

Enabling Goal

VA's enabling goal is different from the four strategic goals. The enabling goal and its corresponding objectives represent crosscutting activities that support all VA organizational units in carrying out the Department's mission. The activities focus on enhancing workforce assets and internal processes, improving communications, and furthering a crosscutting approach to providing seamless service to veterans and their families through an improved governance structure that applies sound business principles. As such, many of these activities are transparent to veterans and their families. However, they are critical to our stakeholders and VA employees who implement our programs. VA is making efforts to operate as an integrated veteran-centric organization. We will achieve this goal while ensuring full compliance with applicable laws, regulations, financial commitments, and sound business principles.

The following table identifies estimates of the total resources devoted to this strategic goal and its associated objectives.

		FY 2003 Obligations (\$ in Millions)	% of Total VA Resources
Enabling Goal Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.		\$851	1.3%
Objectives	Performance Measures		
E-1 Recruit, develop, and retain a competent, committed, and diverse workforce that provides high quality service to veterans and their families.	No Key Performance Measures	\$81	0.1%
E-2 Improve communications with veterans, employees, and stakeholders about the Department's mission, goals, and current performance as well as the benefits and services VA provides.	No Key Performance Measures	\$14	<0.1%
E-3 Implement a <i>One VA</i> information technology framework that supports the integration of information across business lines and that provides a source of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders.	No Key Performance Measures	\$106	0.2%
E-4 Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.	<ul style="list-style-type: none"> • Ratio of collections to billings. • Dollar value of sharing agreements with DoD (\$ in millions). 	\$651	1.0%

In addition to the two key performance measures associated with the enabling goal, there are several activities under this goal that support high-quality service to our veterans:

- Enhanced accountability for performance
- Enterprise architecture
- Information security
- Program evaluation
- Capital asset management
- Greater use of performance-based contracts
- Procurement reform

Note: The item on budget account restructuring, which was previously reported under the Enabling Goal, now appears under the President's Management Agenda section on page 31.

E-1

Recruit, develop, and retain a competent, committed, and diverse workforce that provides high quality service to veterans and their families.

The Office of Human Resources Management (OHRM) has taken the lead on VA's commitment to recruit, develop, and retain a competent, committed, and diverse workforce. During 2003, OHRM developed and implemented several strategies designed to retool, rework, and refine VA's Human Resources program. These include establishing a formal requirement to prepare workforce and succession plans by organization, creating the Department's first Strategic Human Capital Plan, and addressing material weaknesses in human resource accountability and reporting systems identified by an Office of Personnel Management

audit. In 2004, OHRM will continue to advance these initiatives as well as establish new ones.

In January 2003, VA published Directive 5002 and established a uniform, Departmentwide workforce and succession planning process aligned with the strategic planning, budget, and legislative processes. This policy establishes the requirements for an assessment of the workforce necessary to accomplish program goals; the current and projected workforce in terms of these goals, leadership needs, and workforce diversity; and strategies to obtain the required workforce for the future.

In July 2003, the Secretary signed the Department's Strategic Human Capital Plan. This plan includes an overview of past and projected workforce trends; summaries of workforce plans developed by VHA, VBA, NCA, and VA Headquarters organizational components; and strategies to ensure that VA recruits, retains, and develops a quality and diverse workforce to serve veterans.

In the next step of the human capital planning process, VA's Office of Workforce Planning will evaluate each organizational plan, assessing its strengths and weaknesses with recommendations for improvement. In addition, the office will dedicate an organizational liaison to serve as a subject matter expert for each plan. VA will assess its workforce plans on an ongoing basis to meet the strategic goals of the Department.

VA Directives 5004 and 5005 implemented online entrance/exit surveys. The surveys were designed to capture the reasons why employees chose to work at VA or why they elected to end their employment with VA. As of August 2003, approximately 1,200

surveys were completed. The results are available at the national and facility levels and can be sorted by organization, occupation, age categories, and other selective components. The first national summary of data was published in October 2003 on the Office of Human Resources Management's Web site.

The Office of Human Resources Management created the Oversight and Effectiveness Service to provide leadership for VA HRM accountability and merit system compliance to include the development, revision, issuance, and implementation of standards and metrics of accountability. The new staff conducts statistical data collection, performs analysis, and oversees reporting systems covering title 5 and title 38. The staff will also develop guidance on merit system accountability, and through its evaluation process, require appropriate corrective action for systemic deficiencies (to include limiting and/or revoking delegated HR authorities).

During 2003, the Oversight and Effectiveness Service initiated the following:

- Conducted an initial assessment of VA human capital programs using the Office of Personnel Management's (OPM) Human Capital Assessment and Accountability Framework;
- Identified VA human capital goals, initial measures, and accountable organizations that align with the HR Standards for Success;
- Identified VA components of an accountability system by reviewing VA action plans supporting strategic human capital goals;
- Determined the need for revised Departmentwide policy guidance to supplement and implement OPM

- accountability criteria and standards and began drafting new policy; and
- Initiated development of a directive to require VA field facilities to conduct self-assessments of their HR program.

Plans for FY 2004 include:

- Issue revised Departmentwide policy on HR accountability;
- Issue policy requiring VA Administrations to conduct annual self-assessments;
- Design data collection, reporting, and monitoring tools to review facility HR programs for efficiency and effectiveness of operating HR and merit system compliance;
- Set in place methods to assess accomplishments with identified metrics associated with organizational action plans;
- Ensure, review, and certify facility self-assessments to identify best practices and systemic deficiencies; and
- Begin on-site reviews, recommending appropriate adjustments and corrective measures.

There are currently no key measures for this objective.

E-2

Improve communications with veterans, employees, and stakeholders about the Department's mission, goals, and current performance as well as the benefits and services VA provides.

VA conducts outreach and education activities for the veteran community and the general public through news releases, articles appearing in veterans service organization publications, public service announcements, and pre-

sentations to schools and community organizations. We will continue to sponsor special events for veterans such as the National Disabled Veterans Winter Sports Clinic, National Veterans Wheelchair Games, National Veterans Golden Age Games, and National Veterans Creative Arts Festival. VA will continue to communicate the Department's successes and challenges in publications such as this report.

There are currently no key measures for this objective.

E-3

Implement a One VA information technology framework that supports the integration of information across business lines and that provides a source of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders.

Enterprise Architecture

Enterprise architecture (EA) is the guiding principle for streamlining and modernizing VA's information technology. The "enterprise" is VA and the "architecture" is the complex framework of processes, systems, and programs by which VA provides health care, benefits, and memorial services to veterans and their families. In 2003, the Office of the Chief Information Officer (CIO) accomplished the following:

- Developed version 2.1 of the VA Enterprise Architecture, which established detailed requirements and mechanisms for validating compliance in multiple Departmental processes including project management oversight, cap-

- ital planning, and the overall budget submission preparation;
- Developed the VA EA Program Management Plan, which formalizes the execution of the *One VA* EA program as a continuous improvement process, and will be reviewed on a regular update cycle;
- Developed and automated the VA Technical Reference Model and Standards Profile, version 2.0. It forms a knowledge base to provide a common conceptual framework and define a common vocabulary and a set of services and interfaces that are, or will be, common to VA systems.

In 2004, the Office of the Chief Information Officer plans to continue development of the EA (version 3.0) with models and graphics emphasizing system relationships and functionalities. Priorities also include completion of the repository for EA artifacts and documents, as well as modernizing the EA Web site to utilize user-friendly Web interfaces and enhanced search capabilities.

VA established the *One VA* Project Management Training Program to increase the number of certified project managers and team members. The program was introduced in 2003 and to date, of the 560 individuals participating in the program, 121 employees were certified at Level I; 2 employees were certified at Level II; and 15 employees were certified at Level III. Training certification will continue during 2004.

VA initiated the Telecommunications Modernization Project (TMP) to optimize the existing wide area network (WAN) architecture into an integrated data services platform that provides securable telecommunications to support all subscriber applications across the Department.

The four fully-meshed core sites that provide high-speed switching/routing of traffic are built and operational. All main data centers have a direct and immediate connection to core sites. One hundred percent of the distribution nodes that perform the policy-based operations, the aggregation, summarization, and classification of data traffic are built.

Ninety-five percent of the stand-alone special business units, previously connected to the WAN backbone, have transitioned to the TMP architecture.

The foundation for building the access layer in Phase IV has been laid. In 2004, the TMP will continue with Phase IV implementation. This phase will continue to run for the next 12 months, establishing a *One VA* WAN with 19 regions. Each one will have a regional service manager to serve the needs of all tenants.

Information Security Program

The Office of Cyber and Information Security (OCIS) is responsible for providing services to veterans that protect the confidentiality, integrity, and availability of their private information; enabling the timely, uninterrupted, and trusted nature of services provided; and providing assurance that cost-effective cyber security controls are in place to protect automated information systems from financial fraud, waste, and abuse. OCIS accomplished the following during 2003:

- Implemented and tested an Enterprise Cyber Security Infrastructure Project (ECSIP) pilot at VA's Austin Automation Center, helped implement additional intru-

sion detection systems at VA facilities, and began work to implement ECSIP at four national Internet gateways. The more than 200 existing gateways will then be consolidated into one of the four national gateways, with exceptions approved only where an acceptable level of intrusion detection can be provided.

- Established a fully functional Network and Security Operations Center (NSOC), operational 24 hours a day, 7 days a week (24/7). The NSOC manages all VA intrusion detection systems, and provides real-time analytical incident support, event correlation and analysis, and audit log analysis. The NSOC mitigated the impact of several major computer viruses and worms on VA systems and networks during 2003.
- Established a fully functional, 24/7 Central Incident Response Capability (CIRC). The CIRC captures all cyber security incidents reported from VA facilities, and coordinates with other Federal agency, vendor, and university emergency response teams to analyze and remediate cyber security threats. In addition, the CIRC performed vulnerability and penetration scans.
- Implemented a VA-wide Virtual Private Network for more than 15,000 users, and began shutting down all remote dial-up access to the VA network.
- Submitted quarterly and annual reporting and updated action plans and milestones for Federal Information Security Management Act (FISMA) deficiencies. These remediation efforts resulted in a 45 percent¹ remediation rate for the year, allowing the Department to reach its goal of achieving Federal Information Technology Security

Assessment Framework (FITSAF) Level 3 in 2003.

- Established a fully functional Review and Inspections Division (RID) to provide oversight and validation that FISMA deficiency remediation reporting was accurate and satisfied the intent of the FISMA legislation. RID coordinates with the Office of the Inspector General to confirm that reported remediation activities are in place.
- Established a fully functional Health Information Security Division (formerly the Center for Healthcare Information Security) that provides analysis, certification, and accreditation for medical devices connected to VA networks.
- Partnered with VA's Employee Education Service to develop and implement a cyber security awareness course for all 212,000 plus employees as well as contractors and volunteers. Bringing this capability in-house avoided vendor contract costs exceeding \$300,000 per year.
- Provided guidance and oversight to VA teams who are performing risk analysis, remediation, and independent testing to certify and accredit more than 800 VA systems.
- Rolled out an Information Security Officer (ISO) Cyber Security Professionalization (CSP) program, which included training, certification, and credentialing for more than 600 full-time ISOs and OCIS staff.
- Centralized responsibility for all cyber and information security planning and oversight into the Office of Cyber and Information Security. Consolidated cyber security staff positions and budgets within the Department.
- Issued security configuration guidance for various software applications in current use. Awarded a

¹VA has remediated 6,278, or 45 percent, of the 13,951 deficiencies identified in the 2002 Annual GISRA Survey. Of this total, 3,913, or 28 percent, were remediated during the 3rd quarter, ending June 30, 2003.

contract to develop security configuration guides for legacy systems and Web servers.

- Began work on a VA-wide Authentication and Authorization Infrastructure Project to provide SmartCard access to all VA workstations, networks, and applications.
- Began work on developing policy, procedures, and oversight for software configuration and change management. This initiative represents over half of all remaining FISMA deficiencies, and is a requirement to reach level 4 of the Federal Information Technology Security Assessment Framework and to remove the material weakness identified by the OIG and the independent auditor.

In 2004, OCIS will build upon the foundation established over the past 2 years. The boundary of the VA enterprise will be secured. In conjunction with the Telecommunications Modernization Program, all Internet

connections will be migrated to one of four national Internet gateways with strong intrusion detection. The new Virtual Private Network replacing dial-up access will be fully operational. The primary and back-up Network and Security Operations Centers and VA-CIRC will provide a fully integrated and centrally managed information security defense. The largest Public Key Infrastructure program outside of DoD will begin. Application Certification and Accreditation will be a major focus along with FISMA deficiency remediation, with the goal of eliminating the material weakness and achieving FIT-SAF level 4 by 2004. The Review and Inspections Division will be fully staffed and will help ensure the accuracy of FISMA remediation and reporting. Privacy awareness, education, and compliance efforts will continue according to plan. All Information Security Officers will be certified and credentialed, and VA will have the largest population of

Certified Information System Security Professionals in government. These efforts will support VA becoming the model government cyber security program with a standardized, secure, controlled environment, where the organizational culture collaboratively balances business requirements with security to meet VA's missions.

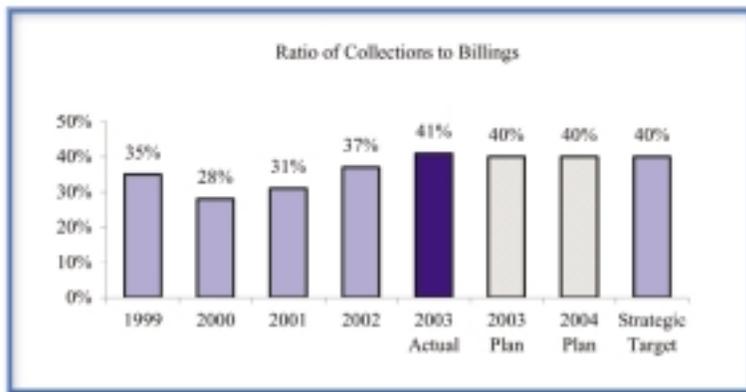
There are currently no key measures for this objective.

E-4

Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.

Performance Goal

Increase the ratio of collections to billings to 40 percent in 2003.



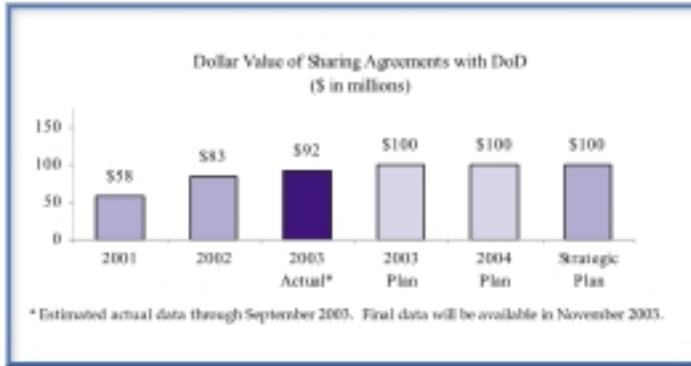
The ratio of collections to billings goal of 40 percent was surpassed for the year with an achievement of 41

percent. VHA continues to improve practices and provide mechanisms to aggressively implement those prac-

tices across the system. VHA will assess and align the health care system to enhance cost-effective care for veterans. We will focus on increasing revenue and efficiency through better collections and improved business practices. Managers will be held accountable for performance through performance agreements. Improving collections and billings will be a priority to improve revenue. Achievement of this performance goal is largely contingent on the willingness of first and third parties to pay their bills.

Performance Goal

Increase the dollar value of sharing agreements with DoD to \$100 million in 2003.



VA did not achieve the goal of increasing the dollar value of sharing agreements with DoD to \$100 million but has estimated over \$92 million in sharing for 2003. The final data will be available in November 2003. VHA and DoD work collaboratively through the VA/DoD Health Care Executive Committee to drive the sharing process and monitor performance. Major local initiatives, such as the proposed North Chicago VA Medical Center sharing agreement with the Navy and national collaboration on the Tricare-Next Generation Request for Proposals (T-Nex RFP), will also drive increases. VBA has an interagency service agreement with DoD at selected overseas military bases to perform dis-

ability examinations at discharge and provide support services to VBA personnel. The VBA portion of the total dollar volume of VA/DoD sharing agreements in 2004 is less than 3 percent. While efforts are underway to document the value of sharing that is not tabulated in VA's or DoD's accounting systems, the new reimbursement rate, 90 percent of CHAMPUS Maximum Allowable Charges for all clinical services, may actually lead to decreased sharing. Crosscutting activities include the following:

- VA and DoD work to increase utilization of the same pharmaceutical and medical products resulting in increased leverage in Federal Supply

Schedule or other joint contracting negotiations.

- VA and DoD have jointly established and cooperatively funded four traumatic brain injury (TBI) lead centers to screen all TBI patients and maintain a national registry of TBI patients.
- VA, by Public Law 97-174, has the added mission to serve as principle health care backup to DoD in the event of war or national emergency. At the request of DoD, VA may authorize DoD to use its medical facilities (hospital and nursing home care), medical services, office space, supplies, and administrative support.
- VA partners with DoD's Pacific e-Health Center in Honolulu to provide peer consultation and patient care to participants separated by distance.
- VA and DoD participate in the Alaska Federal Health Care Partnership, with a goal of providing specialized care to isolated or remote patient populations in Alaska.
- VA's Cooperative Studies Program collaborates with DoD on a number of studies, including an antibiotic treatment trial and an exercise/behavioral medicine treatment trial for Gulf War Syndrome.

Program Evaluation

The Department conducts program evaluations to assess, develop, and update program outcomes, goals, and objectives to compare actual program results with established goals.

VA completed a program evaluation on cardiac care in April 2003. The evaluation involved two clinical cohorts of patients – those who had had an acute myocardial infarction, or heart attack, and those who

had had a percutaneous coronary intervention such as angioplasty or coronary artery bypass graft surgery but had not had a heart attack. The evaluation found that in comparison to risk-adjusted patients who had heart attacks treated under the Medicare program, VA patients had statistically higher mortality rates, had fewer procedures performed, and traveled almost twice as far to receive their care. VHA developed an action plan to improve cardiac care. A blue ribbon panel of national experts was commissioned to oversee the plan's quality

improvements for VA cardiac care programs. All VA hospitals were required to provide detailed plans on how they intended to improve the quality of care at their facility. These plans are currently being reviewed for adequacy.

VA completed an evaluation of the Prosthetics and Sensory Aids Service in early 2003. The evaluation included several patient populations, their clinical outcomes, satisfaction, and access to services. The study identified considerable variability in the home oxygen

contracts across the country, in patient access to cochlear implants, in services provided by orthotics and prosthetics labs and their ability to become accredited, and in the implementation of Preservation Amputation Care and Treatment programs. It also showed that a significant number of veterans receive computer readers and training in using them, and there is extensive adherence to screening protocols for patients at risk for amputations, widespread use of automated implantable cardiac defibrillators, and satisfaction with motorized wheelchairs and prosthetic devices.

In 2002, VA initiated a comprehensive evaluation of the Department's emergency preparedness and the ability to provide health care backup to DoD and to the Nation. A study conducted by the National Institute of Building Sciences developed criteria for identifying VA's critical infrastructure, 14 full assessments of VA's most critical facilities, and preliminary assessments of an additional 86 highly ranked facilities. These assessments will be completed in the summer of 2004. A database is being developed to capture the vulnerability assessment data that links with existing space, building, and law enforcement databases. VA is reviewing selected emergency preparedness planning documents to assess their relevance, currency and comprehensiveness; assessing the preparedness of VA personnel during and after a catastrophic event; and assessing the Department's ability to secure or reconstitute essential business records.

VA is conducting an evaluation of the Pension and Parents' Dependency and Indemnity Compensation (DIC) programs to assess the effectiveness and efficiency of the two means-tested benefit programs in VA. The pension program provides income support benefits for needy veterans with nonservice-connected disabilities and their spouses. The Parents' DIC program provides income support benefits for needy parents of veterans whose deaths were service-connected.

The Home Loan Guaranty program evaluation is on schedule for completion in the third quarter of 2004. Oncology and Severely Mentally Ill Program Evaluations have been initiated and are in the design phase.

Capital Asset Management

Asset Management

Streamlining business practices, optimizing performance, and encouraging implementation of innovative asset management initiatives are hallmarks of VA's approach to capital asset management. VA is committed to a comprehensive, corporate-level approach to capital asset management. This approach helps VA link asset decisions closely with its strategic goals, elevates awareness of assets, and employs performance management techniques to monitor asset performance on a regular basis. At the core of VA's capital asset business strategy is value management – striving to return value to VA's business and managing existing value for greater return.

VA is continuing its development of a Departmentwide capital asset management system (CAMS). The data system will provide for life-cycle portfolio management across the enterprise and integrated business programs. CAMS will capture, track, and evaluate capital assets and provide for measurement and accountability of VA's investments.

During 2003, VA developed and promulgated capital asset policies for Departmentwide capital asset management, energy conservation, and enhanced-use leasing. These policies ensure that the Department has consistent investment strategies and that all capital activities are accomplished in concert with the Department's strategic goals.

In 2003, VA focused on a systematic, agency-wide approach to energy conservation. In addition to being a good steward of the environment, VA will save money that can be used to improve the lives of our veterans. The Energy Conservation Program will promote efficiency in building design and operations, energy consumption, water conservation, and use of new advances in energy conservation technologies.

In May 2003, 18 VA medical centers were honored by the Environmental Protection Agency and the Department of Energy for their achievements in energy efficiency. Each facility received Energy Star awards for placing in the top 25 percent in energy performance among all hospitals in the United States. Their energy usage was calculated using an Internet-based program called Portfolio Manager. This program tracks energy usage continually and objectively, providing building administrators valuable information for managing energy use.

VA's enhanced-use leasing program continues to produce exciting results in support of VA's portfolio goals. The enhanced-use leasing authority authorizes VA to fund cost-effective alternatives to traditional means of acquiring and managing facility and capital holdings. It permits the long-term out-lease of underutilized VA property to non-VA entities for uses compatible with VA's mission in return for in-kind consideration such as facilities, services, and/or money. This program has significantly reduced costs to the Department and has provided corresponding benefits to veterans, employees, and the local community. Enhanced-use lease projects address a broad array of initiatives including mixed-use development projects, residential care and temporary lodging facilities, energy plants, elder care facilities, child development centers, and parking facilities.

In 2003, VA awarded four enhanced-use lease projects:

Enhanced-Use Lease Projects Awarded in 2003

VA Property	Project Type
Barbers Point, Hawaii	Transitional Housing
Hines, Illinois	Transitional Housing
Milwaukee, Wisconsin	VBA Regional Office
Somerville, New Jersey	Mixed-Use Development

Integrated Management of VA's Information Technology (IT) Portfolio

VA is modifying its guidelines on the IT management process, taking an integrated approach to managing IT projects that provides for their continuous identification, selection, control, and evaluation. The process

Milestone Review Status of Major IT Initiatives

Milestone 0 Review Project Initiation Request	Milestone 1 Review Prototype Development Approval	Milestone 2 Review System Development Approval	Milestone 3 Review System Deployment Approval	Milestone 4 Review Post-Implementation Review
VistA Lab	VA Learning Management System	Telecommunications Modernization Plan	Employee Express	Health Data Repository (HDR)
e-Commerce	e-Commerce	e-Travel	e-Travel	PAID
Contingency WAN Satellite Network	Loan Administration Redesign (LARD)	Capital Asset Management System (CAMS)	Enterprise Cyber Security Infrastructure Project (ECSIP)	Program Integrity and Data Management Corporate Database
VBA Budget Automated Information System	Patient Financial Services System (PFSS)	Patient Financial Services System (PFSS)		Insurance Systems Maintenance and Operations
IT Continuity of Operations (COOP)	Corporate Data Center Integration (CDCI)	Corporate Data Center Integration (CDCI)		C&P Maintenance and Operations
VA Smart ID (AAIP)	Registration and Eligibility / Contact Management			Loan Guaranty Maintenance and Operations
Center for Health Care Security	C&P Evaluation Redesign (CAPER)			Education Maintenance and Operations
	Authentication & Authorization Infrastructure Project (AAIP)			Vocational Rehabilitation and Education Maintenance and Operations
				Fee Basis
				Benefits Delivery Network (BDN)
				Health Administration Center (HAC)
				BIRLS/VADS

A product of the VA integrated management process is the annual preparation of VA's IT portfolio, which is based on the OMB Exhibit 300, Capital Asset Plan and Business Case (All Assets). VA has adopted the Exhibit 300 as the primary documentation vehicle for IT investments. The development of the IT Portfolio for 2004 resulted in 80 percent of VA's business cases being scored at a level that ensured the IT initiatives were not designated "At Risk" by OMB. This was a significant improvement over prior years and ensured that the majority of VA's IT portfolio was funded and not subject to redirection by OMB.

Making Greater Use of Performance-based Contracts

The intent of this management reform is to convert service contracts that are awarded and administered using traditional specifications into an acquisition process that utilizes performance-based service contracting (PBSC). While PBSC can result in an overall cost reduction, its primary use is to give the government flexibility in receiving quality services from the contractor. Another objective of PBSC is to allow the Government to focus on the outcome of the product or service and allow the contractor to be creative and innovative in performing services.

VA has made progress in terms of converting existing and new service contracts at both the field station and national contract levels into performance-based contracts. In addition, the Department provides ongoing continuing education on this subject to its contracting officers and allied

acquisition professionals. This training has included both classroom and online courses.

VA will more fully monitor its level of success in converting to the performance-based contract approach through a new cyclical reporting mechanism in the General Services Administration's Federal Procurement Data System. Through this system, VA will be able to analyze the types of conversions, the dollars obligated, and the level of conversion to performance-based contracts.

Procurement Reform

VA spends more than \$6 billion annually for pharmaceuticals, medical and surgical supplies, prosthetics, information technology, construction, and services. VA's acquisition system is vital, not only because of its magnitude, but because of its critical role in ensuring VA can deliver timely services to our Nation's veterans in an efficient and cost-effective manner.

To optimize the performance of VA's acquisition system, the Secretary of Veterans Affairs established a Procurement Reform Task Force in June 2001. Task force members were charged with reviewing VA's entire acquisition system and processes and recommending specific improvements to strengthen the system's performance and effectiveness.

To meet this challenge, the task force decided to focus its efforts on areas that offer substantial near-term savings and have high potential for sustainable improvements. In addition, the task force sought to address key VA-wide issues that impact the effectiveness of the acquisition system. Three areas were excluded from the scope of work: IT acquisition, and

capital asset acquisition (these issues were being addressed separately), and pharmaceutical purchases (this area had improved significantly with considerable management attention). All other acquisitions fall within the scope of the review. The task force established the following major goals:

- Leverage purchasing power of VA
- Standardize commodities within VA
- Obtain and improve comprehensive VA procurement information
- Improve VA procurement organizational effectiveness, and
- Ensure a sufficient and talented VA acquisition workforce

Task force members consulted extensively with other government agencies and private-sector organizations, as well as with VA staff, to identify best practices and innovation opportunities. As described in the Procurement Reform Task Force Report, dated May 2002, the task force made 65 recommendations. Of these, 31 have been implemented and 34 are still in progress. One of the first recommendations implemented was the establishment of the VA Business Oversight Board; the board is measuring progress in implementing the goals. When implementation of the recommendations is completed, these goals will still be tracked to monitor progress in achieving the desired outcomes. During the upcoming fiscal year, many more of the recommendations will be implemented.