracting officers on Recovery Act contract award requirements and strengthen eCMS monitoring and reporting mechanisms for Recovery Act NRM contracts. Further, VHA contracting officers need to verify the publication of Recovery Act NRM contract solicitations on the Federal Business Opportunities (FBO) website.

## Agency Comments

The Acting Under Secretary for Health and the Executive Director of OAL&C agreed with our findings and recommendations. We consider the implemented corrective actions acceptable and will continue providing oversight for Recovery Act procurements (see Appendix C for the full text of management's comments).

*(original signed by:)*

**BELINDA J. FINN**

**Assistant Inspector General  
for Audits and Evaluations**

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## INTRODUCTION

### **Objective**

To help VHA achieve Recovery Act contract award requirements and accountability, efficiency, and transparency objectives, we assessed the eCMS data that OAL&C uses to monitor VHA Recovery Act NRM contract awards. As of July 15, 2009, eCMS showed that VHA had awarded \$46.5 million of the \$1 billion in Recovery Act NRM funding provided by the President and Congress for the correction, replacement, upgrade, and modernization of existing infrastructure and utility systems at VHA medical centers. Our review examined eCMS data for Recovery Act NRM contract awards to determine if the awards complied with Recovery Act contracting requirements and objectives and related OMB and OAL&C Recovery Act implementation guidance.

### **Recovery Act NRM Oversight**

On February 18, 2009, OMB issued Memorandum M-09-10, the initial government-wide guidance for Recovery Act programs and activities. Subsequently, OAL&C issued an information letter on the establishment of VA Recovery Act awards, IL001AL-09-07, "Implementing Guidance for Contracting Awards under the American Recovery and Reinvestment Act of 2009, on March 17, 2009. OAL&C also adapted and upgraded VA's existing eCMS to incorporate key data values unique to Recovery Act procurements, required milestone plans, and included an enhanced data warehouse and report generation tool to facilitate Recovery Act procurement monitoring.

The OAL&C staff uses eCMS to monitor Recovery Act NRM procurements and review contract award data in the data warehouse on a weekly basis to identify data discrepancies such as blank or incorrect amounts, incorrect dates, and data entry errors. In addition, the OAL&C staff holds weekly teleconferences with VHA contracting personnel, eCMS coordinators, and VHA management staff to discuss eCMS data discrepancies and other relevant Recovery Act procurement issues.

## RESULTS AND RECOMMENDATIONS

### **Finding 1 VHA NRM Recovery Act Solicitations and Awards Did Not Comply With Recovery Act Requirements**

During VHA's initial implementation of the Recovery Act, contracting officers did not properly publicize and prepare non-recurring maintenance (NRM) contract solicitations and awards in accordance with Recovery Act requirements and related Office of Management and Budget (OMB) and Office of Acquisitions, Logistics, and Construction (OAL&C) guidance. Of the 29 new VHA NRM Recovery Act contract awards we reviewed, 20 awards totaling about \$10.6 million did not fully comply with the Recovery Act's pre-solicitation, solicitation, or award requirements. VHA contracting officers stated that these deficiencies occurred due to errors made during the preparation of the solicitations and awards in eCMS and a lack of familiarity with OAL&C's implementing guidance for NRM contract awards. As a result, VHA lacked assurance that its Recovery Act NRM contracts fully met the Recovery Act's accountability, efficiency, and transparency objectives and its goal of maximizing competition to safeguard the taxpayers' interests and stimulate the economy.

OAL&C requires the publication of pre-solicitation notices and solicitations for proposed Recovery Act-funded contracts on the FBO website. The FBO website is an Internet procurement portal where federal government buyers publicize procurement opportunities over \$25,000 and commercial vendors can search, monitor, and retrieve the publicized procurement opportunities. The publication of pre-solicitation and solicitation notices for Recovery Act funded contracts on the FBO website is key to meeting the Recovery Act's objectives related to competition, the efficient use of funds, accountability, and transparency.

Solicitations and awards must contain language identifying them as Recovery Act procurement actions in eCMS and the FBO website. The Recovery Act also requires solicitations and awards to contain the following clauses: 1) Buy American Act, 2) Whistleblower Protection, 3) Compliance Reporting, and 4) Comptroller General and Inspector General Reviews. The inclusion of identifying language and these required clauses promotes the Recovery Act's transparency and accountability objectives and job creation.

OAL&C Information Letter 001AL-09-07 requires VHA contracting officers to prepare Recovery Act solicitations and awards in eCMS and provides contracting officers with guidance on how to use eCMS to publicize actions on the FBO website. Since the issuance of the information letter, OAL&C has continued to disseminate additional Recovery Act guidance and

clarifications to VHA through eCMS Application Coordinators, Network Contract Managers, Recovery Act Coordinators, Chief Financial Officers, and Capital Asset Managers. Nevertheless, we found that contracting officers did not consistently comply with the Recovery Act’s requirements when they prepared and publicized VHA’s initial Recovery Act-related solicitations and awards. Table 1 below shows the 32 deficiencies we identified in 20 of the 29 reviewed Recovery Act NRM contract awards.

**Table 1. Deficiencies in Publication and Preparation of NRM Recovery Act Pre-Solicitations, Solicitations, and Awards by VISN**

| VISN         | # of Awards | Pre-Solicitation     |                             | Solicitation  |                          |                         | Contract Award       |                             | Total      |
|--------------|-------------|----------------------|-----------------------------|---------------|--------------------------|-------------------------|----------------------|-----------------------------|------------|
|              |             | Notice Not Published | “Recovery Act” Not in Title | Not Published | Amendments Not Published | Lacked Required Clauses | Notice Not Published | “Recovery Act” Not in Title |            |
| 2            | 2           |                      |                             |               |                          |                         |                      | 1                           | 1          |
| 3            | 3           | 1                    |                             | 1             | 1                        | 1                       |                      |                             | 4          |
| 4            | 3           |                      |                             | 1             | 1                        | 2                       | 1                    |                             | 5          |
| 5            | 1           | 1                    |                             | 1             |                          | 1                       |                      |                             | 3          |
| 7            | 3           |                      |                             | 1             | 1                        |                         | 1                    |                             | 3          |
| 8            | 1           |                      |                             |               | 1                        |                         |                      | 1                           | 2          |
| 9            | 3           |                      |                             |               |                          |                         |                      |                             | 0          |
| 12           | 2           |                      |                             |               |                          |                         |                      | 2                           | 2          |
| 16           | 3           |                      |                             | 1             |                          |                         |                      |                             | 1          |
| 18           | 2           |                      |                             | 2             |                          | 2                       |                      |                             | 4          |
| 19           | 1           |                      |                             |               |                          |                         |                      |                             | 0          |
| 20           | 1           |                      |                             |               |                          |                         |                      |                             | 0          |
| 21           | 1           |                      |                             | 1             |                          |                         |                      |                             | 1          |
| 23           | 3           |                      | 1                           | 1             |                          | 1                       | 1                    | 2                           | 6          |
| <b>Total</b> | <b>29</b>   | <b>2</b>             | <b>1</b>                    | <b>9</b>      | <b>4</b>                 | <b>7</b>                | <b>3</b>             | <b>6</b>                    | <b>*32</b> |

\* The total number of deficiencies equaled 32 because some awards had more than 1 deficiency.

In total, VHA contracting officers did not publicize 18 procurement actions (2 pre-solicitations, 9 solicitations, 4 solicitation amendments, and 3 awards) on the FBO website even though it was required by OAL&C implementation guidance. Contracting officers did not properly publicize these procurement actions due to their inexperience using eCMS and a lack of understanding of the Recovery Act’s implementation requirements. Some contracting officers believed it was sufficient to state in their FBO pre-solicitation notices that the contractors should contact them directly for the solicitation package.

VHA contracting officers limit transparency and accountability and may decrease competition for Recovery Act contracts when they do not properly publicize Recovery Act pre-solicitations, solicitations, and awards on the FBO website. Similarly, the failure to publicize amended solicitations on the FBO website limits the information provided vendors and could reduce the number of responsive bids.

VHA contracting officers also did not include required Recovery Act language and contract clauses for 14 procurement actions (1 pre-solicitation, 7 solicitations, and 6 awards). For the seven solicitations that lacked

required Recovery Act-related clauses, some contracting officers mistakenly believed that when they designated a contract as a “Recovery Act” contract in eCMS, the system automatically populated the contract with the required clauses.

The omission of required Recovery Act clauses removes safeguards designed to ensure transparency and accountability in the procurement process and to promote economic stimulation. For example, the omission of the “Buy American Act Requirements–Construction Materials” clause from solicitations could lead contractors to prepare bids, which are reliant on the use of foreign instead of American-made construction materials. Moreover, if this clause is not eventually added to these solicitations before the contracts are awarded, less Recovery Act funding may be available to stimulate the American economy due to the use of foreign (rather than American-made) construction materials on these Recovery Act projects.

For the 20 reviewed Recovery Act NRM contract awards which had deficiencies and did not fully meet Recovery Act objectives and goals, VHA contracting officers acknowledged that these deficiencies occurred due to errors during the preparation of the procurement actions in eCMS and a lack of familiarity with OAL&C implementing guidance for Recovery Act contract awards. Similarly, OAL&C officials attributed these deficiencies to the “steep learning curve” VHA contracting officers had relative to Recovery Act NRM contracts and their preparation in eCMS.

### **Conclusion**

VHA needs to strengthen Recovery Act NRM oversight to ensure that these VHA contract awards meet the Recovery Act’s requirements and accountability, efficiency, and transparency objectives. Despite OAL&C’s efforts to educate VHA contracting officers on Recovery Act requirements and monitor Recovery Act NRM data in eCMS, VHA contracting officers did not comply with Recovery Act and OAL&C pre-solicitation, solicitation, and contract award requirements when they established 20 of the 29 initial Recovery Act NRM contracts in eCMS.

### **Recommendations**

1. We recommended the Acting Under Secretary for Health, in consultation with the OAL&C Executive Director, develop and provide training for VHA contracting officers on the Recovery Act’s contract award requirements.
2. We recommended the Acting Under Secretary for Health, in consultation with the OAL&C Executive Director, strengthen monitoring mechanisms to ensure Recovery Act pre-solicitations, solicitations, and awards comply with OMB and OAL&C Recovery Act implementation guidance.



**Management  
Comments and  
OIG Response**

The Acting Under Secretary for Health and the OAL&C Executive Director concurred with our finding and recommendations. VHA issued guidance and implemented processes and procedures to enhance VHA contracting officers' understanding of Recovery Act contract award requirements. Additionally, VHA initiated conference calls with VISN staff and eCMS application coordinators to address Recovery Act-related reports, projections, policies, eCMS issues, questions, and comments. VHA also issued guidance requiring Recovery Act projects that are ready for award be routed to the Director of VHA Recovery Act Acquisition Program Office for review. We consider the completed corrective actions and provided supporting documentation acceptable.

## **Finding 2 eCMS Data Reliability and System Problems Hamper Effective Recovery Act Oversight**

Data reliability and system problems within eCMS limited OAL&C's ability to oversee VHA Recovery Act-related procurements effectively and to promote the Recovery Act's accountability, efficiency, and transparency objectives. OAL&C Information Letter 001AL-09-07 requires VHA contracting officers to use eCMS to prepare, publicize, and report Recovery Act contracting actions. OAL&C uses eCMS data to monitor VHA Recovery Act NRM procurement activities and prepare weekly Recovery Act reports sent to VHA's Procurement and Logistics Office, Chief Financial Officers, and the Office of Inspector General. Although OAL&C staff reviewed eCMS data weekly to identify discrepancies in Recovery Act NRM data, OAL&C needed to work with VHA contracting officers to promote uniformity in the usage of eCMS, improve the completeness and accuracy of eCMS data, and increase awareness of eCMS system problems that affect the reliability of eCMS information.

### ***Placement of Data and Documents***

VHA contracting officers did not uniformly enter contract data into eCMS for the initial Recovery Act NRM contract awards we reviewed. OAL&C officials have disseminated an indexing system (the Action Briefcase Index, hereafter referred to as the Index) for eCMS to ensure uniform and consistent eCMS usage. However, VHA contracting officers did not use the Index, and instead, put procurement documents in various locations in eCMS when they prepared the initial Recovery Act NRM procurement actions.

This lack of consistency and uniformity in the placement of key documents, such as the Statement of Work (SOW), limits program officials' ability to locate and evaluate contract documents and restricts the national visibility of the Recovery Act-funded projects. The Index directs contracting officers to place the original and final SOWs in two distinct locations in eCMS. However, for 22 of the 29 reviewed Recovery Act contract awards, the SOWs could not be located in either location. Instead, we found parts of the SOWs for these 22 Recovery Act contract awards in fields the Index designated for the purchase request (VA2237) and Solicitation, Offer, and Award (SF1442).

OAL&C officials stated that VHA contracting officers may have felt they complied with eCMS reporting requirements as long as eCMS contained the required contracting information and documents, and thus, they may not have been concerned about where they placed the documents and information. Ensuring VHA contracting officers' consistent use of the Index and uniformity in the placement of information and documents in eCMS would help facilitate the review of Recovery Act NRM contract data and improve Recovery Act oversight and transparency.

***Incomplete or Inaccurate Data***

Despite OAL&C's efforts to monitor Recovery Act NRM data and to correct inaccuracies, Recovery Act NRM data recorded in eCMS was sometimes incomplete and inaccurate. VHA contracting officers did not always upload required contract documentation to eCMS. Although OAL&C Information Letter 001AL-09-07 requires contracting officers to prepare and place all Recovery Act NRM contract solicitation and award documents in eCMS, we could not locate 1 solicitation for a proposed \$429,000 Recovery Act NRM contract and 10 Recovery Act NRM contracts valued at \$4.9 million in eCMS during our review. VHA contracting officers stated either they did not take the necessary time to upload the contract documentation to eCMS or they did not realize it was required.

In addition, VHA contracting officers did not always correct known inaccuracies in Recovery Act NRM contract data. In response to an inquiry regarding one reviewed contract award that had "\$0" recorded for its obligation amount, the Director of VHA Recovery Act Program advised us that a data interface problem between eCMS and the Federal Procurement Database System had caused this data error. OAL&C staff stated that they were aware of this problem and that they had informed VHA contracting officers of the need to check obligation amounts, and if necessary, manually correct them in eCMS. However, as of September 30, 2009, 25 of the reported 615 Recovery Act NRM contract awards on the eCMS Recovery Act Awards Report had "\$0" recorded as their obligated amounts.

Finally, VHA contracting officers also misidentified contracts in eCMS as Recovery Act-funded contracts. Our review of the eCMS Recovery Act Awards Report, dated July 15, 2009, identified 3 contract awards valued at \$166,469 which were not Recovery Act-related procurements. In one case, the VHA contracting officer accidentally clicked "yes" to Recovery Act when entering purchase order information for mental health forms in eCMS, thus causing the purchase to appear on the eCMS Recovery Act Awards report.

***Unreliable FBO Information***

OAL&C needs to formally alert VHA contracting officers of an eCMS technical interface problem that could mistakenly lead contracting officers to believe that the FBO website has published a solicitation, when in fact it has not. We determined that eCMS notifications and automated FBO e-mails confirming the receipt of solicitations did not necessarily mean that FBO website had published the solicitations. Instead of relying on these notifications and receipts, contracting officers needed to check the FBO website to ensure that Recovery Act NRM solicitations had been published.

The Director of the VHA Recovery Act Program stated that he was aware of this issue and that he had discussed with VHA contracting officers, as problems arose on a case-by-case basis, the need to verify the posting of the solicitations on the FBO website. However, VHA had not alerted

contracting officers across the system of this potential problem. One VHA contracting officer we interviewed stated that she believed that the publication of the solicitation on the FBO website was confirmed when she received an e-mail notification from the FBO website. Instead of relying on information in eCMS and notifications from the FBO website, VHA contracting officers need to check the FBO website to ensure the prompt posting of Recovery Act contract solicitations.

**Conclusion**

VHA needs to strengthen Recovery Act NRM oversight to ensure that these, contract awards, meet the Recovery Act's requirements, goals, and accountability, efficiency, and transparency objectives. Despite OAL&C's efforts to monitor Recovery Act NRM data in eCMS and to educate contracting officers on Recovery Act requirements, OAL&C and VHA need to address the lack of uniformity in the usage of eCMS to maintain Recovery Act NRM contract information, incomplete and inaccurate Recovery Act NRM data, and problems related to the posting of solicitations on the FBO website.

**Recommendations**

3. We recommended the Acting Under Secretary for Health, in consultation with the OAL&C Executive Director, strengthen eCMS Recovery Act NRM monitoring and reporting processes to ensure the uniform use of eCMS and the reliability, completeness, and accuracy of Recovery Act NRM eCMS data.
4. We recommended the Acting Under Secretary for Health, in consultation with the OAL&C Executive Director formally alert VHA contracting officers to the eCMS technical interface problem with the FBO website and issue guidance on the need to verify publication of solicitations directly on the FBO website.

**Management  
Comments and  
OIG Response**

The Acting Under Secretary for Health and the OAL&C Executive Director concurred with our finding and recommendations. VHA issued guidance requiring that Recovery Act projects ready for award be routed to the Director of VHA Recovery Act Acquisition Program Office for review. Additionally, VHA's bi-weekly conference calls with eCMS application coordinators have shifted from the implementation of the Recovery Act to focus now on educating and training contracting staff and addressing eCMS and Recovery Act questions, comments, and suggestions. Lastly, on January 20, 2010, VHA notified all staff members with access to eCMS of the technical interface problem with the FBO website. We consider the completed corrective actions and provided supporting documentation acceptable.

## Appendix A Scope and Methodology

### **Scope**

Of the 148 VA Recovery Act contract awards totaling \$46.5 million on the eCMS Recovery Act Awards report, dated July 15, 2009, VHA had 42 new NRM contract awards totaling \$21.5 million. Using high-dollar award amounts and different contracting officers as selection criteria, we judgmentally selected a maximum of three new VHA NRM Recovery Act contract awards from each Veterans Integrated Service Network (VISN) for review. If a VISN had fewer than three new contract awards, we included all of the new contract awards for that VISN in our judgment sample. Consequently, we reviewed a sample of 29 (69 percent) new Recovery Act NRM contracts awards from the eCMS Recovery Act Awards report, dated July 15, 2009, totaling about \$18.7 million (87 percent).

### **Methodology**

For these 29 Recovery Act NRM contract awards, we reviewed available contract award data and documents in eCMS. We also conducted follow-up work with selected OAL&C and VHA contracting staff to verify whether or not solicitations and awards met Recovery Act requirements and objectives contained in OMB and OAL&C implementation guidance.

### **Reliability of Computer- Processed Data**

We performed limited eCMS data reliability testing for those Recovery Act NRM contract awards included in our review scope as part of our assessment of the effectiveness of VHA oversight processes for Recovery Act-funded NRM contract awards.

### **Compliance with Quality Standards for Inspections**

We conducted this review from July through October 2009 in accordance with the President's Council on Integrity and Efficiency *Quality Standards for Inspections* (January 2005). These standards require that we plan and perform the review to obtain sufficient, competent, and relevant evidence to provide a reasonable basis for our findings and conclusions based on our review objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objective.

## Appendix B Background

### ***Recovery Act Oversight***

On February 17, 2009, the President signed the Recovery Act providing VA with \$1 billion for VHA NRM and energy projects. VA's spend plan for the funds listed 942 NRM projects to correct, replace, upgrade, and modernize existing infrastructure and utility systems at VHA medical centers. The NRM projects included (but were not limited to) patient privacy corrections, life safety corrections, facility condition deficiency corrections, utility system upgrades, and improvements related to the provision of mental health care.

Both the President and Congress have emphasized the need for accountability, efficiency, and transparency in the allocation and expenditure of Recovery Act funds. Accordingly, the OMB has called on Federal agencies to:

- Award and distribute funds in a prompt, fair, and reasonable manner.
- Ensure the recipients and use of the funds are transparent to the public and the resulting benefits are reported clearly, accurately, and promptly.
- Ensure funds are used for authorized purposes and to mitigate instances of fraud, waste, and abuse.
- Avoid unnecessary project delays and cost overruns.
- Achieve specific program outcomes and improve results on economic indicators.

### ***OIG Oversight***

The Recovery Act also mandated that the OIG provide oversight for the Recovery Act's funded programs, grants, and activities. To accomplish this mandate and assist VA in achieving Recovery Act and OMB accountability, efficiency, and transparency objectives, we initiated a series of reviews to assess the effectiveness of oversight processes for VHA's \$1 billion in Recovery Act-funded NRM projects. This review assessed Recovery Act data in OAL&C's eCMS to determine if Recovery Act NRM contract awards complied with the Recovery Act's contracting requirements and objectives contained in OMB and OAL&C implementation guidance.

## Appendix C Agency Comments

**Department of  
Veterans Affairs**

# Memorandum

Date: February 10, 2010

From: Acting Under Secretary for Health (10)

Subj: *OIG Draft Report, American Recovery and Reinvestment Act (Recovery Act) Oversight Advisory Report, VHA Non-Recurring Maintenance (NRM) Contract Award Oversight Needs Strengthening, (WebCIMS 448747)*

To: Assistant Inspector General for Auditing (52)

1. I have reviewed the draft report, and consider your recommendations valuable, as the Veterans Health Administration's (VHA) continues to strengthen its oversight of Recovery Act Non-Recurring Maintenance (NRM) projects. My staff has already taken actions to implement them. It must be mentioned that during the first ten months of the Recovery Act Program, VHA has successfully awarded over 700 contracts, worth more than \$430 million dollars, positively affecting 140 VA Medical Centers and more than five million Veterans throughout the country. The award of these contracts has been instrumental in improving our delivery of services to our Veterans. Going forward, I will ensure VHA continues to effectively monitor VHA contract awards so they meet the Recovery Act's requirements and accountability, efficiency, and transparency objectives. VHA's plan of corrective action in response to the four recommendations is attached.

2. In making your findings and recommendations, your auditors reviewed VHA Recovery Act project data in the Department of Veterans Affairs' Electronic Contract Management System (eCMS) as of July 15, 2009. Throughout the duration of the Recovery Act Program, VHA has continually taken steps to ensure a higher degree of compliance with Recovery Act requirements and affect more complete and accurate Recovery Act NRM data in eCMS. For example, in August 2009, VHA Office of Procurement and Logistics, Recovery Act Acquisition Program Office (10F) issued additional guidance, titled *Instruction on Procuring Recovery Act Projects Through eCMS*, to clarify policies and procedures required for projects falling under the Recovery Act.

3. On August 20, 2009, 10F began conducting weekly conference calls with key Veterans Integrated Service Network (VISN) stakeholders (including contracting, capital asset management, engineering, and finance) to address Recovery Act-related reports, projections, and policies. These weekly VISN calls serve to involve management in the Recovery Act process and ensure staff receives a consistent message. In addition, 10F also conducts bi-weekly conference calls with eCMS application coordinators to address

questions, comments, and suggestions related to eCMS and the Recovery Act. During the bi-weekly calls, participants analyze weekly reports and discuss recurring procedural problems, troubleshooting, and long-term solutions.

4. Thank you for the opportunity to review the report. Attached are VHA's plans of corrective action for each of the report's recommendations as well as applicable references for the action plans. If you have any questions, please have a member of your staff contact Linda Lutes, Director, Management Review Service (10B5) at (202) 461-7245.

*(original signed by:)*

Gerald M. Cross, MD, FAAFP

Attachments



**VETERANS HEALTH ADMINISTRATION (VHA)  
Action Plan  
OIG Draft Report, American Recovery and Reinvestment Act (Recovery Act)  
Oversight Advisory Report, VHA Non-Recurring Maintenance (NRM)  
Contract Award Oversight Needs Strengthening  
(WebCIMS 448747)**

| <b>Recommendations/<br/>Actions</b> | <b>Status</b> | <b>Completion<br/>Date</b> |
|-------------------------------------|---------------|----------------------------|
|-------------------------------------|---------------|----------------------------|

**We recommend the Acting Under Secretary for Health, in consultation with the Office of Acquisition, Logistics, and Construction (OAL&C) Executive Director:**

**Recommended Improvement Action(s) 1: Develop and provide training for Veterans Health Administration (VHA) contracting officers on the Recovery Act’s contract award requirements.**

VHA Comments

Concur

VHA contracting officers received guidance prior to being assigned Recovery Act requirements and were fully capable of handling all phases of the procurement process. However due to the additional steps involved in processing Recovery Act requirements as well as the preliminary Office of the Inspector General report, in August 2009, VHA Office of Procurement and Logistics, Recovery Act Acquisition Program Office (10F) issued guidance (Attachment A) and implemented processes and procedures to enhance VHA contracting officers understanding of how to handle Recovery Act contract award requirements.

On August 20, 2009, 10F began conducting weekly conference calls with key Veterans Integrated Service Network (VISN) stakeholders (including contracting, capital asset management, engineering, and finance) to address Recovery Act-related reports, projections, and policies. These weekly VISN calls serve to involve management in the Recovery Act process and ensure staff receives a consistent message. Since implementation of these calls, VHA contract awards have consistently increased on a monthly basis, with January’s total being four times more than September’s total.

On October 1, 2009, 10F began conducting bi-weekly conference calls with Electronic Contract Management System (eCMS) application coordinators, in an effort to create a venue to address questions, comments, and suggestions related to eCMS and the Recovery Act. During the bi-weekly calls, participants analyze weekly reports and discuss recurring procedural problems, troubleshooting, and long-term solutions. The application coordinators are responsible for relaying the information to their VISN contracting offices. VHA has since seen its weekly error report reduced from an average of 100 errors per

week, to less than 20 errors per week. The decrease in errors is a strong indication that VHA contracting officers have an excellent understanding of how to process Recovery Act requirements via eCMS which greatly increases the reliability of our progress reports and allows our project teams to more effectively manage their workload.

Completed

October 1, 2009

**Recommended Improvement Action(s) 2: Strengthen monitoring mechanisms to ensure Recovery Act pre-solicitations, solicitations, and awards comply with Office of Management and Budget (OMB) and OAL&C Recovery Act implementation guidance.**

VHA Comments

Concur

Effective June 15, 2009, 10F issued guidance (Attachment B) requiring routing of all Recovery Act projects ready for award to the Director, VHA Recovery Act Acquisition Program Office for review. During this review, the Director confirms that the project complies with OMB and OAL&C Recovery Act implementation guidance and that all eCMS actions related to the project are complete. Subsequently, 10F issues a weekly eCMS discrepancy report to the VISNs noting errors or missing information in eCMS. The report identifies the specific discrepancy, project, and contracting office for prompt resolution. While this guidance was issued prior to the VA OIG audit, its implementation was complete in August 2009. The Director, VHA Recovery Act Acquisition Program Office validates full implementation through weekly conference calls with Veterans Integrated Service Networks and bi-weekly conference calls with Electronic Contract Management System (eCMS) application coordinators.

Completed

August 20, 2009

**Recommended Improvement Action(s) 3: Strengthen eCMS Recovery Act Non-Recurring Maintenance (NRM) monitoring and reporting processes to ensure the uniform use of eCMS and the reliability, completeness, and accuracy of Recovery Act NRM eCMS data.**

VHA Comments

Concur

Effective June 15, 2009, 10F issued guidance (Attachment B) requiring routing of all Recovery Act projects ready for award to the Director, VHA Recovery Act Acquisition Program Office for review. During this review, the Director confirms that the project

complies with OMB and OAL&C Recovery Act implementation guidance and that all eCMS actions related to the project are complete. Subsequently, 10F issues a weekly eCMS discrepancy report to the VISNs noting errors or missing information in eCMS. The report identifies the specific discrepancy, project, and contracting office for prompt resolution. While this guidance was issued prior to the VA OIG audit, its implementation was complete in August 2009. The Director, VHA Recovery Act Acquisition Program Office validates full implementation through weekly conference calls with Veterans Integrated Service Networks and bi-weekly conference calls with Electronic Contract Management System (eCMS) application coordinators.

Completed

August 20, 2009

On October 1, 2009, 10F began conducting bi-weekly conference calls with Electronic Contract Management System (eCMS) application coordinators to, shifting focus from implementation of the Recovery Act to educating and training the Contracting Workforce and creating a venue to address questions, comments, and suggestions related to eCMS and the Recovery Act. During the bi-weekly calls, participants analyze weekly reports and discuss recurring procedural problems, troubleshooting, and long-term solutions. The application coordinators are responsible for relaying the information to their VISN contracting offices. VHA has since seen its weekly error report reduced from an average of 100 errors per week, to 20 errors per week. The decrease in errors greatly increases the reliability of our progress reports and allows our project teams to more effectively manage their workload.

Completed

October 1, 2009

**Recommended Improvement Action(s) 4: Formally alert VHA contracting officers to the eCMS technical interface problem with the FedBizOpps (FBO) web site and issue guidance on the need to verify publication of solicitations directly on the FBO web site.**

VHA Comments

Concur

On January 20, 2010, the Director, 10F formally notified all the Department of Veterans Affairs' staff with access to eCMS of the eCMS technical interface problem with the FBO website. Specifically, the notification email alerted staff that eCMS confirmation of a proper FBO transmittal does not necessarily confirm that the document has been successfully published to the FBO web site. Instead, it only confirms that the document has been successfully sent to the FBO web site. In the notification email, the Director also stipulated the need to verify publication of solicitations directly on the FBO web site and ensure that all of the information is accessible to the public.

Completed

January 20, 2010

Veterans Health Administration

February 2010

**DEPARTMENT OF  
VETERANS AFFAIRS**

**Memorandum**

Date: Feb. 23, 2010

From: Executive Director, Office of Acquisition, Logistics, and Construction (001ALC)

Subj: OIG Draft Report, American Recovery and Reinvestment Act (Recovery Act) Oversight Advisory Report, VHA Non-Recurring Maintenance (NRM) Contract Award Oversight Needs Strengthening (WebCIMS No. 449609)

To: Assistant Inspector General for Auditing (52)

1. In response to your memorandum dated January 14, 2010, the Office of the Inspector General made 4 recommendations to the Acting Under Secretary for Health, in consultation with the Office of Acquisition, Logistics, and Construction (OALC) Executive Director on pages 4 and 7 of the draft report.
2. The Veterans Health Administration has taken the lead on providing a consolidated response (WebCIMS No. 448747). I have concurred with no comments on VHA's plans of corrective action for each of the report's recommendations and applicable references for the action plans.

*(original signed by:)*

Glenn D. Haggstrom

## Appendix D **OIG Contact and Staff Acknowledgments**

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|             |                          |
|-------------|--------------------------|
| OIG Contact | Janet Mah (310) 268-4335 |
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|                 |                                                                  |
|-----------------|------------------------------------------------------------------|
| Acknowledgments | John Carnahan<br>Andrea Chinchilla<br>Kelly Perry<br>John Powers |
|-----------------|------------------------------------------------------------------|

## **Appendix E Report Distribution**

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Senate Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies  
Senate Committee on Homeland Security and Governmental Affairs  
National Veterans Service Organizations  
Government Accountability Office  
Office of Management and Budget

This report will be available in the near future on the OIG's website at <http://www.va.gov/oig/publications/reports-list.asp> and on the American Recovery and Reinvestment Act of 2009 website at <http://www.recovery.gov/>. This report will remain on the OIG website for at least 2 fiscal years after it is issued.