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COMMITTEE ON VETERANS' AFFAIRS

ONE HUNDRED EIGHTEENTH CONGRESS

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March 28, 2023

The Honorable Denis R. McDonough
 Secretary
 U.S. Department of Veterans Affairs
 810 Vermont Avenue, NW
 Washington, DC 20420

Dear Mr. Secretary:

On February 9, 2023, Chairman Bost sent a letter urging you to review professional and management consulting service contracts for duplication and waste. Such contracts have increased with the growth of the administrative bureaucracy at the Department of Veterans Affairs (VA), to roughly \$3 billion annually.¹ Many of these contracts are held by the largest national or multinational consulting firms, which operate in multiple capacities or organizations with VA or, in turn, have clients that do business with the Department. The Federal Acquisition Regulation (FAR) cautions that organizational conflicts of interest are more likely to occur in contracts for management support services and consultant or professional services.² For example, a recent article in *the Wall Street Journal* highlighted a potential conflict of interest, where the consulting firm McKinsey was simultaneously advising VA on internal management while also advising Purdue Pharma and other pharmaceutical companies on how to target VA and increase their clients' opioid sales.³

VA is responsible for identifying and evaluating, then avoiding, neutralizing, or mitigating organizational conflicts of interest. This is not only a legal and regulatory obligation, but it is critical so veterans can trust that VA decisionmakers are receiving sound advice, taxpayers can be assured their money is being invested wisely, and contractors attempting to do business with VA can have confidence they are operating in a fair market. While the McKinsey example may not be typical, I have heard an increasing number of complaints from employees and contractors that VA is frequently lenient, even negligent, in managing organizational conflicts of interest. Conflicting roles are proliferating, such as consulting firms providing staff

¹ Government Accountability Office Review of Federal Procurement Data System obligations in Product Service Codes "B" and "R" for fiscal year 2022.

² FAR 9.502

³ Gladstone, Alexander, "McKinsey Consulted VA While Advising Opioid Makers to Target Agency for Sales," *The Wall Street Journal*, March 13, 2023. <https://www.wsj.com/articles/mckinsey-consulted-va-while-advising-opioid-makers-to-target-agency-for-sales-170fcf94>

augmentation while executing a project for the same organization. Access to propriety information appears increasingly widespread, for instance, when the same company provides administrative or technical support to executive decision makers in multiple VA organizations.

In accordance with the Subcommittee's ongoing oversight of VA procurement, I ask that you provide the following information by April 25, 2023:

1. Provide a copy of the solicitation provision(s) used to implement FAR Subpart 9.5 when VA contracting officers identify potential conflicts of interest. Please indicate whether this has been standardized in the Veterans Affairs Acquisition Regulation. If not, please provide multiple representative examples of the provision.
2. Indicate how many times in fiscal years 2021 and 2022 a contracting officer identified a potential or actual organizational, personal, or other conflicts of interest in a solicitation or contract award.
3. Indicate how many times in fiscal years 2021 and 2022 a contracting officer required a mitigation plan from an offeror or awardee.
4. Indicate how many times in fiscal years 2021 and 2022 a contracting officer restricted a company from participating in a present or future procurement as a contractor or subcontractor. Please provide a summary of each such procurement and restriction.

When producing documents, do not alter them in any way, including but not limited to the application of redactions or a watermark. Additionally, the VA should provide digital copies in a format that enables their printing and copying by the Committee.

Sincerely,



JEN KIGGANS

Chairwoman

Subcommittee on Oversight and Investigations

Cc: The Honorable Frank Mrvan, Ranking Member, Subcommittee on Oversight and Investigations.