

## 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.*

VA's enabling goal and its corresponding objectives represent crosscutting activities that enable all organizational elements to carry out the Department's mission. To that end, VA will operate as a veteran-focused organization. We will work together to implement crosscutting processes that enable us to provide high quality, accessible, and timely information and service through effective communication, development and maintenance of a high-performing workforce, application of state-of-the-art technologies, and effective governance of core management processes.

This table identifies estimates of the total resources devoted to this goal and its associated objectives:

<b>Resources by Goal and Objective</b>	<b>FY 2002 Obligations</b>	<b>% of Total VA Resources</b>
<b>Total VA Resources</b>	<b>\$58,899</b>	
<b>Strategic Goal</b>		
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.	<b>\$560</b>	<b>1.0%</b>
<b>Objective</b>		
<i>Recruit, develop, and retain a competent, committed, and diverse workforce that provides high quality service to veterans and their families.</i>	<b>\$96</b>	<b>0.2%</b>
<i>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.</i>	<b>\$14</b>	<b>0.0%</b>
<i>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.</i>	<b>\$60</b>	<b>0.1%</b>
<i>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.</i>	<b>\$390</b>	<b>0.7%</b>

Although no key performance measures are associated with the enabling goal, there are a wide variety of 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 39.

### Enhancing Accountability for Performance

The Department has focused on the development of a planned, systematic approach to address VA's management and performance agenda, consistent with the President's Management Agenda, to ensure greater accountability for performance.

To achieve this objective, VA established a three-tiered governance process designed to continually assess and improve the Department's management and performance agenda and its impact on mission accomplishment. The three tiers include the VA Executive Board (VAEB), the Strategic Management Council (SMC), and the six strategic management process owners who oversee the planning and operations of VA's major crosscutting management processes. Major policy and management issues are vetted in an integrated Departmental forum through the VAEB and SMC.

Beginning in December 2001, the Deputy Secretary has held monthly performance review meetings with administration and staff office heads who report progress on major organizational initiatives, adherence to budget, FTE, and key performance elements. By doing this, VA is linking performance directly to our strategic plan on a month-by-month basis. Decisions regarding the management of VA are made as a result of the information presented at these meetings.

Streamlining business practices, optimizing performance, and encouraging implementation of innovative asset management initiatives are hallmarks of VA's approach to capital asset management, which the SMC oversees. VA is currently developing a comprehensive capital asset inventory of significant assets by type, utilization, cost, market value, size, location, historical status, environmental issues, physical assessment, and liabilities. It is also testing a major new asset initiative, the Capital Asset Management System (CAMS), which is a performance management system that will oversee the Department's capital asset management/portfolio performance. CAMS provides for life-cycle portfolio management across the enterprise and integrated business programs. It will capture, track, and evaluate capital assets and provide for measurement and accountability of VA's investments and will demonstrate the strategic alignment, health, value, and risk of investments, which will provide for more informed capital asset decision-making. VA has established seven capital asset portfolio goals and the CAMS will facilitate achievement of these goals through effective capital asset portfolio and performance management.

In July 2002, the Secretary established the VA Business Oversight Board. The Board serves as the Department's senior management forum on business activities and is chaired by the Secretary of Veterans Affairs. Its mission is to review and oversee the performance, efficiency, and effectiveness of Departmental business processes. The business processes include, but are not limited to, procurement, collections, capital portfolio management, and business revolving funds. Activities currently being reviewed by the Board include procurement reform, Medical Care Collection Fund, Consolidated Mail Outpatient Pharmacy, Franchise Fund, Supply Fund, and Capital Asset Management.

VA conducted a Departmentwide survey in 2001, in an effort to foster an environment that attracts, retains, and cultivates a dedicated and highly skilled workforce. In 2002, an Employee Survey Action Team was charged with proposing initiatives, based on the results of the employee survey, to enable VA

to become an employer of choice and provider of world-class service to our Nation's veterans. The team benchmarked employee survey metrics and best practices for action planning and improving employee satisfaction in both public and private sectors. Team members are developing short- and long-term strategies to address the most critical Departmentwide issues identified by the survey, as well as developing a plan and timelines to identify actions taken, measure change over time, and assess the success of implemented interventions.

Employee performance is integral to VA's ability to accomplish its mission. To ensure that the Department builds a results-oriented and high performing workforce, differentiates between high and low performance, and links individual and team performance to organizational goals, VA is conducting a review of the current performance appraisal and recognition programs. A VA work group is identifying performance appraisal options that ensure accountability and foster high performance, options that link performance to employee recognition and awards, and a strategy to address barriers to effective performance management practices.

These efforts supplement the already extensive accountability efforts each of VA's business lines have undertaken this year, including an enhanced focus on workforce and succession planning; improving VA's working environment; increasing productivity; enhancing performance and rewards practices; and structuring organizations, work, and work processes to better support mission accomplishment.

## Enterprise Architecture

Enterprise architecture (EA) represents 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 and benefits to veterans and their families. In 2002, the Office of the Chief Information Officer (CIO) accomplished the following in its responsibility for EA:

- Developed the *One VA EA Implementation Plan* for 2002. The plan was approved by the Information Technology Board (ITB) on April 22, 2002, and specified the approach to be taken in the development of the initial version of the *One VA EA*.
- Developed Version 1.0 of the *One VA EA*. This document established enterprise business functions and key enabling functions to organize the top-level views from a business-focused, top-down perspective. It established detailed requirements for compliance and mechanisms for validation of that compliance at multiple events and in multiple Departmental processes including the project management oversight process, capital planning process, and the overall budget submission preparation process. The Secretary approved the document in August 2002.
- Issued a *One VA EA* directive requiring Departmental compliance with three documents: the EA Strategy, Governance and Implementation document; the *One VA EA Implementation Plan*; and the *One VA EA* itself.

## Information Security Program

The Office of Cyber Security (OCS) is responsible for providing services to the veteran that protect the confidentiality, integrity, and availability of their private information; enable the timely, uninterrupted, and trusted nature of services provided; and provide assurance that cost-effective cyber security controls are in place to protect automated information systems from financial fraud, waste, and abuse. OCS accomplished the following during 2002:

- Received approval from the Department's Strategic Management Council on the Enterprise Cyber Security Infrastructure Project. The project merges VA's actions to implement a Departmentwide Intrusion Detection System (IDS) capability and, concurrently, upgrade IT security controls on Internet Gateways.
- Increased OCS staffing and an operating budget of \$28 million.

- Began implementation of a Departmentwide IDS to secure VA's data systems from deliberate external attack. As envisioned, the IDS effort will include a 24/7 Strategic Operations Center (SOC) to provide real-time analytical incident support, event correlation and analysis, audit log analysis, vulnerability scanning, and penetration scanning. Additionally, the SOC will provide a global "early warning" information-sharing network, in cooperation with homeland defense; law enforcement; and federal agency, vendor, university, and international emergency response teams.
- Upgraded the security features on the Department's external Internet connections to mitigate peripheral threats.
- Developed an extensive cyber security remediation plan to address the deficiencies identified in the Government Information Security Reform Act survey.
- Established one of the largest single entity anti-virus capabilities in the world. This capability provides automated anti-virus scans for 150,000 IT desktops connected to VA's Intranet. Automated records maintained by this capability indicate that VA's anti-virus program has detected, contained, and/or eradicated nearly one-half million viruses during the past 6 months.
- Instituted a professionalization program for cyber security practitioners.
- Developed an IT system certification and accreditation program.

### Program Evaluation

Program evaluations are used to assess, develop, and/or update program outcomes, goals, and objectives and to compare actual program results with established goals. Several program evaluations were conducted in 2002.

In 2002, VA initiated a comprehensive evaluation of the Department's emergency preparedness and its ability to perform its mission of health care backup to DoD and to the Nation while continuing to fulfill its primary mission of service to veterans.

The design of the evaluation allows for diverse areas of responsibility to be explored independently. The final product will synthesize the eight component studies:

- Vulnerability assessment of VA facilities;
- Manpower analysis;
- Vital records;
- Laboratories and pharmacies;
- Information technology and telecommunications;
- Federal, regional, and local commitments;
- Financial systems; and
- Continuity of operations.

The National Institute of Building Sciences (NIBS), a Congressionally chartered, non-profit organization bringing together representatives of government, the professions, industry, labor, and consumer interests, assembled a working group of security experts in various building sciences professions to assist VA in articulating criteria for identifying and ranking the Department's critical structures and for on-site vulnerability assessments. The NIBS work group reported its recommendations to the Secretary in September 2002. The recommended methodology includes a two-step process: first defining criticality along six dimensions and then identifying vulnerabilities under various threat scenarios. The tool developed was piloted at three facilities. The next step will be to conduct vulnerability assessments of VA facilities.

Based upon supporting data presented in the comprehensive evaluation *Benefits for Survivors of Veterans with Service-Connected Disabilities*, which was completed in 2001, VA management, working with Congress, reviewed the adequacy of the safety net provided by VA insurance and dependency and indemnity compensation programs. Changes that have been made to these programs include:

- Raising Servicemembers' Group Life Insurance (SGLI) coverage to \$250,000 (April 2001);
- Providing an optional family coverage plan to SGLI (November 2001);

- Reducing premium rates and restructuring Veterans' Group Life Insurance premiums, making them more comparable to commercial rates and premiums (July 2001 and October 2002);
- Improving Veterans' Mortgage Life Insurance outreach to people who have received specially adapted housing grants; and
- Increasing dissemination of information about all insurance programs to persons released from military service.

Evaluations of the cardiac care and prosthetics programs were scheduled to be completed in 2002; however, additional analyses of the data and extensive technical review of draft deliverables were required. These evaluations are now scheduled to be completed in the second quarter of 2003. An evaluation of VA's home loan program was begun with award of a contract in September 2002; this evaluation is scheduled to be completed in the first quarter of 2004.

An evaluation of nonservice-connected pension for veterans and survivors and parents' dependency and indemnity compensation is underway. OMB approval for conducting a beneficiary survey was received in September 2002. This evaluation is scheduled for completion in the third quarter of 2003.

### **Capital 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 to its strategic goals, elevates awareness of its 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.

The building of a comprehensive portfolio system requires a phased, methodical approach for implementation with a clearly defined structure, goals, measures, and benchmarks. During the past year, the following portfolio goals were established:

- Decrease operational costs;
- Reduce energy utilization;
- Decrease underutilized capacity;
- Increase intra/inter-agency and community-based sharing;
- Increase revenue opportunities;
- Maximize highest and best use;
- Safeguard assets

In order to facilitate achievement of these goals through effective capital asset portfolio and performance management, VA is developing a Departmentwide capital asset management system (CAMS). It 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. From May through August 2002, a proof-of-concept was successfully conducted for VA leases and information technology using a commercial portfolio management tool. As part of the CAMS development effort, a method was established in VA's financial management system to enable tracking of actual project expenditures and portfolio expenditures; for the first time, VA can report actual capital spending. VA's portfolio management system demonstrates the strategic alignment, health, value, and risk of investments, which will provide for more informed capital asset decision-making.

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 its facility and capital holdings. It permits the long-term out-lease of underutilized VA property to non-

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VA entities for uses compatible with VA's mission in return for in-kind consideration such as facilities, services, and/or money that would otherwise be unavailable. 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 2002, seven enhanced-use lease projects were awarded:

Enhanced-Use Lease Projects Awarded in 2002			
VA Property			Project Type
VAMC	Durham	NC	Mixed use/Research
VAMC	North Chicago	IL	Medical school
VAMC	North Chicago	IL	Energy center
VAMC	Chicago West Side	IL	Energy plant
VAMC	Chicago West Side	IL	Parking/RO collocation
VAMC	Batavia	NY	Transitional housing
VAMC	Tuscaloosa	AL	Hospice

## Integrated Management of VA's Information Technology Portfolio

Guidelines for implementing the IT integrated management process have been drafted. This process is an integrated approach to managing IT projects that provides for their continuous identification, selection, control, and evaluation.

The process starts with the initial concept of the project and goes through system production and deployment and post-implementation reviews.

As shown in the table below, 19 milestone reviews have been conducted to date on major IT initiatives. Milestone reviews are a key aspect of the IT integrated management 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
Telecommunications	Telecommunications	Enterprise Cyber Security Infrastructure Project	Government Computer-based Patient Record	VistA Legacy
Enterprise Cyber Security Infrastructure Project	Enterprise Cyber Security Infrastructure Project	VBA National Telephone Strategy	VETSNET Chapter 18	Nationwide Enrollment System
Corporate Data Center Integration	VistA Pharmacy	CoreFLS		Financial Management System
VA Learning Management System	VistA Scheduling	VETSNET		The Image Management System
		Employee Express		

## 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 contracting. The use of performance-based contracts permits the Government to receive an enhanced level of service at a reduction in overall costs. This enhancement occurs as the result of increasing the flexibility of the contractor to perform the work, while reducing the administrative costs of operating such contracts.

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 demonstrates continued support for performance-based contracting by providing ongoing continuing education on this subject to its contracting officers and allied acquisition professionals. This training has included both classroom and online courses.

To more fully monitor the Department's level of success in converting to this performance-based contract approach, a cyclical reporting mechanism has been established through the Federal Procurement Data System. Through this system, the Department will be able to analyze the types of conversions, the dollars obligated, and the level of conversion to performance-based contracts.

In 2002, VA prepared and administered contracts for pharmaceuticals, medical equipment and supplies, and subsistence for federal agencies. These contracts are managed as Federal Supply Schedules, national contracts, and competitive contracts for special purchases; all reflect savings from commercial prices. Other federal agencies are also able to take advantage of these contracts. In addition to the savings from commercial prices, discounts are negotiated and competed on items VA purchases in high volumes. The general public receives benefits through sound management practices of purchasing the best possible product at the lowest price. VA also provides support to the

Centers for Disease Control and Prevention and other agencies in the Department of Health and Human Services in times of emergency.

## 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 acquisitions because these issues were being addressed separately; and pharmaceutical purchases because this area improved significantly with considerable management attention. All other acquisitions fall within the scope of the review. To optimize VA's acquisition system, the task force established the following five major goals:

- Leverage purchasing power of VA;
- Standardize commodities within VA;
- Obtain and improve comprehensive VA procurement information;
- Improve VA procurement organizational effectiveness; and

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- 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's recommendations are being implemented and are providing a solid foundation to improve the efficiency, cost-effectiveness, and accountability of VA's acquisition system. The Secretary recently approved the establishment of the VA Business Oversight Board, which will measure progress in implementing the goals.