

The President's Management Agenda - Summary Table 2

The President's Management Agenda (PMA), which was announced in 2001, is an aggressive strategy for improving the management of the federal government. It focuses on key areas of management weakness across the government. VA is working closely with OMB to address weaknesses identified in each of the areas. OMB issues reports quarterly and uses a "stoplight" scorecard to show progress made by each federal agency. VA is reporting on one additional agency-specific area of focus: improved coordination of VA and DoD programs and systems. The following table summarizes VA's progress and status as of September 30, 2005.

PMA Summary				
VA's Status and Progress on the President's Management Agenda				
As of September 30, 2005				
Initiative	Status	Change from September 2004	Progress	Change from September 2004
Human Capital	Y	↔	G	↔
Competitive Sourcing	R	↔	R	↔
Financial Performance	R	↔	Y	↑
E-Government	R	↓	G	↑
Budget and Performance Integration	R	↓	G	↔
Real Property	Y	(*)	G	(*)
DoD/VA Coordination	Y	↔	Y	↔
R&D Investment Criteria	-- not updated at the time of printing --			
Eliminating Improper Payments	Y	(*)	G	(*)
Faith-Based and Community Initiative	Y	(*)	G	(*)

(*) This PMA initiative did not exist in September 2004.

The summary tables on the following pages recap for each PMA initiative VA's progress during FY 2005 to address issues that OMB identified as needing attention.

PMA Summary

SUMMARY TABLE 2

Open Items at the
Beginning of FY 2005

FY 2005 Actions and Progress

Human Capital

<ul style="list-style-type: none"> • Comprehensive human capital plan - Analyze and use results of plan 	<ul style="list-style-type: none"> • VA completed a departmental human capital plan. • An outline was developed for a national VA plan during first quarter of FY 2005.
<ul style="list-style-type: none"> • Organizational structures - Optimize structure and put a process in place to address future challenges 	<ul style="list-style-type: none"> • VA's organizational structure has been optimized by delayering and redeploying services and personnel to meet the future challenges of our business needs (CARES initiative).
<ul style="list-style-type: none"> • Succession strategies - Continuously update talent pool 	<ul style="list-style-type: none"> • Thirty-two employees were selected for the 2004 SES Candidate Development program. This included 15 females and 17 males. • <i>Fulfilling the Commitment – Coming Home to Work</i> is a VA initiative to help reduce the high rate of unemployment among recently separated servicemembers, particularly those injured and medically discharged after returning from Iraq and Afghanistan. To date, 26 servicemembers attached to the Walter Reed Army Medical Center have received valuable work experience through the program with 15 being hired by VA.
<ul style="list-style-type: none"> • Performance appraisal plans link, differentiate, and provide consequences - Establish linkage for 60 percent+ of agency 	<ul style="list-style-type: none"> • VA's negotiations with AFGE and NAGE on a five-tiered performance appraisal system were successfully concluded. The agreement with AFGE is subject to ratification by locals throughout VA. • Pending ratification of the agreement, VA will begin implementation of the five-tiered system. • The successful conclusion of the negotiations would increase the maximum percentage of the workforce covered by the five-tiered system from approximately 50 percent to the 60 percent needed to reach "green" status. • VA obtained provisional certification for the 2005 SES Performance Management System. • VA has adopted the High Performance Development Model in assessing performance of its SESers. This includes eight core competencies and links to performance.
<ul style="list-style-type: none"> • Under-representation - Establish a process to sustain diversity 	<ul style="list-style-type: none"> • The National Veterans Employment program Web site is almost completed. The Web site name, address, and domain are established.
<ul style="list-style-type: none"> • Skill gaps - Achieve significant reduction in mission critical gaps 	<ul style="list-style-type: none"> • A certification program for HR professionals is in the planning stages. The program is intended to teach basic job skills; a second level certification for mid-level employees is designed to prepare them to move into supervisory and management positions. • PL 108-170 added 22 additional occupations to hybrid status affecting approximately 18,000 employees. Hybrid status provides VA with more flexibility in terms of recruitment and salary for certain "hard-to-fill" positions. VA is the first Department to successfully collaborate with union representatives to begin hybrid implementation during the first quarter of FY 2006.

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Open Items at the
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FY 2005 Actions and Progress

Human Capital, continued

<ul style="list-style-type: none"> • Hiring timelines - Demonstrate significant progress and improvement 	<ul style="list-style-type: none"> • VA developed a 45-Day Hiring Model and conducted a pilot for collecting data in the second quarter of FY 2005. • A Hiring Makeover project was conducted in VA Central Office with OPM; recommendations were implemented. • A total of four reviews (three on-site and one telephonic) were conducted at field facilities to determine best practices and opportunities to improve HR efficiency and effectiveness.
<ul style="list-style-type: none"> • Accountability system - Use system to make decisions 	<ul style="list-style-type: none"> • The Office of Human Resources Management (HRM) submitted the first annual HR Accountability Report to the Secretary on operational status of HRM programs so that the impact of findings can be taken into account in formulating management decisions. It is in the final review process awaiting the Secretary's signature.

Competitive Sourcing

<ul style="list-style-type: none"> • Secure an approved competition plan • Begin standard competitions • Begin standard and streamlined competitions • Streamlined competitions completed in 90 days or less • Announced standard & streamlined competitions cancelled 	<ul style="list-style-type: none"> • Most VA competitive sourcing was halted because section 8110 of title 38 U.S.C. prohibits VA from conducting cost comparisons on VHA positions unless Congress provides specific funding. • VA is supporting Administration goals by improving the efficiency and effectiveness of operations, and by seeking legislative relief by recommending deletion of the prohibition language and sending letters to key members of Congress.
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Competitive Sourcing, continued

Other VA-specific activities
being undertaken to support
this PMA

- The title 38 prohibition targets cost comparisons but does not preclude the development of Most Efficient Organizations or High Performing Organizations. As part of normal business operations and applying sound business principles, VA assesses demand for benefits and services to ensure it has the ability to meet these needs. This market-based analysis often results in VA contracting with the private sector for medical care/other services in specific geographic areas when it provides better value to VA.
- If legally authorized, VA will study selected commercial activities on a national and local basis using our three-tiered streamlined market-based analysis approach. VA intends to study about 16 ancillary service functions involving some 35,000 employees over 6 years.
 - Annual salaries for these employees total over \$1 billion, and cumulative savings are currently estimated at over \$860 million over 6 years. This focus on ancillary functions will allow VA to meet the intent of the PMA and produce long-term cost savings.
- VA launched a Management Analysis/Business Process Reengineering initiative and will integrate the results into its workforce planning process. Functional management teams will begin pilot studies of the food service and laundry functions.

Financial Performance

• Clean audit opinion	• VA received an unqualified opinion on its FY 2005 Consolidated Financial Statements from the auditors, continuing the success first achieved in 1999.
• Meets reporting deadlines	• VA continues to meet required annual and quarterly reporting deadlines.
• FFMIA Compliance -VA continues to be noncompliant with FFMIA due to Federal financial management systems requirements as described for the auditor-reported internal control/material weaknesses.	<ul style="list-style-type: none"> • VA has an FFMIA remediation plan and a detailed material weakness corrective action plan in place; progress is reviewed monthly. • FFMIA compliance focuses on two audit-related material weaknesses. (See next page for material auditor-reported internal control weaknesses regarding actions and progress.) The weaknesses include: <ul style="list-style-type: none"> ➢ Information Technology Security Controls ➢ Lack of an Integrated Financial Management System (LIFMS)
• No chronic or significant Anti-Deficiency Act Violations	• VA has no chronic or significant Anti-Deficiency Act violations.

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Open Items at the
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FY 2005 Actions and Progress

Financial Performance, continued

<ul style="list-style-type: none"> • Material auditor-reported internal control weaknesses - VA has two repeat internal control weaknesses 	<ul style="list-style-type: none"> • VA continues to make progress on its two repeat internal control weaknesses – IT Security Controls and LIFMS. • IT Security Controls <ul style="list-style-type: none"> ➤ Actions for HIPAA compliance, certification and accreditation of major VA systems, and enterprise infrastructure have been completed. ➤ Actions to correct security-related vulnerabilities in VA's payroll system have been substantially completed, with the final corrective action scheduled for implementation in December 2005; closure expected in FY 2006. ➤ Actions to correct security-related vulnerabilities in VA's Financial Management System were completed and are pending OIG review; closure expected in early FY 2006. • LIFMS <ul style="list-style-type: none"> ➤ Although not intended to fully resolve the LIFMS weakness, VA is pursuing implementation of a financial reporting tool that will substantially improve preparation, processing, and analysis of financial information and final preparation of VA's Consolidated Financial Statements.
<ul style="list-style-type: none"> • Material non-compliance with laws or regulations VA is not substantially compliant with FFMIA 	<ul style="list-style-type: none"> • VA is not in substantial compliance with FFMIA due to material weaknesses in IT Security Controls and LIFMS. Progress is being made, but due to the nature of the FFMIA weaknesses, corrective action over several years is required.
<ul style="list-style-type: none"> • Material weaknesses in FMFIA - one for Section 2 - one for Section 4 	<ul style="list-style-type: none"> • VA completed all actions regarding its one Section 4 FMFIA material weakness – PAID System Mission Performance; the OIG approved closure. • Progress was made on the one remaining weakness (Section 2), Internal Controls in the C&P Payment Process; closure expected in FY 2006.

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Open Items at the
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FY 2005 Actions and Progress

E-Gov

<ul style="list-style-type: none"> • Cost/Schedule/Performance adherence for major IT - Installation of an Earned Value Management System (EVMS) to report Earned Value on major IT projects - EVMS shows overruns/shortfalls <10 percent 	<p>VA completed the following actions:</p> <ul style="list-style-type: none"> • Published EVMS standard operating procedures; VA's Chief Information Officer directed all Project Managers to use EVMS. • Implemented Primavera's Project Management (Team Play) tool plan and managed development activities for major IT investments. • Submitted agency migration and system alignment plans.
<ul style="list-style-type: none"> • Security of operational IT systems - 90 percent secured and IG verifies and quarterly reports verify 	<ul style="list-style-type: none"> • Completed FY 2004 fourth quarterly FISMA status report to OMB, first quarter of 2005. • Completed the Certification and Accreditation process for all VA IT systems.
<ul style="list-style-type: none"> • E-Gov participation and contributions 	<ul style="list-style-type: none"> • Signed all required memoranda of understanding and transferred requested funding. • Reviewed all budget requests to identify and affirm that no IT acquisitions duplicate E-Gov initiatives.

Budget and Performance Integration

<ul style="list-style-type: none"> • Performance appraisal plans link - ≥ 60 percent of agency 	<ul style="list-style-type: none"> • All 58,000 VA non-bargaining unit employees are covered under VA's five-tier performance management system. Coverage of bargaining unit employees under this system is contingent upon successful completion of negotiations with the American Federation of Government Employees.
<ul style="list-style-type: none"> • Cost of achieving performance goals - Marginal cost not yet reported 	<ul style="list-style-type: none"> • During 2005 initial work was begun to prepare for 2006 implementation wherein VA will estimate the marginal cost of changing performance targets or outcomes. We will apply the methodology to a subset of programs during the formulation of the FY 2008 budget.
<ul style="list-style-type: none"> • At least one efficiency measure per program 	<ul style="list-style-type: none"> • Each of VA's ten programs and major operating units within the programs has efficiency measures. In 2005 efficiency measures were created and/or implemented for the following programs: Compensation, Burial, Education, Pension, Insurance, and Medical Research & Development (R&D). • VA submitted its Efficiency Measure Report to OMB in July. The report documents efficiency gains realized during 2004 by program and by performance measure. In many instances, efficiency gains were expressed in quantifiable, dollar value terms.
<ul style="list-style-type: none"> • Use of PART ratings - Justify requests, direct improvements, <10 percent Results Not Demonstrated for more than 2 years in a row 	<ul style="list-style-type: none"> • All Department programs except one (Vocational Rehabilitation and Employment) have completed PART reviews. • In 2005, three programs were reviewed (Insurance, Pension, and Medical R&D); the ratings have not yet been issued.

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Open Items at the
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FY 2005 Actions and Progress

Real Property

<ul style="list-style-type: none"> • Asset Management Plan <ul style="list-style-type: none"> - Evidence that the plan is being implemented to achieve improved real property management by 1st quarter 2006 - Evidence that plan is consistent with Federal Real Property Council (FRPC) standards or expected equivalent 	<ul style="list-style-type: none"> • VA submitted an Asset Management Plan (AMP) to OMB consistent with FRPC guidelines. The plan has been implemented. • The AMP contained an approved “building block” discussion.
<ul style="list-style-type: none"> • Real property performance measures <ul style="list-style-type: none"> - Measures used in daily management decision making - Real property management is consistent with agency strategic plan, AMP, and performance measures 	<ul style="list-style-type: none"> • A performance review was initiated with a presentation at the Deputy Secretary’s Monthly Performance Review in August 2005. The next review will be in December 2005. The presentation will include highlights of excellent performance for possible best practice lessons and performance shortfalls for possible corrective actions and lessons learned. • VA’s capital portfolio goals are directly linked to the Department’s strategic plan as described in the AMP.

VA/DoD Coordination

<ul style="list-style-type: none"> • Interoperable Electronic Health Record <ul style="list-style-type: none"> - Certify Data Repository - Fully operational October 2005 	<ul style="list-style-type: none"> • Technical complexities of integrating the Clinical Health Data Repository into HealtheVet Vista have delayed the scheduled completion date. • Patient demographics, outpatient pharmacy, and allergy information are scheduled to be integrated in February 2006. • Patient laboratory (Chemistry and Hematology) data are scheduled to be integrated in the third quarter of FY 2006. • All elements will be operational by October 2006.
<ul style="list-style-type: none"> • Consolidated Health Informatics <ul style="list-style-type: none"> - Identify recommendations for standards in all 24 domains 	<p>Together with DoD, VA completed the following actions:</p> <ul style="list-style-type: none"> • Developed a joint profile on 20 domains. Domains are specific areas that define major health care fields. • Developed a plan to address additional joint IT standards (i.e., common data and communications standards) to improve the electronic interface between DoD and VA health information systems and facilitate the electronic transfer of medical records to VA when servicemembers leave active duty.
<ul style="list-style-type: none"> • VA Use of DoD Defense Enrollment/Eligibility Reporting System (DEERS) Data <ul style="list-style-type: none"> - Established outcomes set for December 2005 and 4th quarter 2006 	<ul style="list-style-type: none"> • DEERS data were made available to VA regional offices and medical facilities for early identification of recently discharged DoD servicemembers. This previously took 90 days; now data are available within 3 days. • VA refined the data extract procedure from DEERS, which resulted in an additional 69,000 veterans records being identified as part of the database. • The scope of data VA receives on Operation Iraqi Freedom and Operation Enduring Freedom service veterans has been expanded.

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Open Items at the
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FY 2005 Actions and Progress

VA/DoD Coordination, continued

<ul style="list-style-type: none"> • Establish pilot sharing sites (Natl. Defense Authorization Act) 	<ul style="list-style-type: none"> • At the Chicago VA Medical Center and the Great Lakes Naval Medical Center, DoD and VA are collaborating in a unique initiative to share services, personnel, and physical plants at the two facilities. • A central governing body manages and oversees opportunities for shared medical services between the two facilities. They are sharing mammography services and have established a joint Women's Health Center for returning female veterans and new Navy recruits. • VA and DoD are developing a joint contract solicitation for the provision of diagnostic imaging services. • Future efforts will focus on identifying commonly used manufacturers, service providers, and vendors for joint contracts and new opportunities as current VA and DoD contracts expire.
<ul style="list-style-type: none"> • Develop Graduate Medical Education (GME) Pilot Program 9/30/04 - Develop "time-line" for implementation, 2nd quarter 2005 	<ul style="list-style-type: none"> • VA and DoD approved GME Work Group charter. • We are jointly developing an interim evaluation of outcomes, benefits, and lessons learned from the GME pilot for adjusted completion date of October 2005. • DoD residents entered VA programs including Neurosurgery, Urology, Radiology and Anesthesiology.
<ul style="list-style-type: none"> • Single DoD Discharge and VA Compensation Physical Exam 9/30/04 - Develop implementation plan, 1st quarter 2005 - Begin implementation, 1st quarter 2005 	<ul style="list-style-type: none"> • The VA/DoD Benefits Executive Council (BEC) examined ways to expand/improve information sharing, refine records retrieval, improve the benefits claims process, and educate servicemembers about the availability of VA benefits. • The BEC advised the Joint Executive Council on issues related to seamless transition from active duty to veteran status through a streamlined benefits delivery process, including developing cooperative physical examinations and pursuit of interoperability and data sharing. • VA currently operates 140 Benefits Delivery at Discharge sites on military installations. The number of signed VA/DoD Memoranda of Understanding rose to 85 from 35 during the past year.
<ul style="list-style-type: none"> • Joint Use of VA Consolidated Mail Order Pharmacy (CMOP) Pilot - Get Continuation Decision, 1st quarter 2005 	<ul style="list-style-type: none"> • VA and DoD are working with industry to develop standards for uniform nomenclature and identification of medical and surgical products to secure a consensus on standard formatting for names and labeling.
<ul style="list-style-type: none"> • Joint Purchasing of non-drug medical supplies and equipment 	<ul style="list-style-type: none"> • The Medical Materiel Management Work Group facilitated the joint purchasing of non-drug medical supplies and equipment. A total of 23 DoD radiology contracts were modified so that VA could add unique VA terms to the contracts. As of June 2005, 100 combined non-drug purchases were made totaling \$47 million.

PMA Summary

SUMMARY TABLE 2

Open Items at the Beginning of FY 2005	FY 2005 Actions and Progress
R&D Investment Criteria	
<ul style="list-style-type: none"> • R&D programs assessed by PART - 100 percent are found to be at least "Moderately Effective" 	<ul style="list-style-type: none"> • The Administration conducted a PART re-assessment in 2005. The rating has not yet been issued. • As part of this effort, VA completed the following: <ul style="list-style-type: none"> ➤ Revised the R&D strategic plan. ➤ Developed new outcome measures.
<ul style="list-style-type: none"> • Agency budget proposals - Use R&D criteria to influence budget decisions and management changes 	<ul style="list-style-type: none"> • VA developed the Field Research Advisory Committee to provide first-line input into Research management decisions.
Eliminating Improper Payments	
<ul style="list-style-type: none"> • Risk Assessment • Measurement plan for risk susceptible programs in place and OMB-approved • Meets reporting requirements 	<ul style="list-style-type: none"> • An OMB-approved plan is in place for measuring improper payments on an annual basis; VA has also met milestones established in the plan. • In addition, VA completed the following: <ul style="list-style-type: none"> ➤ A risk assessment for Vocational Rehabilitation and other programs. ➤ A statistical sampling of the six programs identified by the risk assessments and implementation of a data tracking tool for property management activities. ➤ Improper payment data and recovery audit data are reported as required in the PAR.
<ul style="list-style-type: none"> • Reduction Targets - OMB Approved - Evidence that targets are being met 	<ul style="list-style-type: none"> • A corrective action plan with OMB-approved reduction targets is in place, and targets are being met. • VA has established reduction targets for newly established risk-susceptible programs.
<ul style="list-style-type: none"> • Recovery Targets - OMB Approved - Evidence that targets are being met 	<ul style="list-style-type: none"> • A corrective action plan with OMB-approved recovery targets is in place. • VA established recovery targets for all risk-susceptible programs. • Recovery targets were met for this reporting period. • VA plans to continue implementing the simplification of agency regulations for determining and sustaining disability ratings; this will improve the accuracy of benefit payment amounts and decrease improper payments.

PMA Summary

SUMMARY TABLE 2

Open Items at the Beginning of FY 2005

FY 2005 Actions and Progress

Faith-Based and Community Initiatives

<ul style="list-style-type: none"> • First PMA Scorecard evaluation will be on September 30, 2005. • On June 30, 2005, there was an initial “no color” evaluation; therefore none of the standards have been evaluated as either outstanding or unmet. 	<ul style="list-style-type: none"> • VA has developed a Proud to Be management plan. • We have completed all third quarter FY 2005 progress planned actions.
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