



High-Risk Areas Identified by GAO

The U.S. Government Accountability Office (GAO) evaluates VA’s programs and operations. In February 2011, GAO issued an update to its High-Risk Series (GAO-11-278). The GAO-identified High-Risk Areas (specific to VA as well as Governmentwide) are summarized below. In response to each of the High-Risk Areas (HRAs), the Department has provided the following:

- **Estimated resolution timeframe (fiscal year)** for VA to eliminate each HRA
- **Responsible Agency Official** for each HRA
- **Completed 2011 milestones** in response to the HRA
- **Planned 2012 milestones** along with **estimated completion quarter**

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GAO High-Risk Area 1: Improving and Modernizing Federal Disability Programs

Designated a high-risk area in 2003, Federal disability programs remain in need of modernization. Almost 200 Federal programs provide a wide range of services and supports, resulting in a patchwork of policies and programs without a unified strategy or set of national goals. Further, disability programs emphasize medical conditions in assessing work incapacity without adequate consideration of work opportunities afforded by advances in medicine, technology, and job demands. Beyond these broad concerns, the largest disability programs--managed by the Social Security Administration (SSA), Department of Veterans Affairs (VA), and Department of Defense (DoD)--are experiencing growing workloads, creating challenges to making timely and accurate decisions.

VA has made progress in some areas of its claims process and faced continued challenges in others. In fiscal year 2008, VA completed nearly 66 percent more initial compensation claims than in fiscal year 2000 and reduced pending appeals from about 127,000 to 95,000. However, in fiscal year 2008, it took VA on average 776 days to resolve an appeal. We reported in January 2010 that VA has implemented several improvement initiatives, including expanding its practice of workload distribution and testing new claims-processing approaches--such as shortening response periods for certain claims and appeals and reorganizing its claims-processing units. Per our recommendations, VA recently completed evaluations of some key initiatives, and continues to evaluate others. Thus, their long-term impact on the timeliness and accuracy of Veterans' claims is not yet known.

Through their pilot of an integrated disability evaluation system (IDES), DoD and VA have made some progress toward addressing inefficiencies associated with operating two separate yet similar disability systems, but full implementation will require careful monitoring. DoD's and VA's recently completed evaluation of the pilot has generally shown positive results. In support of plans to expand the IDES militarywide, DOD and VA have identified actions needed to address staffing, logistical, and other challenges. However, they do not have a monitoring process for identifying emerging problems such as staffing shortages in order to quickly take remedial actions. DoD and VA should develop a comprehensive monitoring mechanism.

An overall Federal strategy and governmentwide coordination among programs is needed to align disability policies, services, and supports, but little progress has been made. SSA, VA, and DoD leadership have demonstrated a strong commitment and invested additional resources to address claims workloads. However, the agencies still need to complete work on the following recommendations. SSA needs to employ a comprehensive plan that considers its entire disability process. VA needs to evaluate its claims-processing initiatives to assess return on investment. As VA and DoD proceed with a joint disability evaluation system, they need to develop a systematic monitoring process and ensure adequate staffing is in place.



VA's Program Response
Estimated Resolution Timeframe: 2012
Responsible Agency Official: Under Secretary for Benefits

Completed 2011 Milestones

VA completed the Expedited Claims Adjudication (ECA) pilot in December 2010 and identified time saving provisions for the appeals process that will be integrated into the 2012 revised pilot.

VA and DoD expanded the IDES to all Military Treatment Facilities. VA routinely monitors case levels and adjusts staffing levels to maintain a ratio of 30 cases per Military Services Coordinator.

VA made innovative improvements in claims development, deploying 81 Disability Benefits Questionnaires (DBQs) for use by VA medical facilities with 3 available to private physicians. The DBQs streamline the disability evaluation process by requiring a consistent format for medical evidence. In November 2010, VBA implemented the Private Medical Records (PMR) pilot to reduce timeliness for receipt of private medical records. VBA is receiving responses to private medical record requests 23 days faster than non-pilot requests. VBA initiated the Fully Developed Claim (FDC) program Nationwide.

VBA implemented innovative tools for the claims decision process. The "Hearing Loss Calculator" tool released in November 2010 and the "Special Monthly Compensation calculator" tool released in July 2011 utilize rules-based technology to improve timeliness, accuracy, and consistency of rating decisions.

VBA developed functional requirements for automated adjudication of pension and dependency claims, and application development began in April 2011 to improve the timeliness and accuracy of these claims.

In September 2011, the Institute for Defense Analyses completed the independent 3-year review of our quality assurance program mandated under the provisions of Public Law (P.L.) 110-389, Veterans' Benefits Improvement Act of 2008, and VA provided a final report to Congress.

VBA enhanced the Challenge training program to incorporate trainee evaluation and feedback into the course accreditation process. Enhancements also allow regional offices (RO) to track the annual training hour requirements for individual claims processors.

The Veterans Benefits Management System (VBMS) is VBA's business transformation initiative supported by technology that is designed to dramatically improve benefits delivery. VBMS is designed to assist VA in eliminating the claims backlog. The centerpiece of VBMS is a paperless system, which will be complemented by improved business processes and workflows. Combining a paperless claims processing system with improved business processes is the key to eliminating the backlog and providing Veterans with timely and high quality decisions. During 2011, VBMS was deployed to the Salt Lake and Providence ROs, with a focus on enhancing VBMS Establishment, Workflow, Rating, and e-Folder applications. VBA also began the development stages of VBMS Development, Award, and Correspondence applications.



A major project initiated by VBA in January 2011 was the Integration Lab (I-Lab) to evaluate the impact of multiple initiatives on claims processing productivity, timeliness, and quality. The I-Lab supports the development of a standard and consistent operating model to align with the process and technology transformational changes. Specifically, I-Lab distributes work to three separate teams based on the number of issues claimed by the Veteran. Each team is integrated and utilizes a comprehensive screener to move work to the next step in the process. VBA is tracking I-Lab productivity on a weekly basis, and following future analyses, the results will be used in the development of a comprehensive operating model for all regional offices.

The VBA Design Team was created to assist with the transformation by focusing on specific processes such as simplification of the rating and notification letter thus making decisions easier to understand, increasing standardization of the rating process by using logic-based tools, and streamlining the examination process.

Quality Review Teams (QRTs) began at 12 VBA pilot sites (3 per Area) on August 1, 2011. These teams are solely dedicated to monitoring station quality, identifying trends/training needs, collaborating with local training components, reviewing Systematic Technical Accuracy Review (STAR) errors, addressing national training issues, addressing local training and other issues for that station, and other appropriate functions. The QRTs have been trained in and are using the National STAR team review approach.

Planned 2012 Milestones with estimated completion quarter

VA will publish proposed rules with revised rating criteria for the Hemic and Lymphatic, Endocrine, and Musculoskeletal body system and for Mental Disorders. **(Q1)**

VA will revise the ECA pilot to continue efforts to reduce the average number of days it takes for claimants to receive decisions on their appeals. **(Q3)**

VA will implement the Remodeled Integrated Disability Evaluation System program at three military treatment facilities. **(Q1)**

VA will complete development of all disability benefits questionnaires to support the disability examination process. **(Q2)**

VBA will improve the PMR pilot process by increasing the proficiency and effectiveness of collecting private medical records. **(Q1)**

VBA will introduce new benefit application forms for the FDC program in 2012 to streamline the process and improve timeliness of processing claims in the program. **(Q2)**

VBA will continue the development of additional calculators to assist in improving timeliness, accuracy, and consistency of rating decisions. **(Q4)**

VBA will begin implementation of a rules-based processing capability for dependency and pension claims. **(Q1)**



VBA will assess the final report received from the independent review of our quality assurance program that was conducted by the Institute for Defense Analyses under the provisions of P.L. 110-389, Veterans' Benefits Improvement Act of 2008, and will take appropriate action to further enhance VBA's quality assurance program. **(Q4)**

VA will submit an interim report to Congress on the Individual Claimant Checklist pilot program. The pilot will determine whether providing an easy-to-read evidentiary checklist as an addendum to the VCAA notice reduces the average processing time for a claim. **(Q4)**

VA will publish proposed rules for Neurological and Convulsive Disorders, Gynecological Conditions, and Disorders of the Breast, Skin, Eye, Ear, Nose and Throat, Audiology, Cardiovascular, and Respiratory body systems. **(Q4)**

VBA will begin national implementation of our transformation plan, incorporating a new operating model based on business processes, people, and technology. **(Q2)**

VA will deploy the VBMS nationally in 2012. **(Q4)**

GAO High-Risk Area 2: Strategic Human Capital Management

GAO initially designated strategic human capital management as a high-risk area because of the long-standing lack of leadership of strategic human capital management. However, Congress has provided agencies with additional authorities and flexibilities to manage the Federal workforce, including the Telework Enhancement Act of 2010. OPM undertook a major initiative to reform the Federal hiring process in 2010 and has expanded its assistance to agencies with more strategic approaches to human capital management. These changes demonstrate increased top level attention and clear progress toward more strategic management of the Federal workforce.

GAO, therefore, is narrowing the scope of this HRA to focus on the most significant challenges that remain to close critical skills gaps. Federal agencies need to continue to both take actions to address their specific challenges and work with OPM and through the Chief Human Capital Officers Council to address critical skills gaps that cut across several agencies. Overall, the needed actions can be grouped into the following three broad categories:

- *Planning:* Agencies' workforce plans must fully support the highly skilled talent needs of agencies, both now and as those needs evolve to address new mission priorities. These workforce plans must define the root causes of skills gaps, identify effective solutions to skills shortages, and provide the steps necessary to implement solutions.
- *Implementation:* Agencies' recruitment, hiring, and development strategies must be responsive to changing applicant and workforce needs and expectations, as well as to the increasingly competitive battle for top talent. They must also show the capacity to define and implement corrective measures to narrow skill shortages.
- *Measurement and evaluation:* Agencies need to measure the effects of key initiatives to address critical skills gaps, evaluate the performance of those initiatives, and make appropriate adjustments.



By taking these steps, agencies will improve their ability to monitor and independently validate the effectiveness and sustainability of corrective measures.

VA's Program Response
Estimated Resolution Timeframe: 2012

Responsible Agency Official: Assistant Secretary, Office of Human Resources and Administration

Completed 2011 Milestones

VA supports and advocates all initiatives, whether they are Governmentwide or VA agency-specific, dealing with full utilization of the human capital element of its workforce. Milestones achieved in 2011 are: reduced time to hire new personnel by 12 percent; trained over 200,000 employees in leadership and job competency-related skills; launched a Web-based wellness program that is totally accessible via the Internet; trained over 26,000 managers, supervisors, and senior leaders in building and/or maintaining a diverse, effective workforce; and increased Veterans Employment Coordination Service (VECS) presence through a partnership with Human Resources offices throughout the country (VECS is now the Veterans Recruitment Section of the Veterans Employment Services Office).

Planned 2012 Milestones with estimated completion quarters

Reduce the time it takes to hire new personnel. **(Q4)**

- Issue policies that improve the selection quality of applicant pools.
- Improve the percentage of converted qualified interns to full-time permanent hires.

Retain personnel. **(Q4)**

- Increase training opportunities.
- Allow employees of all occupation competencies to access leadership tests to enhance their understanding of their career development at VA.

Identify top 10 categories for training purposes based on 2010/11 Competency Gap Assessments. **(Q4)**

Engage employees to ensure they have a better understanding of their job roles and to provide employees with valuable information concerning skill competencies necessary to advance in their work.

(Q4)

- VA Learning University is developing a method to display occupational competencies.
- VA Learning University plans to develop an enterprise-wide Career Mapping Program for mission critical occupations.



GAO High-Risk Area 3: Managing Federal Real Property

The Federal real property portfolio is vast and diverse. It totals over 900,000 buildings and structures with a combined area of over 3 billion square feet. Progress has been made on many fronts, including significant progress with real property data reliability and managing the condition of facilities. However, Federal agencies continue to face long-standing problems, such as overreliance on leasing, excess and underutilized property, and protecting Federal facilities. As a result, this area remains high risk, with the exceptions of governmentwide real property data reliability and management of condition of facilities, which GAO found to be sufficiently improved to be no longer considered high risk.

Two consecutive administrations have demonstrated a commitment to this issue. The 2004 Executive Order 13327 established the Federal Real Property Council (FRPC). The FRPC and the General Services Administration (GSA) established the Federal Real Property Profile (FRPP), a centralized real property database. Agencies have developed asset management plans, standardized data, and performance measures. A 2010 presidential memorandum directed agencies to identify and eliminate excess properties.

Other actions are still needed to address certain long-standing problems. GAO has recommended that OMB and the FRPC develop a strategy to address the continued reliance on leasing in cases where ownership would be less costly. This strategy should identify the conditions, if any, under which leasing is an acceptable alternative. Also, OMB and the FRPC should develop potential strategies to reduce the effect of competing stakeholder interests as a barrier to disposing of excess property. GAO will monitor the implementation of current efforts, such as the presidential memorandum.

The Department of Veterans Affairs (VA) has undertaken various planning efforts to realign its real property portfolio, including the Capital Asset Realignment for Enhanced Services (CARES), creation of a 5-year capital plan, and its newest effort, the Strategic Capital Investment Planning (SCIP) process, which extends the planning horizon to 10 years. VA's capital planning efforts generally reflect leading practices but lack transparency about the cost of future priorities that could better inform decision making by VA and Congress.

VA's Program Response
Estimated Resolution Timeframe: 2012
Responsible Agency Official: Director, Asset Enterprise Management

Completed 2011 Milestones

VA's SCIP process is the principal tool used by VA to "right-size" its real property portfolio. The SCIP process assesses all capital investment proposals for new construction, leasing, renovation, disposals, or reuse to determine what capital proposals should be funded. Funding decisions are based on how well proposals meet objective, weighted criteria.

VA completed its 5-Year (2011-2015) Capital Asset Disposal Plan. The Plan is the basis for VA's submission to the Federal real property database. From October 1, through July 31, 2011, VA has disposed of 41 buildings, including 3 structures totaling approximately 211,870 gross square feet (GSF).



To provide housing for homeless and at-risk Veterans and their families, VA implemented its Building Utilization Review and Repurposing (BURR) initiative. BURR is a comprehensive undertaking, the purpose of which is to identify vacant or underutilized buildings suitable for reuse via VA's Enhanced Use Lease (EUL) authority. The initial stages of BURR focused on vacant buildings over 10,000 square feet. Other BURR reuse opportunities will include housing for OEF/OIF/OND Veterans, poly-trauma patients, assisted living, and seniors. Through BURR, VA identified 34 sites, 98 buildings, and 617 acres that would result in more than 1,779 housing units.

VA upgraded its Capital Asset Management System to include the implementation of a full report writing solution for its Business Intelligence (CAMS-BI) software and an upgrade to its portfolio management system that provides versioning functionality. The report writer allows users to create well designed reports directly with the data used in their analysis for a clean and professional look and feel. The versioning capability allows the user to retrieve information about a project at any prior date/milestone and enables VA to conduct ad hoc and recurring performance analyses for improved real property management.

Planned 2012 Milestones with estimated completion quarter

VA will continue using the BURR tool and its EUL authority to repurpose vacant and underutilized buildings in support of VA's goal to eliminate homelessness among Veterans. VA will continue to seek other internal and external reuse opportunities for properties deemed unsuitable for housing and will designate unusable buildings for disposal/demolition. **(Q1)**

VA will develop the long-term solution for the SCIP Automated Tool (SAT). The SAT provides a Web-based system to collect the data needed to integrate VA's various capital investment planning efforts for major construction, minor construction, non-recurring maintenance, and leasing. The SAT will integrate related capital investment processes including the 10-year Action Plan, business cases, Office of Management and Budget (OMB) Exhibit 300s, scoring and prioritization of investments, creation of the annual capital budget, and capital budget execution and operational planning. **(Q3)**

VA will redesign the CAMS-BI interface to provide more structure and capability for analysis, while simplifying the navigation and layout for the user. VA will retire the Crystal reports from the CAMS-BI toolset and fully migrate to BI Publisher to allow for more integration and provide a single solution for reporting and analysis. **(Q4)**

To continue to improve the quality of data and consistency in applying Federal real property management standards, the management of the Capital Asset Inventory (CAI) database will be shifted to the Office of Asset Enterprise Management. **(Q4)**



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

Federal agencies and our Nation's critical infrastructures—such as power distribution, water supply, telecommunications, and emergency services—rely extensively on computerized information systems and electronic data to carry out their operations. The security of these systems and data is essential to protecting national and economic security, and public health and safety. Safeguarding 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.

Agencies need to (1) develop and implement remedial action plans for resolving known security deficiencies of government systems, (2) fully develop and effectively implement agencywide information security programs, as required by the Federal Information Security Management Act (FISMA) of 2002, and (3) demonstrate measurable, sustained progress in improving security over Federal systems.

Besides enacting FISMA, Congress also enacted the Veterans Benefits, Health Care, and Information Technology Act of 2006. Under the Act, VA's Chief Information Officer is responsible for establishing, maintaining, and monitoring Departmentwide information security policies, procedures, control techniques, training, and inspection requirements as elements of the Department's information security program.

Effective information security controls are essential to securing the information systems and information on which VA depends to carry out its mission. For over a decade, VA has faced long-standing information security weaknesses as identified by GAO, VA's Office of the Inspector General, VA's independent auditor, and the Department itself. The Department continues to face challenges in maintaining its information security controls over its systems and in fully implementing the information security program required under FISMA. These weaknesses have left VA vulnerable to disruptions in critical operations, theft, fraud, and inappropriate disclosure of sensitive information.

VA's Program Response

Estimated Resolution Timeframe: 2012

Responsible Agency Official: Director, Information Technology Operations and Deputy Assistant Secretary for Information Security

Completed 2011 Milestones

VA has taken significant actions towards remediation of its IT Security Controls Material Weakness. In 2011, VA's Visibility to the Desktop initiative provided visibility into 100 percent of its desktops allowing VA to proactively eliminate several of its security vulnerabilities. To improve access controls, VA has enabled 98 percent of its computers with Smartcard capabilities. VA also issued more than 239,000 Personal Identity Verification (PIV) cards to its employees, which is 74 percent of its employee population. In many facilities, network access can be achieved by a PIV card and Personal Identification



Number (PIN) combination or with a login identification and password. Specialized, role-based training for system administrators has been put in place to improve the proficiency of its operations staff. VA has also resolved 100 percent of U.S. Computer Emergency Readiness Team (CERT) actions.

Planned 2012 Milestones with estimated completion quarter

To improve security and provide better boundary protection, VA plans, by 2012 **(Q1)**, to define security baselines for 85 percent of its more than 600 systems and have 100 percent of its external network capability pass through a Trusted Internet Connection (TIC). In 2012 **(Q2)**, VA plans to provide role-based training to 100 percent of personnel with significant security responsibilities. In addition, by 2012 **(Q3)**, VA will have visibility into 100 percent of its servers and desktops, which will provide detailed inventory, configuration, and vulnerability information to enable it to prioritize and remediate security vulnerabilities. This will help reduce the risk of compromise to VA systems and data. Throughout 2012, VA plans to execute the remediation plans it developed in 2011 for its IT Security Controls Material Weakness.

GAO High-Risk Area 5: Management of Interagency Contracting

When used correctly, interagency contracting—where one agency either uses another agency's contract directly or obtains contracting support services from another agency—can offer improved efficiency in the procurement process. By providing a simplified, expedited, and lower cost method of procurement, interagency contracting can help agencies save both time and administration costs versus awarding new contracts. This is particularly important at a time when agencies face growing workloads and slow growth in the acquisition workforce. Although precise numbers are unavailable, agencies reported spending at least \$53 billion in 2009 using interagency contracts to acquire goods and services that support a wide variety of activities. GAO designated the management of interagency contracting as a high-risk area in 2005, due in part to the need for stronger internal controls, clear definitions of roles and responsibilities, and training to ensure proper use of this contracting method.

Specifically, GAO found that the Office of Management and Budget (OMB) and Federal agencies lack reliable and comprehensive data to effectively leverage, manage, and oversee these contracts. In addition, agency officials expressed concerns to GAO about potential duplication when multiple agencies create separate contracts for similar products and services. Unjustified duplication needlessly increases costs to vendors, which they pass on to the government, and can result in missed opportunities to leverage the government's buying power. OMB is exploring options for improving the information available on existing interagency contracts to help agencies make better procurement decisions.

OMB and GSA have established corrective action plans that outline the steps they will take in response to GAO recommendations. OMB and Federal agencies must continue to focus on addressing identified deficiencies in the use, management, and transparency of these contracts. Agencies must also take steps to ensure compliance with OMB's interagency contracting guidance to achieve the greatest value possible from this contracting method.



VA's Program Response
Estimated Resolution Timeframe: 2012
Responsible Agency Official: Executive Director, Office of Acquisitions , Logistics and Construction (OALC)

Completed 2011 Milestones

OALC implemented process improvements to ensure Interagency Agreements (IAAs) are fully integrated into the Electronic Contract Management System (eCMS). As of August 2011, Contracting Officers (COs) managed 325 IAAs through eCMS, representing a 2.5 percent increase over 2010.

Legacy IAAs, 2005 to present, have been entered into eCMS. This equates to more than 800 legacy IAA actions being added to the database. New IAA actions are integrated as they are developed.

OALC requires new contracting staff to undergo eCMS training prior to receiving an eCMS account. OALC provides role-based training and an extensive set of eCMS online tutorials and user guides. Training includes instructions for appropriately awarding IAAs.

Planned 2012 Milestones with estimated completion quarter

Conduct eCMS stakeholder sessions to collect change requests. If IAA change requests are collected and validated, OALC will implement the requirements in future eCMS releases. **(Q4)**

Track and report the entry of contracts into eCMS, including IAAs. **(Q4)**

Develop procedures and policy for Project Manager and Contracting Officer on the consideration of interagency contracting. **(Q2)**

Develop processes for the management of interagency contracts that focus on administration, schedule, budget quality, and services procured. **(Q3)**

Ensure that all Project Management Plans address that interagency contracting was considered as a part of the Acquisition Strategy. **(Q4)**



APPENDIX

The Appendix lists selected reports pertinent to the high-risk areas discussed. However, the Appendix is not intended to encompass all GAO work in an area.

Improving and Modernizing Federal Disability Programs

High-Risk Series: An Update, [GAO-11-278](#), February 2011.

Military and Veterans Disability System: Pilot Has Achieved Some Goals, but Further Planning and Monitoring Needed, [GAO-11-69](#), December 6, 2010.

Military and Veterans Disability System: Worldwide Deployment of Integrated System Warrants Careful Monitoring, [GAO-11-633T](#), May 4, 2011.

Strategic Human Capital Management

High-Risk Series: An Update, [GAO-11-278](#), February 2011.

Managing Federal Real Property

High-Risk Series: An Update, [GAO-11-278](#), February 2011.

VA Real Property: Realignment Progressing, but Greater Transparency about Future Priorities Is Needed, [GAO-11-197](#), January 31, 2011.

Federal Real Property: The Government Faces Challenges to Disposing of Unneeded Buildings, [GAO-11-370T](#), February 10, 2011.

VA Real Property: Realignment Progressing, but Greater Transparency about Future Priorities Is Needed, [GAO-11-521T](#), April 5, 2011.

Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures

High-Risk Series: An Update, [GAO-11-278](#), February 2011.

Cybersecurity: Continued Attention Needed to Protect Our Nation's Critical Infrastructure and Federal Information Systems, [GAO-11-463T](#), March 16, 2011.

Information Technology: Department of Veterans Affairs Faces Ongoing Management Challenges, [GAO-11-663T](#), May 11, 2011.

Management of Interagency Contracting

High-Risk Series: An Update, [GAO-11-278](#), February 2011.