Major Management Challenges
Identified by the GAO

The U.S. Government Accountability Office (GAO) evaluates VA's programs and operations. The GAO-identified Major Management Challenges and High-Risk areas (specific to VA as well as governmentwide) are summarized below by strategic goal. <u>VA has provided</u> **actions taken** in 2006 as well as **next steps** planned for 2007 and the **estimated resolution timeframe** (fiscal year) for each challenge area.

The table immediately below is a table of contents, which also shows the **estimated resolution timeframe** by challenge.

Challenge		Estimated Resolution Timeframe (Fiscal Year)	Page #
No.	Description		
GAO 6	**Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures: A Governmentwide High-Risk Area**	**2009**	**271**
GAO 7	**Federal Real Property: A Governmentwide High-Risk Area**	**2010**	**273**
GAO 8	**Strategic Human Capital Management: A Governmentwide High-Risk Area**	**2011**	**277**
GAO 9	**Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security: A Governmentwide High-Risk Area**	**2008**	**279**
GAO 10	**Management of Interagency Contracting: A Governmentwide High-Risk Area**	**2007**	**281**

STRATEGIC GOAL #1 Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #1 - Ensure Access to Quality Health Care		
GAO #1A - Access to Acute Care, Long-Term Care, and Specialized Health Care Services		
VA's Estimated Resolution Timeframe: **FY 2007**		
• VA needs to strategically plan how best to use its resources and funding to provide equitable access to veterans needing acute care services, while also providing a growing elderly veteran population with institutional and non-institutional long-term care services.	• VA continued to expand access to non-institutional home and community-based services to provide care for aging veterans in the least restrictive setting possible. This approach honors veterans' preferences for care and helps to maintain ties with the veteran's family, friends, and spiritual community. VA also provided nursing home care for veterans who were entitled to such care and could no longer be maintained at home safely.	• VA will continue to monitor demand and will allocate resources and funding to address needs.

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #1 - Ensure Access to Quality Health Care		
GAO #1A - Access to Acute Care, Long-Term Care, and Specialized Health Care Services, *continued*		
• VA faces challenges in making blind rehabilitation and mental health care services, including those for post-traumatic stress disorder, more widely available to its enrolled veteran population.	• VHA increased funding for mental health both to address the needs of returning veterans and to support enhancements to services for existing patients. • Funding for mental health programming increased from $2.43 billion in 2005 to $2.82 billion in 2006 with a requested increase of at least $3.16 billion in the President's 2007 budget request. • This increased funding includes support for Returning Veterans Outreach, Education, and Clinical coordinators, augmentation of post-traumatic stress disorder (PTSD) programs, expansion of substance abuse treatment, increases in psychosocial rehabilitation, expansion of telemental health capabilities at all community-based outpatient clinics (CBOCs), as well as activities designed to support the integration of mental health services within primary care. • By the end of 2006, VA had 152 PTSD Clinical Teams or Specialist Programs and 57 other specialized PTSD programs. There will be specialized PTSD clinical teams or individual specialized clinicians in every VA Medical Center.	• The funding for these programs will increase from $164 million in 2006 to $169 million in the President's 2007 budget request.

STRATEGIC GOAL #1
Restoration and Improved Quality of Life for Disabled Veterans

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #1 - Ensure Access to Quality Health Care		
GAO #1A - Access to Acute Care, Long-Term Care, and Specialized Health Care Services, *continued*		
• VA faces two key challenges in planning for the provision of nursing home care. 　○ The first challenge is estimating who will seek care from VA and what their nursing home care needs will be. 　○ A second challenge is determining whether VA will maintain or increase the proportion of nursing home care demand it meets in each of the three nursing home settings or whether veterans will need to rely more on other non-VA nursing home care providers that are funded by other programs, such as Medicaid and Medicare.	• VA continued to update its long-term care (LTC) Demand Model, which projects enrollee demand for institutional and non-institutional care.	• VA will continue to make refinements to the LTC Demand Model as necessary. • Using Centers for Medicare & Medicaid Services data, VA will examine the proportion of veterans who seek VA-sponsored LTC, Medicare, or Medicaid-funded LTC.

STRATEGIC GOAL #1
Restoration and Improved Quality of Life for Disabled Veterans

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #1 - Ensure Access to Quality Health Care		
GAO #1A - Access to Acute Care, Long-Term Care, and Specialized Health Care Services, continued		
• VA does not compile information on key characteristics of veterans receiving care in state veterans' nursing homes: veterans' length of stay, priority group status for VA hospital and outpatient services, age, and gender. VA needs such information for strategic planning in order to develop baseline data, which can help VA estimate the proportion of nursing home need it currently meets and the need it may be asked to meet as the number of older veterans changes over time.	• VA concurs that data on Length of Stay (LOS) and Eligibility Priority Groups (EPG) of veterans residing in State Veterans Homes is of some interest, but as previously stated, it is not crucial for VA's strategic planning purposes. VHA will continue to use current data sources to estimate LOS and EPG in state veterans' homes (SVHs) for the purposes of program management and strategic planning. The Event Capture system is used for State Veterans Homes. VHA is pursuing DSS/EvC downloads as an interim reporting system for this purpose, and plans to collect this information in a more structured and routine fashion as data systems are updated to make such data collection feasible. For the SVH Program, new software development is required, and the initiative is competing with higher priority information technology projects. VHA currently anticipates adding the LOS and EPG variables to its data systems by the end of FY 2007.	• The collection of more structured demographic information on state veterans' nursing home patients will require the development of new software, which VA anticipates to be completed by the end of 2007.

STRATEGIC GOAL #1
Restoration and Improved Quality of Life for Disabled Veterans

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #1 - Ensure Access to Quality Health Care		
GAO #1B - Patient Safety		
VA's Estimated Resolution Timeframe: **FY 2007**		
• VA should conduct more thorough screening of the personal and professional backgrounds of health care providers to minimize the chance of patients receiving care from providers who may be incompetent or who may intentionally harm them.	• All VHA facilities have procured and are using electronic fingerprinting equipment. • Facilities performed Special Agreement Checks (criminal history checks) on all new employees, contractors, students, and most volunteers. • VHA initiated a National Inventory of completed background checks.	• VHA will initiate background investigations on employees, contractors, students, and volunteers who have not previously had a background investigation or who need higher level investigation. • VHA will evaluate compliance with requirements in VHA Directive 0710, *Personnel Suitability and Security*, through the System-wide Ongoing Assessment and Review Strategy program and with assistance from the Office of Human Resources Management.

STRATEGIC GOAL #1
Restoration and Improved Quality of Life for Disabled Veterans

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #1 - Ensure Access to Quality Health Care		
GAO #1B - Patient Safety, continued		
• VA needs to strengthen its human subject protections program by addressing continuing weaknesses in the program.	• A total of 4,440 VHA employees completed an online course, "Overview of Good Clinical Practice and Human Subjects Protection," and another 5,945 completed the Collaborative Institutional Review Board Training Initiative online course. Mandatory researcher training is evaluated as part of the human research protection program (HRPP) accreditation process. • VHA performed 12 site visits to local VA facilities to provide training and help the facilities prepare for their HRPPs to undergo the accreditation process. • VA participated in the Federal Adverse Events Taskforce (FAET). The goals are to develop: 1) common terms and definitions for reporting adverse events in research; 2) a common basal adverse events reporting form; and 3) a harmonized workflow pattern for all federal agencies. • By the end of 2006, VA will have had HRPPs of 72 facilities accredited by the National Committee for Quality Assurance (NCQA), and 21 VA facilities will have submitted applications to the Association for the Accreditation of Human Research Protection Programs (AAHRPP).	• VHA will present a meeting for VA IRB Chairs. • VHA will present two regional meetings on Local Accountability for Human Research Protection at VA Facilities. • VA will continue to participate in the FAET, and will serve as a pilot for the basal adverse events reporting form. • VA facilities whose HRPPs have not yet been accredited will submit their applications to AAHRPP.

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #1 - Ensure Access to Quality Health Care		
GAO #1B - Patient Safety, *continued*		
• VA should provide guidance to its medical facilities on how to collect physician performance information that can be used to renew clinical privileges, enforce the timely submission of VA medical malpractice information, and instruct facilities to establish internal controls for privileging information.	• VHA gave provider profile training to all medical staff credentialers. • VHA entered into contract solicitation for Web-based training with one 2-hour module focused on provider profiling. • In May 2006 the Deputy Under Secretary for Health for Operations and Management issued a memorandum to all Veterans Integrated Service Networks (VISNs) requiring the establishment of internal controls by 8/31/2006, to include continuous oversight by VISNs.	• Web-based training will be available no later than April 2007.
• VA should expand its oversight program to include a review of VA screening requirements for all types of health care practitioners and should standardize a method for documenting the review of fingerprint-only investigation results.	• VA initiated a review of VA screening requirements for all types of health care practitioners and a standardized method for documenting the review of fingerprint-only investigation results. • The Deputy Under Secretary for Health for Operations and Management issued a mandatory screening checklist and station policy to standardize documentation procedures. Some of the screening items covered by these procedures include the following: o License and education verification, Health Integrity & Protection Data Base and List of Excluded Individuals and Entities screenings, position risk and sensitivity designations, fingerprint checks and background investigation initiation and adjudication.	• VHA Directive 0710, *Personnel Suitability and Security,* will be revised to include quarterly review of files for new accessions to verify that the checklist was completed and all documentation has been completed. Thirty files must be reviewed each quarter (or 100% of files if less than 30 accessions in the quarter).

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #4 - Improving Veterans' Disability Program		
-A High-Risk Area-		
GAO #4A - Timeliness and Accuracy		
VA'S ESTIMATED RESOLUTION TIMEFRAME: **FY 2008**		
• VA faces continuing challenges in improving its veterans' disability program. Although some progress has been made, VA is still far from meeting its timeliness goal.	Background: Progress in achieving timeliness and inventory goals is significantly impacted by the increasing numbers of claims being received and the increased complexity of those claims. Complexity is a factor, particularly because of evolving legal interpretations of requirements issued by the U.S. Court of Appeals for Veterans Claims**.** • VA continued to use the national Systematic Technical Accuracy Review (STAR) process to measure the accuracy of claims processing. National training included use of STAR error trend analyses, and regional office-specific training was offered during site visits.	• VA will continue its hiring, training, and quality improvement efforts.
GAO #4B - Consistency of Claims Decisions		
VA'S ESTIMATED RESOLUTION TIMEFRAME: **FY 2008**		
• VA needs to address concerns about possible inconsistencies in disability claims decisions made by its 57 regional offices and better report and use the data on the accuracy of its decisions.	• VBA formed a rating consistency analysis work group that studies variances in the rates of grants, denials, and assigned disability evaluations. Further analysis is required to develop a plan to monitor decision-making consistency.	• VBA will monitor consistency on an ongoing basis.
	• VA contracted with the Institute for Defense Analyses (IDA) to perform an analysis of the state-by-state and regional office variation in disability compensation claims, ratings, and monetary benefits to determine if there is significant correlation to one or more variables.	• VBA will initiate appropriate actions to address possible inconsistencies based on the work group findings and the IDA study report.

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #4 - Improving Veterans' Disability Program		
-A High-Risk Area-		
GAO #4B - Consistency of Claims Decisions, *continued*		
• VA needs to do the following: ○ Clarify and strengthen its eligibility criteria, guidance, and procedures for determining unemployability. ○ Update procedures and strengthen criteria for the enforcement of the Individual Unemployability (IU) earnings limit. ○ Develop a strategy to ensure that IU claimants with work potential receive encouragement and assistance to return to work, while protecting benefits for those unable to work.	• VBA reinforced and clarified to the field that claims for IU must be accompanied by the appropriate request from the claimant. • VBA reinforced and clarified to the field that regional office staff must send a request for information form to employers identified by the veteran during the veteran's last year of work. This form requests information from the employer relating to date of termination, reasons for termination, lost time, and other information relating to the IU decision. • VBA reinstituted the requirement for IU recipients to complete an annual Report of Employment Form.	• VBA will revise the IU regulation to clarify entitlement.
	• VBA investigated the possible use of the Department of Health and Human Services (HHS) New Hire Database and what is required to gain access to that database to assist in determining entitlement and effective dates if entitled.	• VBA will consider options to allow VA to access the HHS New Hire Database.
	• VBA published and disseminated a training letter on determining entitlement to IU benefits. • VBA developed and deployed a motivational letter to the field for incorporation into all awards of IU benefits. This letter encourages veterans to avail themselves of VA's Vocational Rehabilitation and Employment program.	• VBA will assess the effectiveness of the motivational letter. • VA will conduct a review of recent IU grants to determine compliance with current requirements for the award of IU benefits.

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #4 - Improving Veterans' Disability Program		
-A High-Risk Area-		
GAO #4B - Consistency of Claims Decisions, *continued*		
• In <u>DeLuca v. Brown</u>, 8 Vet. App. 202 (1995), the U.S. Court of Appeals held that when federal regulations define joint and spine impairment severity in terms of limits on range of motion, VA claims adjudicators must consider whether range of motion is further limited by factors such as pain and fatigue during "flare-ups" or following repetitive use of the impaired joint or spine. Although VA has made progress, many joint and spine examination reports still do not comply with the <u>DeLuca</u> criteria, and VHA's 21 VISNs vary widely in the percentage of examinations that satisfy the <u>DeLuca</u> criteria.	• Coordination between VBA and VHA to improve the quality of examinations continued primarily through the Compensation and Pension Examination Project (CPEP). • CPEP tracks examination quality, including DeLuca criteria performance, and issues monthly reports to VHA and VBA Central Office, VISN Directors, and Field Staff. • Since the inception of this tracking and notification, there has been improvement in the quality indicators for DeLuca criteria, from 38.5 percent compliance, to the current high of 84.75 percent at the end of third quarter 2006.	• Additional examination types will be added to the VHA Examination Quality Performance Measures.
	• VIA added Deuce criteria to the Veterans Integrated Service Network (VANS) Directors' performance standards for compensation and pension (C&P) examination quality. • VHA provided face to face clinician training in DeLuca criteria in August 2006. • CPEP and VBA's C&P Service have been developing templates containing required elements for C&P examinations, including the DeLuca criteria. • The templates are being tested and released to the field in the order of frequency of use.	• VHA VISN Directors' performance standards for C&P examination quality for 2007 will continue to include DeLuca quality indicators. • VHA's mandatory C&P Examiner Training and Certification Program will be in the final phase of initial implementation in the first quarter of 2007. • The basic C&P examiner training course includes information on the Deluca criteria. Additionally, all clinicians performing orthopedic examinations will be required to complete additional training modules on "Joint, Foot and Spine," with in-depth content on the DeLuca criteria. • Final and full implementation of the mandatory C&P Examiner Training and Certification is scheduled for May 2007.

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #4 - Improving Veterans' Disability Program		
-A High-Risk Area-		
GAO #4C - Staffing Level Justification		
VA's ESTIMATED RESOLUTION TIMEFRAME: **FY 2008**		

• VA needs to provide more transparency in its justification for staffing levels in the disability compensation and pension program and use better staff attrition data and analysis in its workforce planning. Specifically, VA needs to provide information on the following:
 	
  o Expected Impact of claims processing improvement initiatives and changes in incoming claims and workload.
 	
  o Claims processing productivity, including VBA plans to improve productivity.
 	
  o Explanation of how claims complexity is expected to change and the impact of these changes on productivity and requested staffing levels.
	• VBA's 2007 budget submission included detailed information on areas that impact workload, including the complexity of claims, productivity levels, anticipated receipts, and legislative and regulatory changes.	• VBA's future budget submissions will continue to include this detailed information.

• Productivity improvements are necessary to maintain performance in the face of greater workloads and relatively constant staffing resources.	• VBA has focused on increased training for all employees involved in claims processing to improve accuracy, timeliness, and productivity. • Through September 2006, VBA has hired approximately 1,180 new Veteran Service Representatives and Rating Veteran Service Representatives thereby increasing this workforce segment by 7.7%.	• VBA will continue its hiring and training efforts and anticipates increased productivity, particularly in 2008, as employees hired and trained over the last two years become fully productive.

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #4 - Improving Veterans' Disability Program *-A High-Risk Area-*		
GAO #4D - Program Transformation and Modernization		
VA'S ESTIMATED RESOLUTION TIMEFRAME: **FY 2009**		
• VA, along with the Social Security Administration, should seek both management and legislative solutions to transform their programs so that they are in line with the current state of science, medicine, technology, and labor market conditions.	• The Veterans' Disability Benefits Commission, created by legislation passed in 2003, is studying the appropriateness of VA disability and death benefit programs including the Schedule for Rating Disabilities. The Commission receives input from the Institute of Medicine and the Department of Defense.	• The findings and recommendations of the Veterans' Disability Benefits Commission are anticipated in mid-2007.
• Opportunities for improvement may lie in more fundamental reform in the design and operation of disability compensation and pension claims programs to include a reexamination of program design and the context in which decisions are made as well as the structure and division of labor among field offices.	• See above.	• The findings and recommendations of the Veterans' Disability Benefits Commission are anticipated in mid-2007.

• VBA and others have suggested that consolidating claims processing into fewer regional offices could help improve processing efficiency, save overhead costs, and improve decision accuracy and consistency.	• VBA continuously looks at opportunities to consolidate and re-organize. For example VBA has taken the following actions:
	  ○ Consolidated BDD work into two sites located in Winston-Salem, North Carolina, and Salt Lake City, Utah.
	  ○ Consolidated all radiology claims processing at the Jackson, Mississippi regional office.
	  ○ Created three Pension Maintenance Centers located at Philadelphia, Pennsylvania, Milwaukee, Wisconsin, and St. Paul, Minnesota to handle the maintenance portion of pension processing.
		• VBA will look for opportunities to alter its business model when doing so will result in improved service to veterans.

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings and Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #4 - Improving Veterans' Disability Program *-A High-Risk Area-*		
GAO #4D - Program Transformation and Modernization, *continued*		
• VA has been working to modernize the delivery of benefits through its development of the Veterans Service Network (VETSNET), but the pace of progress has been discouraging. Until VA addresses the managerial and program weaknesses that have hampered the program, it is uncertain when VA will be able to end its reliance on its aging benefits technology.	• The Under Secretary for Benefits, in cooperation with the VA Chief Information Officer (CIO), requested an Independent Technical Assessment (ITA) by Carnegie Mellon's Software Engineering Institute (SEI) to evaluate the project. • As a result of the ITA, the Under Secretary for Benefits engaged MITRE Corporation to assist in identifying and implementing risk mitigation strategies to address SEI's findings. • VBA deployed three of five components of VETSNET to the field, and these components are in full production at all regional offices. • The remaining two components are in two stages of beta deployment at regional offices. • These three components reduce reliance on the outdated Benefits Delivery Network (BDN) and were designed to improve customer service and timeliness of the claims process.	VBA plans to do the following: • Provide refresher training to all regional offices on VETSNET as expanded functionality is deployed. • Complete conversion of BDN records in accordance with an Integrated Master Schedule to move all existing payment master records into VETSNET.

STRATEGIC GOAL #2
Smooth Transition to Civilian Life

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
The GAO did not identify Major Management Challenges related to this goal.		

STRATEGIC GOAL #3
Honoring, Serving, and Memorializing Veterans

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #2 - Manage Resources and Workload to Enhance Health Care Delivery		
GAO #2A - Resources and Workload Management		
VA's Estimated Resolution Timeframe: **FY 2007**		
• VA lacked a methodology for making the health care management efficiency savings assumptions reflected in the President's budget requests for fiscal years 2003 through 2006.		• VA will not include management efficiency savings that cannot be validated in any future budgets.

• VA's internal process for formulating the medical program's funding requests for FY 2005 and 2006 was informed by, but not driven by, projected demand.	• VA used an actuarial model to project demand related to approximately 86 percent of its budget. Other models are also used to project demand for long-term care (LTC) and other programs like Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA). VA used this combined approach to formulate the FY 2005, 2006, and 2007 budgets.
	
	• The 2006 model was adjusted to incorporate the following:
	  o A review of assumptions.
	  o More current data including Operation Iraqi Freedom/Operation Enduring Freedom (OIF/OEF) workload.
	  o More recent enrollment, utilization, and unit cost data
		• VA will review and identify areas for continued model enhancement.
		
		• VA will continue to explore the feasibility of developing actuarial models to estimate the requirements for CHAMPVA and dental services.
		
		• VA will also explore the enhancement to the VA LTC model.

STRATEGIC GOAL #3		
Honoring, Serving, and Memorializing Veterans		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #2 - Manage Resources and Workload to Enhance Health Care Delivery		
GAO #2A - Resources and Workload Management*, continued*		
• An unrealistic assumption, errors in estimation, and insufficient data were key factors in VA's budget formulation process that contributed to the requests for additional funding for FY 2005 and 2006, specifically the following: o Unrealistic assumption about implementation of a cost savings proposal (FY 2005). o Errors in estimating the effect of a nursing home policy (FY 2006). o Insufficient data on certain activities pertaining to OIF/OEF veterans (FY 2005 and 2006).	• VA made improvements to its formulation methodologies for long-term care workload. • VA corrected its assumptions regarding cost savings related to nursing home policy. • VA worked closely with the Department of Defense (DoD) to improve its workload forecasting for OIF/OEF veterans. • FY 2007 budget request reflects improvements as previously described.	• VA will continue to seek improvements in the budget process to ensure that unrealistic assumptions are not made, error estimates are minimized, and the OIF/OEF veterans' workload is timely.
GAO #2B – VA/DoD Efficiencies		
VA's Estimated Resolution Timeframe: **FY 2007**		
• VA and DoD need to find additional efficiencies through increased sharing of resources and joint purchasing of drugs and medical supplies.	The Health Executive Council Acquisition & Medical Working Group continued to make progress in joint purchases: • There are two joint VA/DoD national blanket purchase agreements (BPAs) in effect for medical supplies. • There are 77 joint VA/DoD national contracts and 7 BPAs in place for pharmaceuticals.	The Acquisition & Medical Working Group will explore the potential for joint progress and report progress on pharmacy return programs, Digital Imaging Network-Picture Archiving Communication System, hearing aids, hearing aid batteries, and surgical instruments. In addition: • There are 16 national joint VA/DoD pharmaceutical contracts pending award in 2007 and 21 proposed joint contracts to be considered for solicitation in 2007. • VA anticipates 26 follow-on joint contract awards for radiology medical equipment between February and March 2007.

STRATEGIC GOAL #3 Honoring, Serving, and Memorializing Veterans		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #2 - Manage Resources and Workload to Enhance Health Care Delivery		
GAO #2B – VA/DoD Efficiencies, *continued*		
	• VA currently shares 25 contracts with DoD's Defense Supply Center Philadelphia (DSCP) for high tech radiology medical equipment. • VA and DoD issued a joint solicitation for high tech radiology medical equipment. VA and DoD received 26 vendor offers evenly distributed among the two agencies. • VA increased the value of joint contracts for high cost medical equipment by $10 million, raising the total to $150M for FY 2006 and $160M for FY 2007. • VA completed vendor prototype of a single database that includes all VA Federal Supply Schedule (FSS) as well as VA and DoD national contract information.	• VA and DoD will establish a joint DSCP/VA FSS medical catalog that will allow both VA and DoD customers to perform product and price comparisons for medical/surgical supplies, pharmaceutical items, and medical equipment.
	The Health Executive Council Pharmacy Workgroup continued progress in joint purchasing as follows: • Monitored all new drug approvals and new data on older drugs to identify additional joint contracting opportunities for branded and generic pharmaceuticals.	The Health Executive Council Pharmacy Workgroup will continue to monitor new drug approvals, clinical data on old drugs, and branded drugs that are going generic.

STRATEGIC GOAL #3
Honoring, Serving, and Memorializing Veterans

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #2 - Manage Resources and Workload to Enhance Health Care Delivery		
GAO #2B – VA/DoD Efficiencies, *continued*		
• The National Defense Authorization Act for FY 2003 required that VA and DoD implement programs referred to as the Joint Incentive Fund (JIF) and the Demonstration Site Selection (DSS) to increase health care resource sharing between the departments. The Departments need to do the following: o Establish a plan to measure and evaluate the advantages and disadvantages of DSS projects. o Develop a system for collecting and monitoring information on health care services that each department contracts for from the private sector. o Conduct a joint nationwide market analysis of what their combined future workloads will be in the areas of services, facilities, and patient needs. o Develop performance measures that would be useful for evaluating performance on their health care resource-sharing goals.	• VA created a lessons-learned template and standard operating procedures (SOP) in order to help accumulate lessons learned to serve as corporate memory and assist others that may try to replicate what has been demonstrated. This collection of lessons learned information is compiled, preserved, and disseminated across project teams and to external agencies such as the GAO. • Lessons learned can be either positive or negative: 1) they identify best practices or positive experiences or 2) they identify problems or failures. In either case, it is important to document the repeatable processes or associated corrective actions for others to benefit from the lesson. • Lessons learned may occur in the following and/or additional areas: Communication Management; Configuration Management; Contract Management; Equipment Purchase/Leases; External Mandates and Influences; Facility Management; Funding; Implementation and Training; Integrators; Interagency; Interoperability; Performance Management; Problem Resolution; Program/Project Management; Quality; Requirements; Resource Management; Risk Management; Scheduling; Personnel Management (Staffing/Hiring); Technical; Templates; and Testing. • VA disseminated the template and SOP to all the demonstration sites. VA also held training to review the SOP with all project managers. • Draft and final lessons learned were collected in a "lessons learned" repository within eRoom, the Web-based application used by all sites. The lessons learned are available to all appropriate personnel via the eRoom.	VA plans to do the following: • Obtain Local Oversight Approval. Once DSS project coordinators informally review the draft input, it will be returned to the submitter for local oversight approval. If the local oversight representatives have questions or additions, the lessons will continue to be vetted until approval is gained. • Submit Lessons Learned for DSS Oversight Committee Review. With local oversight approval, the lessons learned will be submitted to the DSS Oversight Committee. With Committee approval, the lessons will be added to the DSS Lessons Learned Repository. • Maintain Lessons Learned Repository. A central Lessons Learned Repository will be housed on the DoD/VA Demonstration Site Subgroup eRoom. This repository will allow for easy sorting and report generation.

STRATEGIC GOAL #3		
Honoring, Serving, and Memorializing Veterans		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #2 - Manage Resources and Workload to Enhance Health Care Delivery		
GAO #2C – Enhance Health Care Delivery		
VA's ESTIMATED RESOLUTION TIMEFRAME: **FY 2007**		
• VA needs to establish criteria to evaluate proposals for joint ventures with medical schools for health care delivery.	• A workgroup of various offices within VHA has been tasked to develop criteria for evaluating joint venture proposals with medical schools for health care delivery.	• Upon approval of the workgroup recommendations to the Under Secretary for Health, the criteria for evaluating joint venture proposals will be issued.
• VA needs to develop a strategy for communicating with stakeholders when negotiating joint venture proposals.	The following actions were taken to communicate with stakeholders on joint venture proposals: • Monthly conference calls were held between the VA/DoD Liaison and Sharing Office and the VAMC VA/DoD to manage sharing agreements. • In 2006, 152 VA Medical Centers were involved in direct sharing agreements with 210 Military Treatment Facilities and 157 Reserve and Guard Units. There are currently 518 direct sharing agreements covering 2,080 unique services. • A VA/DoD database is in the final phase of development; it will contain updated information on all joint sharing agreements and will be available to all DoD and VA liaisons. • All Joint Strategic Plan initiatives and major joint ventures were routinely briefed to the Joint Executive Council (JEC) and Health Executive Council (HEC) members during bi-monthly meetings. • The VA/DoD Liaison and Sharing Office communicated with the HEC stakeholders via periodic meetings as well as continuous e-mail and workgroup meetings.	• In 2007, VA and DoD will continue the vigorous two-way communication with the JEC and HEC members and workgroups, formally chartered taskforces for joint healthcare ventures, and the VISNs and VAMC sharing coordinators for sharing agreements.

STRATEGIC GOAL #4
Contributing to the Nation's Well-Being

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #3 - Prepare for Biological and Chemical Acts of Terrorism *-A Governmentwide High-Risk Area-*		
VA's ESTIMATED RESOLUTION TIMEFRAME: **FY 2008**		
• VA has taken a number of steps to help ensure that its facilities and staff are prepared to respond to emergency situations, including biological and chemical acts of terrorism.	VA took the following actions: • Continued to maintain 143 pharmaceutical caches located at VA medical centers and continued its decontamination training and procurement program. • Used lessons learned from Hurricane Katrina to improve the Department's ability to respond to a catastrophic incident. • Participated in working groups led by the Department of Health and Human Services to address possible medical countermeasures in response to natural or terrorist events.	VA plans to do the following: • Complete the design phase of a combined IT Data and Continuity of Operations Center, which will enhance the Department's ability to respond to all hazards. • Continue to implement additional lessons learned from other emergency incidents as part of a dynamic process to improve the Department's ability to respond across a wide spectrum of contingencies. • Continue to work with other agencies to improve medical countermeasures to respond to natural or terrorist events.
As a whole, federal agencies must do the following: • Clearly define and communicate leadership roles, responsibilities, and lines of authority for catastrophic response in advance of catastrophic disasters.	• VA continued to maintain its Comprehensive Emergency Management program, Line of Succession procedures, and Operations Plan which set out roles and responsibilities and lines of authority.	• VA will create a new organization under an Assistant Secretary to assume overall responsibilities for oversight of the Department's emergency preparedness. This organization will ensure communication between leadership and those in the field during an emergency.
• Clarify the procedures for activating the National Response Plan (NRP) and apply them to emerging catastrophic disasters.	• VA participated in Homeland Security Council and Department of Homeland Security meetings to revise the NRP to better respond to catastrophic disasters, as a result of lessons learned from Hurricane Katrina. Changes were briefed to VA leadership and implementers.	• VA will update Operation Plan Safe Harbor and will implement an Incident Command System to reflect changes to the NRP and facilitate coordination among federal agencies.
• Conduct strong advance planning and robust training and exercise programs.	• VA participated in all major governmentwide exercises that covered not only response to chemical and biological acts, but also all hazards. VA also conducted training for successors and leadership on continuity of operations.	• VA will hire additional planning staff to strengthen its training and exercise program and will continue to participate in major governmentwide exercises.

STRATEGIC GOAL #4		
Contributing to the Nation's Well-Being		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**

GAO #3 - Prepare for Biological and Chemical Acts of Terrorism, *continued*		
-A Governmentwide High-Risk Area-		
VA's ESTIMATED RESOLUTION TIMEFRAME: **FY 2008**		
• Strengthen response and recovery capabilities for a catastrophic disaster.	• The VA Crisis Response Team continued to meet weekly to plan for contingencies and to ensure maintenance of a robust Emergency Relocation Group to coordinate VA response and recovery. During crises, this team meets as often as necessary. • VA increased the number of decontamination facilities from 37 to 102 for this hurricane season.	• The VA Crisis Response Team will continue to meet at least weekly to ensure the Department maintains its operational readiness.

*(**Note:** Except where otherwise noted, GAO feedback here is not VA-specific.)*

GAO #5 - Developing Sound Departmentwide Management Strategies		
to Build a High-Performing Organization		
GAO #5A - Financial Management Weaknesses:		
Information Systems Security and Financial Management System Integration		
VA's ESTIMATED RESOLUTION TIMEFRAME: **FY 2009**		
• Inadequate information security controls continue to place VA's sensitive financial and veteran medical information at risk of inadvertent or deliberate misuse or fraudulent use.	• VA's new IT management system and the Secretary's June 28, 2006, memorandum provide the Assistant Secretary for Information and Technology with the authority to direct and enforce remediation of IT security deficiencies. The Data Security Assessment and Strengthening of Controls Program has been developed to address these deficiencies. • IT security controls deficiencies have been identified through the annual FISMA assessment and entered into the Plan of Action and Milestones database. • VA has begun implementing Federal Information Processing Standard (FIPS) 200 to establish a minimum mandatory security controls baseline for all IT systems. Nearly 150 specific security controls will be implemented on each moderate and high risk IT system.	• VA will continue to implement the Data Security Assessment and Strengthening of Controls Program. The Assistant Secretary for Information and Technology will monitor and enforce implementation of this plan. • The VA CIO will direct a focused remediation effort to correct long-standing security controls weaknesses by mobilizing field-based and centralized IT assets. Status will be reported quarterly. • The VA Office of Cyber and Information Security will enhance its inspection capability to validate the correction of existing deficiencies and proactively address new security control issues.

	ENABLING GOAL	
	Applying Sound Business Principles	
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #5 - Developing Sound Departmentwide Management Strategies to Build a High-Performing Organization		
GAO #5A - Financial Management Weaknesses: Information Systems Security and Financial Management System Integration, *continued*		

• The lack of an integrated financial management system impedes VA's ability to prepare, process, and analyze financial information to support the timely preparation of its financial statements. These material internal control weaknesses also contribute to VA's lack of substantial compliance with federal financial management systems requirements under the Federal Financial Management Improvement Act of 1996.	• VA pursued two initiatives to mitigate the conditions that resulted in the audit findings regarding the lack of an integrated financial management system:
	 Initiative #1: VA standardized and centralized the financial statement generation process using a commercial off-the-shelf (COTS) business tool.
	   o The new tool and new procedures were successfully implemented during 2006, bringing standardization and greater integrity to the financial statement generation process.
	   o VA submitted third quarter financial statements and the FACTS II submission using this software and used this software to prepare the consolidated financial statements during the fourth quarter of 2006.
	 Initiative #2: VA prepared a detailed analysis of major financial system interfaces to identify and initiate correction of any deficiencies in reconciliation, internal controls, security, or other relevant issues.
	   o To correct any reconciliation issues, VA is implementing a data warehouse to capture relevant interface and system data and produce both high level and detailed information on the status and health of financial system interfaces.
	 • VA is also standardizing business processes for finance and logistics. The final deliverable will be a listing of standardized business processes to be implemented across VA.
		• VA will use the COTS tool to further enhance the preparation and generation of financial statements and reports.
		
		 VA will complete the analysis of the financial system interfaces in 2007. The focus of the project will move to incorporating these interfaces into the data warehouse effort.

ENABLING GOAL Applying Sound Business Principles		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #5 - Developing Sound Departmentwide Management Strategies to Build a High-Performing Organization		
GAO #5B - Enterprise Architecture (EA) Documentation		
VA'S ESTIMATED RESOLUTION TIMEFRAME: **FY 2007**		
• Key documentation critical to effectively implementing and managing the architecture needs to be finalized, and policies and guidance for ensuring sound management of VA's investment portfolio need to be completed.	• OMB evaluated VA's enterprise architecture (EA) V4.0 (delivered in May 2005) with a score of 3.0 (Complete/Green). • OMB evaluated VA's EA V4.1 (delivered in February 2006) with a score of 3.6 (Complete/Green) indicating substantial improvement in 2006. • VA's Office of Enterprise Architecture Management began seeking feedback from within the Department as well as from business stakeholders in order to improve the EA relevance and usability in decision-making.	• VA is preparing EA V4.2 for delivery to OMB in February 2007. This EA release will incorporate new OMB requirements as well as recommendations from GAO's EA survey of 2006. • VA will increase the involvement of EA in the Capital Planning and Investment Control portfolio management process. • VA will continue reforming its IT governance process to improve project initiation, monitoring and acceptance through greater involvement of EA and security.
GAO #5C - Performance Measures		
VA'S ESTIMATED RESOLUTION TIMEFRAME: **FY 2008**		
• VA also faces the challenge of establishing performance measures that show how well its IT initiatives support veterans' benefits programs.	• VBA proposed specific strategic objectives that direct business and IT organizations within VA to consolidate applications and use common services. o These objectives redirect IT development away from stovepipe implementations to shared solutions to better leverage IT investments.	• VBA will propose specific performance measures that relate directly to the objectives of application consolidation and use of common services. VBA will seek approval of these measures for inclusion in future budgets.

ENABLING GOAL		
Applying Sound Business Principles		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #5 - Developing Sound Departmentwide Management Strategies to Build a High-Performing Organization		
GAO #5D – VA/DoD Information Sharing		
VA'S ESTIMATED RESOLUTION TIMEFRAME: **FY 2008**		

• VA and DoD have experienced delays in their efforts to begin exchanging patient health data:
  o VA and DoD have not yet developed a clearly defined project management plan that gives a detailed description of the technical and managerial processes necessary to satisfy project requirements.
  o They have not yet fully populated the repositories that will store the data for their future health systems. As a result, much work remains to be done before the Departments achieve their goal of sharing virtual medical records.
	• VA and DoD updated the detailed interagency project management plan for the Joint Electronic Health Records Interoperability Plan. VA provided copies of these plans to GAO in March and August 2006.
	• VA has successfully populated its Health Data Repository with standardized allergy, pharmacy, and demographic data, and began the bidirectional exchange of these computable data in a live patient care environment through the Clinical Health Data Repository (CHDR) interface with DoD's Clinical Data Repository in June 2006.
	• VA received the 2006 Excellence.gov Award from the American Council for Technology for VA/DoD work on the Bi-Directional Health Information Exchange (BHIE)
	  o BHIE supports the bidirectional exchange of viewable text data for outpatient pharmacy, allergy, laboratory and radiology results between current VA and DoD health information systems. Since initial implementation in 2004, BHIE is now available at all VA medical centers and facilities and 17 DoD host facilities. These DoD facilities include locations such as Walter Reed Army Medical Center, Bethesda National Naval Medical Center and Landstuhl Regional Medical Center, where large numbers of OIF and OEF patients are seen and treated. BHIE was one of five finalist government interagency projects awarded the 2006 Excellence.gov Award by the American Council of Technology.
		• VA and DoD will continue to update the detailed interagency project management plan as VA and DoD expand the types of data to be shared.
		• Upon completion of production testing of the exchange of computable allergy, outpatient pharmacy, and demographic data between VA and DoD's data repositories, VA and DoD have documented a roll-out and implementation schedule to deploy CHDR to two to four sharing locations in 2007.
		• VA and DoD have documented an initial plan to share computable standardized laboratory data through the CHDR interface in 2007.

ENABLING GOAL **Applying Sound Business Principles**		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #6 - Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures *-A Governmentwide High-Risk Area-*		
VA'S ESTIMATED RESOLUTION TIMEFRAME: **FY 2009**		
• For many years, significant concerns have been raised about VA's information security. There are recurring weaknesses in such areas as access controls, physical security, and segregation of incompatible duties. The Department has taken steps to address these weaknesses, but these have not been sufficient to establish a comprehensive information security program.	• VA's new IT management system and the Secretary's June 28, 2006, memorandum provide the Assistant Secretary for Information and Technology with the authority to direct and enforce remediation of IT security deficiencies. The Data Security Assessment and Strengthening of Controls Program has been developed to address these deficiencies. • VA's FISMA Plan of Action and Milestones (POA&M) database was enhanced to manage and report deficiency status by security control category. • VA completed its annual FISMA assessment to confirm system-specific security controls deficiencies. • Policy, training, and awareness activities were initiated and implemented to enhance employee knowledge, awareness, and accountability.	• The Department will execute the Data Security Assessment and Strengthening of Controls Program to remediate IT deficiencies. • All Department security controls deficiencies will be prioritized by category in order to develop a remediation plan that focuses attention on high-risk areas and long-standing security controls weaknesses. • Remediation efforts will be implemented by OI&T field-based and centralized security and IT operations staff to address high-risk areas first, including control and protection of media, remote access, and contractor security. • VA will expand its IT security inspection capability to validate security controls remediation activity and proactively identify new security weaknesses.
• Agencies should develop privacy impact assessments (PIAs) analyzing how personal information is collected, stored, shared, and managed whenever information technology is used to process personal information.	• VA has complied with this requirement and has used PIAs for several years on all OMB 300-level systems. • VA worked to ensure system compliance with PIAs by matching FISMA systems to the PIAs that cover them. • VA has begun to use the PIA as a tool to assess a system privacy risk based on types of data stored.	• As PIAs become more accepted by program offices, VA will expand its application as an analytical tool beyond the OMB 300-level systems. • VA will simplify the PIA completion, submission, and review processes in 2007. • VA may require a review of PIAs semiannually to increase validity.

ENABLING GOAL **Applying Sound Business Principles**		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #6 - Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures, *continued* *-A Governmentwide High-Risk Area-*		
• Agencies also need to take practical measures aimed at preventing data breaches, including limiting the collection of personal information, limiting the time that such data are retained, limiting access to personal information and training personnel accordingly, and considering the use of technological controls such as encryption when data need to be stored on portable devices.	• In a memorandum dated June 6, 2006, the Secretary stated that employees authorized to remove electronic data must consult with their Information Security Officers and supervisors to ensure that data are properly encrypted and password protected in accordance with VA policy. • VA issued Directive 6504, dated June 7, 2006, which requires encryption for VA-protected information stored on computers outside VA facilities. • In a memorandum dated June 22, 2006, the acting Chief Information Officer stated that VA will implement encryption to protect its data. • All employees took privacy awareness and cyber security training. • Laptops were equipped with encryption technology. • VA is offering data breach analysis services.	• VA will continue to implement encryption, use virtual private networks (VPN) and implement other practical measures aimed at preventing data breaches.
*(**Note:** Except where otherwise noted, GAO feedback here is not VA-specific.)*		

ENABLING GOAL Applying Sound Business Principles		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #7 - Federal Real Property *-A Governmentwide High-Risk Area-*		
VA'S ESTIMATED RESOLUTION TIMEFRAME: **FY 2010**		

• There is a need for a comprehensive, integrated transformation strategy for real property.	• VA earned a "green" status indicator for the President's Management Agenda Real Property Initiative.
	
	• VA updated its 5-year capital plan (FY 2006-2011), which describes VA's framework for managing the Department's portfolio of more than 5,500 buildings and approximately 32,000 acres of land.
	
	• VA updated its Asset Management Plan, a companion document to the 5-year capital plan and describes the following:
	  o VA's capital budget.
	  o VA's capital asset management philosophy.
	  o VA's capital portfolio goals.
	  o Actions being taken by VA to improve the formulation and management of its portfolio.
	  o VA's sustainment model.
	  o The valuation mechanism used at VA.
	  o The human capital strategies employed, including the policies developed to govern asset management at VA.
		• VA will update the 5-year capital plan.

ENABLING GOAL		
Applying Sound Business Principles		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #7 - Federal Real Property, *continued* *-A Governmentwide High-Risk Area-*		
• Many assets are no longer effectively aligned with, or responsive to, agencies' changing missions and are therefore no longer needed.	Background: From 2000 to 2003, VA conducted the Capital Asset Realignment for Enhanced Services (CARES) process – the most comprehensive analysis of VA's health care infrastructure ever conducted – which provided a 20-year blueprint for the modernization and realignment of VA's health care system. In 2006, VA did the following: • Completed Stage II CARES studies on all but 20 sites to identify unneeded property and to determine the health care needs of veterans, VA capital needs, and use of land and buildings for non-VA use. • Fully complied with Federal Real Property Council (FRPC) requirements to track and report asset mission dependency and utilization at the constructed-asset level. • Formulated a disposal directive that requires VA to follow a prescribed order of disposal modes for eligible assets. • Developed a list of assets – *validated to CARES decisions* -- for disposal in 2006, 2007, and 2008. o VA disposed of 77 buildings in 2006. • Outleased 5.1 million square feet of underutilized space (includes enhanced-use leases). • Completed an annual update of its steady-state space model. The workload-driven model is used to determine ideal space needs for VHA medical centers. • Updated systems to track and report additional FPRC disposal elements	VA will: • Monitor and report implementation of mission dependency and utilization initiatives identified in action plans and determine impact on performance. • Develop short- and long-term plans to consolidate, share, re-use or dispose of non-mission dependent and underutilized or vacant space at the building and station level. • Develop annual call for FRPC inventory and performance measure updates. • Initiate work on remaining CARES follow-up studies.

ENABLING GOAL		
Applying Sound Business Principles		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #7 - Federal Real Property, *continued*		
-A Governmentwide High-Risk Area-		
• Many assets are in an alarming state of deterioration; agencies have estimated restoration and repair needs to be in the tens of billions of dollars.	In addition to actions mentioned above, VA: • Developed an infrastructure sustainment model that is now being used to ensure long-term viability. VA used the estimate calculated by the sustainment model as the basis for our funding requirement for the 2007 non-recurring maintenance program to improve the condition of VA's infrastructure. • Initiated major and minor construction programs to address projected gaps and infrastructure deficiencies identified in the CARES Facility Condition Assessment study.	VA will: • Monitor and report implementation of condition correction initiatives identified in action plans and determine impact on performance. • Develop short- and long-term plans to improve building and facility condition. • Perform facility condition assessments for a third of VA facilities each year. • Initiate work on remaining CARES follow-up studies.
• There is a heavy reliance on costly leasing instead of ownership.	• VA's heavy reliance on leases is due to the need for a more flexible facility infrastructure. The majority (822) of VA leases are outpatient or store-front facilities that can be moved or relocated depending on the changes in medical technology and shift in demographic trends. • The needs of today's veterans range from nursing home care or burial of a World War II veteran -- to behavioral health or community outreach for Vietnam veterans -- to acute hearing loss for the returning Operation Enduring Freedom/Operation Iraqi Freedom veteran. • VA will continue to need the flexibility of operating leases to meet the needs of delivering services to veterans. Operating leases allow VA to provide the right service at the right time and place.	• VA will expand facility and asset benchmarking to ensure lease costs align with market rates.

ENABLING GOAL Applying Sound Business Principles		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #7 - Federal Real Property, *continued* *-A Governmentwide High-Risk Area-*		
• There is a lack of reliable governmentwide data for strategic asset management and the cost and challenge of protecting these assets against terrorism.	• VA approved Physical Security Strategies for VA facilities in May 2006. These strategies include physical security guidance for new and existing, mission-critical facilities. Strategies are based on a multi-hazards risk approach, including increased protection against terrorism. • The Capital Asset Management System (CAMS) is VA's capital asset portfolio and performance management system. CAMS allows for Web-based input of concept papers and business case applications. The integrated system extracts key data from several existing data source systems providing up-to-date, comprehensive inventory and cost data of real property. • VA's Office of Management provided quarterly and ad hoc reports to senior management on real property performance, including stations with performance outside of VA's strategic targets. The office also provided explanations and action plans to address performance outliers. • VA provided periodic training on using CAMS to track and report asset data. • VA completed an annual call to validate and update capital asset inventory data. • VA contracted with the National Institutes of Building Sciences in July 2006 to develop physical security standards based on the approved VA Physical Security Strategies. Development work under this contract is underway.	VA will: • Implement CAMS enhancements, which include data store/data warehousing and Business Intelligence capabilities. • Develop annual call for FRPC inventory and performance measure updates. • Continue periodic training on using CAMS to track and report asset data. • Issue VA Physical Security Standards to include a Physical Security Design Manual addressing new and existing, mission-critical and life safety protected VA facilities. • Implement a database allowing Department review of progress in addressing physical security vulnerabilities in facilities that have had a physical security assessment completed.
*(**Note:** GAO feedback here is not VA-specific.)*		

ENABLING GOAL		
Applying Sound Business Principles		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #8 - Strategic Human Capital Management *-A Governmentwide High-Risk Area-*		
VA's Estimated Resolution Timeframe: **FY 2011**		
Agencies—working with the Congress and OPM—must do the following: • Assess future workforce needs, especially in light of long-term fiscal challenges.	VA took the following actions: • Conducted ongoing succession planning activity, updated annually. • Implemented enhancements to workforce database analysis tools.	VA plans to do the following: • Continue cycle of succession planning within the Department and report updates on data and associated initiatives. • Enhance workforce database analysis tools to provide greater analytical capabilities.
• Determine ways to make maximum use of available authorities to recruit, hire, develop, and retain key talent to meet their needs.	• Expanded use of the Presidential Management Fellows (PMF) Program. • Expanded use of the Student Career Employment Program. • Continued use of the Employee Incentive Scholarship Program (EISP) and Education Debt Reduction Program (EDRP) to recruit and retain health care professionals.	• Continue using PMF program and publicizing available authorities to hire new employees. • Explore funding expansion of EISP and EDRP to meet critical needs.
• Build a business case to request additional authorities as appropriate.	• Identified additional Title 5 occupations that would be more appropriate for hybrid Title 38 (e.g., kinesiotherapy assistant, biomedical engineering technician). • Developed draft proposed legislation to expand hybrids. • Identified dual compensation waivers for several occupations within health care administration to access expertise of retired employees. • As part of VA's succession planning efforts, the Department identified the need for delegated authority to conduct buy-outs of employees in positions no longer considered essential in order to recruit for hard-to-fill and/or new positions.	• Explore process necessary to obtain dual compensation waivers for selected occupations within health care administration. • Create proposal to request delegated authority to agency for buy-outs for certain occupations.

ENABLING GOAL Applying Sound Business Principles		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #8 - Strategic Human Capital Management, *continued* *-A Governmentwide High-Risk Area-*		
• Reform performance management systems to better link organizational and individual results.	• Converted all agency employees to a five-level performance management system and completed an appraisal cycle. • Produced and disseminated agency-wide training video addressing development of performance standards that directly link to and support organizational goals. • Completed an assessment tool for a selected sampling of employees to identify strengths and weaknesses of current performance appraisal program to make improvements. • Continued process of linking Senior Executive Service performance within health care to strategic goals and cascading down through all levels of the organization.	• Produce and disseminate training videos for supervisors and managers regarding strategies for holding employees accountable for performance. • Significantly enlarge the performance appraisal assessment tool for selected sampling of VA employees.
*(**Note:** GAO feedback here is not VA-specific.)*		

ENABLING GOAL Applying Sound Business Principles		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #9 - Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security *-A Governmentwide High-Risk Area-*		
VA'S ESTIMATED RESOLUTION TIMEFRAME: **FY 2008**		
• In the absence of comprehensive information-sharing plans, many aspects of homeland security information sharing remain ineffective and fragmented. Federal agencies should develop appropriate strategies to address the many potential barriers to information sharing. These strategies include: ○ Establishing clear goals, objectives, and expectations for participants in information-sharing efforts. ○ Consolidating, standardizing, and enhancing federal structures, policies, and capabilities for the analysis and dissemination of information, where appropriate. ○ Assessing the need for public policy tools to encourage private-sector participation.	VA took the following actions: • Worked with the Department of Homeland Security (DHS) and other agencies in developing and populating the Homeland Security Information System and the Homeland Security Data Network. These systems allow federal agencies to share information in the area of emergency preparedness. • Continued to maintain a full-time presence at the National Operations Center. • Continued to work with DHS and in the framework of the Homeland Security Council to address issues relating to development of a common operating structure across the government. • Placed VA personnel in Joint Field Office established by DHS.	VA plans to do the following: • Continue to install any additional systems available to improve information sharing among federal agencies. • Continue to be actively involved in interagency discussions and plans to improve communications and maintenance of a common operating structure. • Expand presence, where appropriate, in the National Response Coordination Center and Joint Field Offices that may be established by DHS.

ENABLING GOAL Applying Sound Business Principles		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #9 - Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security, *continued* *-A Governmentwide High-Risk Area-*		
	• Participated in meetings with the National Telecommunications and Information Administration (NTIA) and other federal agencies, which included exercises designed to test VA's ability to share information in the event of a national emergency. • Participated in DHS' Aviation Safety Communique (SAFECOM) program which provides assistance and protocols for reporting aviation mishaps. • Actively promoted VA field organizations' membership in the SHAred RESources (SHARES) high-frequency (HF) radio network. o SHARES provides the federal emergency response community with a single interagency emergency message handling system for the transmission of national security and emergency preparedness information. • Engaged in communications with a variety of private sector participants including the Amateur Radio Relay League and other emergency preparedness organizations to support local as well as national emergency needs.	• Leverage the connectivity provided in VA's new IT organizational structure to provide field organizations standardized policy and guidelines that support the objectives of DHS and SAFECOM to enable or enhance communications with other federal, state, local, and volunteer services. • Provide information to field emergency managers about programs like Amateur Radio Emergency Service and Radio Amateur Civil Emergency Service. • Continue to enroll additional VA facilities operating HF radio systems into the SHARES network.
(Note: GAO feedback here is not VA-specific.)		

ENABLING GOAL Applying Sound Business Principles		
Major Findings & Recommendations	**FY 2006 Actions**	**Next Steps Planned for FY 2007**
GAO #10 - Management of Interagency Contracting *-A Governmentwide High-Risk Area-*		
VA's ESTIMATED RESOLUTION TIMEFRAME: **FY 2007**		
• In recent years, federal agencies have been making greater use of existing contracts already awarded by other agencies rather than spending time and resources contracting for goods and services themselves. However, there have been instances of improper use of interagency contracts. To address this situation, federal agencies should take the following actions: ○ Develop specific and targeted approaches to address interagency contracting risks. ○ Clarify roles and responsibilities for managing interagency contracts. ○ Adopt and implement policies and processes that balance customer service with the need to comply with government regulations.	The Office of Acquisition and Materiel Management (OA&MM) has taken the following steps to strengthen its control over VA's interagency contracting risks: • Centralized the management of interagency acquisitions under OA&MM. • Increased training of acquisition personnel involved in interagency contracting. • Enhanced the oversight and risk management of these activities.	• As a result of a comprehensive study conducted by an outside contractor, VA is exploring the feasibility of using NASA's interagency contract vehicle to procure its IT hardware, software, and service needs. • If VA decides to use NASA's interagency contract, it will apply processes described in the middle column to maintain strong controls.
*(**Note**: GAO feedback here is not VA-specific.)*		