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DEPARTMENT OF VETERANS AFFAIRS

Lessons Learned for Improving the Integrated Financial and Acquisition Management System's Acquisition Module Deployment

Review

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Executive Summary

VA has one of the largest acquisition functions in the federal government. In fiscal year 2023, the department obligated more than \$60.8 billion to provide health care and other benefits to veterans.¹ It established the Financial Management Business Transformation (FMBT) program in 2016 to modernize its financial and acquisition systems.

VA is implementing the Integrated Financial and Acquisition Management System (iFAMS) to replace multiple legacy systems with a single financial and acquisition management system of record.² VA's FMBT is the office that oversees the deployment of iFAMS.³ The Office of Acquisition, Logistics, and Construction (OALC) and the Financial Management Business Transformation Service (FMBTS) procured iFAMS.

VA refers to the project for transitioning administrations and staff offices from legacy services to iFAMS as "the FMBT." In 2020, VA began implementing iFAMS at the National Cemetery Administration (NCA), the smallest of its administrations.⁴ In 2021, the Office of Inspector General (OIG) received allegations that iFAMS may not meet the VA acquisition workforce's needs. The OIG has repeatedly reported on the current financial management and acquisition systems' increased risks of fraud, waste, and disruptions to VA operations, and has highlighted in oversight reports and congressional testimony the need for a system that addresses these concerns.⁵ The OIG conducted this review to determine whether the iFAMS acquisition module was sufficiently planned and tested to fully meet the acquisition workforce's requirements.⁶

What the Review Found

The review team found OALC and FMBTS identified system requirements detailing the necessary functionality of iFAMS and tested the system with stakeholders.⁷ Despite these efforts, OALC and FMBTS missed opportunities to fully involve acquisition leaders and stakeholders in the change management process. According to FMBT officials, their change management objectives have included assessing stakeholder readiness for the new system and evaluating adoption (that is, acceptance) and satisfaction, as well as managing the risks and identified issues

¹ "Federal Awards" (web page), USASPENDING.gov, accessed November 21, 2023, <https://www.usaspending.gov/search/?hash=b0d21a88cfe70c65bfc2a9543d67bd1d>.

² Implementation is defined as identifying functional requirements, business processes, workflows, and testing, for the purpose of enhancing the system.

³ See appendix A for FMBT change management elements.

⁴ See appendix B for an overview of significant iFAMS dates.

⁵ See appendix C for a list of prior audit coverage and testimonies.

⁶ See appendix D for more on this report's scope and methodology.

⁷ For the purposes of this report, the term "stakeholders" refers to all interested parties, to include the acquisition workforce, senior acquisition officials, and the Veterans Health Administration (VHA) senior acquisition leader.

associated with iFAMS.⁸ FMBT planned to achieve these objectives by focusing on eight “key elements” to organizational change management: (1) leadership engagement and alignment, (2) stakeholder engagement and analysis, (3) workforce readiness and impact, (4) labor relations, (5) communications, (6) training, (7) measurement, and (8) organizational readiness.⁹

While FMBT relied on these eight elements, leaders and stakeholders could have been more involved with the development and implementation process.¹⁰ For example, a project management office to support the planning and development of the iFAMS acquisition module was not initially established. Once it was eventually formed, it was not immediately staffed. In addition, OALC and FMBTS did not address serious concerns related to functionality gaps and decreased efficiencies detailed by senior acquisition officials, and they did not leverage communication to support buy-in. Meanwhile, current users noted the lack of automation and the length of time it took to perform a variety of functions. FMBT provided responses to these concerns but indicated that some would not be resolved until 2025.

Based on interviews with key leaders and stakeholders, the review team found the initial focus for iFAMS was to replace the financial management aspect of the system. Although OALC and FMBTS understood the necessary functionality of the acquisition module of iFAMS, they did not adequately include acquisition stakeholders in decision-making roles. Further, because OALC and FMBTS did not effectively address the acquisition workforce’s concerns, administration staff have expressed resistance to and concerns with whether the iFAMS acquisition module will meet their needs.

The review team acknowledges that VA has been taking steps to improve its change management. VA established an acquisition project management office to provide oversight for the iFAMS acquisition module; however, the first position in this office was not filled until January 2023, three years after NCA’s transition to iFAMS. In April 2023, VA increased acquisition representation on the executive steering committee overseeing iFAMS implementation.¹¹ Despite these efforts, several years into the deployment of the iFAMS acquisition module, stakeholders still have concerns about functionality and the system’s ability to meet their needs. As such, this report’s recommendations focus on more fully engaging with

⁸ FMBTS conducted five organizational change assessment surveys between October 2020 and August 2022 for iFAMS at NCA—four surveys before the system was fully deployed and one after deployment. See appendix E for details about the organizational change assessment survey.

⁹ FMBT, NCA Wave Organizational Change Management Plan, Organizational Change Management Elements, February 7, 2019; FMBT Orientation Guide, December 10, 2020. (These sources are not publicly accessible.)

¹⁰ Throughout the report, the term “iFAMS development” is used to discuss the configuration of a commercial off-the-shelf software. The review team notes that iFAMS includes an administration and enterprise configuration.

¹¹ For the establishment of the steering committee, see VA, “Financial Management Business Transformation (FMBT) Program Executive Steering Committee (ESC) Charter,” April 28, 2016; VA Office of Management, “Financial Management Business Transformation (FMBT) Program Executive Steering Committee (ESC) Charter,” April 20, 2023. (These sources are not publicly accessible.)

and responding to affected personnel from the start of any new system acquisition and throughout the implementation process. The findings are meant to inform and advance subsequent waves of iFAMS deployment.

What the OIG Recommended

The OIG made three recommendations to the chief acquisition officer and principal executive director for the Office of Acquisition, Logistics, and Construction:

1. For future acquisitions that involve stakeholders from multiple offices, establish governance to ensure all relevant administrations and staff offices are represented in key decision roles.
2. For future acquisitions, establish and implement a process to promote stakeholders' understanding of system capabilities and support buy-in.
3. Complete the hiring actions necessary to staff the Office of Acquisition and Logistics Project Management Office.

The OIG also made a fourth recommendation to the deputy assistant secretary for financial management business transformation, in collaboration with the Office of Acquisition and Logistics Project Management Office to resolve key iFAMS challenges and ongoing concerns before deploying the acquisition module further.

VA Management Comments and OIG Response

The chief acquisition officer and principal executive director for the Office of Acquisition, Logistics and Construction agreed with the OIG's findings and concurred with all recommendations. For recommendations 1 and 2, VA's comments state it has established new governance structures that have incorporated user inputs and participation from all administrations and staff offices. This includes biweekly Program Management Office Work Group and Steering Committee meetings. The OIG verified evidence of these actions and considers recommendations 1 and 2 closed.

VA did not provide a plan for implementing recommendation 3. The OIG will evaluate VA's hiring plan once submitted and will monitor its progress until sufficient evidence is provided that the identified issues have been addressed.

For recommendation 4, VA commented that FMBT continues to work with the Office of Acquisition and Logistics to resolve key iFAMS challenges and ongoing concerns "prior to the next enterprise acquisition go-live." FMBT provided responses to the Project Management Office steering committee deployment recommendations from March 2024; the Office of Acquisition and Logistics is still reviewing these recommendations. The OIG will follow up on VA's execution of planned actions and the target completion date.

VA also had one technical comment that requested clarification of the identified requirements for the iFAMS acquisition system referenced in the report and when they were provided on behalf of the VA acquisition workforce. The OIG team responded directly through email, explaining how it identified system requirements. No revisions to the text were warranted. The Office of Acquisition and Logistics and FMBT agreed that the OIG's response answered the question in the technical comment. The full text of VA Management's comments appears in appendix F.



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Abbreviations

eCMS	electronic contract management system
FAR	Federal Acquisition Regulation
FMBT	Financial Management Business Transformation
FMBTS	Financial Management Business Transformation Service
GAO	Government Accountability Office
iFAMS	Integrated Financial and Acquisition Management System
NCA	National Cemetery Administration
OAL	Office of Acquisition and Logistics
OALC	Office of Acquisition, Logistics, and Construction
OAL PMO	Office of Acquisition and Logistics Project Management Office
OIG	Office of Inspector General
USDA	US Department of Agriculture
VBA	Veterans Benefit Administration
VHA	Veterans Health Administration



Introduction

Within the federal government, VA has one of the largest acquisition functions. VA obligated over \$60.8 billion to provide health care and other benefits to millions of veterans in fiscal year 2023.¹² In 2016, VA began transitioning to a new system, the Integrated Financial and Acquisition Management System (iFAMS). This system will replace VA's electronic contract management system (eCMS), which VA has used since 2007 to manage contracts and conduct oversight.¹³ It will also replace several other systems including the Financial Management System and the Centralized Administrative Accounting Transaction System. In sum, iFAMS will provide a single management system of record.¹⁴ Broadly, the new system offers two types of functionalities. The first is related to financial activities, including capabilities needed to maintain budgets, some procurement and purchasing actions, and reporting. The second, which is the focus of this review, is related to acquisition activities and includes the ability to solicit, award, and modify contracts.

The Financial Management Business Transformation (FMBT) first deployed iFAMS at the National Cemetery Administration (NCA), the smallest of VA's three administrations, on November 9, 2020.¹⁵ FMBT then deployed the iFAMS acquisition functionality (also known as the acquisition module) at NCA on April 25, 2022. VA-wide implementation of iFAMS was planned to continue through calendar year 2027; however, as of August 2023, there was no set end date for full deployment.¹⁶

From 2020 to 2021, the VA Office of Inspector General (OIG) received allegations voicing concerns about whether iFAMS could meet the VA acquisition workforce's needs. The OIG conducted this review to determine whether the iFAMS acquisition module was sufficiently planned and tested to ensure it will fully meet the acquisition workforce's requirements. In June 2021, senior officials from all three VA administrations notified VA's senior procurement executive of "significant concerns" with VA's transition to iFAMS. Officials were concerned

¹² "Federal Awards" (web page), USASPENDING.gov, accessed November 21, 2023, <https://www.usaspending.gov/search/?hash=b0d21a88cfe70c65bfc2a9543d67bd1d>.

¹³ eCMS is a commercial off-the-shelf software solution developed by Distributed Solutions, Inc. VA Information Letter 049-07-06, "Implementation and Mandated use of VA's eCMS," June 15, 2007. This letter was rescinded and replaced by Procurement Policy Memorandum 2012-02, "Mandatory Usage of VA's Electronic Contract Management System (eCMS)," June 15, 2012. eCMS is composed of a suite of modules. The Automated Acquisition Management Solution is one of the suites within eCMS that provides a data entry system relied on for contract writing. The review team noted that implementation of the iFAMS module was intended to replace the Automated Acquisition Management Solution.

¹⁴ A "legacy" system is one that is outdated or obsolete.

¹⁵ The date when a system is first available for use is called the "go-live" date. NCA is also referred to as Fund 0129 in two sources within this report that describe the first wave of enterprise acquisition.

¹⁶ Financial Management Business Transformation (FMBT), High-level Implementation Timeline, August 29, 2023. (This source is not publicly accessible.)

about the impact to VA's acquisition and procurement efforts due to functionality gaps that introduced "unacceptable enterprise risks."¹⁷ These risks included substantial concerns about conflicting and irrelevant contracting clauses and limited management oversight reporting capabilities. Officials also expressed concerns that iFAMS does not completely support the entire acquisition lifecycle and will result in VA using multiple systems to perform all the functionalities for acquisitions. To address these and additional concerns, they recommended developing a long-term vision and strategy for acquisition systems based on the full spectrum of VA requirements.

The review team determined that the Financial Management Business Transformation Service (FMBTS) missed early opportunities to help confirm that stakeholders, including leaders and the acquisition workforce, supported VA's decision to move forward with the iFAMS acquisition module. The lessons shared in this report are intended to help inform and advance subsequent waves of deployment in other VA administrations and offices.

Financial Management Business Transformation

As of fiscal year 2022, the FMBT office estimated iFAMS's life cycle cost was about \$7.46 billion. VA refers to the project of transitioning administrations and staff offices from legacy services to iFAMS as "the FMBT."

In 2016, the FMBT program was established to achieve VA's goal to modernize its financial and acquisition systems. The FMBT's mission is to "increase the transparency, accuracy, timeliness, and reliability of financial information across VA," ultimately resulting in improved accountability to taxpayers and care to veterans.¹⁸ This modernization effort is led by FMBTS, which is aligned under VA's Office of Management. The FMBT's objectives are to

- standardize, integrate, and streamline financial and acquisitions processes, including budgeting, procurement, accounting, resource management, and financial reporting;
- strengthen management decision-making by providing advanced analytics and projections for planning purposes;
- improve customer service and support of goods, supplies, and services for veterans;

¹⁷ Executive Director, Veterans Health Administration (VHA), Procurement and Logistics Officer, Deputy Under Secretary for Management, NCA, Executive Director, Office of Mission Support, Veterans Benefits Administration (VBA), "VA's Financial Management Business Transformation (Acquisition Module) Transition," memorandum to the Executive Director, Office of Acquisition and Logistics and Senior Procurement Executive, June 8, 2021. (This source is not publicly accessible.)

¹⁸ FMBT Overview, October 2022. (This source is not publicly accessible.)

- improve the speed and reliability of communicating financial and acquisitions information throughout VA; and
- provide timely, robust, and accurate financial reporting.¹⁹

The FMBT's change management objectives include assessing stakeholder readiness for change, adoption (or acceptance of change) and satisfaction, and managing the risks and issues associated with iFAMS. Proper change management is critical to a project's success, and FMBTS officials noted that previous attempts to replace VA's Financial Management System failed, in part, because of inadequate change management and stakeholder engagement.²⁰ See appendix A for more details about the elements of FMBT's change management.

iFAMS

The process of VA transitioning to iFAMS has been ongoing for over 10 years. This report's narrative focuses on key moments in this transition; for an overview of significant dates related to iFAMS, see appendix B.

In March 2013, the Office of Management and Budget issued a memorandum requiring all executive agencies to use a shared services solution for future modernization of core accounting systems (financial management systems) or mixed systems.²¹ Four agencies were selected to be shared service providers for the executive agencies: (1) the US Department of Agriculture (USDA), (2) the US Department of Interior, (3) the US Department of Transportation, and (4) the US Department of the Treasury. VA selected the USDA as its service provider.

In November 2016, the USDA, on behalf of VA, contracted with CGI Federal Inc. for a commercial off-the-shelf cloud-based application called Momentum.²² Using Momentum as the baseline configuration, FMBTS incorporated standard system architecture, interfaces, business processes, and reference data for use across VA. Then FMBTS made administration-specific configurations to build on the enterprise configuration with distinct workflows, data, and business processes. VA's custom configuration of Momentum is called iFAMS.

According to VA guidance, the FMBT is required to comply with VA's veteran-focused integration process, a framework that outlines successful information technology project

¹⁹ FMBTS, "iFAMS NCA Project Scope Statement," ver. 9.0, February 14, 2019.

²⁰ FMBT, NCA Wave Organizational Change Management Plan, Organizational Change Management Elements, February 7, 2019; FMBT Orientation Guide, December 10, 2020.

²¹ Office of Management and Budget Memo, Memorandum 13-08, *Improving Financial Systems through Shared Services*, March 25, 2013. A mixed system is an information system that can support both the financial and nonfinancial functions, such as acquisitions.

²² USDA contract, AG-3144-D-16-0278, July 28, 2016. USDA's contract predated its agreement with VA. In November 2016, USDA and VA entered into an interagency agreement. On November 16, 2016, USDA awarded the task order with CGI for Momentum on behalf of VA.

management principles. The core principles include testing and working closely with all stakeholders, and VA states that an information technology project is not successful unless it meets the needs of end users.²³ As part of the development process, the FMBT used the agile process method. This method emphasizes developing a software product iteratively and delivering functionality.

The Federal Acquisition Regulation (FAR) requires the federal government to have requirements for acquisitions and include key personnel (also known as stakeholders) in the acquisition process.²⁴ From May 2017 through November 2017, FMBTS undertook a systematic, disciplined improvement approach that critically examined, rethought, and redesigned the mission-delivery processes to achieve dramatic performance improvements in areas important to customers and stakeholders for the iFAMS acquisition module.²⁵ FMBTS included stakeholders from each VA administration and other staff offices in reengineering the acquisition process. FMBTS's actions aligned with federal regulations and procedures to obtain stakeholder input for acquisitions.

During these business process reengineering sessions, FMBT demonstrated the iFAMS acquisition module to stakeholders and, based on the demonstrations, stakeholders identified 103 potential gaps. However, FMBTS officials later determined that 22 of these were personal preferences, not gaps. The remaining potential gaps (81) represent acquisition workforce needs that should be addressed with requirements for the iFAMS acquisition module. These gaps included activities such as the ability to create a variety of lease types, to post open and continuous solicitations, and to allow users to immediately identify whether a posting to required external reporting systems was unsuccessful. Further details on the iFAMS acquisition module gaps are provided in this report's finding.

Key Entities and Offices Involved in the iFAMS Acquisition Module

The VA offices responsible for the iFAMS implementation were Office of Acquisition, Logistics, and Construction (OALC), FMBT, the Office of Information Technology, and the Financial Service Center. OALC and FMBT are the focus of the OIG's review. Table 1 provides

²³ VA Office of Information and Technology, *Veteran focused Integration Process Guide*, ver. 3.2, December 2018. This version of the process guide was applicable during the OIG review period. Version 4.0 is based on agile principles and was released in March 2021, about four months after the iFAMS go-live date at NCA. However, the fundamental concepts of version 3.2 remain applicable and relevant for this report.

²⁴ FAR 7.102; FAR 7.104; FAR 11.002. Planning should involve key personnel responsible for the significant aspects of the acquisition. The OIG interprets key personnel to include stakeholders, which is any person, group, or organization interested in or knowledgeable about a program that is being evaluated and may affect or be affected by the results of an evaluation. Program Evaluation: Key Terms and Concepts, GAO-21-404SP, March 2021.

²⁵ This type of improvement approach is commonly referred to as business process reengineering; "Business Process Reengineering" (web page), Performance Improvement Officer & Director of Administration & Management, US Department of Defense, accessed May 21, 2024, <https://dam.defense.gov/Resources/Business-Process-Reengineering/>.

an overview of VA entities that use or have a responsibility related to the iFAMS acquisition module.

Table 1. Entities and Roles Related to the iFAMS Acquisition Module

Description	Role
OALC	VA office responsible for directing the department's acquisition, logistics, construction, and leasing (The principal executive director of OALC is also VA's chief acquisition officer.)
Chief acquisition officer, also serving as principal executive director for OALC	The individual responsible for VA's acquisition policy development and enforcement, who also oversees enterprise acquisition processes, education, and services
Senior procurement executive, also serving as executive director for the Office of Acquisition and Logistics (OAL)	The primary advisor to the chief acquisition officer for matters related to enterprise business strategies and acquisition management
FMBT	The program office responsible for planning and implementation of iFAMS. FMBT is responsible for oversight of the cost and schedule, organizational change management, business process reengineering, and training
FMBTS	The organizational unit within the Office of Management to improve financial and acquisition services
FMBT Executive Steering Committee	The committee responsible for overseeing iFAMS implementation
Chief financial officer	The individual who conducts financial management, budget administration, resources planning, and business oversight activities, and monitors VA's performance measures development and implementation
Senior acquisition officials	Officials who manage the contracting activities of their respective administrations—Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), and NCA
Stakeholders	All interested parties, to include the acquisition workforce, senior acquisition officials, and VHA's senior acquisition leader
Acquisition workforce	VA personnel engaged in contracting activities

Source: VA OIG analysis of multiple documents.

iFAMS Deployment Schedule

FMBT is deploying iFAMS in 18 phases, referred to as waves, across VA's three administrations and multiple staff offices. FMBT originally anticipated iFAMS would be fully implemented by

November 2027.²⁶ However, as of August 2023, the full deployment date was not yet determined.²⁷ The acquisition and financial functionalities may be deployed separately or together, and staff will need to use legacy systems for any functionality that has not yet been deployed. In November 2020 when iFAMS was deployed at NCA, it included the Financial Management System and the eCMS-iFAMS interface. The purpose of the eCMS-iFAMS interface is to communicate and update data between eCMS and iFAMS. Specifically, the interface will record financial transactions in iFAMS that correspond to the contract actions in eCMS. Then, in April 2022, NCA staff began using the iFAMS acquisition module for all new contract awards. For contracts awarded using the legacy system, staff continue to use eCMS.²⁸ FMBT's updated timeline for completing the iFAMS deployment at the Veterans Benefits Administration (VBA) and Veterans Health Administration (VHA) is under review with no specific date for deployment.

Prior Reports

The OIG has repeatedly identified VA's challenges implementing and managing its Financial Management System and iFAMS.²⁹ The Government Accountability Office (GAO) has also identified similar challenges with VA's Financial Management System and iFAMS implementation. See appendix C for a list of VA OIG and GAO reports detailing VA's challenges implementing major information technology systems.

²⁶ FMBTS, "FMBT Implementation Waves as of July 15, 2022," (notional roadmap), July 15, 2022. Implementation of iFAMS acquisition functionality is planned to continue through the final implementation wave in November 2027, as indicated in the notional roadmap dated July 15, 2022. Staff offices are outside of the three VA administrations and support VA's mission. These include the Office of Management; OALC; the Office of Human Resources and Administration/Operations, Security, and Preparedness; and the Office of Information and Technology.

²⁷ FMBT, High-level Implementation Timeline, August 29, 2023.

²⁸ iFAMS Enterprise Acquisition Wave, "iFAMS Cutover Memo, Cutover Dates and Activities for Transitioning eCMS/AAMS to iFAMS," March 15, 2022.

²⁹ *The Status of VA Financial Management Business Transformation, Before the Subcommittee on Technology Modernization, House Committee of Veterans' Affairs*, 118th Cong. (June 20, 2023). The OIG has also repeatedly identified VA's challenges implementing major information technology systems. The OIG has detailed these issues in publications covering previous implementations and updates of systems including financial, electronic health record modernization, supply chain management, and other aspects of iFAMS not covered in this report.

Results and Recommendations

Finding: iFAMS Acquisition Functionality Was Minimally Acceptable and Stakeholder Buy-in Was Limited at Pivotal Points

The review team found OALC and FMBTS had system requirements detailing the necessary functionality of the iFAMS acquisition module. FMBT also conducted testing and user assessment surveys with stakeholders.³⁰ However, OALC and FMBTS senior officials made decisions that, according to senior acquisition officials across all three of VA's administrations, did not fully address serious acquisition functionality concerns.

Although OALC and FMBTS always intended for iFAMS to replace the financial and acquisition systems, the initial focus for iFAMS was the Financial Management System. While the financial community had a program management office and multiple representatives advocating for their needs, the acquisition workforce was not initially afforded a program management office and had only one representative on the executive steering committee. Once the acquisition project management office was established, it was not staffed.³¹ As a result, the acquisition workforce did not have the same level of representation when key iFAMS decisions that would affect acquisition issues were being made.

According to the chief acquisition officer, VA's acquisition officials understood iFAMS would not immediately meet users' needs. Rather, using agile methodology, VA's approach was to refine and address the requirements during implementation. Using business process reengineering and identifying gaps in system functionality, a minimally acceptable iFAMS acquisition module was deployed. This approach, combined with limited representation from the acquisition community, has resulted in resistance from senior acquisition officials and a lack of buy-in from the acquisition workforce, which could further limit the effectiveness of iFAMS acquisition module implementation.

The following determinations support the OIG's finding:

- VA missed opportunities to provide early support for iFAMS acquisition functionality.
- VA officials could have better communicated and documented the iFAMS selection process.
- Ineffective change management decreased stakeholder engagement.

³⁰ In its response to the draft report, VA requested clarification of the first two sentences of this paragraph. The OIG responded directly through email, providing an explanation of agile methodology (see OIG response to VA Management Comments for full text of this email). OAL and FMBT concurred that the OIG's email response answered OALC's question, and no revisions to the report's text were warranted.

³¹ The financial community uses the term "program management office" while the acquisition workforce uses the term "project management office." Within this report, these terms are used accordingly.

- Post-deployment surveys showed NCA users lacked confidence in the iFAMS acquisition module's effectiveness.
- Stakeholders have ongoing functionality concerns with the iFAMS acquisition module.
- VA is taking steps to improve its change management.

What the OIG Did

The team reviewed the FMBT's organizational change management plan; the FAR; and other applicable laws, policies, and procedures related to the iFAMS acquisition. The team also interviewed leaders and staff from the Office of Management; OALC; Office of Acquisition and Logistics (OAL); FMBTS; NCA; VBA; and VHA. Further, the team analyzed contract and acquisition program documentation to help determine whether VA adequately established acquisition module requirements for iFAMS and obtained stakeholder input to ensure it would meet the acquisition workforce's needs. See appendix D for more details about the review's scope and methodology.

VA Missed Opportunities to Provide Early Support for the iFAMS Acquisition Functionality

For years, VA's acquisition workforce has experienced challenges with its workload.³² FMBT's change management plan refers to the need for leadership engagement and alignment, as well as stakeholder engagement and analysis, during a transition. The review team found VA missed several opportunities to include acquisition personnel in the iFAMS acquisition and implementation.

Lack of Staffing for iFAMS Acquisition Module Project Management Office Hindered Change Management Efforts

VA approved the senior procurement executive's establishment of the Office of Acquisition and Logistics Project Management Office (OAL PMO) to facilitate the planning, managing, and deploying of the iFAMS acquisition module.³³ This office was charged with managing all aspects of the project in coordination with FMBTS, leading to the eventual deployment of the iFAMS acquisition module. VA's approval included an initial investment of \$3 million for nine positions. However, the director of the OAL PMO stated that the office's first position,

³² GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, GAO-21-119SP, March 2021.

³³ The VA Revolving Fund Board of Directors authorized funds that established the OAL PMO.

which was the director's position, was not filled until January 2023. According to the senior procurement executive, this delay may have been caused in part by the COVID-19 pandemic.³⁴

The OAL PMO had responsibility for two committees to facilitate iFAMS acquisition module improvement and identify system gaps to help ensure the system meets the needs of the VA acquisition workforce. The first is the OAL PMO Steering Committee, chaired by the VA senior procurement executive and staffed by the senior acquisition official from each of VA's three administrations.³⁵ The second is the OAL PMO Workgroup, chaired by the director of the Project Management Office. This workgroup is staffed with representatives nominated by the administration heads of contracting activities.

By not assigning personnel to this office when the FMBT was initiated, VA limited the ability of acquisition stakeholders to fully participate in developing a system that met their needs. Further, VA did not provide equal representation for acquisition personnel, excluding their perspective during the procurement.

The iFAMS Executive Steering Committee Could Have Included More Acquisition Stakeholder Representation

In April 2016, VA established the FMBT Executive Steering Committee. This committee has been responsible for overseeing the iFAMS implementation.³⁶ Originally, there were seven voting committee members; four of these members represented finance management officials. This included VA's chief financial officer and the chief financial officer of each administration (NCA, VBA, and VHA). In contrast, only one member represented acquisition interests—the chief acquisition officer.³⁷ There were also several advising members. Notably, while the chief financial officer of each administration was included on the committee, the senior acquisition officials from the three administrations were not represented as either voting or advising members.

³⁴ As of May 2023, according to the Project Management Office, the new director had begun the hiring process for the remaining eight positions.

³⁵ The OAL PMO Steering Committee and the OAL PMO Workgroup included senior acquisition officials from VHA, VBA, NCA and VA staff offices. These staff offices included the National Acquisition Center, the Strategic Acquisition Center, the Technology Acquisition Center, the OAL, and the Office of Construction Facilities Management.

³⁶ VA, "Financial Management Business Transformation (FMBT) Program Executive Steering Committee (ESC) Charter," April 28, 2016.

³⁷ The two additional voting members of the FMBT Executive Steering Committee were the executive director for Support Services Excellence and the deputy assistant secretary for the Office of Information and Technology.

Financial Management Took Priority Over Acquisition in iFAMS Development

VA's chief financial officer and other senior VA officials all explained in interviews with the review team that the initial focus of iFAMS was on the finance system, with one official noting iFAMS is "hands down a finance system." That same official explained VA is receiving an accounting system, but the acquisition module is lacking. In discussions with the review team, the former contracting officer at USDA verified the scope of the original contract issued by USDA on behalf of VA for iFAMS was for a financial management system, not an acquisition system.

The intention within FMBTS was to replace both VA's legacy financial and acquisition systems with iFAMS, yet financial management functionality was prioritized. According to an acquisition official, there were no requirements for the acquisition system. Instead, the intent was to rely on a commercial solution that provided immediate functionality to meet acquisition needs.

According to federal regulations, acquisitions must have established requirements.³⁸ The Office of Management and Budget established a set of core system capabilities and requirements for acquisition systems.³⁹ VA relied on these requirements as the foundation for the iFAMS acquisition module. In addition, VA used requirements from a previous acquisition system to further inform the initial iFAMS baseline requirements, which were tailored for the iFAMS acquisitions module.⁴⁰

As noted, OAL, OALC, and FMBT allowed for ongoing refinements as part of the system acquisition and development process, as opposed to the more traditional method of working with stakeholders to establish a complete list of requirements before beginning development. The chief acquisition officer indicated that at this point in the program's life cycle (the deployment phase), the program failed to consider human-centered design principles and the acquisition field members in the initial design. He also indicated that in addition to previously limited programmatic reviews and oversight, the system was assessed as minimally acceptable. He further explained that VA acquisition officials understood iFAMS did not currently meet users' needs and, working with stakeholders, FMBTS and OALC would continue to improve the acquisition module to work toward meeting those needs. The chief acquisition officer stated that the system must continue to modernize with best-in-class technologies and processes to ensure the program remains viable.

³⁸ FAR 7.102; FAR 7.104 FAR 11.002.

³⁹ The Office of Management and Budget provides oversight of agency performance, procurement, financial management, and information technology.

⁴⁰ The previous acquisition system was Financial and Logistics Integrated Technology Enterprise. The Department of Veterans Affairs, Office of Financial Policy, "Financial Management System Modernization," September 8, 2015.

To ensure the module met stakeholder needs, FMBT conducted business process reengineering sessions with the VA acquisition workforce to identify gaps in the iFAMS acquisition module. An FMBT official stated that these gaps were used to inform additional acquisition module requirements. During this process, 81 verified gaps were identified. After the business process reengineering sessions, FMBT officials continued to work with VA acquisition officials to address their concerns with the iFAMS acquisition module. As of September 2023, the FMBT had identified an additional 26 gaps.

While FMBT officials have indicated the iFAMS acquisition module functionality gaps have been addressed, a number of the gaps identified during the original business process reengineering sessions still remain as of September 2023. Accordingly, the total number of gaps at that time was 107. FMBT continues to focus on improving the iFAMS acquisition module to meet stakeholders' needs, and the organization has solutions in place to address several, but not all, of the functionality gaps. Some solutions are scheduled to be deployed in 2024 and 2025.

The continued refinement of the acquisition module is in accordance with the agile methodology. Despite these efforts, according to an official, the current sentiment from the acquisition workforce is that VA is moving backwards rather than offering a transformed, modernized acquisition system.

By staffing the acquisition project office in a timely manner and including senior acquisition personnel on the executive steering committee, VA could have better addressed stakeholder concerns from the start of the implementation process, identifying all necessary acquisition functions, which could have fostered a sense of buy-in for the acquisition workforce. Limited communication with stakeholders may have contributed to a resistance to change among acquisition staff.⁴¹

VA Officials Could Have Better Communicated and Documented the iFAMS Selection Process

In 2018, VA officials began expressing concerns with the iFAMS acquisition module. OALC produced a formal whitepaper in July 2018. The whitepaper reflected an attempt by OALC and VHA to voice shared concerns with the iFAMS implementation and the acquisition system functionality. In the paper, officials noted concerns that transitioning to the iFAMS acquisition module had proven to be a detriment. Officials also expressed concerns that the iFAMS acquisition module did not provide increased functionality, and it created notable hardship for acquisition personnel. They also expressed concerns regarding a decrease in staff's job satisfaction.

⁴¹ FMBT, NCA Wave Organizational Change Management Plan, Organizational Change Management Elements, February 7, 2019.

After the whitepaper was developed, OALC continued to express concerns in September 2018 to FMBTS about replacing eCMS with the iFAMS acquisition module. To address these concerns, VA awarded a \$10.6 million contract to a research and development corporation (also referred to as the study contractor) to conduct an independent study and determine a long-term recommendation for VA's acquisition activities. Between September 2018 and February 2019, the study contractor analyzed the complexity of the eCMS-iFAMS interface that communicates and updates financial and contract data between the two systems.

In February 2019, the study contractor concluded that both eCMS or an eCMS-iFAMS interface were viable short- and long-term options for VA's acquisition system. Further, the study contractor determined the eCMS-iFAMS integration complexity was not significant enough to be the determining factor for the final acquisition decision. Finally, the study contractor recommended that VA conduct a comparative analysis and determine whether VA should use the eCMS-iFAMS interface or move forward with iFAMS as the acquisition system. The study contractor stated, "The question of whether and when acquisition functions are migrated into iFAMS still needs to be addressed."

OALC and FMBT did not conduct the recommended analysis. OALC executive managers determined that the initial study provided all the information necessary to make a sound management decision as to the course of action. In interviews with the review team, OALC and FMBTS officials explained they did not see the value in conducting additional analyses. According to the senior procurement executive, she wanted a single integrated system due to potential technical issues that could be caused by interfacing systems. She further expressed that there was no industry best solution for an integrated financial and acquisition system. VA's chief financial officer confirmed that position and explained there were already "sunk costs" in iFAMS and moving to an entirely different system would not resolve the issues.

In March 2019, VA's chief acquisition officer at the time and the chief financial officer documented that iFAMS would be VA's acquisition system of record.⁴² According to the chief acquisition officer and the deputy executive director for OALC, although there was a discussion about moving forward with the system implementation, there was no documentation detailing the analysis or reasons for the chief acquisition and chief financial officers' decisions to establish iFAMS as VA's acquisition system of record. According to federal regulations, contract files must include sufficient documentation to provide a complete background as a basis for informed decisions at each step in the acquisition process.⁴³ The review team requested documentation

⁴² The VA's former chief acquisition officer was in place from August 2018 through January 2021. When using the term "chief acquisition officer" in this report, the review team is discussing the chief acquisition officer at the time of the review, who has been in the role since March 2021. Decision Memorandum, "Enterprise-wide Adoption of Integrated Financial and Acquisition Management System as Future-state Acquisition System of Record," March 26, 2019.

⁴³ FAR 4.801; FAR 4.803.

detailing the decision, but VA was unable to provide it. According to the chief acquisition officer, the lack of documentation regarding this decision was unacceptable.

Ineffective Change Management Decreased Stakeholder Engagement

The FMBT's change management objectives include assessing stakeholder readiness for change, adoption (or acceptance of change) and satisfaction, and managing the risks and issues associated with iFAMS. Proper change management is critical to a project's success, and FMBT noted that previous attempts to replace VA's Financial Management System failed, in part, because of inadequate change management and stakeholder engagement. According to FMBT, there were eight "key elements" to organizational change management: (1) leadership engagement and alignment, (2) stakeholder engagement and analysis, (3) workforce readiness and impact, (4) labor relations, (5) communications, (6) training, (7) measurement, and (8) organizational readiness.⁴⁴ See appendix A for more details about the FMBT's organizational change management practices.

By not communicating the rationale for bypassing the additional analysis and selecting iFAMS, OALC and FMBT missed an opportunity to practice effective change management. Being transparent and sharing these results with the acquisition workforce could have helped improve stakeholder engagement for adopting the iFAMS acquisition functionality. Stakeholders' acceptance and adoption of the system is an important part of change management. However, the review team found senior acquisition officials from all VA administrations still did not fully accept the iFAMS acquisition functionality even after submitting their formal whitepaper of concerns.

In June 2021, senior acquisition officials wrote a formal memorandum to VA's senior procurement executive to "memorialize concerns" about transitioning to iFAMS. The leaders "respectfully request[ed] reconsideration of plans to replace the existing system, so that we [VA] avoid significant impact to VA's acquisition and procurement efforts." They provided an attachment detailing functionality gaps and highlighting unacceptable enterprise-level risks to VA. The leaders further expressed that the iFAMS acquisition module did not completely support the full acquisition lifecycle and would still require multiple systems to cover all the acquisition processes. They made several recommendations, including stepping back from the iFAMS acquisition module implementation, developing a long-term vision and strategy for acquisition systems based on the full spectrum of VA requirements, and establishing a dedicated senior executive service position for the iFAMS acquisition module.⁴⁵

⁴⁴ FMBT, NCA Wave Organizational Change Management Plan, Organizational Change Management Elements, February 7, 2019; FMBT Orientation Guide, December 10, 2020.

⁴⁵ Executive Director, VHA, Procurement and Logistics Office, Deputy Under Secretary for Management, NCA Executive Director, Office of Mission Support, VBA, "VA's Financial Management Business Transformation (Acquisition Module) Transition," memorandum to the executive director of OAL senior procurement, June 8, 2021.

After the senior procurement executive received the concerns, she and the chief acquisition officer took action to improve communication with stakeholders. However, according to senior acquisition officials, OALC did not provide a written response to the concerns, thereby missing an opportunity to communicate effectively and promote a shared vision. Beginning in July 2021, the senior procurement executive and the chief acquisition officer began meeting frequently with the administrations' senior acquisition officials and FMBT officials to discuss concerns. Had these meetings taken place sooner, FMBTS could have potentially alleviated some of the stakeholder concerns.

In February 2022, VHA's senior acquisition leader followed up with an email to the chief acquisition officer and expressed that there were several gaps with the iFAMS acquisition module. While he acknowledged the issues were being worked on, he wanted to reiterate fundamental shortcomings of the system:

It cannot be overstated that Momentum [VA's configuration is iFAMS] is a financial management database—not a contract writing system. The purported contract writing system [the iFAMS acquisition module] is an afterthought and an add-on that is secondary and subservient to the [iFAMS] financial system. The form, fit, and function of the contract writing system is not oriented to efficiently create and manage contracts but rather to input voluminous data elements into the financial management system. Contracting professionals are not financial managers; their training is associated with the solicitation and award of contracts within the federal acquisition framework. This platform does nothing to make daunting procurement tasks any easier on our professionals. In fact the impact is opposite.... A contract writing system must be intuitive and easy to use by our thousands of contracting officers and tens of thousands of requirements owners.... The CGI Momentum [VA's configuration is iFAMS] is not intuitive or easy to use and very frustrating to contracting officers. I don't know what [contractor CGI Federal] can do to fix this except for starting over.⁴⁶

VHA's senior acquisition leader provided an explanation of additional concerns, including the following statements:

- Officials never conducted a click study comparing the iFAMS acquisition module and eCMS.⁴⁷

⁴⁶ Executive director for VHA, email message to Michael Parrish, February 28, 2022.

⁴⁷ A click study is a review of the number of computer mouse clicks it requires to complete a task.

- The system lacked effective clause logic in creating contract documentation, which is a “huge step backwards compared to what we have today.”⁴⁸
- A large amount of manual entry is needed, which could result in data reliability issues.
- The iFAMS acquisition module did not support the creation of leasing awards and would potentially require contracting staff to work in two different systems.⁴⁹

Post-Deployment Surveys Showed NCA Users Lacked Confidence in the iFAMS Acquisition Module's Effectiveness

In March 2023, the OIG published a report about the iFAMS implementation at NCA. The OIG reported that FMBTS did not prioritize stakeholder feedback regarding difficulties adopting the iFAMS user interface.⁵⁰ As part of the deployment of the iFAMS acquisition system at NCA, the FMBTS oversaw user acceptance testing, which includes users testing real-life scenarios within iFAMS.⁵¹ The primary testing objectives were (1) to verify that the system behaves correctly, (2) identify gaps in the processes or functionalities, (3) allow users to give input before system deployment, and (4) foster user confidence and familiarization with the system. During the testing, issues were identified and change requests made. These issues were resolved, and FMBTS, OAL, and NCA's senior acquisition officials accepted the system.

FMBT also conducted five organizational change assessment surveys between October 2020 and August 2022 for iFAMS at NCA—four surveys before the system was fully deployed and one after deployment. In particular, the post-deployment measured stakeholders'

- desire—whether iFAMS meets their needs,
- knowledge—whether they possessed necessary information to do their job and track system progress,
- ability—whether they could use the system, and
- reinforcement—whether the supports and resources available were adequate.

These metrics were meant to assess overall stakeholder comfort in using the system. The results of all five assessments showed that stakeholders had the highest level of positive responses to

⁴⁸ Clause logic is a system that selects applicable FAR clauses for different types of contracts using a standard set of logic rules.

⁴⁹ Executive director for VHA, email message to Michael Parrish.

⁵⁰ VA OIG, [*Improvements Needed in Integrated Financial and Acquisition Management System Deployment to Help Ensure Program Objectives Can Be Met*](#), Report No. 21-01997-69, March 28, 2023.

⁵¹ VA Enterprise Acquisition National Cemetery Administration User Acceptance Testing Plan Overview, June 21, 2023.

questions in the areas of awareness, knowledge, and ability in the first assessment in October 2020—before the system was being used.⁵² However, after the acquisition module was deployed, assessment results showed a decrease in multiple areas, including whether participants believed the iFAMS acquisition module would be effective and beneficial for VA.

FMBT's target for the metrics was to obtain positive responses from 50 percent of the respondents. Based on the assessment results, the NCA implementation was below target on all metrics except reinforcement. The reinforcement metric measured satisfaction with support and resources, as well as the ability to share feedback regarding iFAMS with leaders. The lowest-rated metric was desire, which indicated whether stakeholders believed that iFAMS would be an effective solution. Desire scored 26.1 percent, more than 23 percent below the success baseline. Further details about the organizational change assessment survey can be seen in appendix E.

Of the 23 post-deployment assessment survey respondents, 11 users provided open-ended comments that FMBT classified as follows: one positive, two neutral, and eight negative. The negative comments revealed significant concerns about the system and its interface. FMBT acknowledged these concerns but indicated that some of the updates would not be released for two more years.

The following are examples of stakeholder feedback that will not be resolved until 2025:

- Archaic, onerous, manuals give lists of steps with no screen shots, went from some automation to none while other agencies are saving time with automation.
- The desktop is useless, you can't add notes to keep track of workload.
- Contracting cannot perform in accordance with FAR due to system limitations. Further, it takes four to six times longer to perform tasks in iFAMS compared to eCMS. The contracting community is already overwhelmed; by continuing down this path, VA leadership will need to increase contracting staffing levels times five to maintain an equal level of output.⁵³

A previous OIG report indicated that although streamlining processes was an objective of the FMBT program, the iFAMS user interface initially increased the complexity of some common system processes, causing NCA staff more work and requiring them to spend more time performing some tasks. These issues had been identified by FMBTS in some instances months before go-live but continued to affect users for some time after go-live. Based on the results of the FMBT assessments reviewed for this report, stakeholders appear to have concerns about whether the iFAMS acquisition system is an effective solution.

⁵² The awareness metric was only addressed before iFAMS acquisition module deployment.

⁵³ The review team edited the feedback for clarity but did not change the substance of the comments.

Stakeholders Have Ongoing Functionality Concerns with the iFAMS Acquisition Module

In April 2023, OAL officials submitted a list of iFAMS acquisition module challenges to FMBTS.⁵⁴ This document included more than 100 concerns with the acquisition module, including

- document generation issues that were identified more than a year prior, which had not been resolved or cause of the issue identified;
- the transmission of contract award data to the required external reporting systems not functioning appropriately;
- training material constantly being revised due to periodic system enhancements; and
- acquisition workforce continuously identifying issues and requesting functionality improvements.

The challenges are evolving and continuously impacting the VA acquisition workforce, who repeatedly perform significant workarounds to meet VA mission needs. Some but not all challenges overlap with the functionality gaps identified in the FMBT business process reengineering. The consistent need for workarounds, continuous stakeholder concerns, and the negative impact on the VA acquisition workforce, which includes eight years of planning, implementation, and deployment of the iFAMS acquisition module, calls VA's approach into question. Under the current approach, stakeholders believe the module is not meeting their needs. See figure 1 for a summary of the impacts to the workforce.

⁵⁴ iFAMS Challenges Planning and Deployment Enterprise Acquisition Module Summary and Recommendations, April 12, 2023.

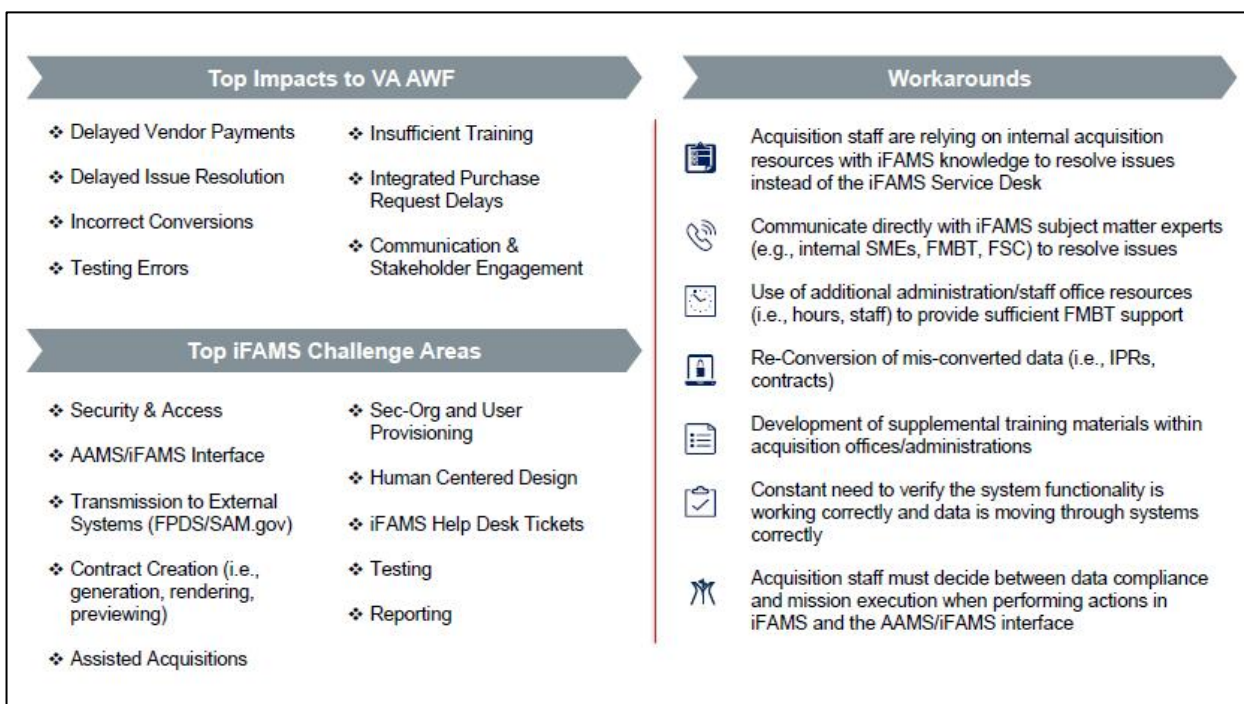


Figure 1. Summary of impacts to the VA acquisition workforce, the top iFAMS challenge areas, and workarounds.

Source: iFAMS Challenges Planning and Deployment Enterprise Acquisition Module, April 12, 2023.

Note: AWF in the figure stands for acquisition workforce; AAMS stands for Automated Acquisition Management Solution; FPDS stands for Federal Procurement Data System; SME stands for subject matter expert; FSC stands for Federal Service Center; and IPRs stand for Integrated Purchase Requests.

In April 2023, OAL made several recommendations to FMBT regarding the iFAMS acquisition module. These recommendations include improvements to system security, training, and testing. Further, as recommended by the VHA's senior acquisition leader in February 2022, officials again recommended an assessment be conducted of the steps and time required to complete acquisition activities in the current acquisition system versus the iFAMS acquisition module.

However, the most significant recommendation indicating the acquisition module may not meet needs in the future was a recommended "strategic pause" to the module. According to OAL officials, the strategic pause would enable resolution to the ongoing concerns, position VA to address and assess the workload increases, and allow for additional consideration of evidence that supports discontinuing the deployment of the iFAMS acquisition module. FMBTS officials provided no formal response to the recommended strategic pause.⁵⁵ Further, in meetings with the OIG, the FMBTS officials explained they would not pause the iFAMS deployment. On March 25, 2024, an FMBTS official told the review team that they will begin implementing

⁵⁵ FMBT Response to iFAMS Challenges Planning and Deployment Enterprise Acquisition Module, May 23, 2023.

Momentum 8.2 at the start of fiscal year 2025, which would be a change with significant impact because it has many of the enhancements the acquisitions community is anticipating.

VA Is Taking Steps to Improve Its Change Management

Historically, VA has struggled with change management, and these issues were evident during the iFAMS acquisition procurement and implementation at NCA. For instance, FMBTS launched a simplified user interface about one year after go-live; however, the office missed the opportunity to address this issue sooner.⁵⁶ Members of the FMBT Executive Steering Committee, the chief acquisition officer, and VA's chief financial officer acknowledged that change management for the iFAMS acquisition module could have been better.

The review team acknowledges that OALC, OAL, and FMBTS have taken steps to improve change management. As mentioned previously, in July 2021, the chief acquisition officer and senior procurement executive began meeting regularly with administrations' senior acquisition officials to discuss concerns. Further, the chief acquisition officer and senior procurement executive are providing additional oversight of iFAMS by conducting system assessments to determine whether iFAMS is within budget, on schedule, and performing as expected.⁵⁷ According to VA's chief financial officer, more of an investment needs to be made up front to ensure the affected workforce and leaders understand the iFAMS actual functionality, as opposed to making assumptions and judgements based on the community perception. For example, a user may have heard complaints from other users and assumed they were valid. The chief financial officer gave examples of increasing the number of trusted key stakeholders that can accurately explain to other users how the system works; he also expressed the need to provide users with more up-front "hypercare." Hypercare uses enhanced customer services to supplement more routine support activities, enabling expedited end-user adoption and iFAMS stabilization during a critical time in the adoption lifecycle. The chief financial officer added that he wants to increase hypercare when the system deploys to VHA to ensure the implementation is effective. Additionally, FMBT officials began meeting with OAL PMO to discuss challenges and concerns with the acquisition module.

In April 2023, VA took steps to increase acquisition representation on the FMBT Executive Steering Committee.⁵⁸ It added senior acquisition officials from the administrations and other staff offices to the committee as advising members.⁵⁹ Because additional acquisition leaders have

⁵⁶ VA OIG, *Improvements Needed in Integrated Financial and Acquisition Management System Deployment to Help Ensure Program Objectives Can Be Met*.

⁵⁷ The first assessment was conducted in July 2023.

⁵⁸ VA Office of Management, "Financial Management Business Transformation (FMBT) Executive Steering Committee (ESC) Charter," April 18, 2023.

⁵⁹ The staff offices include the Strategic Acquisition Center, the Technology Acquisition Center, and the National Acquisition Center.

been added to the executive steering committee, the OIG is not making a recommendation to that effect.

Conclusion

The OIG recognizes the complexity and scale of the FMBT program and VA's significant efforts to successfully implement iFAMS. Although OALC and FMBT planned and tested the iFAMS acquisition module, they missed opportunities to better leverage stakeholder involvement and help ensure the system would meet their needs.

This occurred because, initially, the implementation was focused on financial management. The review team also found the acquisition leaders were not adequately represented in key decision roles and did not have a staffed project office to lead the deployment of the iFAMS acquisition module. As a result, eight years into the planning, implementation, and deployment of this system, acquisition module users are still experiencing functionality gaps and other issues that impede their work. Consequently, they are skeptical that the system is a viable way forward.

Based on the NCA deployment, OALC and FMBTS now have an opportunity to apply the lessons learned before deploying iFAMS at other administrations and offices. The OIG recognizes OALC and FMBTS officials have worked to improve the change management process for iFAMS by including senior acquisition officials on the executive steering committee and staffing up a project office. However, until leadership and stakeholder concerns are fully addressed and communication becomes more effective, VA may continue to experience functionality issues and stakeholder resistance.

Recommendations 1–4

The OIG made three recommendations to the chief acquisition officer and principal executive director, Office of Acquisition, Logistics, and Construction:

1. For future acquisitions that involve stakeholders from multiple offices, establish governance to ensure all relevant administrations and staff offices are represented in key decision roles.
2. For future acquisitions, establish and implement a process to promote stakeholders' understanding of system capabilities and support buy-in.
3. Complete the hiring actions necessary to staff the Office of Acquisition and Logistics Project Management Office.

The OIG also made one recommendation to the deputy assistant secretary for financial management business transformation, in collaboration with the Office of Acquisition and Logistics Project Management Office:

4. Resolve key Integrated Financial and Acquisition Management System challenges and ongoing concerns identified by officials from the Office of Acquisition, Logistics, and Construction and the Office of Acquisition and Logistics before further deployment of the acquisition module.

VA Management Comments

The chief acquisition officer and principal executive director for the Office of Acquisition, Logistics and Construction concurred with all four recommendations. For recommendations 1 and 2, VA stated it has established new governance structures that incorporate user inputs and participation from all administrations and staff offices. It is also conducting biweekly Program Management Office Work Group and Steering Committee meetings. Based on the information conveyed to the OIG, VA requested these two recommendations be closed as implemented. While VA concurred with recommendation 3, there was no plan submitted at the time of publication to implement the hiring actions suggested. For recommendation 4, VA noted that FMBT continues to collaborate with OAL to address key iFAMS challenges and ongoing concerns “prior to the next enterprise acquisition go-live.” As evidence for this statement, VA explained that FMBT provided responses to the Project Management Office steering committee deployment recommendations from March 2024 but noted the Office of Acquisition and Logistics is still reviewing these recommendations. The VA management response also requested clarification of the OIG-referenced system requirements for the iFAMS acquisition system and when they were provided on behalf of the VA acquisition workforce (see OIG response below). The full text of VA’s comments is included in appendix F.

OIG Response

VA’s planned actions that have been submitted are responsive to the recommendations. For recommendations 1 and 2, the OIG verified evidence of corrective actions and considers these recommendations closed. The OIG will evaluate VA’s planned actions to address the hiring actions needed to staff the Office of Acquisition and Logistics Project Management Office as set out in recommendation 3. For recommendation 4, VA commented that FMBT continues to work with the Office of Acquisition and Logistics to resolve key iFAMS challenges and ongoing concerns “prior to the next enterprise acquisition go-live.” FMBT provided responses to the Project Management Office steering committee deployment recommendations from March 2024; the Office of Acquisition and Logistics is still reviewing these recommendations. The OIG will follow up on VA’s execution of planned actions and the target completion date. For the latter two recommendations, the OIG will monitor VA’s progress until sufficient evidence is provided that the identified issues have been addressed.

The one technical comment included a request to clarify the following statement in this report: “The review team found OALC and FMBTS had system requirements detailing the necessary

functionality of the iFAMS acquisition module. FMBTS also conducted testing and user assessment surveys with stakeholders.”

In the response OALC noted they were not aware of system requirements being identified for iFAMS Acquisition Module and asked the OIG to clarify when and what requirements were provided on behalf of the VA Acquisition Workforce. The OIG responded directly through email with this message:

During the course of our review, we found FMBT utilized agile methodology and business process reengineering ... to develop and refine the requirements of the iFAMS acquisition module. These processes are non-traditional program management methods and are in contrast to traditional program management methods that require detailed documentation at the beginning of a program. Agile integrates planning, design, development, and testing using an incremental life cycle to deliver small amounts of software to customers at frequent intervals/waves. The frequent interval/waves provide program management with an effective way to measure progress continually, reduce technical and programmatic risk, and respond to feedback from stakeholders. VA also utilized business process reengineering sessions to further refine the requirements for the iFAMS acquisition module by seeking input from stakeholders. The use of agile and [business process reengineering] is how the acquisition module requirements were developed—outside of the traditional methods of developing system requirements.

OAL and FMBT concurred that the OIG’s response answered OALC’s question. No revisions to the text were warranted.

Appendix A: Financial Management and Business Transformation Change Management Elements

At the time of the review, the Financial Management and Business Transformation (FMBT) has multiple documents detailing organizational change management. The following are eight “key elements” to drive organizational change management often mentioned in these documents:

1. **Leadership engagement and alignment:** establishes common understanding of priorities and promotes shared vision and accountability for success. Fosters sponsorship, engagement, and buy-in at the leadership level.
2. **Stakeholder engagement and analysis:** uses data to analyze project stakeholders to help inform program level activities, such as communications, training, organizational and workforce readiness, labor, and site visits.
3. **Communications:** uses communication strategies and methods to build awareness, develop understanding, and foster buy-in.
4. **Organizational readiness:** defines potential changes required for an organization to prepare to operate in an Integrated Financial and Acquisition Management System (iFAMS) environment. This includes where the work should occur and recommendations to staffing models.
5. **Workforce readiness and impact:** evaluates the impact of iFAMS on workforce/roles to tailor end-user support and organizational readiness, for example, trainings, site visits, communications, organizational design.
6. **Labor relations:** by understanding the target workforce needs and changes, FMBT works to aligning with collective bargaining agreements, if and as required.
7. **Measurement:** establishes metrics at the program level to determine an organization’s readiness for go-live and established at the wave level to measure user knowledge and adoption of end users at set points during a wave.
8. **Training:** develops a comprehensive system training solution and approach that establishes and maintains user proficiency throughout the life cycle of the VA.⁶⁰

⁶⁰ FMBT, NCA Wave Organizational Change Management Plan, Organizational Change Management Elements, February 7, 2019; FMBT Orientation Guide, December 10, 2020.

Appendix B: Overview of Significant Dates

Table B.1 provides an overview of significant dates in the Integrated Financial and Acquisition Management System (iFAMS) acquisition and deployment.

Table B.1. Overview of Significant Dates

Date	Action
March 2013	The Office of Management and Budget directed all executive agencies to use a shared service solution for future modernizations of core accounting or mixed systems.
January 2014	The US Department of Agriculture's (USDA) National Finance Center, the US Department of Interior's Interior Business Center, the US Department of Transportation's Enterprise Services Center, and the US Department of Treasury's Administrative Resource Center were designated as the four Federal Shared Service Providers by the Office of Management and Budget.
April 2016	The Financial Management Business Transformation (FMBT) Executive Steering Committee Charter was signed.
July 2016	USDA awarded a 10-year contract at a cost of over \$465 million to CGI Federal Inc. for VA.
September 2016	VA unanimously approved the selection of USDA and decided to move forward with iFAMS.
November 2016	VA entered into an interagency agreement with the USDA to support FMBT to execute the necessary activities to plan, develop, and transition components of the VA Financial Management System to CGI's Momentum.
September 2017	VA informed the USDA of the decision to move forward with iFAMS.
December 2017	The USDA formally notified VA it would transfer the iFAMS contract to the department.
April 2018	VA reissued the iFAMS contract award to CGI Federal Inc.
July 2018	Administrative stakeholders developed a whitepaper to formalize and describe concerns from the Office of Acquisition, Logistics, and Construction (OALC) regarding the iFAMS implementation, to include the acquisition system functionality.
August 2018	VA issued a modification worth about \$209 million to clarify the requirements to include the acquisition system, increasing the contract's total value to about \$674.85 million.
September 2018	VA awarded an approximately \$10.65 million contract for a study to assess whether the electronic contract management system (eCMS) could interface effectively with iFAMS.
February 2019	The study contractor completed its assessment and determined the eCMS-iFAMS integration was a viable long-term option. It recommended VA conduct a comparative analysis of options.

Lessons Learned for Improving the Integrated Financial and Acquisition Management System's
Acquisition Module Deployment

Date	Action
March 2019	The former chief acquisition officer and current chief financial officer signed a decision memo formally adopting iFAMS as VA's acquisition system of record.
October 2020	FMBT began organizational change assessments at the National Cemetery Administration (NCA) for the acquisition module.
November 2020	NCA began using the iFAMS finance system.
June 2021	NCA, Veterans Benefit Administration (VBA), and Veterans Health Administration (VHA) senior executives submitted a formal memo to the senior procurement executive detailing concerns regarding VA's use of the iFAMS acquisition system.
February 2022	FMBT completed its last organizational change assessment at NCA for the acquisition module.
April 2022	NCA began using the iFAMS acquisition system for new contract awards.
January 2023	The Office of Acquisition and Logistics Project Management Office (OAL PMO) hires a director to provide management and oversight of the iFAMS acquisition module.
April 2023	The Office of Acquisition and Logistics (OAL) sends iFAMS challenges to FMBT and recommends a strategic pause.
July 2026	The contract period ends. The last day of option year 10 is July 31, 2026.

Source: VA Office of Inspector General (OIG) analysis of iFAMS contract documentation and documents provided by VHA officials.

Appendix C: Prior Audit Coverage and Testimonies of VA Information Technology Systems

As previously discussed, VA has had challenges implementing and managing major information technology systems. The following is a selection of Office of Inspector General (OIG) and Government Accountability Office (GAO) reports and testimonies on system implementations:

- *Hearing on The Status of VA Financial Management Business Transformation, Before the Subcommittee on Technology Modernization, House of Representatives Committee on Veterans' Affairs*, 118th Cong. (June 20, 2023).
- VA OIG, *Improvements Needed in Integrated Financial and Acquisition Management System Deployment to Help Ensure Program Objectives Can Be Met*, Report No. 21-01997-69, March 28, 2023.
- VA OIG, *The Electronic Health Record Modernization Program Did Not Fully Meet the Standards for a High-Quality, Reliable Schedule*, Report No. 21-02889-134, April 25, 2022.
- VA OIG, *Issues at VA Medical Center Bay Pines, Florida and Procurement and Deployment of the Core Financial and Logistics System (CoreFLS)*, Report No. 04-01371-177, August 11, 2004.
- VA OIG, *Audit of FLITE Program Management's Implementation of Lessons Learned*, Report No. 09-01467-216, September 16, 2009.
- VA OIG, *Audit of the FLITE Strategic Asset Management Pilot Project*, Report No. 09-03861-238, September 14, 2010.
- VA OIG, *Review of Alleged Improper Program Management within the FLITE Strategic Asset Management Pilot Project*, Report No. 10-01374-237, September 7, 2010.
- *Electronic Health Record Modernization: VA Needs to Address Change Management Challenges, User Satisfaction, and System Issues, Testimony Before the Committee on Veterans' Affairs*, U.S. Senate, 118th Cong. (March 15, 2023).
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- GAO, *VA Financial Management System: Additional Actions Needed to Help Ensure Success of Future Deployments*, GAO-22-105059, March 2022.
- GAO, *Veterans Affairs: Ongoing Financial Management System Modernization Program Would Benefit from Improved Cost and Schedule Estimating*, GAO-21-227, March 2021.

Appendix D: Scope and Methodology

Scope

The review team conducted its work from October 2022 through March 2024. The review's scope included both the USDA and VA contract files for the Integrated Financial and Acquisition Management System (iFAMS) acquisition. Further, it included VA's implementation of the iFAMS acquisition system. Implementation is defined as identifying functional requirements, business processes, workflows, and testing for the purpose of enhancing the system.

Methodology

The team identified and reviewed the Federal Acquisition Regulation (FAR) and other applicable laws, policies, and procedures related to the iFAMS acquisition and the FMBT's plan for organizational change management. The team reviewed VA's iFAMS contract and acquisition documentation, including documentation from the US Department of Agriculture. The team analyzed this documentation to determine whether VA adequately established requirements for the iFAMS acquisition system and obtained stakeholder input to ensure it would meet the acquisition workforce's needs.

To gain an understanding of the iFAMS system and acquisition, the review team obtained information from the

- Financial Management Business Transformation Service;
- National Cemetery Administration;
- Office of Acquisition, Logistics, and Construction;
- Office of Acquisition and Logistics;
- Office of Management;
- US Department of Agriculture;
- Veterans Benefits Administration; and
- Veterans Health Administration.

In February 2023, the review team visited CGI Federal Inc.'s facility in Ballston, Virginia, to obtain an understanding of iFAMS' functionality. The team also considered VA's ongoing efforts to address the concerns and issues found in this review.

Internal Controls

The review team did not assess internal controls as it was not required for this review. However, the team exercised due diligence in staying alert to internal controls during the course and scope of this review. The OIG did not identify any instances of internal control deficiencies during the course of our review. Therefore, internal controls were not the cause of the team's finding.

Fraud Assessment

The review team assessed the risk that fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, significant within the context of the review objectives, could occur during this review. The team exercised due diligence in staying alert to any fraud indicators.

The Office of Inspector General (OIG) did not identify any instances of fraud or potential fraud during this review.

Data Reliability

The OIG did not obtain electronic data that required a data reliability assessment.

Government Standards

The OIG conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Appendix E: Organizational Change Assessment Survey Results

As part of the change management activities, 38 Integrated Financial and Acquisition Management System (iFAMS) users were given a post-deployment survey.⁶¹ Of those, 23 responded (60.5 percent), although some individuals did not have respond to every question. Table E.1 shows the statements used to assess organizational change using post-deployment metrics.

Table E.1. Assessment Statements Used to Gauge Organizational Change

Metric	Stakeholder statements used to derive metric
Desire	<ul style="list-style-type: none">• I believe that iFAMS will be an effective solution for my organization.
Knowledge	<ul style="list-style-type: none">• I was adequately prepared to use iFAMS to perform my job.• I am regularly informed on the program's progress, processes, and the iFAMS solution.• I receive timely, clear, and relevant communications that provide information about iFAMS and its implementation.
Ability	<ul style="list-style-type: none">• I am confident in conducting my daily task in iFAMS.• I feel that I am able to use iFAMS in a manner that is effective to my daily task.• I am confident in providing colleagues assistance and addressing questions related to iFAMS.• I have sufficiently overcome most difficulties in using iFAMS.
Reinforcement	<ul style="list-style-type: none">• I feel empowered to share any challenges or feedback with my leadership regarding iFAMS.• I feel the support available to me at go-live has been useful and effective.• I know what resources are available and where to find them when I need help in iFAMS.• The resources available to me are effective.

Source: Enterprise Acquisitions Wave Deploying to Fund 0129 Organizational Change Assessment Number Five, August 2022.

⁶¹ The assessment was given to two stakeholder groups within the National Cemetery Administration (NCA): core acquisition staff and contracting officer representatives. The core acquisition staff, mainly composed of contracting officers, included 38 users, while the contracting officer representatives included 26 users. The review team's focus was the 38 core acquisition staff.

For each statement on the assessment, stakeholders provided positive, neutral, or negative responses on a five-point scale.⁶² The Financial Management Business Transformation (FMBT) determined that the baseline for success was achieved when 50 percent or more of the scores reflect that the respondent agreed or strongly agreed with the statement.

Table E.2 summarizes the percent of the 23 overall survey responses for each metric of the post-deployment assessment.

**Table E.2. Summary of Survey Responses about the iFAMS
Acquisition Module Post-Deployment**

Metric	Positive responses (percent)	Neutral responses (percent)	Negative responses (percent)
Desire	26.1	39.1	34.8
Knowledge	49.3	21.7	29.0
Ability	32.2	18.9	48.9
Reinforcement	58.0	18.2	23.9

Source: Enterprise Acquisitions Wave Deploying to Fund 0129 Organizational Change Assessment Number Five, August 2022.

Note: Percentages may not total 100 percent due to rounding.

As seen in table E.2, the reinforcement metric responses exceeded the expected level of 50 percent. The knowledge metric responses almost met the expected level of 50 percent positive responses. However, the knowledge metric was measured by averaging responses to three statements. As seen in figure E.1, over half of respondents indicated they were not adequately prepared to use the iFAMS acquisition system.

⁶² Each metric is measured on a five-point scale: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

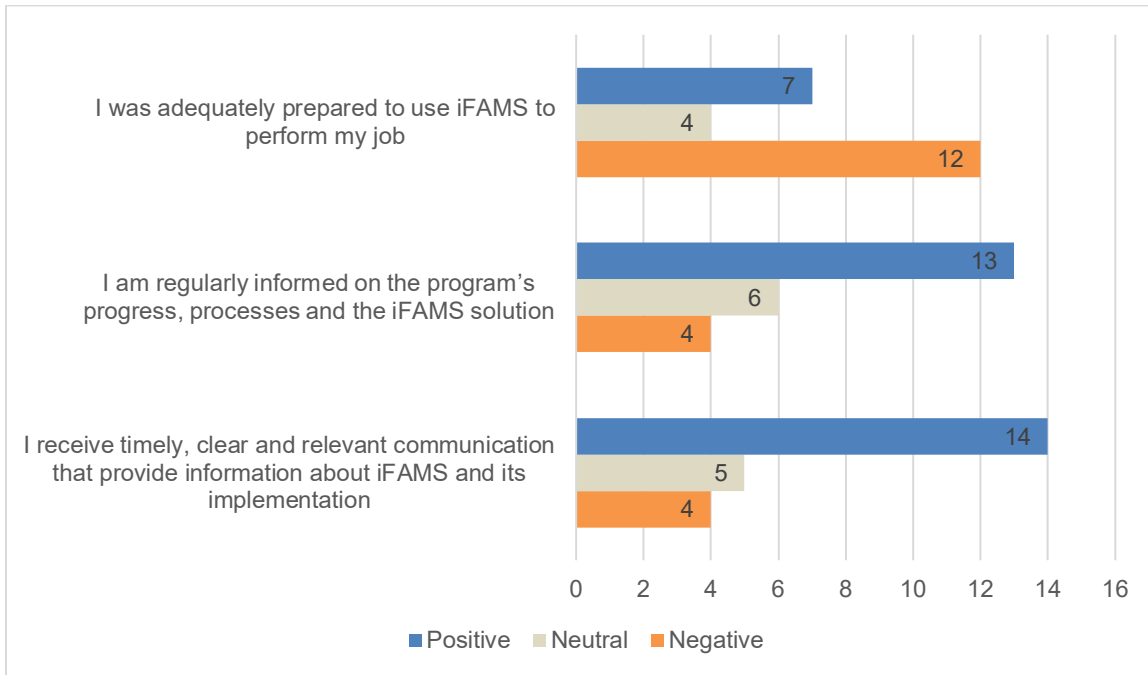


Figure E.1. Summary of knowledge metric results.

Source: Enterprise Acquisitions Wave Deploying to Fund 0129 Organizational Change Assessment Number Five, August 2022.

Appendix F: VA Management Comments

Department of Veterans Affairs Memorandum

From: Principle Executive Director, Office of Acquisition, Logistics, and Construction and Chief Acquisition Officer

Subj: Office of Inspector General (OIG) Draft Report: Department of Veterans Affairs Lessons Learned for Improved Integrated Financial and Acquisition Management System (iFAMS) Acquisition Module Deployment (Project Number: 2023-00151-AE-0006) (VIEWS 11576748)

To: Director, Office of Inspector General Contract Integrity Division (52D01)

1. In response to your request, the Office of Acquisition, Logistics, and Construction in coordination with the Office of Financial Management Business Transformation reviewed the subject OIG draft report and provides the attached comments.

The OIG removed point of contact information prior to publication.

Michael D. Parrish

Attachment

Department of Veterans Affairs (VA) Comments
Office of Inspector General (OIG) Draft Report
Lessons Learned for Improved Integrated Financial and Acquisition Management System (iFAMS)
Acquisition Module Deployment
Project Number: 2023-00151-AE-0006

Finding: iFAMS acquisition functionality was minimally acceptable and stakeholder buy-in was limited at pivotal points.

VA Response: Concur

OIG made three recommendations to the Chief Acquisition Officer and Principal Executive Director, Office of Acquisition, Logistics, and Construction:

Recommendation 1: For future acquisitions that involve stakeholders from multiple offices, establish governance to ensure all relevant administrations and staff offices are represented in key decision roles.

VA Response: Concur with Comments. For future acquisitions, VA has established new governance structures and implemented its Acquisition Lifecycle Framework (ALF) which incorporates user inputs and participation from all Administrations and Staff Offices to ensure this recommendation is complete. Specific to iFAMS, the Program Management Office Work Group and Steering Committee, which includes appropriate stakeholders, meets on a bi-weekly basis to discuss updates on significant project milestones, issues, risks, decisions, and guidance on open acquisition action items. OIG has been briefed and provided supporting information on these actions. As a result, VA requests the removal or closure of this recommendation.

Recommendation 2: For future acquisitions, establish and implement a process to promote stakeholders' understanding of system capabilities and support buy-in.

VA Response: Concur with Comments. For future acquisitions, VA has established new governance structures and implemented its ALF which incorporates user inputs and participation from all Administrations and Staff Offices to ensure this understanding and buy-in recommendation is complete. OIG has been briefed and provided supporting information on these actions. As a result, VA requests the removal or closure of this recommendation.

Recommendation 3: Complete the hiring actions necessary to staff the Office of Acquisition and Logistics Program Management Office.

VA Response: Concur. VA will provide the actions taken to address the recommendation following the issuance of the final report.

OIG also recommended the Deputy Assistant Secretary for Financial Management Business Transformation (FMBT), in collaboration with the Office of Acquisition and Logistics (OAL) Project Management Office (PMO):

Recommendation 4: Resolve key Integrated Financial and Acquisition Management System challenges and ongoing concerns identified by officials from the Office of Acquisition, Logistics, and Construction (OALC), and the Office of Acquisition and Logistics (OAL) before further deployment of the acquisition module.

VA Response: Concur. FMBT continues to work with OAL to resolve key iFAMS challenges and ongoing concerns prior to the next enterprise acquisition go-live. FMBT provided a detailed response to iFAMS

Enterprise Acquisition Module (EAM) Planning & Deployment Challenges – OAL PMO Steering Committee Recommendations, March 2024, which is still under review.

Status: In Progress

Target Completion Date: TBD

General Comments:

Please see OIG's comment in the first paragraph on page 7, Results and Recommendations/Finding, which states, "The review team found OALC and FMBTS had system requirements detailing the necessary functionality of the iFAMS acquisition module. FMBTS also conducted testing and user assessment surveys with stakeholders."

Question/Observation: OALC is not aware of system requirements being identified for iFAMS Acquisition Module. Can OIG please clarify when and what requirements were provided on behalf of the VA Acquisition Workforce?

For accessibility, the original format of this appendix has been modified to comply with Section 508 of the Rehabilitation Act of 1973, as amended.

OIG Contact and Staff Acknowledgments

Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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