



High-Risk Areas Identified by GAO

The U.S. Government Accountability Office (GAO) evaluates VA's programs and operations. In January 2007, GAO issued an update to its High-Risk Series (GAO-07-310). The GAO-identified High-Risk areas (specific to VA as well as governmentwide) are summarized below. In response, the Department has provided *key actions taken* in 2007 as well as *key actions planned* for 2008, the *anticipated impacts* of the key actions, and the *estimated resolution timeframe* (fiscal year) for each high-risk area. Some of the impact statements affect more than one key action since some actions are interrelated.

The table below shows the strategic goal to which each high-risk area is most closely related, as well as its estimated resolution timeframe.

High-Risk Area		Estimated Resolution Timeframe (Fiscal Year)	Page #
No.	Description		
Strategic Goal 1: Restoration and Improved Quality of Life for Disabled Veterans			
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GAO High-Risk Area #1: Modernizing Federal Disability Programs

Background

In January 2003, GAO designated modernizing federal disability programs as a high-risk area because of challenges that continue today. For example, despite opportunities afforded by medical and technological advances and the growing expectations that people with disabilities can and want to work, federal disability programs remain grounded in outmoded concepts that equate medical conditions with work incapacity. Moreover, just as the disability programs are positioned to grow rapidly with current demographics, the Social Security Administration (SSA) and the Department of Veterans Affairs (VA) face difficult challenges in providing timely and consistent disability decisions. Modernizing federal disability programs remains a high-risk area as solutions are likely to require fundamental changes, including regulatory and legislative action.

GAO Recommendations

While SSA and VA have taken some actions in response to prior GAO recommendations, GAO continues to believe that SSA and VA should take the following actions:

- Examine the fundamental causes of program problems.
- Seek the regulatory and legislative solutions needed to transform their programs so that they are aligned with the current state of science, medicine, technology, and labor market conditions.
- Continue to develop and implement strategies to better manage the programs’ accuracy, timeliness, and consistency of decision making.
- Specific open GAO recommendations are as follows:
 - Obtain complete and accurate military service records in a timely manner.
 - Prepare medical exam reports that include information needed to adjudicate claims of joint and spine disabilities.
 - Update the *VA Schedule for Rating Disabilities*.
 - Review the claims processing field structure.

**VA’s Program Response to GAO High-Risk Area #1:
Modernizing Federal Disability Programs**
ESTIMATED RESOLUTION TIMEFRAME: FY 2009

Modernizing Federal Disability Programs	
Key FY 2007 Actions	Anticipated Impacts
<p>Conducted a pilot project to monitor consistency of decision-making for rating-related claims.</p> <p>Conducted a consistency review focusing on grants and evaluations of post-traumatic stress disorder (PTSD) claims from a regional office identified during the pilot as a statistical outlier.</p>	<p>Allow for better management of the compensation and pension programs’ accuracy, timeliness, and consistency of decision-making for rating-related claims.</p>



Modernizing Federal Disability Programs	
Key FY 2007 Actions	Anticipated Impacts
<p>Developed a plan to reorganize and expand the STAR staff to enable increased regional office accuracy review sampling, expanded rating data analysis, and focused disability decision consistency reviews. STAR reviewers conducted approximately 15,385 reviews in 2007, compared to 13,696 reviews in 2006.</p>	
<p>To improve the quality of the records research done by VBA's Records Management Center, VA increased the systematic quality review program from a computerized review of Personnel Information Exchange System (PIES) responses to a review of PIES responses and associated records sent with those responses.</p>	
<p>To improve timeliness in deciding PTSD claims and reduce research requests to the Joint Services Records Research Center (JSRRC), VBA obtained a database of historical military records and additional databases from the JSRRC. This information is available to employees on the Compensation & Pension Service Intranet site.</p>	
<p>To address the quality of medical exam reports, VA deployed 58 computerized exam templates, one for each Compensation and Pension exam type, to every VHA compensation and pension exam site.</p>	<p>Data from VA's Compensation and Pension Examination Program Office (CPEP) show the quality of joint and spine exams has improved. The percentage of joint exams containing information addressing additional functional limitation following repetitive use improved from 67 percent in FY 2005 to 88 percent for the period of October 2006 through April 2007. Similar improvement was also noted on spine exams with 68 percent in FY 2005 to 89 percent for the period of October 2006 through April 2007.</p>
<p>Continuing efforts to update the Schedule for Rating Disabilities, VA implemented a final rule updating the rating criteria for disabilities of the cardiovascular and respiratory systems that went into effect on October 6, 2006. On March 20, 2007, VA published a large rulemaking in the Federal Register that updated Appendices A, B, and C of the Schedule for Rating Disabilities. These appendices list all VA diagnostic code numbers by regulation section, by diagnostic code number, and by type of disease or injury.</p>	<p>These updates provide the mechanism for ensuring that disabled veterans are properly compensated for average loss in earnings capacity as required by statute.</p>
<p>As part of its ongoing efforts to streamline the claims processing field structure, VA established a workgroup to recommend compensation activities that could be realigned more efficiently and effectively. The workgroup outlined three recommendations:</p> <p style="padding-left: 40px;">(1) Establish a centralized call center for Veteran Service Center public contact</p>	<p>Continued efforts to streamline work processes lead to increased efficiency and effectiveness of the claims process and improved service to veterans.</p>



Modernizing Federal Disability Programs	
Key FY 2007 Actions	Anticipated Impacts
<p>telephone functions.</p> <p>(2) Restructure field examiner and legal instrument examiner activities and remove state jurisdictional boundaries.</p> <p>(3) Consider the consolidation of survivor benefit claim processing to Survivor Benefit Centers.</p>	
<p>As a result of joint VBA/BVA training on reducing avoidable remands, reduced the remand rate from 56.8 percent in 2004 to 35.7 percent by mid-year 2007.</p>	<p>Increase the number of appeals decided, and reduce the number of pending appeals.</p>
<p>Continued effective quality review of a random sample of appellate decisions to ensure quality.</p>	<p>Deficiency-free rate of 93.5 percent through the end of July.</p>

Modernizing Federal Disability Programs	
Key FY 2008 Actions	Anticipated Impacts
<p>Begin routine quarterly monitoring of compensation and pension rating decisions by diagnostic code.</p>	<p>Allow for better management of the compensation and pension programs' accuracy, timeliness, and consistency of decision-making for rating-related claims.</p>
<p>Expand the STAR staff to accomplish additional reviews.</p>	
<p>Continue efforts to improve the quality and timely receipt of military service records.</p>	<p>Use results from the pilot project to identify unusual patterns of variance in claims decisions and incorporate focused case reviews into routine quality oversight by STAR.</p>
<p>Complete the pilot project mentioned above by conducting consistency reviews focused on individual unemployability (IU) decisions from a regional office identified as a statistical outlier.</p>	
<p>Continue to improve exam worksheets, templates, and template-generated exam reports based on technical enhancements and field input. A satellite broadcast on Improving Quality of Exam Requests is scheduled for early 2008.</p>	<p>Improve the quality and consistency of medical exam information used in the claims process.</p>
<p>Complete rulemakings to update the following portions of the VA Schedule for Rating Disabilities:</p> <ul style="list-style-type: none"> • Organs of Special Sense (the eye) • Neurological Conditions and Convulsive Disorders • Evaluation of Scars 	<p>Provide the mechanism for ensuring that disabled veterans are properly compensated for average loss in earnings capacity as required by statute.</p>
<p>Continue to evaluate consolidation opportunities such as the following:</p> <ul style="list-style-type: none"> • Consolidation of customer service calls to nine Virtual Information Centers with an expected completion date of June 2009. • Establishment of a fiduciary hub pilot, consolidating fiduciary activities to one site. • Consolidation of survivor benefit claim processing to Survivor Benefit Centers. 	<p>Continued efforts to streamline work processes lead to increased efficiency and effectiveness of the claims process and improved service to veterans.</p>



Modernizing Federal Disability Programs	
Key FY 2008 Actions	Anticipated Impacts
Continue efforts to reduce avoidable remands .	Increase the number of appeals decided, and reduce the number of pending appeals.
Implement the Expedited Claims Adjudication initiative to streamline the claims adjudication and appeal process by providing an avenue for represented claimants to voluntarily waive certain responses timelines and agree to respond quickly to VA requests for evidence and to file any desired appeals in an expedited manner.	Reduce the amount of time that a claimant has to wait for a decision on his or her claim.

GAO High-Risk Area #2: Strategic Human Capital Management

Background

GAO first added strategic human capital management as a governmentwide high-risk area in 2001 because federal agencies lacked a strategic approach to human capital management that integrates human capital efforts with agency mission and program goals. The area remains high risk because the federal government now faces one of the most significant transformations to the civil service in half a century, as momentum grows toward making governmentwide changes to agency pay, classification, and performance management systems.

Moving forward, there is still a need for a governmentwide framework to advance human capital reform in order to avoid further fragmentation within the civil service, ensure management flexibility as appropriate, allow a reasonable degree of consistency, provide adequate safeguards, and maintain a level playing field among federal agencies competing for talent.

GAO Recommendations

Agencies should do the following:

- Continue to assess their workforce needs and make use of available authorities.
- Demonstrate they have developed an institutional infrastructure that can support reform. This infrastructure should include:
 - A modern, credible performance management system that provides clear linkage between institutional, unit, and individual performance-oriented outcomes.
 - Adequate safeguards to ensure the fair, effective, credible, and nondiscriminatory implementation of the system.



VA's Program Response to GAO High-Risk Area #2: Strategic Human Capital Management

ESTIMATED RESOLUTION TIMEFRAME: FY 2012

Strategic Human Capital Management	
Key FY 2007 Actions	Anticipated Impacts
Conducted annual succession planning and workforce analysis and implemented additional enhancements to workforce database analysis tools.	Help VA anticipate potential workforce gaps and create action plans to achieve optimal staffing throughout the Department.
Analyzed and reported Departmental use of hiring flexibilities to the Office of Personnel Management on a quarterly basis.	Encourage creative use of hiring flexibilities to assist in hiring qualified candidates for hard-to-fill positions.
Continued the process of linking SES performance to strategic goals , cascading these models down through all levels of the organization, and reflecting these linkages in performance plans.	Ensure that VA employees at all levels are familiar with how their work helps their employing organization meet its strategic goals.
Continued to broadcast a training video on closed-circuit television addressing the development of performance plans that directly link to and support organizational goals .	
Converted all VA employees to a 5-level performance appraisal program and initiated review of the effectiveness of the program.	Previously, there was no mechanism to distinguish employee performance beyond the "pass-fail" system on two levels. The new system provides a means of further distinction in performance.
Completed additional assessment tools for selected samplings of employees at various performance pilot sites to identify strengths and weaknesses of current performance appraisal programs for the purpose of making continued improvements.	Ensure that VA performance plans contain clear, meaningful, and measurable language.

Strategic Human Capital Management	
Key FY 2008 Actions	Anticipated Impacts
Revise VA's Strategic Human Capital Plan to reflect current workforce challenges and opportunities.	Updating VA's Human Capital Plan will allow for a more current assessment of the Department's present and future challenges and opportunities. This should result in improvements in recruitment, development, and retention of the Department's most critical asset: VA's workforce dedicated to serving our Nation's veterans.



Strategic Human Capital Management	
Key FY 2008 Actions	Anticipated Impacts
<p>Begin implementation of the Excellence in Performance Management Pilot to demonstrate a model for excellence in performance management within the framework of the current 5-level appraisal system. Specific modifications currently proposed for the pilot program include:</p> <ul style="list-style-type: none"> (1) Revisions of the performance appraisal form to clearly link organizational goals and objectives to individual performance plans. (2) Additional levels of initial achievement and the use of a weighted scoring process to further differentiate levels of performance within the current 5-level rating program and identify and recognize top performers. (3) Development of job aids for employees and raters, which will nurture a culture of meaningful two-way communication about performance results. 	<p>Improve management’s ability to communicate expectations. Enable greater communication about performance between supervisors and employees.</p>
<p>Develop a second performance management video to provide training to supervisors and employees on monitoring, communicating, appraising, and rewarding performance in addition to effectively dealing with poor performance.</p>	<p>Help employees better understand the performance evaluation process.</p>
<p>Initiate a limited scope pay-for-performance model in the Veterans Health Administration for Associate/Assistant Medical Center Directors and Deputy Network Directors.</p>	<p>Use rewards to recruit, motivate, and retain the talent necessary to achieve organizational objectives.</p>

GAO High-Risk Area #3: Managing Federal Real Property

Background

In January 2003, GAO designated federal real property as a high-risk area because of long-standing problems with excess and underutilized property, deteriorating facilities, unreliable real property data, and costly space challenges. Federal agencies were also facing many challenges in protecting their facilities due to the threat of terrorism. Progress has been made. Agencies have established asset management plans, standardized data reporting, and adopted performance measures. The Administration has created a Federal Real Property Council (FRPC). However, deep-rooted obstacles, including competing stakeholder interests and legal and budgetary limitations, could significantly hamper a governmentwide transformation. Agencies, including VA, report repair and maintenance backlogs for buildings and structures. There is an increased reliance on leasing. Agencies lack a standard framework for data validation.



GAO Recommendations

Agencies should do the following:

- Reduce inventories of facilities.
- Make headway in addressing the repair backlog.
- Work with the Federal Real Property Council to develop strategies to address obstacles to a successful transformation, such as competing stakeholder interests.

VA's Program Response to GAO High-Risk Area #3: Managing Federal Real Property

ESTIMATED RESOLUTION TIMEFRAME: FY 2010

Managing Federal Real Property	
Key FY 2007 Actions	Anticipated Impacts
Updated 5-Year Capital Plan.	The 5-Year Capital Plan's goal is to ensure that VA's major capital investment proposals are based upon sound business and economic principles.
<p>Developed short and long-term plans to improve building/facility condition at the building and facility levels.</p> <p><u>Short-term plans</u> included the following:</p> <ol style="list-style-type: none"> a. Identified VA's total deferred maintenance backlog in excess of \$5 billion. b. Identified and funded Non-Recurred Maintenance (NRM) projects to correct VA's most critical condition deficiencies using emergency supplemental funding provided by Congress. <p><u>Long-term plans</u> include:</p> <ol style="list-style-type: none"> a. Track project status and impact on VA's condition deficiencies. b. Increase the NRM annual allocation to the VISNs each year (to address condition deficiencies). c. Take further steps to reduce critical condition deficiencies at VA. 	Such efforts will help reduce VA's significantly large FCA-documented deferred maintenance backlog.
Completed the Sustainability Design Manual .	This manual will significantly impact the way VA designs its new buildings and major renovations as well as its Minor Program construction projects. By incorporating sustainable features into new VA buildings, facility operating costs can be significantly reduced, freeing up resources to devote to veteran care. Surrounding communities benefit as well from the reduced environmental impacts of such facilities. The new design manual requirements are a starting point toward meeting the mandated sustainability goal of ensuring that 15 percent of existing capital asset inventory incorporates the sustainable practices articulated in the Sustainability Model's Guiding Principles.



Managing Federal Real Property	
Key FY 2007 Actions	Anticipated Impacts
Identified Federal Asset Sales (FAS) Real Property Disposal Metrics – Buildings & Residential.	Impacts of this effort are as follows: <ol style="list-style-type: none"> 1. Make it easier for citizens and businesses to find and buy government assets. 2. Increase net proceeds from asset sales. 3. Decrease agencies' expenses related to asset sales. 4. Reduce time needed to dispose of assets. 5. Improve the personal property sales process.

Managing Federal Real Property	
Key FY 2008 Actions	Anticipated Impacts
Update Asset Management Plan and 3-Year Timeline of Capital Investments .	The Asset Management Plan (AMP) was updated in August 2007. The AMP plan details how VA complies with Executive Order 13327 and fully reflects the Federal Real Property Council's current guiding principles and elements. The plan also details VA's best practices, strategic capital vision, life cycle approach, and capital performance metrics.
Submit VA FY 2007 end-of-year Federal Real Property Profile data.	VA's annual submission of real property data into the Federal Real Property Profile promotes sharing and the efficient and economical use of real property resources across the federal government. Through increased focus on data accuracy and reliability, VA has improved decision-making and performance accountability.
Execute/track Facility Condition Projects .	Manage VA's real property portfolio to provide a safe and appropriate environment for the delivery of benefits to veterans in a cost-efficient manner.
Implement standardized Federal Screening process.	Enabling improved data sharing by establishing a standard procedure for sharing information on all assets declared excess/surplus to mission needs.
Identify FY 2009 disposal targets (number and dollar amount of constructed assets).	This is required for VA to meet the Federal Real Property Asset Management Executive Order of 2004. VA has identified 81 assets for FY 2009 disposal.



GAO High-Risk Area #4: Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures

Background

Federal agencies and our nation's critical infrastructures—such as power distribution, water supply, telecommunications, national defense, and emergency services—rely extensively on computerized information systems and electronic data to carry out their missions. The security of these systems and data is essential to preventing disruptions in critical operations, fraud, and inappropriate disclosure of sensitive information. Protecting federal computer systems and the systems that support critical infrastructures—referred to as cyber critical infrastructure protection or cyber CIP—is a continuing concern. Federal information security has been on GAO's list of high-risk areas since 1997; in 2003, GAO expanded this high-risk area to include cyber CIP. The continued risks to information systems include escalating and emerging threats such as phishing, spyware, and spam; the ease of obtaining and using hacking tools; the steady advance in the sophistication of attack technology; and the emergence of new and more destructive attacks. In 2002, the Federal Information Security Management Act (FISMA) was enacted. Many agencies have not complied consistently with FISMA's overall requirement to develop, document, and implement agencywide information security programs.

GAO Recommendations

Agencies should take the following actions:

- Develop and maintain current security plans.
- Create and test contingency plans.
- Evaluate and monitor the effectiveness of security controls managed by contractors.

GAO has raised significant concerns about VA's information technology (IT) security and controls over IT equipment.

IT Security: VA needs to establish a comprehensive information security program. As part of such a program, VA needs to continue to take the following actions:

- Limit, prevent, and detect electronic access to sensitive computerized information.
- Restrict physical access to computer and network equipment to authorized individuals.
- Segregate incompatible duties among separate groups or individuals.
- Ensure that changes to computer software are authorized and timely.
- Provide continuity of computerized systems and operations.

IT Controls: VA needs to improve policies and procedures with respect to controls over IT equipment, including recordkeeping requirements, physical inventories, user-level accountability, and physical security.



VA's Program Response to GAO High-Risk Area #4: Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures

ESTIMATED RESOLUTION TIMEFRAME: FY 2010

Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures	
Key FY 2007 Actions	Anticipated Impacts
Began to implement the Data Security, Assessment and Strengthening of Controls Program (DS-ASC) to centrally manage implementation, enforcement, and remediation of IT security controls throughout the Department.	Consistent and more effective management and remediation of IT security deficiencies.
Established the Office of IT Oversight & Compliance , which consolidated existing IT security inspection/compliance program activities into one office to assist the CIO in centralized enforcement of VA IT security controls .	Improve ways to monitor and enforce compliance with existing laws and regulations regarding IT security.
Updated system security plans for over 600 VA systems to reflect existing and planned security controls.	Allow managers to document and remediate shortcomings in existing controls. Prepare systems for certification and accreditation.

Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures	
Key FY 2008 Actions	Anticipated Impacts
Certify and accredit over 600 Department information systems .	Allow officials to better understand and manage the risks associated with the operation of VA information systems.
Centralize enforcement and remediate IT security deficiencies via the DS-ASC.	More effective and timely remediation of IT security deficiencies.
Issue additional Departmentwide policies and procedures involving configuration management, access controls, segregation of duties, physical security, and accountability of IT assets.	Help ensure the protection of VA IT assets by establishing and/or strengthening controls associated with access to and accountability for VA information and systems.
Inspect IT controls at VA facilities.	Improve IT security controls.



GAO High-Risk Area #5: Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security

Background

In January 2005, we designated information sharing for homeland security a high-risk area because the federal government still faces formidable challenges in analyzing and disseminating key information among federal, state, local, and private partners in a timely, accurate, and useful manner. Since 9/11, multiple federal agencies have been assigned key roles for improving the sharing of information critical to homeland protection to address a major vulnerability exposed by the attacks, and this important function has received increasing attention. However, the underlying conditions that led to the designation continue and more needs to be done to address these problems and the obstacles that hinder information sharing. As a result, this area remains high risk.

GAO Recommendations

Agencies should take the following actions:

- Assess progress made on the key steps and milestones implementing the information-sharing environment and remove barriers to implementation.
- Consolidate and consistently apply restrictions on sensitive information so they do not hinder sharing.
- Define what information agencies need from the private sector for homeland security, how they will use it, and how they will protect it.
- Provide incentives and build trusted relationships to promote sharing with these critical security partners.

VA’s Program Response to GAO High-Risk Area #5: Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security

ESTIMATED RESOLUTION TIMEFRAME: ONGOING AS THE NATURE OF THE BUSINESS IS CONSTANTLY EVOLVING

Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security	
Key FY 2007 Actions	Anticipated Impacts
Continued to work with the Department of Homeland Security (DHS) and other agencies in improving the functionality of the Homeland Security Information Network and the Homeland Security Data Network (HSDN) . Both have created a better common operating picture for the Department to use daily and in a crisis.	During an emergency these upgrades will enable VA to have more reliable contact with other agencies in what might be otherwise degraded conditions. This contact is essential in ensuring that VA will be able to obtain the support it needs from interagency partners to continue to provide needed services to veterans.
Expanded deployment of HSDN to the Department’s primary Continuity of Operations site.	Permit full functionality of the system at both VA headquarters and at the Martinsburg Continuity of Operations site--a capability that previously did not exist.



Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security	
Key FY 2007 Actions	Anticipated Impacts
Worked within the framework of several interagency groups under the auspices of the Homeland Security Council and DHS to revise plans to improve the ability to share information during crises .	VA's robust representation on interagency groups planning for disasters helps guarantee that the Department's voice and needs will be supported during crises.
Updated system security plans for over 600 VA systems to reflect existing and planned security controls.	Ensure enterprise-wide compliance.
Issued VA Handbook 6500 defining the requirements for secure use of information within the Department.	Ensure that Department information is secure.

Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security	
Key FY 2008 Actions	Anticipated Impacts
The National Security Council approved the Department's membership in the Crisis Management System; the Department of Defense will assist with the establishment of a Top Secret capability with the construction of a Sensitive Compartmented Information Facility (SCIF) and video-teleconferencing facility, which will enable the Department to communicate with other agencies via secure means .	Upon completion of the SCIF, VA top leadership will be able to participate directly in the policy-making meetings. We will ensure that other policymakers understand that VA not only supports the National Response Plan but also in many cases has requirements for our veterans that will need to be supported under the plan.
Issue additional Departmentwide policies and procedures involving access controls, segregation of duties, physical security, and accountability of IT assets.	Ensure enterprise-wide compliance.
Evaluate policies and procedures to ensure that appropriate information security and privacy requirements are met while allowing for effective and secure information sharing .	

GAO High-Risk Area #6: Management of Interagency Contracting

Background

Federal agencies have increasingly turned to interagency contracting—a process by which one agency uses other agencies' contracts and contracting services—as a way to streamline the procurement process. This contracting method can offer benefits of improved efficiency and convenience, but it needs to be effectively managed. Due to continued growth in the use of these contracts, the limited expertise of some customers and service providers in using these contracts, and unclear lines of responsibility, GAO designated interagency contracting as a high-risk area in 2005. Proper use of this contracting method requires strong internal controls, clear definition of roles and responsibilities, and training for both customers and servicing agencies.



GAO's work and that of agency inspectors general has continued to find cases in which agencies have not adequately met these challenges. While agencies have taken some actions in response to GAO recommendations, specific and targeted approaches are still needed to address interagency contracting management risks.

GAO Recommendations

Agencies should take the following actions:

- Clearly define roles and responsibilities of both customers and servicing agencies.
- Continue to adopt and implement policies and processes that ensure that customer service demands do not override sound contracting practices.
- Track the use of this contracting method to assess whether it provides good outcomes.

**VA's Program Response to
GAO High-Risk Area #6: Management of Interagency Contracting**
ESTIMATED RESOLUTION TIMEFRAME: FY 2009

Management of Interagency Contracting	
Key FY 2007 Actions	Anticipated Impacts
Reviewed all VA Office of Acquisition and Logistics (OA&L) acquisition activities .	Policies and processes that ensure that customer service demands do not override sound contracting practices.
Provided training to OA&L acquisition personnel on proper use of Economy Act* authority.	Clearly defined roles and responsibilities of both customers and servicing agencies.
Established central review and approval of Department Economy Act transactions in the OA&L Center for Acquisition Innovation.	Determination of whether this contracting method provides good outcomes.

*The Economy Act of 1932 provides one authority for federal agencies to provide goods or services to another agency. The concept of interagency contracting was strategically planned and authorized to make the government as a whole more business-like, to foster competition and economies of scale, and to provide options for meeting agencies' administrative and procurement needs.

The Economy Act of 1932, as amended (31 U.S. Code 1535), tends to be the authority "catch all," but it applies only when a more specific authority for the transaction does not exist. Federal Acquisition Regulation (FAR) 17.5 specifically notes that the Economy Act does not apply to orders under the federal supply schedule contracts or orders under governmentwide acquisition contracts, both of which have specific authoring statutes.

Management of Interagency Contracting	
Key FY 2008 Actions	Anticipated Impacts
Expand centralized management of Department Economy Act transactions in the OA&L Center for Acquisition Innovation.	Increased control over these transactions.
Implement internal program review of Economy Act transactions.	