

Enabling Goal

Applying Sound Business Principles

Enabling Objective E-1

Development and Retention of a Competent Workforce

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

Making a Difference for the Veteran



Bringing together the best possible workforce to serve veterans

VA Nurses Make a Difference in Veterans' Lives

VA has one of the largest nursing staffs of any health care system in the world. Numbering more than 59,000 nationwide, the VA nursing team – composed of registered nurses, licensed practical nurses, vocational nurses, and nursing assistants – provides comprehensive, complex, and compassionate care to the Nation's veterans, helping them not only to prevent disease and maintain or regain health, but also learn to live with disabilities or even prepare for their final moment with dignity and respect.

Helping Patients Stay Connected

Heart transplant patients stay connected thanks to the nurses at the Richmond VA Medical Center. During patient visits, the nursing staff watched their transplant patients form lasting bonds with one another. The only opportunity the patients had to visit each other was when they returned to the medical center for their scheduled follow-up heart biopsies. Many of the veterans, who live hundreds of miles apart, enjoyed the support and friendship of their fellow transplant patients. The nursing team recognized their patients needed a method to communicate after their visits to the medical center. The nurses created a Web site designed specifically for transplant patients receiving their follow-up care at the Richmond VA Medical Center. The site includes educational information related to organ transplantation and a secure chat room for the patients to reconnect. The nurses continue to receive positive feedback from the patients about their new ability to stay connected.

Performance Trend and Impact of FY 2005 Result

Performance Trend	FY 2005 Impact																		
<p style="text-align: center;">Supporting Measure Percent of contractor cases using alternate dispute resolution (ADR) techniques</p> <table border="1"> <caption>Data for Supporting Measure Chart</caption> <thead> <tr> <th>Year/Target</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2001</td> <td>21%*</td> </tr> <tr> <td>2002</td> <td>43%*</td> </tr> <tr> <td>2003</td> <td>20%*</td> </tr> <tr> <td>2004</td> <td>9%*</td> </tr> <tr> <td>2005 Result</td> <td>9%</td> </tr> <tr> <td>2005 Plan</td> <td>72%</td> </tr> <tr> <td>2006 Plan</td> <td>73%</td> </tr> <tr> <td>Strategic Target</td> <td>75%</td> </tr> </tbody> </table> <p>* Corrected</p>	Year/Target	Percentage	2001	21%*	2002	43%*	2003	20%*	2004	9%*	2005 Result	9%	2005 Plan	72%	2006 Plan	73%	Strategic Target	75%	<p>VA's efforts to increase use of ADR in contract matters is designed to benefit veterans because ADR saves time and money when compared to the formal contract appeals process. Money saved can then be devoted to the care of the veteran. The 2005 result implies that desired cost savings are not being realized and that more needs to be done to promote the use of ADR. To this end, VA is developing strategies to promote increased use of ADR.</p>
Year/Target	Percentage																		
2001	21%*																		
2002	43%*																		
2003	20%*																		
2004	9%*																		
2005 Result	9%																		
2005 Plan	72%																		
2006 Plan	73%																		
Strategic Target	75%																		

Related Information

Major Management Challenges

The following major management challenges have been identified for this strategic objective:

GAO

- Strategic Human Capital Management: A High-Risk Area (see page 229 for more details)

Program Evaluations

No independent program evaluations have been conducted that specifically address this objective.

Program Assessment Rating Tool (PART) Evaluation

No PART evaluations have been completed that specifically address this objective.

New Policies and Procedures

The Equal Employment Opportunity Commission (EEOC) issued Management Directive 715 (MD-715), requiring each federal agency to submit an EEO Program Status Report by January 31 of each year. This report replaces both the Affirmative Employment Program Report and the Persons with Disabilities Program Report. The new report tracks agencies' progress in establishing and managing equal employment opportunity programs.

VA took an early lead in the implementation of MD-715 by helping EEOC define program requirements and develop instructions. VA also worked closely with EEOC to refine reporting requirements. VA automated the process by developing reports-generating software, which was demonstrated to and shared with other federal agencies.

Enabling Objective E-2

Outreach and Communications

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.

Making a Difference for the Veteran



*Department of Veterans Affairs
television studio*

Affirming the Commitment

Affirming the Commitment, a national initiative launched in June by the Veterans Health Administration (VHA), has received two prestigious video awards. The launch included a compelling video that profiles several veterans and their families as well as VA employees who share inspirational stories. It won an Award of Excellence in the 2005 Videographer Awards Competition, an international awards program directed by communications professionals to honor talented individuals and companies in the video production field. The Award of Excellence, the highest level, is given to projects written, produced, and filmed in an exceptional manner. The video also won a bronze-level award in the National Omni Award competition with an overall score of 8.2 on a 10-point scale. The Omni Award is evaluated by a panel of judges from some of the top production companies in the world and recognizes the top video and broadcast productions. Affirming the Commitment is designed to help employees gain a better understanding and appreciation of veterans and their military experience. Although it is a VHA initiative, the program's basic elements of care, compassion, and appreciation are applicable throughout the Department.

Performance Trend and Impact of FY 2005 Result

Performance Trend	FY 2005 Impact																
<p style="text-align: center;">Supporting Measure Percent of newly elected/appointed state officials contacted within 60 days of taking office regarding VA programs/services</p> <table border="1"> <caption>Supporting Measure Data</caption> <thead> <tr> <th>Year/Target</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>2002</td> <td>75%</td> </tr> <tr> <td>2003</td> <td>80%</td> </tr> <tr> <td>2004</td> <td>90%</td> </tr> <tr> <td>2005 Result</td> <td>100%</td> </tr> <tr> <td>2005 Plan</td> <td>100%</td> </tr> <tr> <td>2006 Plan</td> <td>100%</td> </tr> <tr> <td>Strategic Target</td> <td>100%</td> </tr> </tbody> </table>	Year/Target	Percent	2002	75%	2003	80%	2004	90%	2005 Result	100%	2005 Plan	100%	2006 Plan	100%	Strategic Target	100%	<p>In 2005 VA contacted all newly elected or appointed state officials (i.e., primarily governors and/or state veterans affairs directors) within 60 days of their election or appointment to inform them as to whom to contact in VA with questions on veteran-related issues such as:</p> <ul style="list-style-type: none"> • Impacts on state resources regarding National Guard servicemen and women serving in Operation Iraqi Freedom and Operation Enduring Freedom. • Veterans' benefits available from the federal government to veterans in their state. • Understanding the federal/state relationship involved with state veterans homes and state veterans cemeteries. • Statistics on veteran population and VA expenditures in their state to assist them with planning. <p>This outreach is beneficial to the veteran because the better the elected representatives understand VA and veterans' issues in general, the better the veteran will be served.</p>
Year/Target	Percent																
2002	75%																
2003	80%																
2004	90%																
2005 Result	100%																
2005 Plan	100%																
2006 Plan	100%																
Strategic Target	100%																

Related Information

Major Management Challenges

Neither VA's Office of Inspector General nor the Government Accountability Office identified any major management challenges related to this objective.

Program Evaluations

No independent program evaluations have been conducted that specifically address this objective.

Program Assessment Rating Tool (PART) Evaluation

No PART evaluations have been completed that specifically address this objective.

New Policies and Procedures

VA is in the process of developing a new strategic plan for 2006-2011, which will be issued in February 2006. Changes in VA's goals and objectives reflecting the priorities of the new Secretary are possible. If such changes are made, VA will communicate them to all employees as well as the larger communities of veterans and stakeholders.

Enabling Objective E-3

Reliable and Secure Information Technology

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.

Making a Difference for the Veteran

Information Technology Working for Veterans

VA's Office of Information and Technology (OIT) manages the Department's information technology (IT) programs and provides oversight of associated resources using an integrated IT management process to provide premier service to veterans. By planning IT initiatives collaboratively throughout the Department, under the auspices of One VA, the best mix of business solutions and expenditure efficiencies are achieved for the Department.

The IT integrated management process ensures the most efficient use of VA resources. The process provides the Chief Information Officer and the Enterprise Information Board (an executive-level IT program oversight committee) the means to accurately track the cost, schedule, and performance goals of all projects within VA's IT portfolio and is tightly coupled to the One VA enterprise architecture management process.

OIT oversees all privacy efforts within the Department, protects the privacy of veterans' and employees' personal information, and ensures that current and future privacy laws and regulations are applied consistently. That veterans trust that VA will protect their privacy is crucial to the success of VA's mission. These efforts result in better service to the veterans.

FY 2005 Performance Results

Supporting Performance Measure
The number of business lines transformed to achieve a secure veteran-centric delivery process that would enable veterans and their families to register and update information, submit claims or inquiries, and obtain status
Performance Results
<p>Transformation of business lines is a multi-year effort. As such, VA did not expect to transform any business lines in 2005. Although no business lines were completely transformed in 2005, VA made significant progress in this area as described below:</p> <ul style="list-style-type: none"> • Established an office dedicated to executing the E-Gov program. This office is implementing 16 E-Gov Initiatives and transforming 5 E-Gov lines of business to comply with the governmentwide E-Gov architecture. This effort will provide veterans with electronic access to VA services conveniently and efficiently, as well as create operating synergies and reduce costs. • Developed version 4.0 of the Enterprise Architecture, which establishes the framework under which all IT projects will support the One VA strategy. Version 4.0 received a passing score from OMB. • Completed planning and development of a shared data schema and exchange architecture with DoD that enables enhanced access to more timely and accurate military service personnel data, thus expediting a veteran's access to VA benefits. For example, DD-214 separation data are now available to VA in 3 days versus the previous 90 days, which expedites VA outreach and provides much more timely information upon which enrollment and eligibility decisions can be made. <p>Two key programs supporting the One VA business line transformation are as follows:</p> <ul style="list-style-type: none"> • Aggressively executing the Contact Management program, which will provide a single portal for veterans and their families to access and update personal information and obtain status. • Establishing detailed requirements for the Registration and Eligibility program that will provide a single point of registration and eligibility for veterans, thus eliminating the multiple instances of registration that exist today.

Related Information

Major Management Challenges

The following major management challenges have been identified for this strategic objective:

OIG

- Financial Management Control (see page 213 for more details)
- Data Validity (see page 214 for more details)
- Information Security (see page 217 for more details)
- Information Systems Development Financial Management Control (see page 217 for more details)

GAO

- Financial Management Weaknesses: Information Systems Security and Financial Management System Integration (see page 224 for more details)
- Enterprise Architecture Documentation (see page 225 for more details)
- Performance Measures (OIT) (see page 225 for more details)
- Protecting The Federal Government's Information Systems and the Nation's Critical Infrastructures: A High-Risk Area (see page 227 for more details)
- Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security: A High-Risk Area (see page 229 for more details)

Program Evaluations

No independent program evaluations have been conducted that specifically address this objective.

Program Assessment Rating Tool (PART) Evaluation

No PART evaluations have been completed that specifically address this objective.

New Policies and Procedures

In an effort to improve project planning and monitor execution, VA successfully began the process of implementing Earned Value Management (EVM) on VA's entire major IT program. EVM is a set of business practices and processes used to measure actual project performance, which may be used to forecast completion schedule and cost variance. All work is planned, budgeted, and scheduled in time-phased "planned value" increments constituting a cost and schedule measurement baseline. EVM is widely considered an industry best practice, and it is mandated by the President's Management Agenda and OMB. VA is using the Telecommunications Modernization Project (TMP) to move from loosely federated independent networks to a single, high performance wide-area data network capable of supporting enterprise-wide applications. TMP will offer service level agreements for performance and reliability at every service delivery node on the network. E-Authentication, an E-Gov initiative, will positively impact the veteran by allowing the application for benefits through the Internet.

Other Important Results

As of August 31, 2005, VA certified and accredited all operational information technology systems. All known risks have been assessed, and system owners are now working on mitigating those risks. OIT provided VA field facilities with a vulnerability scanner and automated patch installation system to minimize risk to the VA network and deployed the Host Intrusion Prevention System, which blocked thousands of infection attempts across the VA network. OIT provided analytical incident support through a functional Security Operations Center, which was a significant factor in

successfully mitigating the impact of several major computer viruses and worms infecting VA systems and networks in 2005. Through the security training program, VA increased the number of Certified Information System Security Professionals from 82 to 102 and the number of Certified Security Practitioners from 405 to 735. Additionally, 798 VA security and privacy professionals obtained advanced training at VA's annual cyber security conference.

Recognizing that standardization of project management guidelines and procedures is critical to the success of the One VA IT enterprise, VA aggressively implemented a training program that provides a clear understanding of the processes and knowledge areas common to all projects. Individuals completing the seven-course curriculum receive a master's certificate in project management and VA project manager certification. VA's training and certification program has been recognized as a model for agencies throughout the federal government.

VA's information security program, designed to protect the confidentiality, integrity, and availability of veterans' private information, provides assurance that cost-effective cyber security controls are in place to protect automated information systems from financial fraud, waste, and abuse. Within the Department, all employees, volunteers, and contractors completed annual privacy training as required by the Health Information Portability and Accountability Act (HIPAA) and VA policy. VA achieved HIPAA Security Rule compliance after extensive review of VA regulations, operations, and policy. VA conducted several employee focus groups and veteran feedback sessions to better understand employee and veteran privacy concerns. In addition VA conducted a privacy risk assessment in December 2004 and has scheduled quarterly risk assessments for 2006 to ensure that VA discovers and mitigates any privacy risks.

The One VA Enterprise Program Management Office initiative is charged with developing a standard set of portfolio and project management policies, processes, procedures, tools, and training and certification requirements across the Department. The program ensures a greater probability of achieving consistent, repeatable project results in support of VA's mission and goals.

Enabling Objective E-4

Sound Business Principles

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

Making a Difference for the Veteran

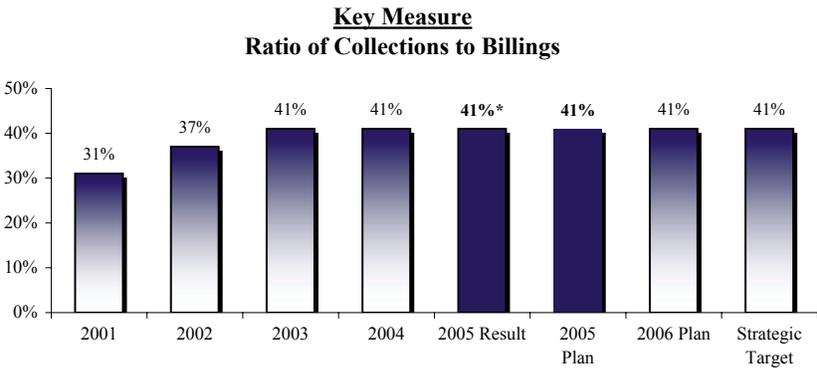
Effective Management of Assets

With more than 5,600 owned buildings, 1,000 operating leases, \$1 billion in medical and non-medical equipment, and approximately 32,000 acres of land, VA has a vast capital asset portfolio. VA's first asset management plan, released in December 2004, describes VA's capital assets and how VA plans to manage them. With release of the plan, VA is now one of two federal agencies to score above a "red" on the President's scorecard for "real property asset management." The asset management plan is the blueprint for achieving VA's objective to effectively manage assets and provide a safe and appropriate environment for the delivery of health care, benefits, and memorial services to the Nation's veterans. The plan describes VA's capital asset management philosophy and addresses the requirements set forth by the President's federal real property initiative.

VA Negotiates Lower Prices for Medical Supplies and Pharmaceuticals

As the Nation's largest integrated health care system, VA uses consolidated national contracts to negotiate rock-bottom prices on medical supplies ranging from bandages and pharmaceuticals to the latest in computerized prosthetic legs and iBOT wheelchairs. Veterans enrolled for VA health care are eligible to receive a 30-day supply of pharmaceuticals for a \$7 co-payment. Last year VA provided 176 of the latest computerized C-legs for veterans who suffered above-the-knee amputations. VA purchased the C-legs for the average price of \$36,000 each. The legs, produced by Minneapolis-based Otto Bock Healthcare, can cost up to \$45,000 on the open market. Approximately 3,500 U.S. residents are using C-legs, including 68 soldiers wounded in Afghanistan and Iraq.

Performance Trend and Impact of FY 2005 Result

Performance Trend	FY 2005 Impact																		
<p style="text-align: center;">Key Measure Ratio of Collections to Billings</p>  <table border="1" data-bbox="191 436 1008 808"> <caption>Ratio of Collections to Billings</caption> <thead> <tr> <th>Year/Target</th> <th>Ratio (%)</th> </tr> </thead> <tbody> <tr> <td>2001</td> <td>31%</td> </tr> <tr> <td>2002</td> <td>37%</td> </tr> <tr> <td>2003</td> <td>41%</td> </tr> <tr> <td>2004</td> <td>41%</td> </tr> <tr> <td>2005 Result</td> <td>41%*</td> </tr> <tr> <td>2005 Plan</td> <td>41%</td> </tr> <tr> <td>2006 Plan</td> <td>41%</td> </tr> <tr> <td>Strategic Target</td> <td>41%</td> </tr> </tbody> </table> <p>* Estimated actual. Final data are not yet available.</p>	Year/Target	Ratio (%)	2001	31%	2002	37%	2003	41%	2004	41%	2005 Result	41%*	2005 Plan	41%	2006 Plan	41%	Strategic Target	41%	<p>The 2005 projected result of a 41 percent ratio of collections to billings meets the target. This measure is commonly used in the private sector. VA's results appear comparatively lower than the private sector standard because VA cannot collect from Medicare, but must include 100 percent of charges to assert claims to the resulting Medicare supplemental carriers. By maximizing collections, more budget dollars can be allocated for improving the quality of care of veterans.</p>
Year/Target	Ratio (%)																		
2001	31%																		
2002	37%																		
2003	41%																		
2004	41%																		
2005 Result	41%*																		
2005 Plan	41%																		
2006 Plan	41%																		
Strategic Target	41%																		

Related Information

Major Management Challenges

The following major management challenges have been identified for this strategic objective:

OIG

- Federal Supply Schedule Contracts (see page 208 for more details)
- Contracting for Health Care Services (see page 209 for more details)
- Management of VHA Major Construction Contracts (see page 209 for more details)
- Vocational Rehabilitation and Employment Contracts (see page 210 for more details)
- Contracting and Acquisition Support for Major System Development Initiatives (see page 211 for more details)
- Government Purchase Card Activities (see page 212 for more details)
- Inventory Management (see page 212 for more details)
- Financial Management Control (see page 213 for more details)

- Data Validity (see page 214 for more details)
- Workers' Compensation Program (see page 214 for more details)
- Federal Energy Management Cost (see page 215 for more details)
- Medical Care Collections Fund (see page 216 for more details)

GAO

- VA/DoD Efficiencies (see page 222 for more details)
- Financial Management Weaknesses: Information Systems Security and Financial Management System Integration (see page 224 for more details)
- VA/DoD Information Sharing (see page 226 for more details)
- Federal Real Property: A High-Risk Area (see page 228 for more details)
- Management of Interagency Contracting: A High-Risk Area (see page 230 for more details)

Program Evaluations

No independent program evaluations have been conducted that specifically address this objective.

Program Assessment Rating Tool (PART) Evaluation

In relation to this strategic objective, the Administration conducted a PART evaluation of VA's Medical Care program during 2003, which resulted in a rating of "Adequate." The Administration also conducted a PART evaluation of VA's General Administration program during 2004, which resulted in a rating of "Moderately Effective." Please see Summary Table 3 on page 57 for more information.

New Policies and Procedures

A standardized set of security policies and procedures templates, entitled "Facility Security Plan," were developed to assist facilities in implementing activities mandated for compliance with the HIPAA Security Rule. The policies cover the management, operational, and technical controls established by the National Institute of Standards and Technology for implementing an organizational-wide security framework.

The Office of the General Counsel (OGC) is partnering with VHA to improve the timeliness of medical reviews of medical malpractice tort claims. This should have a positive impact on the ability of OGC to resolve claims at the administrative level with greater accuracy. VA is requesting an increased delegation of settlement authority from the Department of Justice for settlement of tort claims, which will enhance OGC's capability to settle claims administratively.

Until such time as VA obtains legislative relief from the competitive sourcing prohibition of title 38, VA has moved forward employing a management analysis/business process reengineering initiative. The results of this analysis will be integrated into VA's workforce planning process. Pilots have begun with functional management teams studying the food services and laundry functions.

The Medical Materiel Management Work Group helped facilitate the joint purchasing of non-drug medical supplies and equipment. A plan was developed and implemented at the beginning of the year to track and monitor progress. A total of 23 DoD radiology contracts were modified so that VA could add unique VA terms to the contracts. DoD provided VA with copies of the contracts and pricing; by the end of the third quarter, 100 combined non-drug purchases were made totaling \$47 million.

Following the full deployment of VA's Capital Asset Management System (CAMS) and the appointment of VISN Capital Asset Managers, the Office of Asset Enterprise Management provided training sessions covering federal real property policies and VA's capital asset management approach. Hands-on training focused on how to monitor asset performance and how to complete Web-based business case analysis applications (OMB Exhibit 300) in CAMS. The business case analysis applications are used to prioritize VA capital investments in meeting VA's strategic goals.

The Assistant Secretary for Management has delegated enhanced-use leasing authority to the Under Secretary for Health and, in some instances, to the capital asset manager assigned to a specific project. The delegation and training transfers full responsibility for the development, solicitation, and execution of enhanced-use lease transactions. It also streamlines and enhances the efficiency of pending and future enhanced-use lease projects.

VA awarded four indefinite delivery/indefinite quantity contracts to obtain a full range of expert developmental and transaction management support from service-disabled veteran-owned businesses on enhanced-use lease projects. The contract provides a sound and usable approach for effective, market-driven management of VA's capital investments. It standardizes and streamlines the Department's implementation of its enhanced-use lease authority and the CARES process.

Public Law 108-422 established the Capital Asset Fund (CAF) for VA in the Treasury of the United States. The revolving fund law grants the Secretary the authority to transfer, sell, or exchange real property to an appropriate party and deposit the funds into the CAF. Funds may be used for other disposals, minor medical projects with estimated costs of less than \$7 million, or for historically designated projects.

The goal of the CAF is to redirect funds currently spent on underutilized real property and reinvest them in additional health care services for veterans.

Quarterly Monthly Performance Review Reporting

Capital asset performance is now being reported quarterly at the Department's monthly performance review meetings. Reports will focus on Departmental performance in relation to Federal Real Property Council and Department of Energy measures. Performance exceptions will be highlighted for possible best practices or corrective actions.

Other Important Results

The VHA Chief Business Office wrote a white paper describing the benefits of electronic financial transactions for both the health plan and the health care provider communities. The white paper was used in discussions with industry policymakers and VHA business partners. The objective is to promote adoption of electronic financial transactions in the health care community.