Department of Veterans Affairs
Office of Inspector General

Audit of
VA Electronic
Contract Management
System

Contents

Acronyms

eCMS	Electronic Contract Management System
FedBizOpps	Federal Business Opportunities
FLITE	Financial and Logistics Integrated Technology Enterprise
FPDS-NG	Federal Procurement Data System-Next Generation
GSA	General Services Administration
IFCAP	Integrated Funds Distribution, Control Point Activity, Accounting and Procurement
IL	Information Letter
IT	Information Technology
NCA	National Cemetery Administration
OAL&C	Office of Acquisition, Logistics, and Construction
OI&T/OED	Office of Information Technology, Office of Enterprise Development
VACO	Veterans Affairs Central Office

Executive Summary

Results in Brief

The Office of Inspector General (OIG) performed an audit to evaluate the effectiveness of the Electronic Contract Management System (eCMS), which was designed to improve VA's contract management. The audit objective was to determine if information in eCMS enables VA to use the system as a comprehensive management tool to improve the procurement process and the effectiveness of the system for oversight of VA procurements.

The audit revealed that eCMS is not used effectively and procurement information in eCMS is incomplete. VA cannot achieve the expected benefits of eCMS, including the ability to integrate and standardize procurement processes, reduce workload, and improve communications without complete information. For example, VA currently cannot rely on eCMS to determine the total number of procurements accurately or the total estimated value of these procurements. Also, because procurement information in eCMS is incomplete, reports generated by the system cannot be relied upon when making procurement management decisions.

VA has not integrated eCMS with VA's Integrated Funds Distribution, Control Point Activity, Accounting and Procurement (IFCAP) system or the Financial Management System (FMS). Integration would establish bi-directional communications between IFCAP and eCMS in order to capitalize on the abilities of eCMS to consolidate multiple requests, electronically prepare and issue solicitation documents, receive electronic offers, and automate contract administration. IFCAP is the VA-wide, decentralized procurement, funds control, and front-end accounting application. FMS is the Department's financial management system. Award data for contracts and orders created in eCMS does not electronically transfer to IFCAP, which creates a duplication of input effort for procurement staff. Therefore, VA needs to ensure that procurement information in eCMS is complete and integrates eCMS with FMS or IFCAP. Integrating eCMS with FMS or IFCAP would provide VA with improved acquisition efficiency, reporting, and increased management visibility and control over spending.

Background

VA's 2007 *Performance and Accountability Report* included OIG Major Management Challenge #4B: Lack of Corporate Knowledge that indicated "there is a clear need to improve the quality and timeliness of legal, technical, and other reviews to guarantee that all contracts are in the best interest of the Government and may withstand legal challenge." In response to this initiative, the Executive Director, Office of Acquisition, Logistics, and Construction (OAL&C), previously the Office of Acquisition and Materiel Management, implemented eCMS as the single mechanism for generating and managing procurement actions.

OAL&C issued Information Letter (IL) 049-07-06, June 15, 2007, implementing and mandating the use of eCMS. For those who have been trained and received eCMS production documents, all actions pertaining to procurements over $25,000 are required to be created and maintained within eCMS, using the document generation feature and other capabilities available in the system. For those who have been trained and received eCMS production documents, all other actions in the amount of $25,000 and above are required to be "recorded" in eCMS. "Recorded" means completion of the fields in Data Value tabs within eCMS. The IL also provides questions and answers including the specific procurement types that are required in eCMS, reporting to FedBizOpps, and closing contracts in the system.

Results

Incomplete Information Procurement information in eCMS is incomplete and thus rendering the system unreliable for evaluating VA's procurements. Supervisors and management did not ensure the required use of eCMS and there is no oversight program to monitor compliance with IL 049-07-06. While a portion of the procurement actions in our sample were recorded in eCMS, the overwhelming majority were not. To determine if procurement actions were recorded in eCMS, we performed two separate audit tests. The first test compared information in IFCAP to information in eCMS. The second test compared information in Federal Procurement Data System-Next Generation (FPDS-NG) to information in eCMS.

In the first test, for the facilities in our sample, we evaluated all IFCAP procurement actions in the amount of $25,000 and above for the period June 15, 2007 through June 15, 2008. To determine if the procurement actions were recorded in eCMS, we compared 6,755 procurement actions, (valued at about $1.7 billion in IFCAP), to information in eCMS. While 1,158 (17 percent) of 6,755 procurement actions, (valued at about $319 million), were recorded in eCMS, the remaining 5,597 (83 percent) of 6,755 actions, (valued at about $1.4 billion), were not. Figure 1 shows the results of our analysis for the facilities in our sample.

Figure 1. Procurement Actions in IFCAP (Total - 6,755)
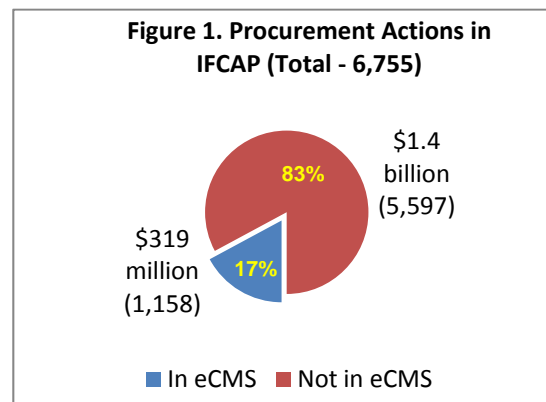
Before procurement actions may be awarded in eCMS, procurement data in eCMS must successfully be reported to FPDS-NG, the mandated procurement system that collects contract reporting data from all Federal agencies and provides transparency and visibility over all Federal contracts. Procurement staff record all data for procurement actions in the data fields tab in eCMS, and then access FPDS-NG from an eCMS interface where the procurement data is transferred and saved. When the data in eCMS does not match or is missing, it must be corrected before the procurement actions may be successfully reported to FPDS-NG. However, procurement staff did not always follow this process.

Instead, they completed the actions directly in FPDS-NG without recording the data in eCMS. Supervisors and managers did not follow up on incomplete actions, which resulted in incomplete information in eCMS. Therefore, contracting data and estimated values of procurement actions that were not completed in eCMS were not included in reports generated from eCMS. This resulted in reports that significantly understated the number and value of procurement actions and information that could not be relied on to make good decisions.

For the second test, we compared 1,450 awarded procurement actions in FPDS-NG that we reviewed at two facilities and found that 716 (49 percent), valued at about $1.4 billion, were recorded in eCMS and 298 (21 percent) of 1,450 procurement actions, valued at about $91 million, were partially completed in eCMS. The remaining 436 (30 percent) of 1,450 procurement actions, valued at about $234.7 million, were not recorded in eCMS. Figure 2 shows the results of our analysis for the facilities in our sample.

Figure 2. Procurement Actions in FPDS-NG
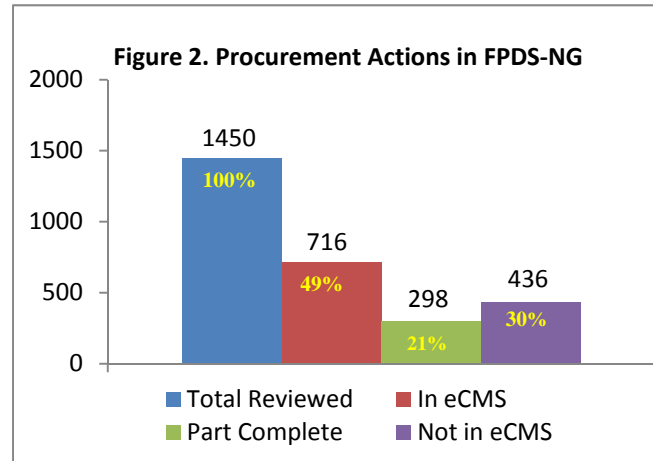
Information in eCMS was not complete for the following reasons:

- Staff needed additional training to use the full capability of eCMS. During interviews and based on the comments we received to our eCMS user survey, procurement staff indicated training was inadequate and raised concerns about the amount and quality of training provided.

- Staff did not use the full capability of eCMS, including the use of the milestone and reporting functions and processing contract modifications and amendments. This impacts the system's ability to perform as intended, including ensuring follow-up actions are completed and requiring all procurement actions above $25,000 be created and maintained in eCMS.

- Procurement staff did not always enter the minimum information for legacy (pre-existing) contracts as required. Contracting staff said this was due to personnel shortages, time constraints, and a heavy workload. However, staff at one sampled facility told us they were not trained to enter the information into eCMS.

- General Services Administration (GSA) lease forms or related clauses required for processing leases have not been built into eCMS. This affects VA's ability to report the data accurately and requires staff to work outside eCMS, which impacts efficiency.

- Veterans Health Administration (VHA) issued guidance that conflicted with OAL&C guidance for processing procurement actions. According to staff and management at one sampled facility, they did not record certain procurement actions into eCMS because VHA policy did not require it. Clear guidance across all VA business lines will help ensure the standardization of the procurement process.

- Management and procurement staff said the system is slow, cumbersome, and takes too much time to process procurement actions. As a result, staff circumvented the system and entered actions directly into FPDS-NG.

We found the IL provided unclear guidance pertaining to the types of procurements that are required in eCMS. At the beginning of the policy, the IL mandates that "all" new procurement actions in the amount of $25,000 and above must be accomplished in eCMS. Following that, the question and answer section of the policy refers to all actions pertaining to "open-market" procurements over $25,000. We concluded that the guidance does not ensure consistency and compliance across all VA business lines and could potentially be misinterpreted.

We conducted a user survey for procurement staff trained on eCMS to assess user satisfaction and the reliability of eCMS as VA's standard procurement system. We received a response from 761 (55 percent) of the 1,382 eCMS users surveyed. The survey results, which included user comments, showed frustration that the system is very slow, has frequent down times, and is not user-friendly. When asked to rate the overall ease of use for eCMS, 55 percent of the respondents said that it was either somewhat difficult or very difficult to use. The survey also revealed that 51 percent of the respondents rated eCMS poorly in avoiding duplication of procurement efforts. In addition, when asked for an opinion if the procurement process has improved, 45 percent of the respondents said the procurement process has not improved since using eCMS, 17 percent said it has improved, and the remaining 38 percent were uncertain.

Management may generate 34 standard eCMS reports for purposes of managing workloads, summarizing year-end expenditures, identifying planned funding for a year, identifying certain types of awards, and reviewing procurement action lead times. However, we determined that the information in eCMS was so incomplete that data could not be sufficiently relied upon to maximize the reporting capability of eCMS or to make procurement decisions.

IFCAP or FMS Integration VA has not integrated eCMS with the IFCAP or FMS systems. According to the *Initial Assessment Briefing–eCMS–IFCAP Integration* memorandum dated September 15, 2004, integration would establish bi-directional communications between IFCAP and eCMS in order to capitalize on the abilities of eCMS to consolidate multiple requests, electronically prepare and issue solicitation documents, receive electronic offers, and automate contract administration. Once completed, solicitation and award information would be posted electronically to the appropriate accounting, financial management, and payment systems, as well as other required reporting systems (such as FedBizOpps and FPDS-NG).

Award data for contracts and orders created in eCMS does not electronically transfer to and from IFCAP or FMS, which creates a duplication of input effort for procurement staff. Integrating with IFCAP or FMS would provide VA with improved acquisition efficiency, reporting, and increase management visibility and control over spending. Procurement staff did not always record obligation amounts that were modified in IFCAP into eCMS as required because of the amount of time spent duplicating the data entry.

According to VA management, eCMS will integrate with a financial system once VA's Financial and Logistics Integrated Technology Enterprise (FLITE) system has been implemented. However, the national deployment of FLITE is not scheduled for completion until Fiscal Year (FY) 2014. Until FLITE is deployed, IFCAP integration or an integration into the FMS system could prevent the duplication of input effort in the procurement process, help to ensure that the information in eCMS is complete, and provide management with accurate reporting in order to make procurement decisions.

Conclusion

VA expends about $10 billion annually on supplies and services. Until management enforces compliance for the mandatory use of the system, VA cannot benefit from the full capabilities of the system including the ability to integrate and standardize procurement processes, reduce workload, and improve communications. Integrating eCMS with IFCAP or FMS would provide VA with improved acquisition efficiency, reporting, and control over spending. This will help ensure increased management visibility and transparency needed to manage acquisitions nationwide and make good procurement decisions.

Recommendations

1. We recommend the Executive Director, Office of Acquisition, Logistics, and Construction develop and implement VA-wide eCMS policy and handbook to ensure consistent use and compliance with system requirements.

2. We recommend the Executive Director, Office of Acquisition, Logistics, and Construction establish mechanisms to ensure all procurement staff are fully trained on all eCMS system functions, including milestone and reporting functions and required processing procurement actions, like contract modifications and amendments.

3. We recommend the Under Secretaries for Health, Benefits, and Memorial Affairs and the Executive Director, Office of Acquisition, Logistics, and Construction implement an oversight program that ensures all procurement staff record and monitor required procurement actions in eCMS; including legacy contracts as required by OAL&C standardized guidance.

4. We recommend the Executive Director, Office of Acquisition, Logistics, and Construction establish mechanisms to require that lease forms and related clauses are built into eCMS.

5. We recommend the Under Secretary for Health rescind its related procurement guidance and follow OAL&C's standardized guidance dated June 15, 2007 until a VA–wide policy and handbook is implemented.

6. We recommend the Executive Director, Office of Acquisition, Logistics, and Construction in coordination with the Assistant Secretary for Information and Technology establish a plan to evaluate the technical performance of eCMS to ensure improved processing.

7. We recommend the Executive Director, Office of Acquisition, Logistics, and Construction coordinate with the Assistant Secretary for Management and the Assistant Secretary for Information and Technology to determine the feasibility of integrating eCMS with the IFCAP or FMS systems in order to eliminate or minimize duplicate data entry and streamline the procurement process.

8. We recommend the Assistant Secretary for Management develop a study to determine the feasibility of integrating eCMS with FLITE.

Management Comments and OIG Response

The OAL&C Executive Director, the Acting Under Secretary for Health, the Under Secretary for Benefits, the Under Secretary for Memorial Affairs, and the Acting Assistant Secretary for Management agreed with the findings and recommendations in the report and provided acceptable implementation plans (see Appendices B, C, D, E, and F for the full text of their individual comments).

Adopting these recommendations is expected to improve the transparency and accountability expected by the Administration for VA's management of its American Recovery and Reinvestment Act (ARRA) funded projects. We consider the planned actions acceptable, and we will follow up on their implementation until all proposed actions are completed.

(original signed by:)
BELINDA J. FINN
Assistant Inspector General
for Auditing

Introduction

Purpose

The OIG performed an audit to determine the effectiveness of Electronic Contract Management System (eCMS), which was designed to improve VA's contract management. The audit objective was to determine if information in eCMS enables VA to use the system as a comprehensive management tool to improve the procurement process and the effectiveness of the system for oversight of VA procurements.

Background

VA's *2007 Performance and Accountability Report* included OIG Major Management Challenge #4B: Lack of Corporate Knowledge that indicated "there is a clear need to improve the quality and timeliness of legal, technical, and other reviews to guarantee that all contracts are in the best interest of the Government and can withstand legal challenge." In response to this initiative, the OA&L Executive Director implemented eCMS as the single mechanism for generating and managing procurement actions.

The system provides a centralized database for procurement actions and replaces a primarily manual and paper-based contract management operation used throughout VA. Using a web-based platform, it is designed to provide a fully-integrated electronic acquisition platform that includes the seamless flow of information and data from all stakeholders and systems from initial requisitioning through closeout. The expected benefits of the system included the ability to reduce costs, integrate and standardize procurement processes, reduce workload, and improve communications. Additionally, the system is expected to serve as a secure electronic archiving system that creates management reports and improves the capability of consolidating requirements to support agency strategic sourcing decisions.

In June 2004, VA successfully deployed a prototype rollout using eCMS at three VA acquisition offices that demonstrated eCMS's capabilities to operate in conjunction with an enterprise financial and logistics system. The three user acceptance test facilities were located at VA Central Office (VACO), Long Beach Network Business Center, and Cleveland Business Center. As a result of the valuable feedback and insight from VHA field staff and others during the contract management validation and user acceptance testing, approval was granted to move forward with implementation.

OAL&C issued IL 049-07-06, June 15, 2007, mandating that all new procurement actions in the amount of $25,000 and above must be accomplished in eCMS by VA acquisition professionals who have been trained and have received an eCMS production account. The IL further states that implementation of eCMS improves processing contract actions by promoting standardization and uniformity, collecting necessary data to ensure the flow of information to other agency systems (Central Contract Registry, FPDS-NG, and the

FedBizOpps); improving capability of consolidating requirements; and enabling procurement activities to conform to Federal law and agency policy guidelines.

The IL also states that any procurement action of $25,000 and above shall at a minimum be "recorded" in eCMS regardless of whether eCMS was used to create the action or not. The term "recorded" here means to complete the fields in the Data Values tab within eCMS. This will ensure that key data associated with these actions is captured and available for eCMS reporting and analysis. Where feasible, acquisition professionals are strongly encouraged to create, maintain, and/or record all actions, including those below $25,000, in eCMS. The IL also provides responses to processing questions including the specific procurement types that are required in eCMS, reporting to FedBizzOpps, and closing contracts in the system.

The system is used by VA acquisition staff and provides interfaces to mandatory regulatory systems for publishing and reporting procurement actions including FedBizOpps and the FPDS-NG within the Federal Government. Additionally, VA originally planned to integrate eCMS with IFCAP. However, eCMS integration with IFCAP was placed on hold. According to VA management, eCMS will integrate with a financial system once VA's FLITE system has been implemented as scheduled for 2014. Integration would provide VA with improved acquisition efficiency and reporting, and it would increase management visibility and control over spending.

Scope and Methodology

The audit focused on eCMS use as a procurement and management tool that allows VA officials to obtain complete and accurate procurement information including total estimated contract values.

In addition to reviewing applicable laws, regulations, VA policies and procedures, and guidelines, we interviewed appropriate OAL&C and other selected VA officials. We developed and administered a survey to 1,382 procurement staff trained on eCMS to assess user satisfaction and the reliability of the system. The survey was administered through a professional online survey tool that allowed for easy distribution and effective tracking of responses. An invitation to complete a survey was sent out to procurement staff trained on eCMS across all three VA business lines—VHA, Veterans Benefits Administration (VBA), and National Cemetery Administration (NCA). We directed survey respondents to a web-site where they could view and complete the questionnaire.

We conducted site reviews and evaluated procurement data at sampled VA facilities across all three VA business lines. We conducted audit work at the following sites:

- VACO program offices in Washington, DC.[1]

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[1]VACO OA&L staff are responsible for procurement activities for the offices of Human Resources Management, Human Resources Management Purchases, Office of Assistant Secretary for Management, Acquisition Operation Service-VHA, Fort Detrick, MD, Office of Facilities Management, VBA, and VBA Field Contracting.

- NCA, Washington, DC.

- Four randomly selected Veterans Integrated Service Networks located in Kansas City, MO; Minneapolis, MN; Portland, OR; and Mare Island, CA.

For the period June 15, 2007 through June 15, 2008, we analyzed and compared 6,755 procurement actions in the IFCAP system to data in eCMS for the facilities in our sample. We completed our analysis by comparing 1,450 non-statistically sampled procurement actions in FPDS-NG to information in eCMS. Conducting an evaluation of the system's technical performance was beyond the scope of this audit.

To test the reliability of computer-generated data used during the audit, we reviewed a non-statistical sample of contract files for the same period to determine if the procurement actions were recorded in eCMS. The data was sufficiently reliable for the audit objectives. The audit focused on controls related to the audit objective. The audit was not intended to form an opinion on the adequacy of overall VA controls and the report does not render such an opinion.

We conducted this performance audit 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.

Results and Conclusions

Complete and Reliable Information Needed in eCMS to Improve Procurement Management
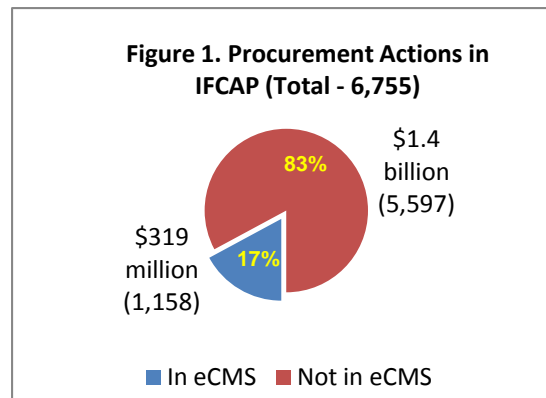
VA needs to ensure that procurement information in eCMS is complete and reliable. Integration with the IFCAP or the FMS systems would also improve the effectiveness of the system and help avoid duplication of efforts.

VA cannot use eCMS to determine the total number of procurements and the total estimated value of procurements accurately because the information in eCMS is not complete. Management has no oversight to evaluate and enforce compliance that contracting staff record procurement actions in eCMS as required by OAL&C standardized guidance. As a result, management reports generated from eCMS are inaccurate and cannot be relied upon when making procurement management decisions.

IL 049-07-06 issued by OAL&C, dated June 15, 2007, states all procurement actions at $25,000 and above shall, at a minimum, be recorded in eCMS regardless of whether eCMS was used to create the action or not. For all contracts that expired after September 30, 2007, the IL made it mandatory that contract information be entered into eCMS by March 31, 2007.

We found the IL provided unclear guidance pertaining to the types of procurements that are required in eCMS. At the beginning of the policy, the IL mandates that "all" new procurement actions in the amount of $25,000 and above must be accomplished in eCMS. Following that, the question and answer section of the policy refers to all actions pertaining to "open-market" procurements over $25,000. We concluded that the guidance does not ensure consistency and compliance across all VA business lines and could potentially be misinterpreted.

We compared all 6,755 procurement actions in the amount of $25,000 and above (valued at $1.7 billion in IFCAP) to information in eCMS at all VA facilities in our sample to determine if the procurement actions were recorded in eCMS. IFCAP is a decentralized procurement, funds control, and front-end accounting application used VA-wide. For the period June 15, 2007 through June 15, 2008, 1,158 (17 percent) of 6,755 procurement actions (valued at about $319 million) were recorded in eCMS. The remaining 5,597 (83 percent) of 6,755 actions (valued at about $1.4 billion) were not recorded in eCMS. Figure 1 shows the results of our analysis.

Figure 1. Procurement Actions in IFCAP (Total - 6,755)

83% — $1.4 billion (5,597)

17% — $319 million (1,158)

■ In eCMS   ■ Not in eCMS

The Federal Acquisition Regulations require that procurement actions over the micro-purchase threshold and modifications, regardless of the dollar value, are reported to FPDS-NG.[2] The FPDS-NG is the mandated procurement system that collects contract-reporting data from all Federal agencies and provides transparency and visibility over all Federal contracts. The system is web-based and offers both the public and Federal Government with a self-service, near real-time, searchable repository for information about unclassified Government contracts.

We compared 1,450 procurement award actions in FPDS-NG in the amount of $25,000 and above to information in eCMS for the period June 15, 2007, through June 15, 2008 (valued at $1.7 billion). For the two facilities we reviewed, 716 (49 percent) of 1,450 procurement actions (valued at about $1.4 billion) were recorded in eCMS and 298 (21 percent) of 1,450 procurement actions (valued at about $91 million) were partially completed in eCMS. The remaining 436 (30 percent) of 1,450 procurement actions ($234.7 million) were not recorded in eCMS. Figure 2 shows the results of our analysis for the facilities in our sample.

Figure 2. Procurement Actions in FPDS-NG
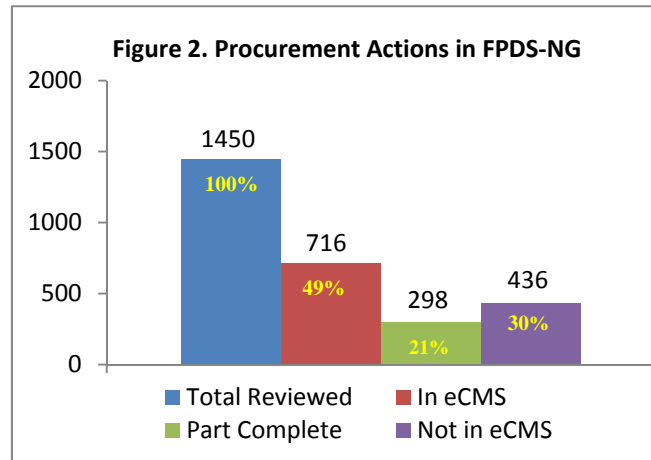
The *eCMS User's Guide for Contracting Officers on How to Use eCMS for FPDS Reporting*, dated October 2007, provides guidance for reporting to FPDS-NG using the eCMS interface. Before procurement staff may report to FPDS-NG or before contracts are awarded in eCMS, procurement data in eCMS must be complete, accurately reported, and match the data in FPDS-NG. Procurement staff record all data for procurement actions in eCMS, and then access FPDS-NG from an eCMS interface where the procurement data is transferred and saved. When the eCMS procurement data does not match FPDS-NG, corrective action must be taken before the procurement actions may be accurately reported to FPDS-NG.

However, procurement staff did not always take appropriate actions and instead staff completed the awards and other actions directly in FPDS-NG without recording the data in eCMS. Supervisors and managers did not follow-up on incomplete actions, which resulted in incomplete information in eCMS. Therefore, contracting data and estimated values for procurement actions that were not completed in eCMS were not included in reports generated from eCMS. This resulted in reports that understated the number and value of procurement actions by 51 percent ($298 + 436/1,450$) resulting in unreliable information, which is needed for good decision-making.

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[2] The micro-purchase threshold amount is $3,000.

Issues Related to Training. We determined that supervisors and management did not ensure compliance for the mandatory use of eCMS. The information in eCMS was not complete for the following reasons related to training:

- Staff needed additional training to fully understand and comprehensively use the capability of eCMS. The contractor provided the initial 40-hour training and additional web-based training. The 5-day course curriculum covered a range of topics from navigating through menus and screens to creating a contract modification. Other training topics included updating a milestone plan, how reporting features work, and what reports are available.

- The survey results showed that 57 percent of the respondents considered the quality of training offered for eCMS were either somewhat good or very good. Fifty-four percent of users responded that they were either somewhat satisfied or very satisfied with instructions provided on the eCMS web-portal. One user commented, "Continual usage and enhanced training are key to the success of the program. On-hands training versus internet is preferred and allows a greater feedback to the individuals using the program."

- Based on the survey results, 22 percent of the respondents indicated training was inadequate and raised concerns about the amount and quality of training provided. For example, a survey respondent stated, "eCMS training involved sitting in a classroom for 4 days and the basics were gone over. It only went through award. We received no training on modifications to contracts, exercising option years, issuing task orders against Indefinite Delivery Indefinite Quantity contracts, putting in shells." Another respondent said, "There is little or no training for new supervisors to the VA system in using eCMS and other data systems to become better managers..."

- Procurement staff at one facility in our sample told us they were not trained to set up the shells into eCMS. These shells are needed to record legacy contracts.

Issues Impacting System Performance. Despite procurement staff completing training, system functions and contract types were not used or recorded in eCMS and impacted system performance because of the following reasons:

- **Milestone Function.** Procurement staff did not use the milestone function in eCMS, which would have enabled them to enter suspense dates for various steps in the procurement process. The system provides automated notification when a milestone date is due and may alert supervisors to ensure follow-up actions are completed. When the function is used, the information may be included in the Upcoming Milestones Report in eCMS. This report may be used to report on late, missed, and upcoming milestones. It may also assist with workload distribution for acquisition staff as well as provide input on VA policies covering standard acquisition tasks and task duration. As a result, eCMS was not being used as intended.

- **Contract Modifications and Amendments.** Staff did not always enter contract modifications or amendments as required in eCMS. When obligation amounts were modified in IFCAP, the adjustment was not always recorded in eCMS. Survey respondents stated that the process took too much time to complete. For example, one user said, "What would take a few minutes to complete a manual amendment or modification, takes considerable more time with eCMS."

- **Recording Legacy Contracts.** Procurement staff did not always enter the minimum information for legacy (pre-existing) contracts as required. According to the IL, unless a contract expired by the end of FY 2007, a contract shell will be entered into eCMS with subsequent contracts and modifications being created off the shell. This would help ensure that key data associated with these actions are captured and available for eCMS reporting and analysis. Contracting staff said that personnel shortages, time constraints, and a heavy workload were some of the reasons that prevented recording these actions in eCMS.

- **Inclusion of Leasing Agreements.** The mandated use of eCMS includes leases, inter-agency and intra-agency agreements, selling agreements, sharing agreements, and any other contract action that is active after September 30, 2007. However, GSA lease forms or related clauses required for leases are not built into the system, which if added, would improve processing efficiency. According to management, staff should enter the appropriate lease data values into eCMS to capture the financial data for reporting. The Director, OI&T/OED said the contractor is working on including leasing agreements in eCMS and it was scheduled for development during the second quarter of FY 2009. OAL&C did not provide adequate justification when we asked why the leases were not initially built into the system.

- **Conflicting Processing Guidance.** VHA issued conflicting guidance for eCMS processing. Staff at one facility followed the guidance outlined in a VHA memorandum dated June 4, 2007. The staff and management at the facility told us that they did not record certain procurement actions in eCMS as mandated by OAL&C guidance because VHA policy did not require it. The memo states "At a minimum, all open market procurements over $25,000 will be procured and administered through eCMS with the exception of prosthetics purchases, which will be added at a later date."

  However, the OAL&C guidance dated June 15, 2007, did not make an exception for prosthetics. According to the FY 2009 Budget Request, VA estimated prosthetic costs in the amount of $1.3 million for FY 2008 and $1.5 million for FY 2009. By excluding prosthetics, the data is incomplete in eCMS and VA cannot accurately determine the total number and estimated value of procurements. Also, because procurement information in eCMS does not include prosthetics, reports generated by the system cannot be relied upon. Clear guidance across all VA business lines will help to ensure the standardizing of the procurement process.

- **Slow Response Time.** Management and staff told us that the system is slow, cumbersome, and takes too much time to process procurement actions. Since eCMS was slow and some completed contracts required revisions to improve the formatting layout before providing them to customers, it was more efficient to work outside of the system. For example, staff was frustrated because the system requires a response to more than 80 questions in order to create the necessary contract clauses. As a result, procurement staff used eCMS to generate a contract number and completed other procurement actions outside of the system. As previously discussed in this report, procurement staff frequently recorded contract awards directly into FPDS-NG instead of eCMS.

Results of User Survey

We conducted a user survey across all VA business lines, to assess user satisfaction and their opinion of the reliability of eCMS as VA's standard procurement system. Of 1,382 eCMS users that received it, 761 (55 percent) completed the survey. On a positive note, 60 percent of those users who responded to our survey were satisfied overall with the eCMS help desk. Similarly, 63 percent were satisfied with the technician's knowledge and 62 percent were satisfied with their ability to resolve their system problems.

However, according to the survey results, of the 1,589 user comments, 516 (32 percent) expressed frustration that the system is very slow, time consuming, has frequent down times, and is not user-friendly. For example, survey respondents commented:

- "eCMS is very cumbersome and not very intuitive, frequently frustrating. What I use to do in one day takes a week."
- "eCMS is too complex. Too much data entry. Not user-friendly. Formatting often a problem. No contingency plan. Takes too long to do basic things."
- "Not sure what other agencies use but I'm sure it isn't eCMS. If another vendor comes into play, please ensure that they have tested every aspect from the contracting officer's point of view and not force the VA to use a program that is impossible to use and now we're stuck with a program that is totally useless, difficult and not user-friendly."

When asked to rate the overall ease of use for eCMS, 55 percent of those users who responded to our survey felt that it was either somewhat difficult or very difficult to use. The survey also revealed that 51 percent of the respondents rated eCMS poorly in avoiding duplication of procurement efforts and 46 percent rated the system poorly on avoiding needless paperwork. When asked if the procurement process has improved, 45 percent of the respondents said the procurement process has not improved since using eCMS, 17 percent said it improved, and the remaining 38 percent were uncertain (see Appendix A, for details and results of the user survey).

Reports Generated from eCMS Are Not Accurate

Complete data is essential to maximize the reporting capability of eCMS. Management may execute 34 standard eCMS reports for purposes of managing workloads, summarizing year-end expenditures, identifying planned funding for a year, identifying certain types of awards, and reviewing procurement action lead times. For example, the *Action Detail Report* may assess user workload and make determinations of workload assignments. The *Contract Summary Report* may be used by managers to summarize obligation values for the agency's existing active contracts and Blanket Purchase Agreements. *The Pending Contracts Report* lists all non-awarded and post award actions.

In addition to the standard reports, eCMS provides the ability to export data from eCMS for custom reporting purposes. Procurement staff and management at five of six facilities in our sample did not use the reports generated in eCMS to improve processing or to make management decisions. During site visits, management told us eCMS data was inadequate and they could not rely on the reports that the system generated. Only one facility in our sample routinely used the reports function in eCMS, and procurement staff received weekly reports for each product line. Additionally, management at this facility requested reports in response to procurement data requests from VACO. Because information in eCMS is not complete, the data and reports could not be sufficiently relied upon.

eCMS Has Not Integrated with IFCAP or FMS

VA's goal to integrate eCMS with IFCAP was highlighted in VA's *Initial Assessment Briefing–eCMS–IFCAP Integration* memorandum dated September 15, 2004. VA initially planned to integrate eCMS with IFCAP and FMS but there has been no integration to date. As we noted earlier, award data for contracts and orders created in eCMS do not electronically transfer to and from IFCAP, which causes a duplication of input effort for procurement staff. The memorandum stated that the "ultimate goal was to establish bi-directional communications between IFCAP and eCMS in order to capitalize on the abilities of eCMS to consolidate multiple requests, electronically prepare and issue solicitation documents, receive electronic offers, and automate contract administration."

Specifically, the contractor was to develop and implement an electronic contract administration solution where solicitation and award information would be posted electronically to the appropriate accounting, financial management, and payment systems, as well as other required reporting systems (such as FedBizOpps and FPDS-NG). Integrating eCMS with IFCAP or directly into FMS would provide VA with improved acquisition efficiency and reporting, and increase management visibility and control over spending.

The Performance Work Statement for eCMS Phase II Stage Two Development and Enhancements dated January 13, 2006, included multiple major releases of eCMS, which included IFCAP integration. The integration was to include a transfer of award data from

eCMS to IFCAP, based on creation of contract and order awards in eCMS and purchase requisition data would transfer from IFCAP to eCMS.

However, eCMS integration with IFCAP was placed on hold due to competing higher priorities that involved other VA projects. These priorities diverted IFCAP project development staff to other projects, and an interface between eCMS and IFCAP was not funded. As a result, eCMS and IFCAP remain unintegrated, and using eCMS without an interface to IFCAP or FMS causes a duplication of input effort for procurement staff.

According to VA management, eCMS will integrate with a financial system once VA's FLITE system has been implemented to effectively integrate and standardize financial/logistical data and processes across all VA offices. However, according to VA's Associate Director, Financial Systems Division, System Quality Assurance Service, the national deployment of FLITE is not scheduled for completion until FY 2014.

Until FLITE is deployed, eCMS integration with IFCAP or FMS is expected to eliminate the current duplication of input effort and fully automate the procurement process. Integration of eCMS and IFCAP or FMS would help to ensure that the information in eCMS is complete and provide management with accurate reporting in order to make procurement decisions. However, VA cannot afford to wait until 2014 to address the current inefficiencies related to duplication of efforts.

Conclusion

VA expends about $10 billion annually on supplies and services. Until management enforces compliance for the mandatory use of the system, VA cannot benefit from the full capabilities of the system including the ability to integrate and standardize procurement processes, reduce workload, and improve communications. Integrating eCMS with IFCAP or FMS would provide VA with improved acquisition efficiency, reporting, and control over spending. This will help ensure increased management visibility and transparency needed to manage acquisitions nationwide and make good procurement decisions.

Recommendations

1. We recommend the Executive Director, Office of Acquisition, Logistics, and Construction develop and implement VA-wide eCMS policy and handbook to ensure consistent use and compliance with system requirements.

2. We recommend the Executive Director, Office of Acquisition, Logistics, and Construction establish mechanisms to ensure all procurement staff are fully trained on all eCMS system functions, including milestone and reporting functions and required processing procurement actions, like contract modifications and amendments.

3. We recommend the Under Secretaries for Health, Benefits, and Memorial Affairs and the Executive Director of the Office of Acquisition, Logistics, and Construction implement an oversight program that ensures all procurement staff record and monitor required procurement actions in eCMS; including legacy contracts as required by OAL&C standardized guidance.

4. We recommend the Executive Director, Office of Acquisition, Logistics, and Construction establish mechanisms to require that lease forms and related clauses are built into eCMS.

5. We recommend the Under Secretary for Health rescind its related procurement guidance and follow OAL&C's standardized guidance dated June 15, 2007 until a VA–wide policy and handbook is implemented.

6. We recommend the Executive Director, Office of Acquisition, Logistics, and Construction in coordination with the Assistant Secretary for Information and Technology establish a plan to evaluate the technical performance of eCMS to ensure improved processing.

7. We recommend the Executive Director, Office of Acquisition, Logistics, and Construction coordinate with the Assistant Secretary for Management and the Assistant Secretary for Information and Technology to determine the feasibility of integrating eCMS with the IFCAP or FMS systems in order to eliminate or minimize duplicate data entry and streamline the procurement process.

8. We recommend the Assistant Secretary for Management develop a study to determine the feasibility of integrating eCMS with FLITE.

Management Comments and OIG Response

The OAL&C Executive Director, the Acting Under Secretary for Health, the Under Secretary for Benefits, the Under Secretary for Memorial Affairs, and the Acting Assistant Secretary for Management agreed with the findings and recommendations in the report and provided acceptable implementation plans (see Appendices B, C, D, E, and F for the full text of their individual comments).

Adopting these recommendations is expected to improve the transparency and accountability expected by the Administration for VA's management of its American Recovery and Reinvestment Act (ARRA) funded projects. We consider the planned actions acceptable, and we will follow up on their implementation until all proposed actions are completed.

User Survey Results

Survey of VA procurement staff trained on eCMS across all three VA business lines
(Overall response rate 55 percent—1,382 users received survey with 761 responses)

		Count	Percent
1. How often do you use eCMS?			
Daily		339	44.6%
A few times per week		201	26.4%
Almost never		97	12.8%
Monthly		73	9.6%
Once a week		51	6.7%
	Totals	761	100.0%

		Count	Percent
2. What is your level of contracting authority?			
$25,000 or above		622	81.8%
Below $25,000		138	18.2%
	Totals	760	100.0%

		Count	Percent
3. How would you best describe your current position? If more than one applies to you, please select your most frequent role.			
Contract Officer or Specialist		537	71.1%
Purchasing Agent or Specialist		90	11.9%
Supervisor/Reviewer, Approving Official/Acquisition Manager		70	9.3%
Procurement/Management Analyst		28	3.7%
Other Non-Supervisory		19	2.5%
Vocational Rehabilitation & Employment Staff		11	1.5%
	Totals	755	100.0%

(Questions 4 -16)
How do you rate the ease of eCMS for:

		Count	Percent
4. Acquisition planning?			
No opinion		226	30.4%
Somewhat difficult		158	21.2%
Neither easy nor difficult		148	19.9%
Somewhat easy		91	12.2%
Very difficult		87	11.7%
Very easy		34	4.6%
	Totals	744	100.0%

		Count	Percent
5. Processing funding requirement actions?			
No opinion		226	30.5%
Somewhat difficult		130	17.5%
Very difficult		125	16.9%
Neither easy nor difficult		114	15.4%
Somewhat easy		102	13.8%
Very easy		45	6.1%
	Totals	742	100.0%

		Count	Percent
6. Processing the procurement pre-award actions?			
Somewhat difficult		177	24.0%
Somewhat easy		171	23.2%
Neither easy nor difficult		142	19.2%
No opinion		111	15.0%
Very difficult		84	11.4%
Very easy		53	7.2 %
	Totals	738	100.0%

		Count	Percent
7. Processing the award?			
Somewhat easy		188	25.2%
Somewhat difficult		170	22.8%
Neither easy nor difficult		124	16.6%
Very difficult		100	13.4%
No opinion		88	11.8%
Very easy		75	10.1%
	Totals	745	100.0%

		Count	Percent
8. The solicitation process?			
Somewhat difficult		203	27.3%
Somewhat easy		143	19.2%
Neither easy nor difficult		128	17.2%
Very difficult		123	16.5%
No opinion		103	13.8%
Very easy		44	5.9%
	Totals	442	100.0%

		Count	Percent
9. Retrieving Central Contract Registry (CCR) data?			
Somewhat easy		185	24.5%
No opinion		157	20.8%
Very easy		144	19.1%
Neither easy nor difficult		140	18.5%
Somewhat difficult		73	9.7%
Very difficult		56	7.4%
	Totals	755	100.0%

		Count	Percent
10. Publishing the solicitation in FedBizOpps (FBO)?			
Somewhat easy		166	22.2%
Somewhat difficult		152	20.4%
Neither easy nor difficult		124	16.6%
No opinion		120	16.1 %
Very difficult		102	13.7%
Very easy		83	11.1%
	Totals	747	100.0%

		Count	Percent
11. Announcing awards?			
No opinion		170	22.8%
Somewhat easy		152	20.4%
Neither easy nor difficult		130	17.4%
Somewhat difficult		129	17.3%
Very difficult		92	12.3%
Very easy		73	9.8%
	Totals	746	100.0%

		Count	Percent
12. Interacting with financial logistics components?			
No opinion		320	43.0%
Very difficult		190	25.5%
Neither easy nor difficult		100	13.4%
Somewhat difficult		98	13.2%
Somewhat easy		30	4.0%
Very easy		7	0.9%
	Totals	745	100.0%

	Count	Percent
13. Re-solicitation?		
No opinion	343	45.9%
Neither easy nor difficult	124	16.6%
Very difficult	110	14.7%
Somewhat difficult	82	11.0%
Somewhat easy	68	9.1%
Very easy	20	2.7%
Totals	747	100.0%

14. Research on previous awards?		
No opinion	266	35.8%
Somewhat difficult	126	17.0%
Neither easy nor difficult	121	16.3%
Very difficult	117	15.8%
Somewhat easy	85	11.4%
Very easy	28	3.8%
Totals	743	100.0%

15. Managing solicitations?		
Neither easy nor difficult	163	22.0%
Somewhat difficult	143	19.3%
Somewhat easy	139	18.7%
No opinion	136	18.3%
Very difficult	120	16.2%
Very easy	41	5.5%
Totals	742	100.0%

16. What is your overall rating of eCMS for ease of use?		
Somewhat difficult	248	33.2%
Very difficult	160	21.5%
Somewhat easy	141	18.9%
Neither easy nor difficult	132	17.7%
No opinion	40	5.4%
Very easy	25	3.4%
Totals	746	100.0%

(Questions 17 – 20)
How do you rate eCMS on each of the following:

17. Avoiding duplication of effort?		
Very poor	213	28.6%
Somewhat poor	167	22.4%
Neither good nor poor	129	17.3%
Somewhat good	108	14.5%
No opinion	95	12.8%
Very good	33	4.4%
Totals	745	100.0%

18. Avoiding needless paperwork?		
Very Poor	190	25.5%
Neither good nor poor	156	20.9%
Somewhat poor	153	20.5%
Somewhat good	121	16.2%
No opinion	83	11.1%
Very good	42	5.6%
Totals	745	100%

19. Automating the contracting process vs. the manual process?		
Somewhat good	174	23.4%
Very poor	163	21.9%
Neither good nor poor	131	17.6%
Somewhat poor	125	16.8%
No opinion	80	10.7%
Very good	72	9.7%
Totals	745	100.0%

	Count	Percent
20. In your opinion, have procurement processes improved since using eCMS?		
Yes	123	16.5%
Uncertain	286	38.3%
No	337	45.2%
Totals	746	100.0%

21. Space provided for comments

22. How do you rate the change in the review and approval process for the acquisition cycle due to eCMS?		
Neither improved nor made worse	26	38.8%
No opinion	14	20.9%
Somewhat improved	14	20.9%
Much worse	7	10.4%
Somewhat worse	5	7.5%
Much improved	1	1.5%
Totals	67	100.0%

23. How do you rate the ease of use in eCMS when processing supervisor contract review actions?		
Neither easy nor difficult	21	31.3%
Somewhat easy	15	22.4%
No opinion	14	20.9%
Somewhat difficult	9	13.4%
Very difficult	7	10.5%
Very easy	1	1.5%
Totals	67	100.0%

24. Has using the report functions in eCMS allowed you to manage procurement more efficiently?		
Yes	11	16.4%
Uncertain	25	37.3%
No	31	46.3%
Totals	67	100.0%

25 Space provided for comments

26. Space provided for comments

27. How often do you experience problems with the server when attempting to access eCMS?		
A few times a week	213	29.1%
Almost never	174	23.8%
Once a week	134	18.3%
Monthly	126	17.2%
Daily	84	11.5%
Totals	731	100.0%

28. Space provided for comments

29. Have you ever contacted the eCMS help desk for help with using the eCMS?		
Yes	522	70.1%
No	223	29.9%
Totals	745	100.0%

(Questions 30 – 34)
How satisfied are you with the eCMS Help Desk?

		Count	Percent
30. In addressing solutions to technical problems?			
Somewhat satisfied		186	35.7%
Very satisfied		148	28.4%
Neither satisfied nor dissatisfied		76	14.6%
Somewhat dissatisfied		54	10.4%
Very dissatisfied		38	7.3%
No opinion		19	3.7%
	Totals	521	100.0%

		Count	Percent
31. With your ability to get through to the technician?			
Somewhat satisfied		174	33.4%
Very satisfied		144	28.4%
Neither satisfied nor dissatisfied		80	15.4%
Somewhat dissatisfied		65	10.4%
Very dissatisfied		37	7.3%
No opinion		21	3.7%
	Totals	521	100.0%

		Count	Percent
32. With resolving your problem?			
Somewhat satisfied		188	36.3%
Very satisfied		137	27.6%
Neither satisfied nor dissatisfied		83	15.4%
Somewhat dissatisfied		55	12.5%
Very dissatisfied		40	7.1%
No opinion		15	4.0%
	Totals	518	100.0%

		Count	Percent
33. With turnaround time for resolving problems?			
Somewhat satisfied		180	34.6%
Very satisfied		130	25.0%
Neither satisfied nor dissatisfied		83	15.9%
Somewhat dissatisfied		60	11.5%
Very dissatisfied		52	10.0%
No opinion		16	3.1%
	Totals	521	100.0%

		Count	Percent
34. With the technician's knowledge?			
Very satisfied		172	33.2%
Somewhat satisfied		150	29.0%
Neither satisfied nor dissatisfied		99	19.1%
Somewhat dissatisfied		34	6.6%
Very dissatisfied		33	6.4%
No opinion		30	5.8%
	Totals	518	100.0%

		Count	Percent
35. How satisfied overall are you with the eCMS help desk?			
Somewhat satisfied		158	30.3%
Very satisfied		156	29.9%
Neither satisfied nor dissatisfied		98	18.8%
Somewhat dissatisfied		52	10.0%
Very dissatisfied		37	7.1%
No opinion		20	3.8%
	Totals	521	100.0%

36. Space provided for comments

		Count	Percent
37. What type of training on the use of eCMS have you received?			
Classroom		503	67.7%
Web-based, on-the-job training (OJT)		226	30.4%
None		14	1.9%
	Totals	743	100.0%

		Count	Percent
38. How would you rate the quality of training offered for eCMS?			
Somewhat good		288	39.2%
Neither good nor poor		139	19.1%
Very good		127	17.4%
Somewhat poor		101	13.9%
Very poor		56	7.7%
No opinion		20	2.7%
	Totals	729	100.0%

39. Space provided for comments

		Count	Percent
40. Have you used the eCMS instructions available through the web-portal?			
Yes		498	67.2%
No		243	32.8%
	Totals	741	100.0%

		Count	Percent
41. How satisfied are you with the eCMS instructions available through the web-portal?			
Somewhat satisfied		214	43.2%
Neither satisfied nor dissatisfied		117	23.6%
Somewhat dissatisfied		59	11.9%
Very satisfied		52	10.5%
Very dissatisfied		41	8.3%
No opinion		12	2.4%
	Totals	495	100.0%

42. Space provided for comments

		Count	Percent
43. Which of the following types of procurement actions over $25,000 do you record in eCMS?			
(Mark all that apply)			
Open-market purchases		566	40.7%
Legacy contracts		194	14.0%
Leases		156	11.2%
Selling agreements		80	5.8%
Other		300	21.6%
Not Applicable		94	12.6%
	Totals	*	*

***Note**: Multiple answer percentage-count totals not meaningful*

		Count	Percent
44. Are there procurement actions valued at $25,000 or more that you DO NOT record in the eCMS?			
Yes		80	10.9%
No		654	89.1%
	Totals	734	100%

Executive Director, Office of Acquisition, Logistics, and Construction Comments

Department of Veterans Affairs

Memorandum

Date: JUL 0 9 2009

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

Subj: OIG Draft Report, Audit of Veterans Affairs Electronic Contract Management Report (WebCIMS 423282)

To: Assistant Inspector General for Auditing (52)

1. The Office of Acquisition, Logistics, and Construction has reviewed the draft report for the Audit of the Department of Veterans Affairs (VA) Electronic Contract Management System (eCMS). The Office of Inspector General (OIG) conducted this audit to determine the effectiveness of the system which was designed to improve VA's contract management. The following comments are submitted in response to the recommendations in the OIG Report:

Recommended Improvement Action 1: We recommend the Executive Director, Office of Acquisition, Logistics, and Construction (OALC) develop and implement VA-wide eCMS policy and handbook to ensure consistent use and compliance with system requirements.

Concur   X   Target Completion Date: June 30, 2010

Response to Action 1: OALC issued Information Letter 049-07-06 on June 15, 2007. This document has served as standard policy across VA. As recently as February 2009, OALC provided additional guidance to the acquisition workforce. In addition, all training courses use a standard user guide that contains instructions on how to use eCMS. OALC will merge the information in these two documents to create an official policy guide by June 30, 2010. Note: The proposed completion date for issuing this handbook takes into account the VA concurrence process.

Recommended Improvement Action 2: We recommend the Executive Director, OALC establish mechanisms to ensure all procurement staff are fully trained on all eCMS system functions, including milestone and reporting functions and required processing procurement actions, like contract modifications and amendments.

Concur   X   Target Completion Date: April 30, 2009

Response to Action 2: The Executive Director, OALC ensures that policy mandating that all contracting officials with eCMS licenses complete a two-day refresher course is enforced. If this course is not completed, license privileges will be revoked. All new users are required to take the 5-day eCMS classroom training and pass the end of course test prior to receiving a production account and log-on privileges to eCMS.

Page 2.

Comments on the Office of Inspector General's (OIG) Report (WebCIMS 423282)

Recommended Improvement Action 3: We recommend the Executive Director, OALC implement an oversight program that ensures all procurement staff record and monitor required procurement actions in eCMS, including legacy contracts as required by OAL standardized guidance.

Concur   X   Target Completion Date: August 1, 2009

Response to Action 3: In an effort to ensure proper use of eCMS, OALC in coordination with the Administrations and Staff Offices, made several systematic changes. These include:

The March 2009 eCMS software release includes an enhanced "edit check" feature to ensure that users complete key data fields. If these fields are not completed, the record is flagged as an "error" and a report is generated.

For certain key data fields, users will be prevented from moving to the next level in the system until they enter data in that category. Examples include:

A. Milestones

B. Federal Procurement Data System-Next Generation (FPDS-NG) reporting

In addition to systematic changes, VA will establish a single program office within OALC to manage and oversee eCMS. This office will be responsible for:

A. Monitoring usage

B. Ensuring users comply with data entry policies

C. Ensuring proper FPDS-NG reporting

D. Validating that data fields for all active (including legacy) contracts are entered into eCMS

Finally, all users of eCMS within the Centers for Acquisition Innovation will have an element in their performance plans which will require mandatory use of eCMS for all actions above $25,000.

Page 3.

Comments on the Office of Inspector General's (OIG) Report (WebCIMS 423282)

Recommended Improvement Action 4: We recommend the Executive Director, OALC establish mechanisms to require that lease forms and related clauses are built into eCMS.

Concur   X   Target Completion Date: September 30, 2009

Response to Action 4: OALC agrees that leases of real property, other than unimproved land, should be processed through eCMS to the extent as the system is capable of accommodating the necessary codes, clauses, action types, etc. VA's Office of Information and Technology (OIT) has had informal contacts with Office of Construction and Facilities Management Real Property Service (RPS) regarding integration of real property leases into the eCMS system. RPS has acted in a consulting capacity as requested, but there is no formal process under the control of OALC that requires the integration to be completed by a specific date.

Recommended Improvement Action 6: We recommend the Executive Director OALC, in coordination with the Assistant Secretary for Information and Technology (OIT) establish a plan to evaluate the technical performance of eCMS to ensure improved processing.

Concur   X   Target Completion Date: December 1, 2009

Response to Action 6: A technology refresh of eCMS hardware is planned for Fiscal Year 2010. The eCMS Project Team engaged the Austin Information Technology Center to oversee the technology refresh effort. This effort will involve:

A. Re-examining the eCMS architecture to identify areas for improved performance and to take advantage of recent advances in hardware and systems software architecture.

B. Implementing enhanced hardware and supporting operating system and database software.

C. Implementing system and application-specific performance monitoring software.

Page 4.

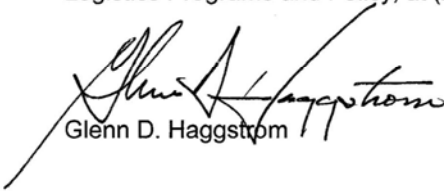Comments on the Office of Inspector General's (OIG) Report (WebCIMS 423282)

Recommended Improvement Action 7: We recommend the Executive Director, OALC in coordination with the Assistant Secretary for Management, and the Assistant Secretary for OIT to determine the feasibility of integrating eCMS with the IFCAP or FMS systems in order to eliminate or minimize duplicate data entry and streamline the procurement process.

Concur   X   Target Completion Date: April 1, 2010

Response to Action 7: OALC, Finance, and OIT will work collaboratively to develop a plan for integration between IFCAP and eCMS. The projected initial operating capability will be three months with full operating capability nine months after integration start date. The target completion is based on a July 1, 2009 start date.

2. Should you have questions regarding this submission, please contact Mr. Maurice C. Stewart, Associate Deputy Assistant Secretary for Acquisition and Logistics Programs and Policy, at (202) 461-6906.

Glenn D. Haggstrom

Under Secretary for Health Comments

Department of   Memorandum
Veterans Affairs

Date: APR 3 0 2009

From: Under Secretary for Health (10)

Subj.: OIG Draft Report, *Audit of Veterans Affairs Electronic Contract Management System,* Project No. 2008-00921-R4-0110 (WebCIMS 427478)
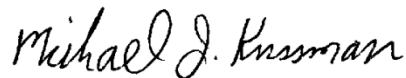
To: Assistant Inspector General for Auditing (52)

1. I have reviewed the draft report, and I concur with the recommendations and findings. As your report points out, I agree that VA cannot achieve the expected benefits of the Electronic Contract Management System (eCMS) without a coordinated effort across the Department to ensure effective training, management oversight, proper integration, and information completeness.

2. To ensure that VHA is fully compliant with the Department's policy on the usage of eCMS, I have directed VHA staff to rescind their earlier guidance that conflicted with Office of Acquisition and Logistics (OA&L) Information Letter 049-07-06 and reinforce that all VHA contracting staff should adhere to OA&L's standardized guidance. VHA will develop an oversight program to ensure compliance with this guidance. Currently, all VHA entities use eCMS except Prosthetics Service, which only uses eCMS for its solicited contracts such as Home Respiratory Care, Durable Medical Equipment Delivery, and Prosthetic Limb Fabrication. To become fully compliant, Prosthetics Service will receive the necessary training and begin using eCMS for purchases over $25,000 as soon as possible.

3. VA can greatly benefit from eCMS from the standpoint of a comprehensive, standardized management tool that will improve the procurement process. However, as I alluded to earlier, VA cannot fully realize these benefits without ensuring that the tool performs to technical specifications, provides the necessary, effective training, and properly integrates with existing and planned financial systems. As your report suggests, VA must improve in these areas. Accordingly, I fully support your recommendations for OA&L to evaluate the technical performance of eCMS to improve processing and fully train all procurement staff on all eCMS system functions.

4. I also agree that if resources permit, and if your assessment that VA will not complete integration of the Financial and Logistics Integrated Technology Enterprise (FLITE) tool with eCMS until 2014 does not change, it would seem reasonable for VA to integrate eCMS with the Integrated Funds Distribution, Control Point Activity, Accounting and Procurement (IFCAP) system as originally planned. VHA will continue to actively participate in FLITE development and integration, but if feasible, VA could garner real benefits in the interim by

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OIG Draft Report, *Audit of Veterans Affairs Electronic Contract Management System*, Project No. 2008-00921-R4-0110 (WebCIMS 427478)

eliminating inefficiencies and fully automating the procurement process through IFCAP integration.

5. Thank you for the opportunity to review the report. Attached is VHA's complete plan of corrective action. I would be glad to discuss any concerns or comments you may have about this response or the action plan. If you have any questions, please have a member of your staff contact Margaret Seleski, Director, Management Review Service (10B5) at (202) 461-8470.

Michael J. Kussman

Michael J. Kussman, MD, MS, MACP

Attachment

Under Secretary for Benefits Comments

Under Secretary for Benefits Comments
to Office of Inspector General's Report

The following Under Secretary's comments are submitted in response to the recommendation in the Office of Inspector General's Report:

OIG Recommendation

Recommended Improvement Action 1. We recommend the Under Secretary for Benefits implement an oversight program that ensures all procurement staff record and monitor required procurement actions in eCMS; including legacy contracts as required by OA&L standardized guidance.

Concur   **X**   **Target Completion Date:** March 2009

1. The March 2009 software release of eCMS will contain a new module that will allow the VBA Acquisition Staff the ability to enter and track **all** contracting requirements for VBA.

2. This will provide oversight of the entry of all current and future VBA requirements, and allow this information to be monitored in one central location.

3. VBA has established an annual system of review designed to monitor the appropriate use of eCMS. Effective August 2009, as part of ORM's Year-End Financial Review, VBA Directors will conduct audits on the use of the Veterans First Contracting Program and will validate the use of both the Federal Procurement Data System (FPDS) and eCMS.

Under Secretary for Memorial Affairs Comments

**Department of
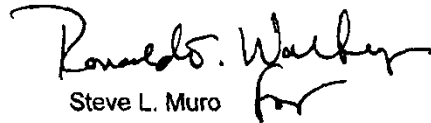Veterans Affairs**

Memorandum

Date: FEB 2 4 2009

From: Acting Under Secretary for Memorial Affairs (40)

Subj: Audit of Veterans Affairs (VA) Electronic Contract Management System (eCMS)
(WebCIMS # 423282)

To: Assistant Secretary for Management (004)

    1. Attached is the National Cemetery Administration's response to the OIG's
Audit of VA's eCMS.

    2. If you have any questions, please have a member of your staff contact
Mr. Tom Miller at (703) 441-4014.

Steve L. Muro

Attachment

Under Secretary for Memorial Affairs Comments
to Office of Inspector General's Report

The following Under Secretary's comments are submitted in response to the recommendation in the Office of Inspector General's Report:

<u>**OIG Recommendations**</u>

Recommendation Improvement Action 1. We recommend the Under Secretaries for Health, Benefits, and Memorial Affairs and the Executive Director, Office of Acquisition, Logistics, and Construction implement an oversight program that ensures all procurement staff record and monitor required procurement actions in eCMS; including legacy contracts as required by OA&L standardized guidance.

Concur   Target Completion Date: June 30, 2009

The National Cemetery Administration, Logistics Management Service (LMS), currently requires all acquisition personnel to record and monitor required procurement actions in eCMS according to the guidance issued by OA&L. LMS uses the Federal Procurement Data System (FPDS) and the Acquisition Dashboard to assure that all procurement actions that meet the requirements of the OA&L guidance are included in the appropriate eCMS record. LMS is currently developing guidance to enhance its current methods for assuring adherence to Departmental requirements. We expect the guidance to be in place prior to the target completion date.
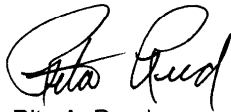
Assistant Secretary for Management Comments

Department of
Veterans Affairs

Memorandum

Date: JUL **1 6** 2009

From: Acting Assistant Secretary for Management (004)

Subj: Response to Recommended Improvement Action #8 of the OIG Draft Report, Audit of
VA Electronic Contract Management System

To: Assistant Inspector General for Auditing (52)

1. Attached is a response from the FLITE program office regarding Recommended
Improvement Action #8 of the subject report.

2. Any questions may be directed to Ms. Leslie Abbott, FLITE Program Director, at
461-1201.

Rita A. Reed

Attachment

FLITE Program Office Response to
Audit of Veterans Affairs
OIG Draft Report - Electronic Contract Management System

Recommendation #8 We recommend the Assistant Secretary for Management develop a study to determine the feasibility of integrating eCMS with FLITE.

Response: The financial component of the FLITE Program, the Integrated Financial Accounting System (IFAS) project, has included the integration of eCMS in its request for proposal (RFP) released in February 2009. Specifically, addressing eCMS, the RFP requires that information be passed between eCMS/Purchasing and IFAS, and information such as obligation numbers, funds availability and accounting classification must be passed back and forth in an automated process. Full operational capability is projected for Q1 FY 2014.

OIG Contact and Staff Acknowledgments

OIG Contact	Freddie Howell, Jr. (708) 202-2670

Acknowledgments	Alicia Castillo-Flores Larry Chinn Ronald Comtois Dana Fuller Theresa Golson Cynnde Nielsen Cherie Palmer

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