Uploaded to the VFC Website
▶▶ ▶▶ August 2013 ◀◀ ◀◀

This Document has been provided to you courtesy of Veterans-For-Change!

Feel free to pass to any veteran who might be able to use this information!

For thousands more files like this and hundreds of links to useful information, and hundreds of "Frequently Asked Questions, please go to:

Veterans-For-Change

If Veterans don't help Veterans, who will?

We appreciate all donations to continue to provide information and services to Veterans and their families.

https://www.paypal.com/cgi-bin/webscr?cmd=_s-xclick&hosted_button_id=WGT2M5UTB9A78

Note: VFC is not liable for source information in this document, it is merely provided as a courtesy to our members & subscribers.

11901 Samuel, Garden Grove, CA 92840-2546

Performance Summaries by Program

Significant Trends, Impacts, Use, and Verification of 2012 Results

Key Measure
PREVENTION INDEX V

Performance Trends	Impact on Veterans

Performance Trends

	2008	2009	2010	2011	2012	ST
Results	88%	89%	91%	92%	94%	
Targets	88%	88%	89%	89%	93%	95%

1) Actual data are final
(2) The 2008 results is PI III. The 2009 and 2011 results are are PI IV.
(3) ST = Strategic Target

Impact on Veterans

Desired Direction

This measure is an indicator of how well VA promotes healthy lifestyle changes such as immunizations, hyperlipidemia, smoking cessation, and early screening for cancer.

Status

G

A higher score means that VA-treated Veterans are receiving preventative care and are taking the necessary steps to develop or maintain healthy lifestyles.

How VA Leadership Uses Results Data

Monitoring and tracking PI results helps VA medical staff with early identification of disease risk and intervention for risky behaviors. VA medical staff also do the following:

- Target education, immunization programs, and clinic access to prevent or limit potential disabilities resulting from these activities and/or diseases.
- Identify patients in need of prevention screening for cancer.
- Help identify cancers before the Veteran develops symptoms, and provide the opportunity for earlier intervention.
- In addition, as a matter of policy and practice, VA targets all outpatients for its prevention measures with the goal of promoting and maintaining a healthy population.

How VA Verifies Results Data for Accuracy

VA is committed to data accuracy for reporting on the clinical quality of care. Sampling of the patient population for evaluation of the quality of care indicators for the Clinical Practice Guidelines Index (CPGI) and the Prevention Index (PI) are done through a standardized sampling framework by a statistician. Data are then abstracted through trained, third party, contracted staff members (External Peer Review Program) who review the medical record for the quality metrics VA tracks.

Key Measure

CLINICAL PRACTICE GUIDELINES INDEX IV

Performance Trends

	2008	2009	2010	2011	2012	ST
Results	84%	91%	92%	91%	94%	
Targets	85%	86%	86%	92%	92%	94%

1) Actual data are final
(2) The 2008 numbers are Clinical Practice Guidelines Index (CPGI) II. The 2009, 2010, and 2011 numbers are CPGI III.
(3) ST = Strategic Target

How VA Verifies Results Data for Accuracy

VA is committed to data accuracy for reporting on the clinical quality of care. Sampling of the patient population for evaluation of the quality of care indicators for the Clinical Practice Guidelines Index (CPGI) and the Prevention Index (PI) are done through a standardized sampling framework by a statistician. Data are then abstracted through trained, third party, contracted staff members (External Peer Review Program) who review the medical record for the quality metrics VA tracks.

Impact on Veterans

Desired Direction

Status

G

This measure is an indicator of how well VA performs regarding early identification and treatment of potentially disabling or deadly diseases such as acute myocardial infarction, inpatient congestive heart failure, hypertension, diabetes, and pneumonia.

The index focuses primarily on the care provided to inpatients and is used to assess the quality of health care being delivered to its patients in accordance with industry standards.

How VA Leadership Uses Results Data

Data are used by leadership to do the following:

- Identify and assess opportunities for early identification of acute and potentially disabling chronic diseases.
- Identify opportunities for managing entire chronic disease populations.
- Provide interventions based on clinical practice guidelines.

Overall, CPGI data enable VA to target patient and employee education, focus on disease management, and provide access to care to prevent or limit the effects of potentially disabling diseases. The goal of disease management is to improve the quality of life for Veterans.

Key Measure

NON-INSTITUTIONAL, LONG-TERM CARE AVERAGE DAILY CENSUS (ADC)

Performance Trends

	2008	2009	2010	2011	2012	ST
Results	54,053	72,315	85,940	95,092	104,445	
Targets		72,352	93,935	109,256	113,254	154,152
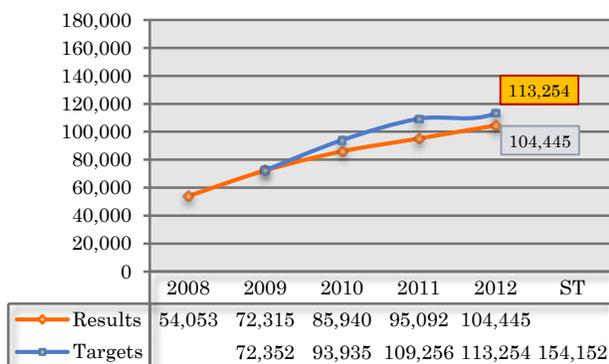
(1) Actual data through 08/2012. Final data are expected in 12/2012.
(2) No targets were developed for 2008 because measure, as shown, was not included in the 2008 performance plans.
(3) ST = Strategic Target

How VA Verifies Results Data for Accuracy

The data used for this report are extracted from established financial and workload databases that are routinely validated at the source of input using national criteria consistent with private sector auditing principles. The databases are used for budgeting, third party payment, and other day-to-day business practices all of which validate findings and contribute to the reliability of the data contained in the databases. The data in this metric reporting are not a sample but a 100 percent accounting of census in the metric programs.

Impact on Veterans

Desired Direction

Status

G

Increasing the number of Veterans receiving Home and Community-Based Care (HCBC) services provides Veterans with an opportunity to improve the quality of their lives. HCBC promotes independent physical, mental, and social functioning of Veterans in the least restrictive settings and enables Veterans to remain in their own homes and communities for as long as possible.

How VA Leadership Uses Results Data

VA uses the data to project the need for services, evaluate existing services, identify specific services* that may need to be added or expanded to meet identified needs, and promote access to required services. In addition, the data are used to establish Veterans Integrated Service Network (VISN) targets and evaluate VISN performance in meeting their respective ADC targets. ADC targets were added as a mandatory measure in the Network Directors Performance Plan in 2012.

_____

*Services currently available include the following: Home Based Primary Care, Purchased Skilled Home Care, Homemaker/Home Health Aide, Community Adult Day Health care, VA Adult Day Health care, Home Respite, Home Hospice, Care Coordination/Home Telehealth, and, where present, Spinal Cord Home Health care and Medical Foster Home Care.

Key Measure

PERCENT OF NEW PRIMARY CARE APPOINTMENTS COMPLETED WITHIN 14 DAYS OF THE DESIRED DATE

Performance Trends				Impact on Veterans

Performance Trends

	2011	2012	Strategic Target
Results	N/A	90%	
Targets	N/A	83%	90%

Actual data is an estimate. Final data are expected in 11/2012.
ST = Strategic Target

Impact on Veterans

Desired Direction ⬆

Delivery of primary care is critical to preventative health care and timely disease identification and management.

Status

G

A visit to a primary health care provider is also a patient's point of entry for specialty care. As such, timely access to primary health care services is critical to providing high-quality care to Veterans.

How VA Verifies Results Data for Accuracy

VA's Veterans Information System and Technology Architecture (VistA) scheduling software captures data and requires minimal interpretation to ensure accuracy. VA data are published on the VHA Support Service Center (VSSC) Web site. Wait time data are published to the VSSC Web site on the 5th and 20th of each month.

VSSC uses several mechanisms to audit and verify the accuracy of data. For example, data are tested with user groups in the field and reconciled with the data source and other products and reports internal and external to VSSC.

How VA Leadership Uses Results Data

VA uses the results of this measure to inform and drive process improvement activities that improve efficiencies. Leadership also uses this information to make resource decisions.

The results are compared across medical centers and clinics. If a facility is performing poorly, VA takes action to improve performance. One of the ways VA drives improvements is by identifying high performers and sharing their best practices with other facilities.

VA also uses the results to examine variability among medical centers and clinics. If a facility is performing poorly, VA takes action to improve performance.

VHA has continued to search for the best measures of access. While this measure is accurate, during 2012, VHA finished a study to examine alternative methods of measurement. Results of that study will inform changes next year.

Key Measure

PERCENT OF ESTABLISHED PRIMARY CARE APPOINTMENTS COMPLETED WITHIN 14 DAYS OF THE DESIRED DATE

Performance Trends

	2011	2012	Strategic Target
Results	N/A	95%	
Targets	N/A	94%	98%

Actual data is an estimate. Final data are expected in 11/2012
ST = Strategic Target

Impact on Veterans

Desired Direction

VA tracks wait times for Veterans being seen in its 50 highest volume clinics with the goal of enhancing quality of care by ensuring service is delivered when the Veteran wants and needs to be seen.

Status

G

How VA Verifies Results Data for Accuracy

VA's VistA scheduling software captures data and requires minimal interpretation to ensure accuracy. VA's data are published on the VSSC Web site. Wait time data are published to the VSSC Web site the 5th and 20th of each month.

VSSC utilizes several mechanisms to audit and verify the accuracy of data. For example, data are tested with user groups in the field and reconciled with the data source and other products and reports internal and external to VSSC.

How VA Leadership Uses Results Data

VA uses the results of this measure to inform and drive process improvement activities that improve efficiencies. Leadership also uses this information to make resource decisions.

The results are compared across medical centers and clinics. If a facility is performing poorly, VA takes action to improve performance. One of the ways VA drives improvements is by identifying high performers and sharing their best practices with other facilities.

VA also uses the results to examine variability among medical centers and clinics. If a facility is performing poorly, VA takes action to improve performance.

VHA has continued to search for the best measures of access. While this measure is accurate, during 2012, VHA finished a study to examine alternative methods of measurement. Results of that study will inform changes next year.

Key Measure

PERCENT OF NEW SPECIALTY CARE APPOINTMENTS COMPLETED WITHIN 14 DAYS OF THE DESIRED DATE

Performance Trends

	2011	2012	Strategic Target
Results	N/A	90%	
Targets	N/A	84%	90%

Actual data is an estimate. Final data are expected in 11/2012.
ST = Strategic Target

Impact on Veterans

Desired Direction

Status

G

Specialty care appointments are the vehicle by which VA treats Veterans with diseases and disabilities requiring specialized medical, rehabilitation, surgical, or other unique resources.

Timely access to VA medical staff and facilities is therefore critical to those Veterans in need of specialty care.

How VA Verifies Results Data for Accuracy

VA's VistA scheduling software captures data and requires minimal interpretation to ensure accuracy. VA's data are published on the VSSC Web site. Wait time data are published to the VSSC Web site the 5th and 20th of each month.

VSSC utilizes several mechanisms to audit and verify the accuracy of data. For example, data are tested with user groups in the field and reconciled with the data source and other products and reports internal and external to VSSC.

How VA Leadership Uses Results Data

VA uses the results of this measure to inform and drive process improvement activities that improve efficiencies. Leadership also uses this information to make resource decisions.

The results are compared across medical centers and clinics. If a facility is performing poorly, VA takes action to improve performance. One of the ways VA drives improvements is by identifying high performers and sharing their best practices with other facilities.

VA also uses the results to examine variability among medical centers and clinics. If a facility is performing poorly, VA takes action to improve performance.

VHA has continued to search for the best measures of access. While this measure is accurate, during 2012, VHA finished a study to examine alternative methods of measurement. Results of that study will inform changes next year.

Key Measure

PERCENT OF ESTABLISHED SPECIALTY CARE APPOINTMENTS COMPLETED WITHIN 14 DAYS OF THE DESIRED DATE

Performance Trends

	2011	2012	Strategic Target
Results	N/A	96%	
Targets	N/A	95%	98%

Actual data is an estimate. Final data are expected in 11/2012
ST = Strategic Target

How VA Verifies Results Data for Accuracy

VA's VistA scheduling software captures data and requires minimal interpretation to ensure accuracy. VA's data are published on the VSSC Web site. Wait time data are published to the VSSC Web site on the 5th and 20th of each month.

VSSC utilizes several mechanisms to audit and verify the accuracy of data. For example, data are tested with user groups in the field and reconciled with the data source and other products and reports internal and external to VSSC.

Impact on Veterans

Desired Direction

VA tracks wait times for Veterans being seen in its 50 highest volume clinics with the goal of enhancing quality of care by ensuring service is delivered when the Veteran wants and needs to be seen.

Status

G

How VA Leadership Uses Results Data

VA uses the results of this measure to inform and drive process improvement activities that improve efficiencies. Leadership also uses this information to make resource decisions.

The results are compared across medical centers and clinics. If a facility is performing poorly, VA takes action to improve performance. One of the ways VA drives improvements is by identifying high performers and sharing their best practices with other facilities.

VA also uses the results to examine variability among medical centers and clinics. If a facility is performing poorly, VA takes action to improve performance.

VHA has continued to search for the best measures of access. While this measure is accurate, during 2012, VHA finished a study to examine alternative methods of measurement. Results of that study will inform changes next year.
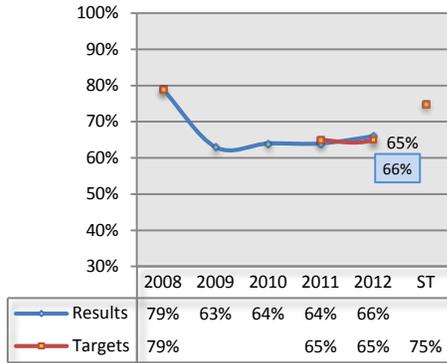
Key Measure
PERCENT OF PATIENTS RATING VA HEALTH CARE AS 9 OR 10 ON A SCALE FROM 0 TO 10 (INPATIENT)

Performance Trends	Impact on Veterans

Desired Direction

Veterans who receive VA care are entitled to health care that includes emotional support, education, shared decision-making, safe environments, family involvement, respect, and management of pain and discomfort.

	2008	2009	2010	2011	2012	ST
Results	79%	63%	64%	64%	66%	
Targets	79%			65%	65%	75%

Chart values shown: 65%, 66%

Status

G

The Veteran's level of overall satisfaction is impacted by the extent to which his or her needs are met. Satisfaction is therefore a key indicator of how well VA meets these expectations. This measure addresses how well these expectations are met in the *inpatient* setting.

(1) Actual data through 06/2012. Final data are expected in 01/2013.
(2) VHA transitioned to a new questionnaire in 2009, and to a new survey sample in 2010. The questionnaire and methodology have remained consistent since 2010, thus allowing for trendable results. Trending with prior years is not valid. On the 0 to 10 scale, 0 represents the worst hospital and 10 represents the best hospital.
(3) ST = Strategic Target

How VA Leadership Uses Results Data

VA leadership uses results from this measure to focus on areas and/or facilities where scores do not meet or exceed performance targets.

Reports identify satisfaction scores for high- and low-performing facilities. During national conference calls, facilities that do not achieve high scores are encouraged to contact facilities that do achieve high scores.

How VA Verifies Results Data for Accuracy

Data are collected through the VA-issued Consumer Assessment of Healthcare Plans and Systems (CAHPS). Information gathered measures Veterans' perceptions of VA health care.

The CAHPS survey is administered using a standardized, documented, consistent methodology. Patients are randomly selected for inclusion in the CAHPS sample from the population of eligible patients each month. Results are weighted to accurately account for population size differences across the system and varying rates of non-response to the survey.

Key Measure
PERCENT OF PATIENTS RATING VA HEALTH CARE AS 9 OR 10 ON A SCALE FROM 0 TO 10 (OUTPATIENT)

Performance Trends	Impact on Veterans

Performance Trends

	2008	2009	2010	2011	2012	ST
Results	78%	57%	55%	55%	55%	
Targets	79%			57%	58%	70%

(Chart shows Results line dropping from 78% in 2008 to around 55%, with 2012 labeled 55% and target 58%, ST at 70%)

(1) Actual data through 06/2012. Final data are expected in 01/2013.
(2) VHA transitioned to a new questionnaire in 2009, and to a new survey sample in 2010. The questionnaire and methodology have remained consistent since 2010, thus allowing for trendable results. Trending with prior years is not valid. On the 0 to 10 scale, 0 represents the worst hospital and 10 represents the best hospital
(3) ST = Strategic Target

How VA Verifies Results Data for Accuracy

Data are collected through the VA-issued CAHPS. Information gathered measures Veterans' perceptions of VA health care.

The CAHPS survey is administered using a standardized, documented, consistent methodology. Patients are randomly selected for inclusion in the CAHPS sample from the population of eligible patients each month. Results are weighted to accurately account for population size differences across the system and varying rates of non-response to the survey.

Impact on Veterans

Desired Direction

⬆

Veterans who receive VA care are entitled to health care that includes emotional support, education, shared decision making, safe environments, family involvement, respect, and management of pain and discomfort.

Status

Ⓨ

The Veteran's level of overall satisfaction is impacted by the extent to which his or her needs are met. Satisfaction is therefore a key indicator of how well VA rises to these expectations. This measure addresses how well these expectations are met in the *outpatient* setting.

How VA Leadership Uses Results Data

VA leadership uses results from this measure to focus on areas and/or facilities where scores do not meet or exceed performance targets.
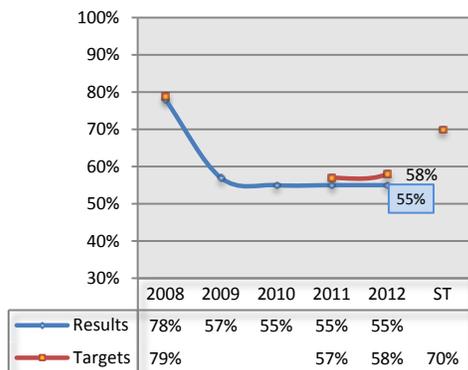
Reports identify satisfaction scores for high- and low-performing facilities. During national conference calls, facilities that do not achieve high scores are encouraged to contact facilities that do achieve high scores.

Key Measure
Percent of Milestones Completed Leading to the Use of Genomic Testing to Inform the Course of Care (Prevention, Diagnosis, or Treatment) of Patients with Mental Illness (Including PTSD, Schizophrenia, and Mood Disorders)

| Performance Trends | | Impact on Veterans | |

Performance Trends

	2011	2012	Strategic Target
Results	35%	43%	
Targets	35%	45%	100%

Actual data are final
ST = Strategic Target

Impact on Veterans

Desired Direction

⬆

Status

Ⓨ

As of 2012, more than 30 percent of the Veterans needed for the study have been enrolled. Blood sample analysis is scheduled to begin at the end of 2012. Additionally, data analyses are completed. The plan will be to characterize functional impairments related to the blood-based genetic analyses, and determine clinical implications as a result. This type of new information will provide important details to better understand both disorders.

How VA Verifies Results Data for Accuracy

This performance measure involves enrollment of Veterans in a clinical study; therefore, human subject research protection procedures must be followed. This requires that all procedures, including data entry, are documented and followed.

How VA Leadership Uses Results Data

Once the study is completed, genetic variants that contribute to functional disability associated with bipolar illness and schizophrenia can be identified. In addition, the study will assess the relationship between the characteristics of functional disability and the genetics that influence the likelihood of succumbing to mental illness. The impact of the information to be generated in this study may provide details that could identify new treatments. For example, if a particular impairment were related to a genetic difference, then a specific drug might be found to be helpful for that impairment. Alternatively, the functional impairment might be used to assess progress towards recovery via different treatment methods.

Additional Performance Information

Program Evaluations

- The National Research Advisory Council is an advisory committee of non-VA clinicians and scientists who assess the Research and Development Program. The Council evaluates the research program annually based on (1) balance of research to reflect the burden of disease treated by the VA health care system and the special responsibilities of VA in the areas of mental health, central nervous system injury, and deployment health; (2) processes/procedures in place to assure scientific quality and program balance on ongoing basis; (3) the quality and quantity of research conducted. This measure is important because it is an independent assessment of the research program. A balanced research program will lead to advances in healthcare in many areas. In June 2012, the Council gave the Research and Development a grade of "A" (on a scale of A to F, where A is the best and F is the worst) for 2011.

New Policies, Procedures, or Process Improvements and Other Important Results

- As of August 15, 2012, a total of 152,339 Veterans have been recruited (completed the baseline survey) into the Million Veteran Program (MVP) and 82,155 have been enrolled (signed consent form and donated blood sample). MVP is a groundbreaking genomic medicine program that aims to enroll 1 million Veterans within the next 5 to 7 years. This program invites users of the VA healthcare system to nationwide to participate in a longitudinal study with the goal of better understanding the interrelation of genetic characteristics, behaviors and environmental factors, and Veterans' health. The long term goal is to use the information on an individual's genetic make-up to tailor prevention and treatment to that person (personalized medicine).

- VINCI (VA Informatics and Computing Infrastructure) and CHIR (Consortium for Healthcare Informatics Research) medical informatics projects that will help maximize researchers' capability to analyze Veterans health data in VA's Computerized Patient Health Record System (CPRS). VINCI is a secure, high-performance analytical environment that hosts a wide array of VHA databases. CHIR promotes research that advances the use of natural language processing (NLP) techniques to extract information from VA's CPRS narrative text laboratory and other reports for research purposes. This information is currently inaccessible without labor-intensive chart review. Data in these fields are rich and provide researchers an opportunity to characterize patients, their health status, and clinical encounters in meaningful detail for knowledge discovery toward improving care. VINCI and CHIR will allow VA to play a major role in the President's "Big Data Research and Development Initiative" which aims to make the most of the large and complex collections of digital data.

- To support programmatic needs for the management of research administrative and regulatory data, the Office of Research and Development (ORD) is developing a Research Administrative Management System (RAMS). The system will support the major business functions of over 100 VA medical center research offices, field reporting to ORD, and provide a centralized up-to-date repository of research program data. Including a module for the VA Central

Institutional Review Board. Thus RAMS addresses Executive Order 13563, Improving Regulation and Regulatory Review. The Executive Order promotes the review of existing regulations and analysis of rules that may be excessively burdensome.

Data Verification and Measure Validation

More details on data verification and quality and measure validation for the key measures are provided in the Key Measures Data Table on pages II-52–II-64.

Key Measure
NATIONAL ACCURACY RATE FOR COMPENSATION ENTITLEMENT CLAIMS

Performance Trends	**Impact on Veterans**

Desired Direction

Veterans are entitled to an accurate decision on their compensation claims. Monitoring accuracy helps ensure that VA provides the correct level of benefit to the Veteran.

Status

Y

Accuracy of compensation rating decisions has improved from 83 percent in 2011 to 86 percent in 2012 on a 12-month cumulative basis.

	2008	2009	2010	2011	2012	ST
Results	86%	84%	84%	84%	86%	
Targets	90%	90%	90%	90%	87%	98%

(Chart shows Results line at 86%, and Targets with 87% and 86% callout boxes)

(1) Actual data through 07/2012. Final data are expected in 10/2012.
(2) ST = Strategic Target

How VA Verifies Results Data for Accuracy

Data are analyzed daily, and the results are tabulated monthly. Compensation and Pension (C&P) Systematic Technical Accuracy Review (STAR) quality teams conduct performance quality and consistency reviews on cases from the regional offices.

Using a random sample of claims generated by VBA's Performance Analysis & Integrity (PA&I) staff, completed cases are selected for review and sent to the STAR staff on a monthly basis. The staff members thoroughly review the completed cases ensuring accuracy, quality, and consistency of rating and authorization issues. A coded spreadsheet identifies the type of each error and how it should be corrected.

How VA Leadership Uses Results Data

VA leadership is committed to increasing the accuracy of rating decisions. Based on recent performance results, VA adopted a four-tiered approach to improve its accuracy rate:

- Tier One - Accuracy; expanding the STAR staff to increase review sampling.
- Tier Two - Oversight; expanding site visit staff and review of internal controls.
- Tier Three - Special focus reviews; review of Appeals Management Center decisions, and providing review of administrative error decisions over $25,000.
- Tier Four - Consistency; expanding rating data analyses and increasing the focus on disability decision consistency reviews.

VA continues to improve its skills certification testing program. In 2012, VA certified 2,464 claims processors as fully proficient in their positions. From its inception in 2004, a total of 14,009 employees have participated in skills certification testing.

Key Measure

NATIONAL ACCURACY RATE FOR PENSION MAINTENANCE CLAIMS

Performance Trends
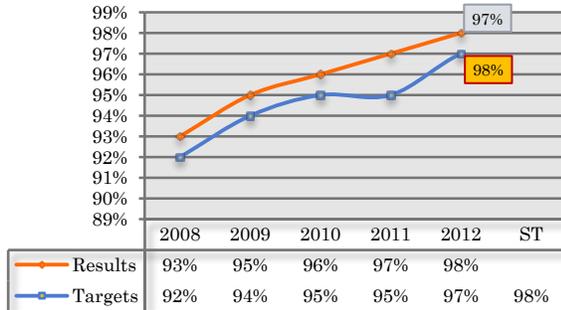
	2008	2009	2010	2011	2012	ST
Results	93%	95%	96%	97%	98%	
Targets	92%	94%	95%	95%	97%	98%

(1) Actual data through 08/2012. Final data are expected in 10/2012.
(2) ST = Strategic Target

How VA Verifies Results Data for Accuracy

Data are analyzed daily, and the results are tabulated monthly. Pension and Fiduciary STAR quality teams conduct performance quality and consistency reviews on cases from the regional offices.

Using a random sample of claims generated by VBA's PA&I staff, completed cases are selected for review and sent to the STAR staff monthly. The staff thoroughly reviews the completed cases ensuring accuracy, quality, and consistency of rating and authorization issues. A coded spreadsheet identifies the type of each error and how it should be corrected.

Impact on Veterans

Desired Direction

Status

Despite increased workload, VA has continued to improve its accuracy rate in pension maintenance work, thereby ensuring that those Veterans and survivors most in need of financial resources receive the correct benefit.

G The importance of making timely payments to Veterans for pension claims is critical to helping them meet their financial need in order to maintain their standard of living.

How VA Leadership Uses Results Data

VA leadership is committed to increasing the accuracy of rating decisions. Based on 2012 performance results, VA expanded the four-tiered quality assurance program to improve its accuracy rate for compensation and pension claims:

- Tier One - Accuracy; expanding the STAR staff to increase review sampling.
- Tier Two - Oversight; expanding site visit staff and review of internal controls.
- Tier Three - Special focus reviews; review of Appeals Management Center decisions, and providing review of administrative error decisions over $25,000
- Tier Four - Consistency; expanding rating data analyses and increasing the focus on disability decision consistency reviews.

Additionally, VA continues to implement its skill certification testing program. In 2012, VA certified an additional 2,464 claims processors as fully proficient in their positions. From its inception in 2004, more than 7,900 employees have been certified.

Key Measure

PERCENT OF COMPENSATION AND PENSION PENDING INVENTORY THAT IS MORE THAN 125 DAYS OLD

Performance Trends

	2011	2012	Strategic Target
Results	60%	66%	
Targets	60%	60%	0%

Actual data are through 7/2012.
ST = Strategic Target

Impact on Veterans

Desired Direction

VBA's goal is to process all Compensation and Pension rating claims within 125 days of receipt. This will ensure all Veterans receive a timely decision on their claim.

Status

R

The VBA backlog increased from 60.2 percent at the end of 2011, and increased to 65.8 percent in 2012.

How VA Verifies Results Data for Accuracy

Data extracted from VBA systems of record (Benefits Delivery Network and VETSNET) are captured electronically through a fully automated reporting process and imported into an enterprise data warehouse.

VBA's PA&I staff members assess the data monthly to detect discrepancies that would indicate an error in the automated data collection system. This review ensures accurate reporting, consistency, and absence of anomalies. All reports produced from the enterprise data warehouse were developed using business rules provided by each of VBA's business lines.

How VA Leadership Uses Results Data

VA leadership uses the results to manage the compensation and pension programs and to implement performance strategies such as training needs, workload realignment, and staffing levels.

To achieve processing efficiencies that will enable VA to reduce the claims backlog and improve decision quality, VA is employing a synchronized and integrated transformation strategy that incorporates people, process and technology initiatives.

In 2012, VBA has trained an additional 998 claims processors. As these employees become fully proficient in their roles, they will favorably impact processing time and the backlog.

Key Measure
AVERAGE DAYS TO COMPLETE ORIGINAL EDUCATION CLAIMS

Performance Trends	Impact on Veterans

Performance Trends

	2008	2009	2010	2011	2012	ST
Results	19	26	39	24	31	
Targets	24	24	24	23	23	10

Actual data final
ST = Strategic Target

Impact on Veterans

Desired Direction

Status

R

The timeliness of completing original education claims increased from 24 days in 2011 to 31 days in 2012. Compared with 2011, Veterans waited on average 7 additional days to receive their initial award notification and payment.

The importance of making timely payments to Veterans for educational claims is critical to helping them meet their educational goals.

How VA Verifies Results Data for Accuracy

Quality review staff members verify the data quarterly. The review uses a statistically valid sampling of cases to determine reliability of automated data reports.

There are documented procedures to guide staff responsible for verifying the accuracy of timeliness data and for entering the source data. Data are captured electronically, and reports on the Distribution of Operational Resources are automatically generated. Data are analyzed monthly and verified quarterly.

How VA Leadership Uses Results Data

VA management uses performance results to pinpoint areas of performance weakness and then takes appropriate corrective actions.

In 2012, such actions included retaining temporary Veterans Claims Examiners at our Regional Processing Offices to process Post-9/11 GI Bill claims. VA also implemented policies to streamline the entire claims process based on case reviews identifying duplication of efforts and redundant or unnecessary development. Additional enhanced functionalities continue to be added to The Long Term Solution to improve Post 9/11 GI Bill claims processing system.

Education claims intake is cyclic with peaks at the beginning of the fall, spring, and summer. This data is used to determine when mandatory overtime may be needed to address the cyclical intake peaks.

Key Measure
AVERAGE DAYS TO COMPLETE SUPPLEMENTAL EDUCATION CLAIMS

Performance Trends	Impact on Veterans

Performance Trends

	2008	2009	2010	2011	2012	ST
Results	9	13	16	12	17	
Targets	11	10	10	12	12	7

Actual data final
ST = Strategic Target

Impact on Veterans

Desired Direction

Status

R

The timeliness of completing supplemental education claims increased from 12 days in 2011 to 17 days in 2012. Compared with 2011, Veterans waited on average 5 additional days to receive their award notification and payment.

The importance of making timely payments to Veterans for educational claims is critical to helping them meet their educational goals.

How VA Verifies Results Data for Accuracy

Quality review staff members verify the data quarterly. The review uses a statistically valid sampling of cases to determine reliability of automated data reports.

There are documented procedures to guide staff responsible for verifying the accuracy of timeliness data and for entering the source data. Data are captured electronically, and reports on the Distribution of Operational Resources are automatically generated. Data are analyzed monthly and verified quarterly.

How VA Uses the Results Data

VA management uses performance results to pinpoint areas of performance weakness and then takes appropriate corrective actions.

In 2012, such actions included retaining temporary Veterans' Claims Examiners at our Regional Processing Offices to process Post-9/11 GI Bill claims. VA also implemented policies to streamline the entire claims process based on case reviews identifying duplication of efforts and redundant or unnecessary development. Additional enhanced functionalities continue to be added to The Long Term Solution to improve Post 9/11 GI Bill claims processing system.

Education claims intake is cyclic with peaks at the beginning of the fall, spring, and summer. This data is used to determine when mandatory overtime may be needed to address the cyclical intake peaks.

Key Measure
REHABILITATION RATE (GENERAL)

Performance Trends	Impact on Veterans

	2008	2009	2010	2011	2012	ST
Results	76%	74%	76%	77%	77%	
Targets	75%	76%	76%	77%	77%	80%
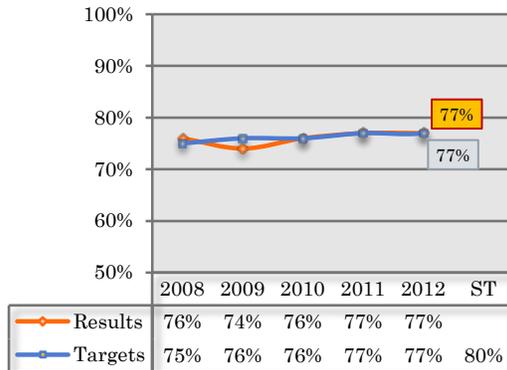
Actual final
ST = Strategic Target

Desired Direction

Status
G

A "rehabilitated" Veteran is one who successfully completes the rehabilitation program plan and is equipped with the required skills and tools needed to obtain and maintain suitable employment or gain independence in daily living.

How VA Verifies Results Data for Accuracy

Data are verified monthly against the source data by Vocational Rehabilitation and Employment (VR&E) Service analysts and distributed to regional offices. The regional offices review the data to ensure alignment with activities performed and that the data agree with the raw data submitted for analysis.

The data collection staff is comprised of skilled professionals trained in the proper procedures for collecting and analyzing raw data. All data collection procedures are documented and followed.

How VA Leadership Uses Results Data

VA leadership uses the rehabilitation rate to assess the performance of vocational rehabilitation counselors, counseling psychologists, VR&E officers, and regional office directors as well as the overall effectiveness of the program and services provided.

To improve performance in this area, VA leadership continues to place an increased emphasis on developing a culture that is forward looking, results driven, and Veteran-centric.

Therefore, within the context of the above-cited tenets, VBA leadership has identified several areas of emphasis:

- Providing services to enable Veterans to continue to complete the program and become career employed.
- Enhance the VetSuccess.gov Web site because it provides Veterans with a VA employment portal that employers can use to match skilled Veterans with employer staffing needs.
- Continue to sponsor career fairs geared toward today's Veteran to provide exposure to employers seeking to hire Veterans.
- Train Vocational Rehabilitation Counselors and Employment Coordinators in the best methods for preparing and placing Veterans in careers.

For detailed information on how this measure is calculated, please see the definitions section in Part IV.

Key Measure
DEFAULT RESOLUTION RATE

Performance Trends	**Impact on Veterans**

Performance Trends

	2010	2011	2012	ST
Results	76.3%	83.0%	80.9%	
Targets	71.0%	73.0%	81.0%	85.0%

Actual data are final.
ST = Strategic Target

Impact on Veterans

Desired Direction

Status

Y

The 2012 default resolution rate of 80.9 percent means that of the Veterans who defaulted on their VA-guaranteed loans, VA and loan servicers were able to assist 80.9 percent in either retaining ownership of their homes or in lessening the impact of foreclosure by tendering a deed in lieu of foreclosure or arranging a private sale with a VA claim payment to help close the sale.

How VA Verifies Results Data for Accuracy

VA-guaranteed loan servicing personnel are skilled and trained in proper data reporting procedures, which ensures documented data reporting procedures are followed.

VA Loan Administration staff is also skilled and trained in loan servicing and proper data reporting procedures. All servicing and data reporting procedures are documented in both the VA Servicer and VA Loan Technician guides. These guides are updated regularly based on loan servicing industry best practices.

Submitted loan servicing data are verified through sampling against loan data. The accuracy of loan servicing data are also established via the Veterans Affairs Loan Electronic Reporting Interface (VALERI) system's business rules screening process. Additionally, procedures for making changes to previously entered loan data are documented and followed.

How VA Leadership Uses Results Data

VA uses the data to measure the effectiveness of joint servicing efforts of primary servicers and VA staff to assist Veterans in avoiding foreclosure through default resolution. Since Veterans benefit substantially from avoiding foreclosure through default resolution—and, at the same time, VA realizes cost savings—VA redesigned its data program in December 2008 to promote greater loss mitigation efforts by primary servicers.

This redesign effort included development of a new Web-enabled and rules-based "smart" system, VA Loan Electronic Reporting Interface (VALERI).

VALERI's standardized servicing criteria, which are on par or ahead of industry norms, enable instant access to acquisition and claim payment status and make it easier for servicers to work and communicate with VA. It also enables servicers to more quickly help Veterans who are experiencing financial difficulty to avoid foreclosure. For example, reaching out to Veterans earlier in the delinquency process allows for more home retention options using repayment plans, special forbearances, and loan modifications. In the event that these options are not viable, compromise sales and deeds in lieu of foreclosure can be discussed as alternatives to foreclosure.

Key Measure

RATE OF HIGH CLIENT SATISFACTION RATINGS ON SERVICES DELIVERED (INSURANCE)

Performance Trends

	2008	2009	2010	2011	2012	ST
Results	95%	96%	95%	95%	95%	
Targets	95%	95%	95%	95%	95%	95%

Actual data are final
ST = Strategic Target

How VA Verifies Results Data for Accuracy

VA reviews and tabulates the client satisfaction survey responses each month per written guidelines. VA validates the results by re-entering randomly selected monthly responses to determine if similar results are calculated.

Impact on Veterans

Desired Direction

Status

G

VA's Insurance Program achieves high levels of client satisfaction by providing quality service and implementing and administering insurance programs that meet the needs of Veterans and their beneficiaries. Results over past years have consistently confirmed that Veterans' insurance needs are being met.

How VA Leadership Uses Results Data

Leadership analyzes the results of the monthly client satisfaction surveys of 11 insurance services and addresses any problems identified. One question the surveys ask is, "What could we do better?" VA takes action on these comments, including reviewing processes and implementing refresher training on customer service as needed.

VA revised a very large and complicated Beneficiary Financial Counseling (BFCS) brochure, used to prepare financial plans for beneficiaries of Servicemembers' and Veterans' Group Life Insurance Programs (SGLI and VGLI) as well as Servicemembers and Veterans who receive payment under the SGLI Traumatic Injury Protection Program (TSGLI). Based on feedback VA simplified and greatly shortened that brochure. The revised brochure has resulted in a 66 percent increase in participation in the BFCS program. VA was recognized by the Center for Plain Language with its ClearMark Award of Distinction for Best Revised Public (Government) Document.

Additional Performance Information

Program Evaluations

VR&E launched a skill certification test for Vocational Rehabilitation Counselors (VRC) and Counseling Psychologists (CP) within VBA. Representatives from VBA, AFGE and NFFE formed a workgroup that met for 12 weeks over the course of a year to develop the certification test. As a result of the collaborative process, the workgroup was able to successfully develop a VA specific professional-level examination that measures technical and procedural knowledge of VRC's and CP's within VBA. On June 26-28, 2012, the first operational test was administered to 231 counselors resulting in a pass rate of 88 percent.

VR&E implemented an additional key feature of its Business Transformation project in 2012. Accomplishment of the forms improvement activity helped VR&E streamline the end to end process through the consolidation, elimination, and enhancement of program forms. VR&E achieved an overall 25 percent reduction of its forms inventory. Form reduction has a significant impact on the VR&E program by increasing VR&E staff time available to directly serve Veterans, streamlining the claims process, and advancing VR&E in the transition to a paperless environment.

New Policies, Procedures, or Process Improvements and Other Important Results

VA Issued instructions and procedures on processing claims under Public Law (PL) 112-56 (Section 211), the Veterans Retraining Assistance Program, a new program that provides retraining assistance to certain unemployed Veterans.

VR&E anticipates an increase in the number of participants as a result of the enactment of Public Law 112-56, the VOW to Hire Heroes Act of 2011, on November 21, 2011. Under the law, eligibility for certain services under Chapter 31 has been extended or expanded. Severely injured Servicemembers will have automatic eligibility to VR&E services until December 31, 2014. This provision allows VA to serve these active duty military members earlier in their transition to civilian life. Unemployed Veterans who previously completed a Chapter 31 program and have exhausted unemployment benefits may receive an additional 12 months of vocational rehabilitation services. The additional training will increase employment opportunities for these Veterans. VA may now pay an incentive to employers to hire or train Veterans participating in a VR&E program even when the Veteran has not completed a training program under Chapter 31. This provision increases job prospects for Veterans who need assistance with direct job placement.

The VR&E Longitudinal Study originated with the passage of Public Law 110-389, Sec. 334, requiring a 20-year longitudinal study of VR&E participants who began a plan of services in 2010, 2012, and 2014. The study follows these three cohorts of Veterans and Servicemembers to see how participants who enter a VR&E plan of service progress over time. As of the 3rd quarter of 2012, two annual reports have been submitted to Congress which provided observational analysis on the 2010 cohort. Beginning with the third year of the study, analysis will be more comprehensive in nature and will include survey data from cohort participants.

VR&E, in partnership with VBA's Office of Resource Management, enhanced the CAATS system to allow for automated administration of VR&E National VetSuccess contracts that provide Veteran vocational contracting services. Increased automation of invoicing and payments associated with VetSuccess contracts has greatly diminished the administrative burden that previous iterations of the national contract imposed on VR&E staff and contractors. The estimated cost savings of this system is estimated to be $1.4 million over 2012 in administrative costs; in addition, Vocational Rehabilitation Counselors have been released from manually administering the invoicing and referral process allowing more efficient and effective direct Veteran service.

VR&E deployed two Employee Performance Support Systems (EPSS) to the regional offices during 2012, which target specific VR&E processes. The Appeals EPSS and VetSuccess Contract EPSS job aids will provide standardized training, references, and resources to VR&E Counselors and Contract Counselors. These targeted EPSS modules provide step-by step instruction on VR&E processes related to delivering rehabilitation services to eligible Veterans.

Data Verification and Measure Validation
More details on data verification and quality and measure validation for the key measures that support this strategy are provided in the Key Measures Data Table on pages II-52–II-64.

Key Measure
PERCENT OF APPLICATIONS FOR HEADSTONES AND MARKERS THAT ARE PROCESSED WITHIN 20 DAYS FOR THE GRAVES OF VETERANS WHO ARE NOT BURIED IN NATIONAL CEMETERIES

Performance Trends

	2008	2009	2010	2011	2012	ST
Results	95%	93%	74%	93%	88%	
Targets	75%	90%	90%	90%	90%	90%

Actual data are final.
ST = Strategic Target

Impact on Veterans

Desired Direction

The amount of time it takes to mark the grave after an interment is extremely important to Veterans and their families. The headstone or marker is a lasting memorial that serves as a focal point not only for present-day survivors, but also for future generations.

Status

Y

In addition, there is often a sense of closure to the grieving process when the grave is marked. A high level of performance in this area is important as roughly 70 percent of headstones and markers furnished by VA are for Veterans buried in cemeteries other than a VA national cemetery.

How VA Verifies Results Data for Accuracy

Employees in NCA's Memorial Programs Service are trained and skilled at entering data into NCA's Automated Monument Application System (AMAS). Paper applications are scanned and entered electronically into AMAS.

Applications received electronically, either by fax or Internet, are automatically entered into AMAS. Data are verified by sampling against source data in AMAS.

How VA Leadership Uses Results Data

Monthly and fiscal-year-to-date reports are shared with NCA managers, employees and other interested parties, such as Veterans Service Organizations, to ensure visibility of this important initiative and demonstrate VA's commitment to serving Veterans in a timely manner.

NCA managers use these data to manage application processing workload and to identify and correct potential problems with headstone and marker application processing. Data are comparable between years, enabling NCA and its stakeholders to assess program progress and effectiveness.

Key Measure
PERCENT OF GRAVES IN NATIONAL CEMETERIES MARKED WITHIN 60 DAYS OF INTERMENT

Performance Trends

	2008	2009	2010	2011	2012	ST
Results	93%	95%	94%	93%	89%	
Targets	95%	95%	95%	95%	95%	95%

Actual data are final
ST = Strategic Target

Impact on Veterans

Desired Direction

⬆

Status

Ⓨ

The amount of time it takes to mark the grave after an interment is extremely important to Veterans and their families. The headstone or marker is a lasting memorial that serves as a focal point not only for present-day survivors, but also for future generations. In addition, having a permanent headstone or marker often brings a sense of closure to the grieving process.

How VA Leadership Uses Results Data

NCA field and Central Office employees have online access to monthly and fiscal year-to-date tracking reports on timeliness of marking graves in national cemeteries. Increasing the visibility of and access to this information reinforces the importance of marking graves in a timely manner.

This information is also used to drive process improvements, such as the development of NCA's local inscription program. This program further improves NCA's ability to provide symbolic expressions of remembrance by improving the timeliness of the grave-marking process.

How VA Verifies Results Data for Accuracy

National cemetery employees are trained and skilled at entering data into NCA's Burial Operations Support System (BOSS). Data are collected and verified by NCA Central Office employees who are skilled and trained in data collection and analysis techniques. Data are verified by sampling against source interment data in BOSS.

Key Measure
PERCENT OF VETERANS SERVED BY A BURIAL OPTION WITHIN A REASONABLE DISTANCE (75 MILES) OF THEIR RESIDENCE

Performance Trends	Impact on Veterans

Desired Direction

By the end of 2012, over 19 million Veterans and their families had reasonable access to a burial option.

One of VA's primary objectives is to ensure that the burial needs of Veterans and eligible family members are met. Having reasonable access to this benefit is integral to realizing this objective.

Status

G

	2008	2009	2010	2011	2012	ST
Results	84%	87%	88%	89%	90%	
Targets	84%	87%	88%	89%	90%	94%

Actual data are final
ST = Strategic Target

How VA Leadership Uses Results Data

VA analyzes census data to determine areas of the country that have the greatest number of Veterans not currently served by a burial option.

This information is used in planning for new national cemeteries and for gravesite expansion projects to extend the service life of existing national cemeteries, as well as in prioritizing funding requests for State and Tribal Veterans Cemetery grants.

How VA Verifies Results Data for Accuracy

VA staff is trained and skilled in proper procedures for calculating the number of Veterans who live within the service area of cemeteries that provide a first interment burial option. Changes to this measure are documented and reported through VA's annual Performance and Accountability Report and VA Monthly Performance Reports.

Results of a 1999 VA Office of the Inspector General audit assessing the accuracy of data used for this measure affirmed the accuracy of calculations made by VA personnel.

Key Measure

PERCENT OF RESPONDENTS WHO RATE THE QUALITY OF SERVICE PROVIDED BY THE NATIONAL CEMETERIES AS EXCELLENT

Performance Trends

	2008	2009	2010	2011	2012	ST
Results	94%	95%	95%	95%	96%	
Targets	97%	98%	98%	97%	98%	100%

Actual data are final
ST = Strategic Target

Impact on Veterans

Desired Direction

Status

Y

Performance targets for cemetery service goals are set high consistent with expectations of the families of individuals who are interred and other visitors to the cemetery. High-quality, courteous, and responsive service to Veterans and their families is reflected in VA's 2012 satisfaction rating of 96 percent.

How VA Verifies Results Data for Accuracy

Data for this measure are collected by an independent contractor. The contractor provides detailed written documentation of how the survey methodology delivers an acceptable level of accuracy system-wide and by individual cemetery.

The next of kin and servicing funeral directors at all national cemeteries with at least one interment during the fiscal year are surveyed. Data are accurate at a 95 percent confidence interval.

How VA Leadership Uses Results Data

NCA's annual Survey of Satisfaction with National Cemeteries is the source of data for this key measure. The survey collects data from family members and funeral directors who have recently received services from a national cemetery.

These data are shared with VA Central Office, Memorial Service Networks (MSN), and national cemetery managers who use the data to improve the quality of service provided at national cemeteries.

To ensure that all visitors to national cemeteries receive excellent customer service, NCA has instituted several measures to address customer concerns. Survey data are annually reviewed and used to form action plans at national cemeteries. Best Practices are identified and shared throughout the national cemetery system and incorporated into national cemetery employee training curriculum.

Key Measure
PERCENT OF RESPONDENTS WHO RATE NATIONAL CEMETERY APPEARANCE AS EXCELLENT

Performance Trends	Impact on Veterans

Performance Trends

	2008	2009	2010	2011	2012	ST
Results	98%	98%	98%	98%	99%	
Targets	99%	99%	99%	99%	99%	100%

Actual data final
ST = Strategic Target

Impact on Veterans

Desired Direction

Performance targets for cemetery service goals are set high consistent with expectations of the families of individuals who are interred as well as other visitors.

Status

G

High-quality, courteous, and responsive service to Veterans and their families is reflected in VA's 2012 satisfaction rating of 99 percent.

How VA Verifies Results Data for Accuracy

Data for this measure are collected by an independent contractor. The contractor provides detailed written documentation of how the survey methodology delivers an acceptable level of accuracy system-wide and by individual cemetery.

The next of kin and servicing funeral directors at all national cemeteries with at least one interment during the fiscal year are surveyed. Data are accurate at a 95 percent confidence interval.

How VA Leadership Uses Results Data

NCA's annual Survey of Satisfaction with National Cemeteries is the source of data for this key measure. The survey collects data from family members and funeral directors who have recently received services from a national cemetery. These data are shared with NCA managers at Central Office, MSNs, and national cemeteries who use the data to improve the quality of service provided at national cemeteries.

Additional Performance Information

Program Evaluations

In August 2008, VA completed an independent and comprehensive program evaluation of the full array of burial benefits and services that the Department provides to Veterans and their families in accordance with 38 USC 527. The evaluation was performed by ICF International to provide VA with an objective assessment of the extent to which VA's program of burial benefits has reached its stated goals and the impact that this program has had on the lives of Veterans and their families.

The evaluation showed that 85 percent of Veterans prefer either a casket or cremation burial option, affirming that VA is meeting the burial needs of Veterans and their families by providing these options at national cemeteries. The evaluation also validated VA policies that consider Veterans living within 75 miles of a national or State Veterans cemetery with available first interment gravesites for either casketed or cremated remains to be adequately served with a burial option within a reasonable distance of their home. Major recommendations addressed the need to continue building new national cemeteries and supporting State cemetery development to serve Veterans nationwide and to consider a new Veteran population threshold of 110,000 Veterans within a 75-mile area for establishing new national cemeteries.

VA used this study as a starting point to develop new burial policies that resulted in a 2011 proposal to change current policy and lower the Veteran population threshold required to establish a new national cemetery from 170,000 to 80,000. Based on the new policies, five new national cemeteries will be built, thus increasing the percent of Veterans served by a burial option. In addition, VA will build five columbarium-only satellite cemeteries in urban locations where utilization rates are low and where time/distance barriers are cited by our clients more frequently on customer satisfaction surveys.

The Veterans Millennium Health Care and Benefits Act, Public Law 106-117, directed VA to contract for an independent study to look at various issues related to the National Shrine Commitment and its focus on cemetery appearance. The study, Volume 3: Cemetery Standards of Appearance, was published in March 2002 and served as a planning tool and reference guide in the task of reviewing and refining VA's operational standards and measures.

In August 2002, Volume 2: National Shrine Commitment was completed. This report identified the one-time repairs needed to ensure a dignified and respectful setting appropriate for each national cemetery. NCA is using the information in this report to address repair and maintenance needs at national cemeteries. Through 2012, NCA has addressed approximately 57 percent of the total repairs identified in this report.

New Policies, Procedures, or Process Improvements and Other Important Results

Improving Burial Access

In 2012 NCA implemented its Rural Veterans Burial Initiative. NCA began the site selection process to establish National Veterans Burial Grounds, facilities that will be located within existing public or private cemeteries and operated by the National Cemetery Administration, to serve Veterans in rural areas of Maine, Wisconsin, North Dakota, Montana, Wyoming, Nevada, Idaho and Utah.

NCA also continued activities to identify and acquire suitable properties to establish five new cremation cemetery facilities as part of the Urban Initiative. These facilities will serve Veterans in large urban areas where the existing national cemetery location has proven to be a barrier to burial and visitation.

In 2012 NCA completed construction projects to extend burial operations at Camp Nelson (KY), Chattanooga (TN), Fort Logan (CO), Jacksonville (FL), Leavenworth (KS), Marion (IN), and Willamette (OR) National Cemeteries. In addition to building, operating, and maintaining national cemeteries, VA also administers the Veterans Cemetery Grants Program (VCGP), which provides grants to states and tribal organizations for up to 100 percent of the cost of establishing, expanding, or improving State Veterans Cemeteries. Increasing the availability of State and Tribal Organizations Veterans Cemeteries is a means to provide a burial option to those Veterans who may not have reasonable access to a national cemetery.

In 2012, four new State Veterans Cemeteries began interment operations in Birdeye, Arkansas; Charleston, West Virginia; Corpus Christi, Texas; and, Fort Polk, Louisiana. In 2012, 88 operating State Veterans Cemeteries performed over 31,000 interments of Veterans and eligible family members, and grants were obligated to establish, expand, or improve State and Tribal Organization Veterans Cemeteries in 16 states. Also in 2012, State Veterans Cemeteries provided a burial option to more than 2 million Veterans and their families.

VA continued to experience an increase in interest in Veterans cemetery grants from tribal organizations in 2012. Section 403 of Public Law 109-461, the Veterans Benefits, Health Care, and Information Technology Act of 2006, granted eligibility to tribal organizations for

grants to establish, expand, or improve Veterans cemeteries on trust lands. In 2012 VA approved its fourth grant to establish a Veterans cemetery on tribal trust lands. The $6 million grant was awarded to the Oglala Sioux Tribe for construction of a Veterans cemetery on the Pine Ridge Reservation in Kyle, South Dakota. Of the initial three grants for Tribal Veteran cemeteries awarded in 2011, two began construction and one was dedicated in 2012. In total, five new Veterans cemeteries were dedicated in 2012, four State and one Tribal.

Memorials

VA continues to furnish headstones and markers for the graves of Veterans in VA national cemeteries, national cemeteries administered by the Department of the Army and the Department of the Interior, columbaria niche inscriptions at Arlington National Cemetery, State Veterans cemeteries, and private cemeteries around the world. In 2012, VA processed nearly 354,600 applications for headstones and markers for placement in national, state, other public, or private cemeteries. Since 1973, VA has furnished nearly 12 million headstones and markers for the graves of Veterans and other eligible persons.

Marking graves in a timely manner is important to Veterans and their families as it may help to bring a sense of closure to the grieving process. In VA national cemeteries, NCA marked the graves of Veterans with a permanent headstone or marker within 60 days of the date of interment nearly 90 percent of the time.

Headstones and markers must be replaced if the government or contractor makes errors in the inscription, or if the headstone or marker is damaged during installation. Replacing headstones and markers further delays the final portion of the interment process. NCA

continues to improve accuracy and operational processes in order to reduce the number of inaccurate or damaged headstones and markers delivered to the gravesite. In 2012, 95 percent of headstones and markers were delivered undamaged and correctly inscribed. In 2012, inscription data for 99 percent of headstones and markers ordered by national cemeteries were accurate and complete. VA will continue to focus on business process reengineering, including improving accuracy and operational processes in marking graves.

In 2012, VA issued nearly 719,100 Presidential Memorial Certificates, bearing the President's signature, to convey to the family of the Veteran the gratitude of the Nation for the Veteran's service. To convey this gratitude, it is essential that the certificate be accurately inscribed. The accuracy rate for inscription of Presidential Memorial Certificates provided by VA is consistently 99 percent or better.

In June 2010, VA announced the availability of a new memorial: a medallion signifying a Veteran's service that can be furnished for Veterans who are not buried in a VA national or State Veterans cemetery and who have not ordered a government headstone or marker. The medallion is available in three sizes: 5 inches, 3 inches, and 1 ½ inches in width. Each bronze medallion features the image of a folded burial flag adorned with laurels and is inscribed with the word "Veteran" at the top and the branch of service at the bottom. Next of kin who order the medallion will also receive a kit that will allow the family or the staff of a private cemetery to affix the medallion to a headstone, grave marker, or mausoleum or columbarium niche cover. In 2012 VA furnished approximately 7,500 medallions for Veterans graves in private cemeteries.

Client Satisfaction

In 2012, 96 percent of survey respondents (family members and funeral directors combined) agreed that the quality of service provided by the national cemeteries was excellent. This result demonstrates VA's continued commitment to providing a dignified and respectful environment at all national cemeteries in order to honor the service and sacrifice Veterans have made.

Respondents to the 2012 Memorial Products Survey reported that VA clients continue to experience very high levels of satisfaction with VA memorials. Ninety-one percent of respondents who are the next of kin of Veterans who recently received a Government headstone, marker, or medallion responded that they either agreed or strongly agreed that the quality of the memorial was excellent. Ninety percent of next of kin respondents agreed that the quality of the Presidential Memorial Certificate that they received from VA was excellent.

Overall, respondents to the 2012 Memorial Products Survey reported a high level of satisfaction with their experience with VA. Ninety-three percent of next of kin respondents indicated that they were either somewhat or very satisfied with their experience with VA.

The willingness to recommend a national cemetery to Veteran families during their time of need is an expression of loyalty toward that national cemetery. In 2012, 99 percent of survey respondents (family members and funeral directors who recently received services from a national cemetery) indicated they would recommend the national cemetery to Veteran families in their time of need.

National Shrines

To ensure the appearance of national cemeteries meets the standards our Nation expects of its national shrines, VA performed a wide variety of grounds management functions including raising, realigning, and cleaning headstones to ensure uniform height and spacing and to improve appearance. Rows of pristine, white headstones set at the proper height and correct alignment provide a vista that is the hallmark of many VA national cemeteries. In 2012, VA collected data that showed that 69 percent of headstones and/or markers in national cemeteries are at the proper height and alignment; 82 percent of headstones, markers, and niche covers are clean and free of debris or objectionable accumulations; and 93 percent of gravesites in national cemeteries had grades that were level and blended with adjacent grade levels. In 2012, National Shrine Commitment projects were initiated at 21 national cemeteries and two soldier's lots. These projects will raise, realign, and clean more than 314,000 headstones and markers and renovate gravesites in more than 348 acres.

NCA's Organizational Assessment and Improvement Program identifies and prioritizes improvement opportunities and enhances program accountability by providing managers and staff at all levels with a cemetery-specific rating or score based upon a uniform, NCA-wide set of standards. As part of the program, assessment teams conduct site visits to all national cemeteries on a rotating basis to validate performance reporting.

NCA schedules 12 visits each year to a representative group of national cemeteries from each Memorial Service Network (MSN) that reflects the diversity of our system in terms of age, size, workload, and climate. Since the program's inception in 2004 NCA has completed 81 site visits assessing 126 national cemeteries.

In 2012, 7 visits assessing 18 national cemeteries were conducted.

In 2012, 99 percent of survey respondents (family members and funeral directors combined) rated the overall appearance of national cemeteries as excellent. This result demonstrates VA's continued commitment to maintaining national cemeteries as shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice Veterans have made.

Eliminating Veteran Homelessness

In 2012 NCA implemented a Homeless Veterans Apprentice Program in collaboration with the Veterans Health Administration and the VA Learning University. This program will create paid employment positions as Cemetery Caretakers for up to 20 homeless Veterans each year who are enrolled in VA's Homeless Veterans Initiative Programs around the country. Apprentices who successfully complete 12 months of competency based training will be offered permanent full time employment at a national cemetery. Successful participants will receive a Certificate of Competency which can also be used to support employment applications in the private sector.

Civic Partnerships

VA continued its partnerships with various civic organizations that provide volunteers and other participants to assist in maintaining the appearance of national cemeteries. In addition to the support of civic organizations, many national cemeteries have agreements with State, county, or local law enforcement entities for community service workers and select inmates to perform grounds maintenance work. Under a joint venture with VHA, national cemeteries provide therapeutic work opportunities to Veterans receiving treatment in the Compensated Work Therapy/Therapeutic Work Experience/Veterans Industries programs.

A number of the patients who have utilized these programs have been permanently hired by NCA. Lastly, NCA also partners with VBA to assist Veterans participating in the Work Study program to provide job opportunities while attending a trade or vocational school. Veterans are provided the opportunity to work for pay, regain lost work habits, and learn new work skills while the national cemeteries are provided a supplemental workforce.

History

NCA has entered into an agreement with Ancestry.com to provide burial records from national cemeteries to its members. NCA has preserved approximately 50 historic, hand-written burial ledgers from burials dating from the 1860s through mid-20th century. More than 8,700 pages are now being made available in an electronic format. Ancestry.com plans to launch the burial ledger data to observe Veterans Day 2012. Due to the age and standard content of the ledgers, they do not contain Personally Identifiable Information. The actual burial ledgers were transferred to the National Archives and Records Administration (NARA). In addition to providing a valuable resource to genealogists, VA offices, including VA cemeteries and libraries, will benefit by having this information in electronic form. Preserving historic ledgers while expanding the availability of historic information is one of several ongoing projects NCA has undertaken to commemorate the sesquicentennial of the Civil War and the corresponding founding of the VA National Cemetery System.

Renewable Energy

During 2009, NCA began implementing renewable energy projects using funding from the American Recovery and Reinvestment Act. In 2012, new solar photo voltaic electric generating panel systems came on-line at Riverside and Sacramento Valley (CA) National Cemeteries. A contract to construct a new

photo voltaic system at the Ft. Rosecrans (CA) National Cemetery was awarded.

Combined with the new wind turbine system in operation at Massachusetts National Cemetery and Photo Voltaic systems in operation at Calverton (NY) National Cemetery, San Joaquin Valley, and Miramar National Cemetery (CA), the National Cemetery Administration receives credit for generating 16 percent of its energy through renewable sources per the Energy Policy Act of 2005. This exceeds the Federal requirement of 15 percent renewable energy use with on-site generation in federal facilities by 2013. Implementation of four additional Photo Voltaic Projects planned for Ft. Rosecrans (CA) National Cemetery, the National Memorial Cemetery of Arizona, Quantico (VA) National Cemetery, and Eagle Point (OR) National Cemetery, NCA will ultimately increase the amount of energy generated through renewable sources to approximately 22 percent.

Operational Improvements

In 2012 NCA's Cemetery Development and Improvement Service began work on several new research and development (R&D) initiatives designed to improve cemetery operations nationwide. These initiatives are designed to improve interment operations, gravesite maintenance, and employee safety through the effective use of specialized equipment and the use of GPS technologies for gravesite data collection.

In 2012 NCA continued to broaden the scope of its First Notice of Death (FNOD) Office by working with post offices as well as VA medical centers and regional offices to refine the flag distribution system. The FNOD Office is responsible for processing information on deceased Veterans who were receiving benefits from VA into VA's information technology systems. This process enables VA to cancel

compensation payments in a timely manner and communicate with family members in order to ensure overpayments of compensation are reduced or eliminated. This also ensures family members receive timely and accurate information concerning possible entitlement to survivor and burial benefits. In 2012, NCA processed nearly 665,000 notices of death, avoiding nearly $50 million in overpaid benefits.

Data Verification and Measure Validation

More details on data verification and quality and measure validation for the key measures that support this objective are provided in the Key Measures Data Table on pages II-52–II-64

Supporting Measure
PERCENT OF VA IT SYSTEMS THAT AUTOMATICALLY REUSE ALL REDUNDANT CLIENT INFORMATION IN OTHER SYSTEMS

Performance Trends

	2011	2012	Strategic Target
Results	9.5%	9.5%	
Targets	16%	25%	15%

Actual data are final.
ST = Strategic Target

Impact on Veterans

Desired Direction

⬆

Status

R

This measure is being replaced with two new operational measures for internal tracking that will more precisely identify where redundant Veteran information, as collected for the "Veteran Lifetime Electronic Record", is being used and reused. Veteran information will be captured in producer systems and made available to consumer systems through data sets. The need for Veterans to re-enter common information multiple times will be eliminated. They are: 1) The percentage of producer systems that have made Virtual Lifetime Electronic Record (VLER) data sets available. 2) The percentage of consumer systems that use VLER data sets.

How VA Verifies Results Data for Accuracy

- The first Measure it is computed as a percentage of the number of producer systems divided by the total number of producer systems where the 415 VLER data sets reside. For example, assume there are only 4 systems that provide the 415 data sets: System1 provides 100, System2 provides 100, System3 provides 100, and System4 provides 115. If only one of the producer systems has made their data set available, the resulting percentage is 25 pct (1/4).

- The second measure is computed as a percentage of the actual number of consumer systems that use VLER data sets through the VLER Data Access Service (DAS) divided by the total number of consumer systems of the 415 data sets. For example, assume there are only

How VA Leadership Uses Results Data

By capturing data once and accessing it from other IT systems that need it, duplicate data entry by the Veteran or by VA staff is reduced. The intent of the two new measures is to track progress toward eliminating duplicate data in VA systems. Measuring the reduction in data entry by the Veteran does not provide a clear measure of progress toward the enterprise's goal of reducing redundant data in VA systems.

The measure of producers will provide understanding of the progress toward establishing the necessary infrastructure for data sharing, and the measure of consumers provides visibility and progress toward implementation within identified consumer systems.

100 VA consumer systems using one or more items of the 415 data sets: Each consumer system. If 10 of the systems connect to the DAS for the use of the data, the resulting percentage is 10 pct (10/100).

Additional Performance Information

Program Evaluations

Project Management Accountability System (PMAS) is VA's IT management approach that focuses on achieving scheduled objectives while the scope of functionality provided remains flexible. PMAS was designed as a performance based management discipline that provides incremental delivery of IT system functionality—tested and accepted by customers—within established schedule and cost criteria. PMAS provides a wealth of information and reports that are used to review the cost and scheduling information associated with the myriad IT projects included in VA's IT portfolio. This data and its corresponding reports provide early identification of underperforming IT investments which, in turn, provides VA leadership with the flexibility to relocate scarce resources to projects that are on track to succeed. However, prior to reallocation of resources, interim measures, such as milestone reviews, flagging actions, and accountability meetings, are employed in an attempt to put a project back on track. From the perspective of public trust and fiduciary responsibility, all these actions provide a significant value to Veterans, their dependents, survivors, and other stakeholders.

New Policies, Procedures, or Process Improvements and Other Important Results

- OIT published ProPath Release 12. With this publication, OIT stabilized the OMB Exhibit 300B reporting process and successfully delivered the monthly report. It also established processes for and assisted in facilitating 51 Green Flag Reviews.
- OIT established Milestone (MS) 0 and 1 reviews and conducted 22 MS 0 and 13 MS 1 reviews.
- OIT established the Yellow Flag process to address project risks associated with critical personnel resource turnover, IPT membership instability, requirements changes, changes in acquisition or contract strategy, change in the funding status, change in architecture and technical environment or dependencies, delays or issues. Multiple categories can be reported with the same Yellow Flag.
- The PMAS Business Office established a Program Management Review (PMR) process and template and conducted six PMRs. It improved the TechStat (TS) process to include missed milestone reviews, conducted 75 TS Reviews and increased the Red Flag (RF) Review tempo by 30 percent, when compared to the same 2011 timeframe.

Data Verification and Measure Validation

More details on data verification and quality and measure validation for the key measure that supports this objective are provided in the Key Measures Data Table on pages II-52–II-64

Supporting Measure

PERCENT OF PROCUREMENT OBLIGATIONS AWARDED TO VETERAN-OWNED SMALL BUSINESSES (VOSBS)*AND SERVICE-DISABLED VOSBS (SDVOSBS)

Performance Trends	Impact on Veterans

Performance Trends

Percent of Total VA Procurement Obligations

VOSB Goal 12.0%

SDVOSB Goal 10.0%

VOSB — SDVOSB
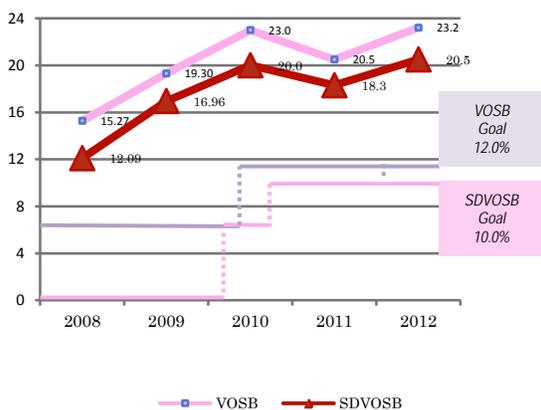
(1) Actual data through 08/2012. Final data will be available no later than 06/2013.

Source: Federal Procurement Data System
_____
* P.L. 109-461 gave VA unique authority to conduct set-aside and sole source procurement with Veteran-owned small businesses. In January 2008, the Secretary established a 2008 performance target and instituted PAR reporting requirements.

How VA Verifies Results Data for Accuracy

Data are analyzed monthly by staff and program managers in the Office of Small and Disadvantaged Business Utilization. Data collection staff is trained in the proper procedures for extracting and interpreting data.

Impact on Veterans

Desired Direction

Status

G

Contracting with Veteran entrepreneurs is a logical extension of VA's mission and contributes to the economic strength of this important business community. Increased spending also makes entrepreneurship a viable and attractive career option for America's Veterans. With VA's ability to verify ownership and control of Veteran-owned small businesses, there is some assurance that dollars are reaching legitimate business concerns. Participants display these Verified logos for SDVOSBs and VOSBs.

How VA Leadership Uses Results Data

Data assist VA leadership, Congress, the Veteran entrepreneurial community, and other stakeholders in gauging the extent of VA compliance and success in implementing the procurement provisions of P.L. 109-461, VA's unique "Veterans First" buying authority. Results data provide information on VA's compliance with the Veterans Entrepreneurship and Small Business Development Act of 1999 (P.L. 106-50); support for the Veterans Benefits, Healthcare and Information Technology Act of 2006 (P.L. 109-461); and actions required by Executive Order 13360, *Providing Opportunities for Service-Disabled Veteran-Owned Businesses to increase their Contracting and Subcontracting*, issued in October 2004.

As appropriate, results help VA program management identify areas for improvement and assist in targeting training and vendor outreach.

Assessment of Data Quality

VA's ability to accomplish its mission is dependent on the quality of its data. Each day, VA employees use data to make decisions that affect America's Veterans. Data accuracy and reliability are paramount in delivering medical care, processing benefits, and providing burial services.

I. Data Accuracy

VHA's Data Quality Program and data quality workgroups provide guidance on data quality policies and practices. In 2012, the program accomplishments related to data accuracy included:

• Delivery of monthly training in identity management to enhance skills and understanding of data entry staff at the local level.

• Development of policy and guidance for data content, context, and meaning of specific data elements in VHA databases for field and other staff.

• Provision of VHA metadata requirements to inform VA's Data Architecture Repository which will provide data users and consumers with a better understanding of what the data mean and how they are represented.

• Delivery of training and education on Data Quality to users through presentations at the Administrative Data Quality Council, VHA Data Consortium, and program-specific conferences.

• Continuation of updates to documentation of best practices and data quality guidance through the VHA Data Quality Web site **http://vaww.vhaco.va.gov/DataQuality/** VHA Healthcare Identity Management Web site **http://vista.med.va.gov/mpi_dqmt/**; and through Administrative Data Quality Council Tips of the Month to improve data entry.

• Review of Master Veteran Index (MVI) electronic exceptions for accuracy. Data are verified through expert review and corrected where necessary.

• Dissemination of a quarterly data quality newsletter and publication of user guides on subjects such as Data Quality, Data Stewardship, Analysis and Profiling efforts relating to the Corporate Data Warehouse and Nationwide Health Information Network (NwHIN) efforts, and Healthcare Identity Management and Catastrophic Overwrites that affect patient health care records.

• Assessment and development of approach for resolving patient safety risks through implementation of strong data quality practices that ensure the correct identification of patients and reduce the likelihood of catastrophic overwrites to the patient's longitudinal health record.

• Provision of data quality guidance to field sites through collaboration with VA Product Support (via Remedy© application).

• Participation in various workgroups providing stewardship of and expertise on VHA data that provided increased data quality for future efforts such as HealtheVet VistA and in VA workgroups such as the effort to reduce uses of social security numbers in electronic systems and other records and to develop alternatives for individual identification.

• Provision of leadership for the Administrative Data Quality Council, which is a collaborative group of subject matter experts from the field and the national level who identify and address data quality issues and provide guidance, training, and expertise to the field in the area of administrative data quality. The Data Quality Program provided leadership for this Council, in partnership with the Chief Business Office, establishing priorities, determining membership, and guiding all activities of the Council.

• Resolution of over 23,000 cases by the Healthcare Identity Management (HCIdM) team, which included the resolution of duplicate entries on the MVI, Catastrophic Edits or Merges, identity theft, or some other type of data quality issue.
• Analysis and profiling of data related to race, ethnicity, gender, and test patients not identified to assess data quality by the Business Product Management Analysis and Profiling staff.
• Analysis of data for data quality issues and potential duplicates in preparation for integrating NCA, VHA, and legacy VHA systems with MVI by the Business Product Management Analysis and Profiling staff.
• Analysis, profiling, and data validation on CDW data from multiple domains, e.g., inpatient and outpatient encounters, laboratory, compensation and pension, mental health, and appointments by the Business Product Management Analysis and Profiling staff.
• Development of metadata as part of the CDW domain analysis process to include descriptions of data characteristics and limitations.
• Guidance and training by HC IdM to Health Eligibility Center (HEC) staff on data quality best practices and prevention of catastrophic edits to patient identity.

VBA's data management systems have been substantially improved in recent years with such programs as the VETSNET suite of applications and other corporate data solutions. These applications, and the analytical tools associated with the data warehouse, provide leadership with more robust data and better support for information management and analysis.

Information is collected in defined formats and entered into specific fields of database records. Data are checked for completeness by system audits and manual verifications.

Certain data, such as Social Security Number, are verified with the Social Security Administration periodically. Prior to award of benefits by VBA, the Veteran's record is manually reviewed and data validated to ensure correct entitlement.

Employees are skilled and trained in the proper procedures; data entry procedures are documented and followed; data are sampled against source data through quality reviews; and procedures for making changes to previously entered data are documented and followed.

NCA determines the annual distribution of living Veterans and estimated Veteran deaths from data provided by the VA Office of the Actuary based on current census figures. NCA's methodology for estimating the percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence was reviewed in a 1999 OIG audit assessing the accuracy of the data used for this measure. Audit results showed that NCA personnel generally made sound decisions and accurate calculations in determining the percent of Veterans served by a burial option. Data were revalidated in the 2002 report entitled Volume 1: Future Burial Needs, prepared by an independent contractor as required by the Veterans Millennium Health Care and Benefits Act, P.L. 106-117.

NCA utilizes an annual mail-out survey to assess customer satisfaction with the appearance, quality of service provided, and other important aspects of VA national cemeteries. This survey is administered by an independent contractor. The next of kin and servicing funeral directors at all national cemeteries with at least one interment during the fiscal year are surveyed. Data are accurate at a 95 percent confidence interval.

NCA also utilizes an annual mail-out survey to assess customer satisfaction with VA's memorial programs. This survey is administered by an independent contractor. Data are accurate at a 95 percent confidence interval.

Performance data are captured in NCA's Burial Operations Support System (BOSS) and Automated Monument Application System (AMAS) databases. These data are entered daily by NCA personnel who are trained in cemetery and memorial benefits data collection and BOSS and AMAS data entry procedures.

Automated monthly and fiscal-year-to-date reports are provided by VA's Quantico Information Technology Center and are analyzed, verified, and distributed by trained NCA central office personnel to NCA Central Office, Memorial Service Network (MSN), and national cemetery managers. After reviewing the data for general conformance with previous report periods, headquarters staff flag and resolve any irregularities through contact with the reporting stations and comparisons with source data from the BOSS and AMAS systems.

NCA established an Organizational Assessment and Improvement Program in 2004 to identify and prioritize improvement opportunities and to enhance program accountability. As part of the program, assessment teams conduct site visits to all national cemeteries on a rotating basis to review cemetery data collection systems and verify collection methods. This review ensures that cemetery performance data are collected and reported in a manner that is accurate and valid.

II. Data Reliability/Comparability

Corporate Data Warehouse (CDW) data domain implementation activities. At the request of the Under Secretary for Health, CDW is increasing its holdings by adding domains to better meet the needs of its stakeholders. In addition, the CDW Data Governance Board requested that a template be developed to define VHA's role in implementing this initiative. CDW data are used for reporting and critical decision making. Data quality staff has specifically supported this by:

- Guiding template development and leveraging initial domain activity to include the processes, work plan, tools, stakeholders, and corporate knowledge.
- Assisting in validation and quality analysis of data within domains, e.g. , Patient Treatment File (PTF), Outpatient Pharmacy, and Lab Chemistry.
- Providing Domain Team support including coordination, membership, leadership, standardization, and monitoring.
- Providing data comparison and query support to domain teams.
- Identifying, training, coordinating, and supporting Data Stewards for priority CDW domains.

The Office of Performance Analysis and Integrity (OPA&I) assesses data for completeness, consistency, accuracy, and appropriateness of use as performance and workload management indicators. These data are extracted from VBA's systems of record, such as VETSNET, and are imported into an enterprise data warehouse.

All reports emanating from the enterprise data warehouse are developed using business rules provided by the respective VBA business lines. Supporting documentation for the enterprise data warehouse is maintained and readily available. Reporting requirements are regularly reviewed and modified when anomalies are noted, or when changes are made to the underlying business applications.

VBA leadership uses performance data to make program decisions concerning benefits processing and other organizational needs. The decision to consolidate functions such as original pension claims processing to improve service is one example of the use of performance data in the decision- making cycle. To the extent possible, performance data is comparable between years, and is routinely reported during VA's Monthly Performance Review, in annual budget submissions, and in other forums.

NCA uses data on the percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence to determine the need for future national cemeteries and to prioritize funding decisions for potential State and Tribal Organization Veterans Cemeteries. These data are comparable between years and show the impact that funding for new cemeteries has made toward serving the burial needs of Veterans.

Data from respondents to NCA's annual national cemetery client satisfaction mail-out survey are collected and reported by an independent contractor. These data are accurate at a 95 percent confidence interval at the national and MSN levels and for cemeteries having at least 400 interments per year. Data provided by this survey are reliable and are used by NCA management to develop funding requests and determine priorities for the operation and maintenance of national cemeteries as national shrines.

Data from respondents to NCA's annual memorial programs client satisfaction mail-out survey are also collected and reported by an independent contractor. These data are accurate at a 95 percent confidence interval. Data provided by this survey are reliable and are used by NCA management to assess client satisfaction with the quality and appearance of memorial products.

III. Data Consistency

- The consistency and accessibility of patient data is vital to VHA's ability to provide quality health care and is used to make clinical decisions. The VHA Data Quality Program participated in the following activities in support of data consistency and accessibility through data sharing and interoperability in 2012:
- Development of requirements, policies, and business flows necessary for the implementation of Nationwide Health Information Network (NwHIN) pilots and other activities.
- Efforts to achieve a VA/DoD Virtual Lifetime Electronic Record (VLER).
- Leadership of the Veterans Relationship Management (VRM) Identity and Access Management Workgroup. The Data Quality Director serves as the co-chair of this group and staff members also chair the sub-group for this effort. Requirements were provided to standardize identity services across VA.
- Development of data quality and governance metadata repository requirements (e.g., description of data sources, requirements for documenting definitions, and identification of authoritative data stewards) necessary to implement data management.
- Creation of a prioritization list of initial VHA metadata sets for the VA Data Architecture Repository (DAR).
- Provision of guidance, testing, and data quality expertise to the OIT DAR project team.

Each VBA business line's requirements for data definitions, collection and documentation are well-documented in users' guides and manuals.

During the migration to the corporate environment for the Compensation and Pension, Vocational Rehabilitation and Employment, and Loan Guaranty Programs, reporting consistency is maintained through synchronization of the legacy and corporate data within the corporate database. Corporate reporting requirements are well-defined, but additional requirements and modifications are continually under development. As business users identify new requirements, they are documented and tested to ensure reliability.

Reports are generated on regular schedules (daily, monthly, annually) to ensure consistency between reporting periods. Data are validated monthly by all VBA business lines, and migrated into Monthly Operations Reports by OPA&I for use by VBA leadership as well as at the local level to make program and operational decisions.

Since 1999, NCA has consistently used a 75-mile standard for determining the percent of Veterans served by a burial option within a reasonable distance of their residence. NCA uses the most current VetPop model based on census data developed by the VA Office of the Actuary, to determine the demographics of living Veterans for this measure. The consistency of the methodology for calculating performance on this measure is verified in both the 2002 Future Burial Needs report and in the 2008 report entitled Evaluation of the VA Burial Benefits Program, prepared by an independent contractor as required by 38 U.S.C. 527.

The methodology for assessing customer satisfaction on NCA's annual national cemetery client satisfaction mail-out survey has remained consistent since its inception in 2001. The survey collects data annually from family members and funeral directors who recently received services from a national cemetery. To ensure sensitivity to the grieving process, NCA allows a minimum of 3 months after an interment before including a respondent in the sample population.

The methodology for assessing customer satisfaction on NCA's memorial programs annual mail-out survey has remained consistent from its inception in 2010. The process is the same as described above.

The data collection method, requirements, and process are specified in the survey contract. These meet industry standards for survey methodology. VA headquarters staff oversees the data collection process to verify that the contractor complies with data collection procedures.

NCA's BOSS database was originally implemented in the early 1990's and continues to serve as VA's primary source for national cemetery workload data. BOSS data fields and input instructions are well documented in BOSS User Guides. Monthly, semi-annual, and annual reports generated from BOSS are automated and generated on regular time schedules to ensure data consistency between reporting periods.

Veterans Benefits Administration
Quality Assurance Program (Millennium Act)

VBA maintains a national quality assurance program independent of the field stations responsible for processing claims and delivering benefits. The following information about our programs including compensation and pension, education, vocational rehabilitation and employment, housing and insurance - is provided in accordance with title 38, section 7734.

Cases Reviewed and Employees Assigned by Program		
	Cases Reviewed	Employees Assigned
Compensation (C&P) (STAR Accuracy Reviews)	31,379	27
Pension (P&F) (STAR Accuracy Reviews)	1,000	2
Education	1,993	4
Vocational Rehabilitation and Employment	8,089	12
Loan Guaranty (Housing)	18,164	17
Insurance	11,040	4

VBA administers a multi-faceted quality assurance program to ensure compensation and pension benefits are provided in a timely, accurate, and consistent manner. This comprehensive program includes four tiers. The first tier consists of the established accuracy measures of the quality products within the compensation and pension (C&P) benefits processing arena. The Systematic Technical Accuracy Review (STAR) program measures accuracy of claims processing decisions made in all regional offices. Monthly quality reviews of VHA examination requests and reports accuracy are conducted in collaboration with the Disability Evaluation Management Office - formerly Compensation and Pension Examination Program Office.

The second tier of the C&P quality assurance program consists of regional office compliance oversight visits conducted by central office site survey teams. In addition to these regional office visits, the Office of Field Operations performs regular oversight reviews.

The third tier of the quality assurance program consists of special ad-hoc reviews. The quality assurance staff completes special focused reviews as needed in support of the agency mission and needs. These reviews are conducted for a specified purpose and can be either one-time or recurring in nature. The fourth tier of the quality assurance program focuses on rating consistency. Data analysis of recently completed rating decisions across all regional offices, identifies the disabilities by diagnostic code rated most often, and plots both the grant/denial rate and evaluation mode assigned across all regional offices. Further review is conducted on identified statistical outliers to determine root causes of inconsistency**.**

Similar business line STAR programs contain the same aspects: stratified and randomly sampled case reviews for each regional office, site visits to ensure compliance, and ad hoc reviews.

Summary of Findings and Trends - Compensation and Pension (C&P)

STAR accuracy reports are based on the month that a case was completed, not when reviewed. Cases are submitted for review no later than the end of the month following the completion of the claim.

The STAR system includes review of work in three areas: claims that usually require a rating decision (also identified as entitlement reviews), authorization work (claims that generally do not require a rating decision, also identified as maintenance reviews), and fiduciary work.

Reviews of rating-related decisions and authorization-related actions have a specific focus:

- The benefit entitlement review ensures all issues were addressed, claims assistance was provided (under the Veterans Claims Assistance Act), and the resulting decision was correct, including effective dates. Accuracy performance measures are calculated based on the results of the benefit entitlement review.
- The decision documentation/notification review ensures adequate and correct decision documentation and proper decision notification.

Results for C&P rating and Pension Management Center reviews for the 12-month period ending May 31, 2012 are as follows:

	Compensation Entitlement (Rating) Reviews		Compensation Maintenance (Authorization) Reviews		Pension Management Center Entitlement (Rating) Reviews		Pension Management Center Maintenance (Authorization) Reviews	
	Reviewed	Accuracy	Reviewed	Accuracy	Reviewed	Accuracy	Reviewed	Accuracy
Benefit Entitlement	17,333	86%	12,403	96%	502	97.81%	498	97.59%
Decision Documentation & Notification	17,333	92%	12.403	93%	502	92.63%	498	95.78%

The fiduciary work review focuses on the appointment of fiduciaries, the content of field examinations, and the accountings by fiduciaries. The fiduciary review through the end of the fiscal year was based on 1,892 cases with an accuracy rate of 87 percent. Most of the errors were found in the area of "protection." "Protection" includes oversight of the fiduciary/beneficiary arrangement, analysis of accounting, adequacy of protective measures for the residual estate, and any measures taken to ensure that VA funds are used for the welfare and needs of the beneficiary and recognized dependents. If any of the individual components is in error, the entire case is in error.

Actions Taken to Improve Quality - Compensation and Pension

Training remains a priority and is conducted using a variety of mediums including monthly national Quality Calls, training letters, and computer-assisted training. C&P Training and

STAR staffs collaborate on training based on error trend analysis. STAR accuracy reviews are conducted on all compensation and pension cases selected for quality assessment. The rating includes a review of brokered work completed by the Resource Centers and the Tiger Team. Sampling was increased for 2011 to allow measurement of pension entitlement decisions at 95 percent confidence with a 5 percent margin of error. Ongoing reviews of Disability Evaluation System cases and Appeal Management Center cases continue to be part of the monthly compensation quality sample.

To assure accuracy of a STAR finding, a second level peer review of all comments is conducted. The second level review includes all cases in which a date-of-claim error is cited.

Regional offices are required to certify corrective actions taken quarterly for errors documented by STAR. Reports on the corrective actions are submitted to VBA Headquarters, where they are reviewed to determine the adequacy of such actions. Reliability of the reports is monitored during cyclical management site visits. Area offices continue to provide oversight for regional offices, directing the development and implementation of wellness plans as needs arise.

The fiduciary quality assurance program transitioned to the Nashville Quality Assurance office in January 2011. Common STAR error findings are used for discussion and training during scheduled site visits and as agenda items for monthly fiduciary program teleconference calls.

VBA continues to work closely with VHA to improve C&P examination reports. VBA and VHA established an executive level group to identify significant improvements to disability examination processes. This group is working

to establish a new way forward for the C&P process, one that collaboratively addresses the need for substantive improvements in the way VBA and VHA support Veterans' claims for disability compensation and pension. The scope of the group's activity was to focus on near-term and longer-term improvements, including the development and implementation of Disability Benefits Questionnaires (DBQs).

P.L. 110-389, Section 224 requires VA to contract with a third party entity to conduct a 3-year assessment of the quality assurance program, evaluate a sample of employees' work, measure performance of VA regional offices and accuracy of rating, assess employees' and managers' performances, and produce data to help identify trends. This assessment has been completed and the final report will be submitted to Congress on October 10, 2012.

Summary of Findings and Trends - Education
Education Service reviewed 1,993 cases in 2012 to date, through the 3rd quarter. In 2012 through the third quarter, payment accuracy has improved to 98.5 percent from 98.2 percent in 2011. Errors in determining training time (part or full time) were 32 percent of all payment errors. Incorrect effective date determinations were 16 percent of all payment errors. Failure to process an enrollment document in the file accounted for 13 percent of the errors. Incorrect determinations of end date of training were 13 percent of payment errors. These four main causes accounted for 74 percent of all payment errors for the FYTD in 2012. Training time errors, reduction or termination date errors, and interval pay errors, which constituted 47 percent of payment errors in 2011, were reduced to 32 percent in 2012. The remaining errors were from a wide variety of causes, with only a few instances of each.

This indicates that training is having an effect in reducing systematic error trends, even though the complexity of Education programs, the manual processing procedures still needed for the Post-9/11 GI Bill, and the relative inexperience of staff still result in errors.

Actions Taken to Improve Quality - Education
In addition to performing quarterly quality reviews, an independent review was established to examine improper payments. The 2012 quarterly quality results indentified error trends and causes. These then were used as topics for refresher training in regional processing offices. Annual appraisal and assistance visits to the regional processing offices are also conducted. In 2012, Education Service continued to update the materials available for standardized training for employees. Although this standardization is

expected to have a significant impact in raising quality scores and maintaining them at high levels, its current impact has been lessened by changes to the Post-9/11 GI Bill, including frequent changes to automated systems and job aids. This required extensive training for both experienced employees and new employees.

Summary of Findings and Trends - Vocational Rehabilitation and Employment (VR&E)
VR&E completed quality assurance (QA) reviews on 8,008 cases for 2012, including Independent Living and Maximum Rehabilitation Gain case reviews. The national QA reviews are conducted over a 12-month period, with a sample of cases from each regional office reviewed every month. Approximately five percent of the workload was reviewed from each regional office.

VR&E Accuracy Targets and Actuals		
Accuracy Elements	**Target Score 2012**	**Actual Score 2012**
Accuracy of Entitlement Determinations	96%	99%
Accuracy of Fiscal Decisions	85%	82%
Accuracy of Outcome Decisions	92%	90%
Accuracy of Evaluation, Planning, and Rehabilitation Services	90%	84%

In addition to review of cases from each regional office, the QA & Field Survey Team conducted site visits of 14 regional offices in 2012.

Actions Taken to Improve Quality - Vocational Rehabilitation and Employment
The VR&E accuracy scores met or exceeded the target scores for 2012 in two elements: Accuracy of Entitlement Determinations; Accuracy of Evaluation Planning, and Rehabilitation Services; Accuracy of Fiscal Decisions; and Accuracy of Outcome Decisions. These scores are attributed to the following initiatives implemented over the last 3 years:

- Each regional office conducts a review of 10 percent of its caseload each year. This ensures consistency in the QA review process and office procedures.
- The QA review results for national and local reviews are available on the VA Intranet Web site. This information enables regional offices to assess individual quality and to identify training needs.
- The QA Review Team currently works with the Training Team to provide trend data and develop training that clarifies administration of VR&E benefits.

Current initiatives to improve performance include development of the Knowledge Management Portal; updates to the quality standards of practice; development of a new QA IT system; implementation of policy clarifying service requirements; continued development of the Electronic Performance Support System; and extensive training for new and experienced counselors as well as for new managers.

Summary of Findings and Trends - Loan Guaranty (Housing)
The Loan Guaranty housing program redesigned its quality review process in 2010 and began implementing this new process in 2011. As a result, first-level quality reviews that were previously performed onsite by Regional Loan Center staff are now the responsibility of Loan Guaranty Central Office. The redesigned quality review process provides an objective third-party review of the work being done by the Regional Loan Center staff and produces a more representative sample than previously attained. Loan Guaranty Central Office staff reviewed 18,164 cases under its quality review process during 2012. The reviewed cases serve as the baseline comparison for the new quality process.

The housing quality assurance program includes elements beyond the review of cases. The VBA Lender Monitoring Unit performed 44 on-site audits and 34 in-house audits of lenders participating in VA's home loan program. VA audits of lenders during 2012 amounted to $281,912 liability avoidance via indemnification agreements. VA has also collected $149,640 in 2012 as a result of having indemnification agreements in place.

The Portfolio Loan Oversight Unit (PLOU) conducts two types of reviews: in-house and on-site. PLOU reviewed 103 billing invoices and completed 5,620 associated invoice reviews of the portfolio services contractor, as well as 1,826 non-invoice reviews related to contract compliance. Additionally, PLOU conducted research and tracking on funds due the Department based on monies flowing through the Department of Justice to VA. These monies are from bankruptcy trustee funds and foreclosure proceedings that are collected by the Department of Justice as a result of

handling foreclosures on behalf of VA. The amount traced and recovered for VA in 2012 is $204,726.

In 2012 the reviews by Loan Management/PLOU recovered excessive contractor charges in excess of $76,000. PLOU also discovered approximately $45,400 of potentially recoverable amounts from Government Issue lenders in connection with title issues. Additionally, PLOU researched and provided legal descriptions to the Bank of America tax unit on 797 Real Estate Owned properties.

Actions Taken to Improve Quality - Loan Guaranty (Housing)
The Loan Guaranty Service disseminates the results of its quality reviews to field offices on a monthly basis. The Service prepares and releases trend reports that identify negative trends and action items found during on-site visits. The reports are published to assist field personnel in identifying frequent problems facing loan guaranty management. Any negative findings not resolved during on-site visits are to be addressed by field management within 30 days as to the corrective actions taken or planned. Conversely, any procedures discovered during on-site visits that would benefit other field stations can be deemed as best practices. Summaries of best practices employed by individual field stations are disseminated to all field stations with loan guaranty activity.

National training is provided to enhance the quality of service provided to Veterans and to increase lender compliance with VA policies. For instance, lenders who significantly fail to comply with VA's loan underwriting policies are either required to enter into indemnification agreements with VA or immediately repay the agency for its losses.

The property management service provider is authorized to manage and sell all VA-acquired properties as a result of foreclosure or termination. For the entire 2012 fiscal year, the property management service provider was Bank of America. Starting in July 2012, newly foreclosed properties were assigned directly to Vendor Resource Management, the new service provider. In September 2012, the management of all assets that were still being managed by Bank of America was transferred to Vendor Resource Management. The Property Management Oversight Unit (PMOU) monitors the management and marketing of the properties by the property management service provider. These assets are valued at approximately $855 million. The PMOU monitors the property management service provider's performance by inspecting properties nationwide to ensure compliance with the contract requirements and performs on-site case reviews at their operations center.

Summary of Findings and Trends - Insurance
The Insurance program's principal quality assurance tool is the Statistical Quality Control (SQC) review. SQC assesses the ongoing quality and timeliness of work products by reviewing a random sample of completed and pending work. Ten categories of work from the Policyholders Services and Claims divisions are reviewed.

Policyholders Services, whose work products deal with the maintenance of active insurance policies, had an overall accuracy of 92.8 percent for 2012. Work products included correspondence, applications, disbursements, record maintenance and refunds. The Policyholders Services Division also responds to telephone inquiries from Veterans and their beneficiaries. In 2012, the average speed of answer was 25 seconds. The percent of abandoned calls was 1.4 percent, and the percent of blocked calls was 0.1 percent.

Insurance Claims Division is responsible for the payment of death and disability awards, the issuance of new life insurance policies, and the processing of beneficiary designations. The accuracy rate for Insurance Claims work products was 98 percent. Work products included death claims, awards maintenance, beneficiary designation changes, disability claims, and medical reinstatement applications. In total, the accuracy rate for all 2012 insurance work products was 95.4 percent.

The timeliness rate for Policyholders Services work products was 96 percent, and 98.7 percent for Insurance Claims work products. The overall timeliness rate for 2012 insurance work products was 97.4 percent.

The insurance quality assurance program also includes internal control reviews and individual employee performance reviews. The Internal Control staff reviews insurance operations for fraud through a variety of reports. Reports are generated daily and identify various insurance transactions based on specific criteria that indicate possible fraud. The Internal Control staff also reviews 100 percent of all employee-prepared disbursements. Primary end products processed by employees in the operating divisions are evaluated based on the elements identified in the Individual Employee Performance Requirements. As a result of these controls, insurance disbursements are 99 percent accurate.

VA utilizes a client satisfaction survey instrument for the purpose of measuring satisfaction and to identify areas that need improvement. VA surveys 40 randomly selected Veterans and beneficiaries per month for each of 11 insurance end products. Veterans are asked to evaluate different aspects of service delivery on a five-point scale. Low ratings in a particular area indicate the need for process improvements or additional training.

Actions Taken to Improve Quality - Insurance
SQC exceptions are brought to the attention of the insurance operations division chiefs, unit supervisors, and employees who worked the case. VBA's Insurance Service evaluates the SQC programs periodically to determine if they are functioning as intended. Individual performance reviews are conducted monthly. The performance levels - critical and non-critical elements - are identified in the Individual Employee Performance Requirements. These reviews are based on a random sampling of the primary end products produced by employees in the operating divisions. Those items found to have errors are returned to the employee for correction. At the end of the month, supervisors inform employees of their error rates and timeliness percentages as compared to acceptable standards. . VA's Insurance Program management also uses these data to identify training needs and opportunities for process improvements.

The survey contains a section titled, "What could we do better?" VA analyzes the responses to determine where process improvements can be made. VA makes an effort to implement customer suggestions where appropriate to increase the effectiveness and efficiency of operations and increase customer satisfaction.

The Internal Control Staff monitors, reviews, and approves insurance disbursements and certain other controlled transactions, as well as reviews post-audit reports. Work products with any detected errors are returned for correction.

The results of SQC, employee performance reviews, client satisfaction surveys, and Internal Control feedback are used to address any areas where improvement is needed via corrective

training and other steps to improve error rates and timeliness percentages.

The Insurance Program has successfully implemented fifteen job aids and tools under the initiative called "Skills, Knowledge and Insurance Practices and Procedures Embedded in Systems." This program captures "best practices" and standardized procedures for processing various work items and makes them available on each employee's desktop. The job aids are an important tool in reducing error rates and improving timeliness.

Key Measures Data Table

The following discussion explains how VA's Key Measures help achieve VA's goal of caring for Veterans and their families. It includes the definition, measure validation, data source and frequency, data verification/quality, and data limitations.

Prevention Index V
Key Performance Measure Definition: The Prevention Index is an average of nationally recognized primary prevention and early detection interventions for nine diseases or health factors that significantly determine health outcomes. The nine diseases or health factors include: rate of immunizations for Influenza and Pneumococcal pneumonia; screening for tobacco consumption, alcohol abuse, breast cancer, cervical cancer, colorectal cancer, and cholesterol levels; and prostate cancer education. Each disease has an indicator. Each indicator's numerator is the number of patients in the random sample who actually received the intervention they were eligible to receive. The denominator is the number of patients in the random sample who were eligible to receive the intervention. As prevention indicators become high performers, they are replaced with more challenging indicators. This Index is now in Phase V.
Measure Validation: The Prevention Index V demonstrates the degree to which VHA provides evidence-based clinical interventions to Veterans seeking preventive care in VA. The measure targets elements of preventive care that are known to have a positive impact on the health and well-being of our patients.
Data Source and Frequency: VHA biostatisticians design and obtain a statistically valid random sample of medical records for review. The findings of the review are used to calculate the index scores. Data are reported quarterly with a cumulative average determined annually.
Data Verification/Quality:
- Accuracy: Data collection staff is skilled and trained in gathering statistically valid random samples of medical records for review.
- Reliability/Comparability: Data can be used to identify potentially disabling chronic diseases. VA can then provide education, disease management, and care access to limit the effects and improve the quality of life for the Veteran.
- Consistency: Collection standards are documented/available/used.
Data Limitations: None

Clinical Practice Guidelines Index IV
Key Performance Measure Definition: The Clinical Practice Guidelines Index is a composite measure comprised of the evidence and outcomes-based measures for high-prevalence and high-risk diseases that have significant impact on overall health status. The indicators within the Index are comprised of several clinical practice guidelines in the areas of ischemic heart disease, hypertension, diabetes mellitus, major depressive disorder, schizophrenia, and tobacco use cessation. The percent compliance is an average of the separate indicators. As clinical indicators become high performers, they are replaced with more challenging indicators. The Index is now in Phase IV.
Measure Validation: The CPGI IV demonstrates the degree to which VHA provides evidence-based clinical interventions to Veterans seeking care in VA. The measure targets elements of care that are known to have a positive impact on the health of our patients who suffer from commonly occurring acute and chronic illnesses.

Data Source and Frequency: VHA biostatisticians design and obtain a statistically valid random sample of medical records for review. The findings of the review are used to calculate the index scores. Data are reported quarterly with a cumulative average determined annually.

Data Verification/Quality:

- Accuracy: Data collection staff is skilled and trained in gathering statistically valid random samples of medical records for review.
- Reliability/Comparability: Data can be used to identify potentially disabling chronic diseases. VA can then provide education, disease management and care access to limit the effects and improve the quality of life for the Veteran.
- Consistency: Collection standards are documented/available/used.

Data Limitations: None

National accuracy rate - compensation entitlement claims

Key Performance Measure Definition: Processing accuracy for compensation claims that normally require a disability or death rating determination. Review criteria include: addressing all issues, Veterans Claims Assistance Act (VCAA)-compliant development, correct decision, correct effective date, and correct payment date if applicable. Accuracy rate is determined by dividing the total number of cases with no errors in any of these categories by the number of cases reviewed.

Measure Validation: This measure assesses the quality of claims processing and assists VBA management in identifying improvement opportunities and training needs.

Data Source and Frequency: Findings from Compensation and Pension (C&P) Service Systematic Technical Accuracy Review (STAR) are entered in an Intranet database maintained by the Philadelphia LAN Integration Team and downloaded monthly to the Performance Analysis and Integrity (PA&I) information storage database. Case reviews are conducted daily. The review results are tabulated monthly on a 12-month rolling basis.

Data Verification/Quality:

- Accuracy: Data accuracy is maintained through the following mechanisms: Data collection staff is skilled and trained in the proper procedures; data entry procedures are documented and followed; data are sampled against source data through quality reviews; and procedures for making changes to previously entered data are documented and followed.
- Reliability/Comparability: Data can be used to make decisions such as those regarding training needs; data can be compared between years to assess progress or program effectiveness; and supporting documentation is maintained and readily available.
- Consistency: Collection sampling standards are documented, available, and used; source data are well defined and documented; data reporting schedules are documented, distributed, and followed.
- Data Limitations: There is a slight chance of an erroneous entry by the end user.

National accuracy rate - pension entitlement claims

Key Performance Measure Definition: Processing accuracy for pension claims that normally require a disability or death rating determination. Review criteria include: whether all issues were addressed; Veterans Claims Assistance Act (VCAA)-compliant development; correct decision; correct effective date; and correct payment date if applicable. Accuracy rate is determined by dividing the total number of cases with no errors in any of these categories by the number of cases reviewed.

Measure Validation: This measure assesses the quality of claims processing and assists VBA management in identifying improvement opportunities and training needs.

Data Source and Frequency: Findings from Pension (P&F) Service Systematic Technical Accuracy Review (STAR) are entered in an Intranet database maintained by the Philadelphia LAN Integration Team and downloaded monthly to the Performance Analysis and Integrity (PA&I) information storage database. Case reviews are conducted daily. The review results are tabulated monthly on a 12-month rolling basis.
Data Verification/Quality:

- Accuracy: Data accuracy is maintained through the following mechanisms: Data collection staff is skilled and trained in the proper procedures; data entry procedures are documented and followed; data are sampled against source data through quality reviews; and procedures for making changes to previously entered data are documented and followed.
- Reliability/Comparability: Data can be used to make decisions such as those regarding training needs; data can be compared between years to assess progress or program effectiveness; and supporting documentation is maintained and readily available.
- Consistency: Collection sampling standards are documented, available, and used; source data are well defined and documented; data reporting schedules are documented, distributed, and followed.

Data Limitations: There is a slight chance of an erroneous entry by the end user.

Percent of Pension pending inventory that is more than 125 days old

- Key Performance Measure Definition: The percentage of claims pending greater than 125 days is measured by the number of days pending for each pension claim requiring a rating decision. Includes the end products (EPs) (Original Service Connected Death Claim (EP140); Reopened Service Connected Death Claims (EP020); Original Disability Pension (EP180); and Reopened Pension (EP120). The measure is calculated by dividing the total number of claims pending 125 days or greater by the total number of cases pending.
- Measure Validation: This measure's focus is improved service delivery to claimants. Additionally, it ensures that claimants receive the benefits to which they are entitled in a consistent and timely manner.
- Data Source and Frequency: The source of this data is VETSNET Operations Reports (VOR). Data are collected daily as awards are processed. Results are tabulated at the end of the month and annually.
- Data Verification/Quality:
- Accuracy: Data are captured electronically through an automated process; data are reviewed for anomalies; procedures for making changes to previously entered data are documented and followed.
- Reliability/Comparability: Data can be used to make decisions such as those regarding realignment of resources; data are released monthly; data can be compared between years to assess progress or program effectiveness; and supporting documentation is maintained and readily available.
- Consistency: Collection standards are documented and programmed electronically; source data are well defined and documented; and data are reported monthly.
- Data Limitations: None

Percent of Pension maintenance claims pending inventory that is more than 90 days old

- Key Performance Measure Definition: The percentage of claims pending greater than 90 days is measured by the number of days pending for each pension claim requiring a rating decision. Includes the end products (EPs) (Original Death Claim (EP190); Income adjustment Claims (EP150); Dependency (EP130); and Pre Determination claims (EP600); Eligibility Determinations (EP 290). The measure is calculated by dividing the total number of claims pending 90 days or greater by the total number of cases pending.
- Measure Validation: This measure's focus is improved service delivery to claimants. Additionally, it ensures that claimants receive the benefits to which they are entitled in a consistent and timely manner.
- Data Source and Frequency: The source of this data is VETSNET Operations Reports (VOR). Data are collected daily as awards are processed. Results are tabulated at the end of the month and annually.
- Data Verification/Quality:
- Accuracy: Data are captured electronically through an automated process; data are reviewed for anomalies; procedures for making changes to previously entered data are documented and followed.
- Reliability/Comparability: Data can be used to make decisions such as those regarding realignment of resources; data are released monthly; data can be compared between years to assess progress or program effectiveness; and supporting documentation is maintained and readily available.
- Consistency: Collection standards are documented and programmed electronically; source data are well defined and documented; and data are reported monthly.
- Data Limitations: None

Average days to complete original and supplemental Education claims

- Key Performance Measure Definition: Elapsed time, in days, from receipt of a claim in the Department of Veterans Affairs to closure of the case by issuing a decision. Original claims are those for requests for an eligibility determination for an education benefit. Subsequent school enrollments and enrollment changes are considered a supplemental claim.
- Measure Validation: Timeliness is directly related to the volume of work received, the resources available to handle the incoming work, and the efficiency with which the work can be completed, and is thus the best quantifying measure for education processing.
  Data Source and Frequency: Education claims processing timeliness is measured by using data captured automatically through VBA's Benefits Delivery Network (BDN). This information is reported monthly through VBA's data warehouse using the Distribution of Operational Resources (DOOR) system.
- Data Verification/Quality:
- Accuracy: More than half of all claims are received electronically, and date of claim is automatically determined. For claims received via U.S. Mail, imaging clerks and authorization personnel are skilled and trained in determining date of claim for manual input. Procedures for date of claim input, completion, and change are documented and followed. Timeliness is an element reviewed during the quarterly Quality Assurance review. Timeliness error rates of 3 percent or more on Quality Assurance reviews result in a recommendation of corrective refresher training. No 3rd party evaluations are conducted.

Reliability/Comparability: Timeliness data are received in a timely manner to facilitate program management decisions and for other critical reporting. It is maintained in easily accessible electronic storage covering more than a decade and can be extracted in both standard and ad hoc report formats. The stored data include both detail and summary information to ensure reliability for decision-making.

Consistency: Timeliness data are collected according to long-established, well-documented, and consistently used standards. The definitions for source data are clear and documented, and are available and used. Data reporting schedules are documented, distributed, and followed.
Data Limitations: The necessity for manual input of date of claim opens the possibility of data entry errors. While basic and refresher training can reduce this possibility, they cannot entirely eliminate it. Although quality reviews identify problems in this area, they are conducted after the fact, and individual errors cannot be detected in time to prevent their inclusion in overall data.

Default Resolution Rate
Key Performance Measure Definition: This measure represents the joint efforts of VA and VA-guaranteed loan servicers in assisting borrowers with defaulted VA-guaranteed loans. The Default Resolution Rate is the percent of defaulted VA-guaranteed loans that are successfully resolved via a loss mitigation option.
Measure Validation: The primary goal of Loan Guaranty Service is to assist Veterans in purchasing, retaining, and adapting homes in recognition of their service to the Nation. The Default Resolution Rate gauges VA's and Loan Servicers' ability to assist Veterans in maintaining home ownership during times of financial hardship.
Data Source and Frequency: VA-guaranteed loan servicing data are extracted from the Veterans Affairs Loan Electronic Reporting Interface (VALERI) System. This system is used to monitor and oversee the servicing of VA-guaranteed loans. Loan servicing data are collected on a monthly basis.
Data Verification/Quality:
- Accuracy: VA-guaranteed loan servicing personnel are skilled and trained in proper data reporting procedures, which ensures documented data reporting procedures are followed. VA Loan Administration staff are skilled and trained in loan servicing and proper data reporting procedures. Submitted loan servicing data are verified through sampling against loan data. The accuracy of loan servicing data is also established via VALERI's business rules process. Additionally, procedures for making changes to previously entered loan data are documented and followed.
- Reliability/Comparability: VA-guaranteed loan servicing data can be used to make program decisions and can be compared between years to assess progress or program effectiveness. VA-guaranteed loan servicing data are timely and can be used to make critical policy and program decisions. Supporting loan servicing documentation is maintained and readily available.
- Consistency: VA-guaranteed loan servicing data are well defined and documented. Definitions of loan servicing data elements are available and used. Collection standards and data reporting schedules for loan servicing data are documented, available, and used.
Data Limitations: None

Percent of graves in national cemeteries marked within 60 days of interment

Key Performance Measure Definition: The number of graves in national cemeteries for which a permanent marker has been set at the grave or the reverse inscription completed within 60 days of the interment divided by the number of interments, expressed as a percentage.

Measure Validation: The headstone or marker is a lasting memorial that serves as a focal point not only for present-day survivors but also for future generations. In addition, it may bring a sense of closure to the grieving process to see the grave marked. The amount of time it takes to mark the grave after an interment is important to Veterans and their family members.

Data Source and Frequency: Source: Burial Operations Support System (BOSS); data input by field station staff. Data are reported monthly.

Data Verification/Quality:

- Accuracy: National cemetery employees are trained and skilled at entering data into NCA's BOSS system. Data are collected and verified by NCA Central Office employees who are skilled and trained in data collection and analysis techniques. Data are verified by sampling against source interment data in BOSS.

- Reliability/Comparability: Data are used by NCA managers to identify and correct potential problems in the headstone and marker ordering, delivery, and setting process. Data are available at the beginning of each month and are available for use in GPRA reports and VA internal Monthly Performance Reviews. Data are comparable between years, enabling NCA and its stakeholders to assess program progress and effectiveness.

- Consistency: Data collection standards for this measure are automated at VA's Quantico Information Technology Center (QITC). Monthly reports are generated automatically by QITC on the first day of each month. Source data are well defined in NCA's BOSS users guide.

Data Limitations: None

Percent of applications for headstones and markers that are processed within 20 days for the graves of Veterans who are not buried in national cemeteries

Key Performance Measure Definition: This measures the timeliness of processing applications for headstones and markers -- using NCA's Automated Monument Application System (AMAS) -- for the graves of Veterans who are not buried in national cemeteries. This percentage represents the number of headstones and markers ordered within 20 days of receipt of the application divided by the number of applications for headstones and markers received.

Measure Validation: The headstone or marker is a lasting memorial that serves as a focal point not only for present-day survivors but also for future generations. In addition, it may bring a sense of closure to the grieving process to see the grave marked. The amount of time it takes to mark the grave after an interment is important to Veterans and their family members.

Data Source and Frequency: Source: Automated Monument Application System (AMAS); data input by field station and Central Office staff. Data are reported monthly.

Data Verification/Quality:

- Accuracy: National cemetery employees are trained and skilled at entering and verifying data in NCA's AMAS system. Data are collected and verified by NCA Central Office employees who are skilled and trained in data collection and analysis techniques. Data are verified by sampling against dates assigned automatically by the AMAS system for source application.

- Reliability/Comparability: Data are used by NCA managers to identify and correct potential problems in the headstone and marker application processing process. Data are available at the beginning of each month and are available for use in GPRA reports and VA internal Monthly

Performance Reviews. Data are comparable between years, enabling NCA and its stakeholders to assess program progress and effectiveness.
* Consistency: Data collection standards for this measure are automated at VA's Quantico Information Technology Center (QITC). Monthly reports are generated automatically by QITC on the first day of each month. Source data are well defined in NCA's AMAS users guide.

Data Limitations: None

Percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence

Key Performance Measure Definition: The measure is the number of Veterans served by a burial option divided by the total number of Veterans, expressed as a percentage. A burial option is defined as a first family member interment option (whether for casketed remains or cremated remains, either in-ground or in columbaria) in a national or state Veterans cemetery that is available within 75 miles of the Veteran's place of residence.

Measure Validation: Reasonable access to a burial option means that a first interment option (whether for casketed remains or cremated remains, either in-ground or in columbaria) in a national or state Veterans cemetery is available within 75 miles of the Veteran's place of residence. VA established a 75-mile service area standard because NCA data show that more than 80 percent of persons interred in national cemeteries resided within 75 miles of the cemetery at the time of death.

Data Source and Frequency: VA's VetPop2007 model, based on 2000 census data, is the source for determining the total number of Veterans and the number of Veterans served. Data are recalculated annually or as required by the availability of updated Veteran population census data. Projected openings of new national or state Veterans cemeteries and changes in the service delivery status of existing cemeteries also determine the Veteran population served.

Data Verification/Quality:
* Accuracy: NCA staff is trained and skilled in proper procedures for calculating the number of Veterans who live within the service area of cemeteries that provide a first interment burial option. Changes to this calculation methodology or other changes to the measure are documented and reported through VA's annual Performance and Accountability Report and VA Monthly Performance Reviews. Results of a VA Office of the Inspector General audit assessing the accuracy of data used for this measure affirmed the accuracy of calculations made by NCA personnel.
* Reliability/Comparability: Data on this measure are used to determine potential areas of need for future national cemeteries and to guide funding decisions for state and tribal Veterans cemetery grants. Data are timely, are used in VA Monthly Performance Reviews and annual GPRA reports, and enable VA stakeholders to assess VA's progress toward meeting the burial needs of Veterans on an annual basis.
* Consistency: Current data sources and collection standards are well defined. Data sources and collection standards have been documented by independent program studies conducted in 2002 and 2008.

Data Limitations: Provides performance data at specific points in time while at the same time, Veteran demographics are constantly changing.

Non-institutional, long-term care average daily census (ADC)

Key Performance Measure Definition: The Average Daily Census (ADC) captures the Veteran days of care in Home and Community Based-Care Programs including Care Coordination/Home Telehealth

Programs; Community Residential Care; Home-based Primary Care; Purchased Skilled Home Health Care; Adult Day Health Care (VA and Community); Homemaker/Home Health Aid Services; Home Hospice and Home Respite; and Medical Foster Homes.

Measure Validation: The measure captures the expansion of access to non-institutional care within VHA programs and/or contracted services. Non-institutional care is deemed to be more desirable and cost efficient for those Veterans who are appropriate for this level of care. The measure drives both expansion of the variety of services and expansion of geographic access.

Data Source and Frequency: The ADC data are obtained from VHA workload reporting databases designed to capture both VHA-provided care and VHA-paid (fee-based or contracted) care. Data are reported quarterly.

Data Verification/Quality:

- Accuracy: Data are verified through sampling against source data. The data captured are verified against previously captured data to determine the trend (increase/decrease) of Veterans receiving home and Community-Based Care.
- Reliability/Comparability: Data can be used to project the need for services, evaluate existing services, and promote access to required services in Home and Community-Based Care.
- Consistency: Collection standards are documented/available/used.

Data Limitations: None

Percent of new primary care appointments completed within 14 days of the desired date

Key Performance Measure Definition: This measure tracks the time in days between the day on which the Veteran desired to have the new patient primary care appointment as captured by the scheduler and the date on which the appointment is actually completed. The percent is calculated using the numerator, which is all appointments completed within 14 days of create date, and the denominator, which is all completed appointments in primary care clinics as posted in the scheduling software during the review period.

Measure Validation: Provides a reliable measure of timeliness of access to care as well as responsiveness to the patient's stated needs.

Data Source and Frequency: The source of this data is VistA scheduling software. The data are collected monthly.

Data Verification/Quality:

- Accuracy: Data collection staff is skilled and trained in proper procedures of the scheduling package. The scheduling package entry procedures are also documented and followed. Edits to previously entered data are documented and followed.
- Reliability/Comparability: VA uses the results of this measure to inform and drive quality improvement activities that promote shorter waiting times for primary care appointments by improving efficiencies and addressing missed opportunities.
- Consistency: Source data are well defined and documented; definitions are available and used.

Data Limitations: None

Percent of established primary care appointments completed within 14 days of the desired date

Key Performance Measure Definition: This measure tracks the time in days between the desired date entered for an established patient appointment and the date on which the appointment is actually completed. The percent is calculated using the numerator, which is all appointments completed within 14 days of desired date, and the denominator, which is all completed appointments in primary care clinics as posted in the scheduling software during the review period.

Measure Validation: Provides a reliable measure of timeliness of access to care as well as responsiveness to the patient's stated needs.

Data Source and Frequency: The source of this data is VistA scheduling software. The data are collected monthly.

Data Verification/Quality:

- Accuracy: Data collection staff is skilled and trained in proper procedures of the scheduling package. The scheduling package entry procedures are also documented and followed. Edits to previously entered data are documented and followed.
- Reliability/Comparability: VA uses the results of this measure to inform and drive quality improvement activities that promote shorter waiting times for primary care appointments by improving efficiencies and addressing missed opportunities.
- Consistency: Source data are well defined and documented; definitions are available and used.

Data Limitations: None

Percent of new specialty care appointments completed within 14 days of the desired date

Key Performance Measure Definition: This measure tracks the time in days between the day on which the Veteran desired to have the new patient specialty care appointment as captured by the scheduler and the date on which the appointment is actually completed. The percent is calculated using the numerator, which is all appointments completed within 14 days of create date, and the denominator, which is all completed appointments in specialty care clinics as posted in the scheduling software during the review period.

Measure Validation: Provides a reliable measure of timeliness of access to care as well as responsiveness to the patient's stated needs.

Data Source and Frequency: Reported monthly via VistA scheduling software.

Data Verification/Quality:

- Accuracy: Data collection staff is skilled and trained in proper procedures of the scheduling package. The scheduling package entry procedures are also documented and followed. Edits to previously entered data are documented and followed.
- Reliability/Comparability: VA uses the results of this measure to inform and drive quality improvement activities that promote shorter waiting times for specialty care appointments by improving efficiencies and addressing missed opportunities.
- Consistency: Source data are well defined and documented; definitions are available and used.

Data Limitations: None

Percent of established specialty care appointments completed within 14 days of the desired date

Key Performance Measure Definition: This measure tracks the time in days between the desired date entered for an established patient appointment and the date on which the appointment is actually completed. The percent is calculated using the numerator, which is all appointments completed within 14 days of desired date, and the denominator, which is all completed appointments in specialty care clinics as posted in the scheduling software during the review period.

Measure Validation: Provides a reliable measure of timeliness of access to care as well as responsiveness to the patient's stated needs.

Data Source and Frequency: Reported monthly via VistA scheduling software.

Data Verification/Quality:

- Accuracy: Data collection staff is skilled and trained in proper procedures of the scheduling package. The scheduling package entry procedures are also documented and followed. Edits to previously entered data are documented and followed.
- Reliability/Comparability: VA uses the results of this measure to inform and drive quality improvement activities that promote shorter waiting times for specialty care appointments by improving efficiencies and addressing missed opportunities.
- Consistency: Source data are well defined and documented; definitions are available and used.

Data Limitations: None

Percent of respondents who rate the quality of service provided by the national cemeteries as excellent

Key Performance Measure Definition: The number of survey respondents who agree or strongly agree that the quality of service received from national cemetery staff is excellent divided by the total number of survey respondents, expressed as a percentage.

Measure Validation: NCA strives to provide high-quality, courteous, and responsive service in all of its contacts with Veterans and their families and friends. These contacts include scheduling the committal service, arranging for and conducting interments, and providing information about the cemetery and the location of specific graves.

Data Source and Frequency: NCA's Survey of Satisfaction with National Cemeteries. The survey collects data from family members and funeral directors who have recently received services from a national cemetery. Data are reported annually.

Data Verification/Quality:

- Accuracy: Data are collected by an independent contractor skilled in data collection and analytical techniques. The next of kin and servicing funeral directors at all national cemeteries with at least one interment during the fiscal year are surveyed. Data are accurate at a 95 percent confidence interval.
- Reliability/Comparability: Data for this measure are used by VA management to inform budget formulation, for VA internal Monthly Performance Reviews and annual GPRA reports, and to enable stakeholders to assess VA's annual performance on providing quality service to Veterans and their families.
- Consistency: VA's current mail-out survey methodology has been in place since 2001. Data collection standards and reporting schedules are clearly defined and incorporated into a contract with the firm that conducts the survey.
- Data Limitations: The mail-out survey provides statistically valid performance data at the national and MSN levels and at the cemetery level for cemeteries having at least 400 interments per year.

Percent of respondents who rate national cemetery appearance as excellent

Key Performance Measure Definition: This measure tracks the number of survey respondents who agree or strongly agree that the overall appearance of the national cemetery is excellent divided by the total number of survey respondents, expressed as a percentage.

Measure Validation: NCA will continue to maintain the appearance of national cemeteries as national shrines so that bereaved family members are comforted when they come to the cemetery for the interment, or later to visit the grave(s) of their loved one(s). Our Nation's Veterans have earned the appreciation and respect not only of their friends and families, but also of the entire country and our

allies. National cemeteries are enduring testimonials to that appreciation and should be places to which Veterans and their families are drawn for dignified burials and lasting memorials.

Data Source and Frequency: The source of this data is NCA's Survey of Satisfaction with National Cemeteries. The survey collects data annually from family members and funeral directors who have recently received services from a national cemetery.

Data Verification/Quality:

- Accuracy: Data are collected by an independent contractor skilled in data collection and analytical techniques. The next of kin and servicing funeral directors at all national cemeteries with at least one interment during the fiscal year are surveyed. Data are accurate at a 95 percent confidence interval.

- Reliability/Comparability: Data for this measure are used by VA management to inform budget formulation, for VA internal Monthly Performance Reviews and annual GPRA reports, and to enable stakeholders to assess VA's annual performance on maintaining national cemeteries as national shrines.

- Consistency: VA's current mail-out survey methodology has been in place since 2001. Data collection standards and reporting schedules are clearly defined and incorporated into a contract with the firm that conducts the survey.

Data Limitations: The mail-out survey provides statistically valid performance data at the national and MSN levels and at the cemetery level for cemeteries having at least 400 interments per year.

Percent of milestones completed leading to the use of genomic testing to inform the course of care (prevention, diagnosis, or treatment) of patients with mental illness (including PTSD, schizophrenia, and mood disorders)

Key Performance Measure Definition: Improve the understanding of serious mental illness, including its causes, by using advanced laboratory and gene-based scientific methods. As medical science advances, there is a growing ability to use genetic information for better understanding how individual differences can affect and/or improve treatment outcomes. It is important to obtain and advance knowledge in the science, methodology, and application of personalized medicine to our Veterans. This performance measure will ensure that VA research helps place the VA health care system in a position for delivering state-of-the art health care in key diseases affecting the Veteran population.

Measure Validation: The goal of the study is to obtain genetic material from blood samples for genome scanning to identify genetic variants that contribute to functional disability associated with bipolar illness and schizophrenia. In addition, the study will assess the relationship between the characteristics of functional disability and the genetics that influence the likelihood of succumbing to mental illness. As medical science advances, there is a growing ability to use genetic information for better understanding how individual differences can affect and/or improve treatment outcomes, as well as improve diagnosis resulting in prevention or early intervention. It is important to obtain and advance knowledge in the science, methodology, and application of genomics and personalized medicine to our Veterans. This performance measure will ensure that VA research helps place the VA health care system in a position for delivering state-of-the-art health care in a key disease area affecting the Veteran population, namely, serious mental illness.

Data Source and Frequency: The enrollment data will be obtained quarterly from the Cooperative Studies Program Coordinating Center for the multi-site study.

Data Verification/Quality:

- Accuracy: Since the performance measure involves enrollment of subjects in a clinical study, human subjects research protections procedures must be followed. This requires that data entry procedures are documented and followed.
- Reliability/Comparability: * Data can be used to make program decisions.
- * Supporting documentation is maintained and readily available.
- Consistency: The procedures are defined in the protocol and informed consent documents approved by the Institutional Review Board (IRB). Any deviations must be reported to the IRB.

Data Limitations: None

Rehabilitation Rate (General)

Key Performance Measure Definition: The rehabilitation rate calculation is as follows: (1) the number of disabled Veterans who successfully complete VA's Vocational Rehabilitation program and acquire and maintain suitable employment and Veterans with disabilities for whom employment is infeasible but who obtain independence in their daily living with assistance from the program divided by (2) the total number leaving the program—both those rehabilitated plus discontinued cases with a plan developed in one of three case statuses (Independent Living, Rehabilitation to Employability, or Employment Services) minus those individuals who benefited from but left the program under one of three conditions: the Veteran (a) reached "maximum rehabilitation gain" due to choosing to be employed in a job that is not suitable, (b) reached "maximum rehabilitation gain" due to being unemployed but employable and not seeking employment, or not employable for medical or psychological reasons, or (c) elected to discontinue his or her VR&E plan to pursue educational goals utilizing Post-9/11 GI Bill Benefits (Chapter 33).

Measure Validation: The primary goal of the VR&E program is to assist service-disabled Veterans in becoming employable. The rehabilitation rate is the key indicator of the program's success in meeting this goal, as it represents the number of Veterans successfully reentering the workforce following completion of their VR&E program.

Data Source and Frequency: Data is obtained from VR&E management reports Quality Assurance Reviews evaluate the accuracy and reliability of data and are conducted twice a month.

Data Verification/Quality:

- Accuracy:
- Reliability/Comparability: Data are collected and compiled on a monthly basis. Data collected are used by VR&E Management, VBA Management, and Regional Offices to measure the program's success and to identify areas of concern and progress. Data can be compared between years to assess progress or program effectiveness.
- Consistency: The source data are well defined and documented - definitions are available and used. Data collection and distribution on a monthly basis are consistent and documented.
- Data Limitations: There is a slight chance of an erroneous entry by the end user.

Rate of high client satisfaction ratings on services delivered (Insurance)

Key Performance Measure Definition: This measure represents the percent of insurance clients who rate different aspects of insurance services in the highest two categories, based on a 5-point scale, using data from the insurance customer survey.

Measure Validation: VA's insurance program uses the results of the surveys to identify opportunities for improvement in order to maintain high levels of client satisfaction by providing quality service and implementing and administering insurance programs that meet the needs of Veterans and their beneficiaries.

Data Source and Frequency: Insurance sends client satisfaction surveys to 40 randomly selected Veterans and beneficiaries per month for each of 11 end products.

Data Verification/Quality:

- Accuracy: Insurance Service reviews and tabulates survey responses and independently validates the results of the tabulated responses by re-entering randomly selected monthly responses in order to determine if similar results are calculated.
- Reliability/Comparability: Data collected are used to measure client satisfaction. VBA Insurance managers use the results of this measure to inform and drive quality improvement.
- Consistency: Data are collected on an on-going basis throughout the month for recording and verification. Data results are reported once per month.

Data Limitations: The necessity for manual input of survey data opens the possibility of data entry errors. Re-entering the data a second time helps to identify possible data entry errors.

Percent of patients rating VA health care as 9 or 10 (on a scale from 0 to 10): Inpatient and Outpatient

Key Performance Measure Definition: Data are gathered for these measures via a VA survey that is applied to a representative sample of inpatients and a sample of outpatients. The denominator is the total number of patients sampled who answered the question, "Overall, how would you rate your quality of care?" The numerator is the number of patients who rated their care as 9 or 10 (on a scale from 0 to 10).

Measure Validation: Satisfaction surveys are the most effective way to determine patient expectations and provide a focused critique on areas for improvement.

Data Source and Frequency: Data is obtained from the Survey of Health Experiences of Patients. Surveys are conducted as follows: Inpatient - Semi-annually; Outpatient – Quarterly;

Data Verification/Quality:

- Accuracy: The data collection process is documented and followed when surveys are received.
- Reliability/Comparability: Data collected are used by VHA to measure patient satisfaction. The results are used to inform and drive quality improvement.
- Consistency: Collection standards are documented, available, and used.

Data Limitations: None

Performance Measures Tables
By Organization and Program

The following table displays our key and supporting measures by organization and program.

For each measure, we show available trend data for 4 years. **This report highlights the actual 2012 result as compared to the 2012 target designated as follows:**

- **Green or G**: Target was met or exceeded.

- **Yellow or Y**: Target was not met, but the deviation was not significant or material.

- **Red or R**: Target was not met, but the deviation was significant or material.

For measures coded "red," we provide a brief explanation of why there was a significant deviation between the actual and planned performance level and briefly identify the steps being taken to ensure goal achievement in the future. Please see the Performance Shortfall Analysis tables beginning on page I-70 for this information.

For those measures where 2012 results are partial or estimated, we will publish final data in the 2014 Congressional Budget and/or the 2013 Performance and Accountability Report.

The table showing measures by organization and program includes the total amount of resources (FTE and obligations) for each program.

VA uses the balanced measures concept to monitor program and organizational performance. We examine and regularly monitor several different types of measures to provide a more comprehensive and balanced view of how well we are performing. Taken together, the measures demonstrate the balanced view of performance we use to assess how well we are doing in meeting our performance targets.

VA works to ensure the quality and integrity of our data. The Key Measures Data Table starting on page II-52 provides the definition, data source, frequency of collection, any data limitations, and data verification and measure validation for each of VA's 24 key measures. The Assessment of Data Quality beginning on page II-39 provides an overall view of how our programs verify and validate data for all of the measures. Definitions for the supporting measures are located in Part IV.

*These are partial or estimated data; final data will be published in the 2014 Congressional Budget and/or the 2013 Performance and Accountability Report

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Veterans Health Administration							
Medical Care Programs							
Resources							
FTE	219,535	238,927	245,263	254,835	257,806		
Total Program Costs ($ in millions)	$42,531	$44,537	$51,705	$52,822	$55,774		
Performance Measures							
Prevention Index V (The 2008 result is PI III. The 2009-2011 results are PI IV. The 2012-2014 targets are PI V.)	88%	89%	91%	92%	94%	93%	95%
Clinical Practice Guidelines Index IV (The 2008 result is CPGI II. The 2009-2011 results are CPGI III. The 2012-2014 targets are CPGI IV.)	84%	91%	92%	91%	94%	92%	94%
Non-institutional, long-term care average daily census (ADC) (Measure being dropped after 2013)	54,053	72,315	85,940	95,092	*104,445	113,254	154,152
Percent of new primary care appointments completed within 14 days of the desired date for the appointment (New) [1] In 2012, VHA will begin measuring the four appointment performance measures using a 14-day standard.	N/Av	N/Av	N/Av	N/Av	90%	83%	90%
Percent of established primary care appointments completed within 14 days of the desired date for the appointment (New) (See [1] above)	N/Av	N/Av	N/Av	N/Av	95%	94%	98%
Percent of new specialty care appointments completed within 14 days of the desired date for the appointment (New) (See [1] above)	N/Av	N/Av	N/Av	N/Av	90%	84%	90%
Percent of established specialty care appointments completed within 14 days of the desired date for the appointment (New) (See [1] above)	N/Av	N/Av	N/Av	N/Av	96%	95%	98%

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Percent of patients rating VA health care as 9 or 10 (on a scale from 0 to 10) (VHA has moved to a nationally standardized tool, a family of surveys known as Consumer Assessment of Health Care Plans and Systems (CAHPS). 2009 was a re-baseline year to determine both annual and strategic targets. The 2009 results are not comparable with prior years and cannot be compared to 2010 due to additional changes to the survey instrument and administration protocol that were implemented in 2010.)							
Inpatient	79%	63% (Baseline)	64%	64%	*66%	65%	75%
Outpatient	78%	57% (Baseline)	55%	55%	55%	58%	70%
Percent of VA Hospitals whose unplanned readmissions rates are less than or equal to other hospitals in their community	N/Av	N/Av	N/Av	94%	91%	85%	100%
Percent of Veterans who successfully obtain resident status as a result of vouchers distributed through the U.S. Department of Housing and Urban Development and Veterans Affairs Supportive Housing (HUD-VASH) program **(Supports Agency Priority Goal)**	N/Av	N/Av	88%	100%	92%	85%	90%
Number of Homeless Veterans on any given night **(Supports Agency Priority Goal)** (Joint VHA-OPIA measure) The 2008 number is based on Community Homelessness Assessment, Local Education and Networking Groups (CHALENG) data. The numbers for 2009 and subsequent years are based upon the Annual Homeless Assessment Report (AHAR).	131,000	75,609	76,329	67,495	TBD	59,000	0
Percent of Eligible Patient Evaluations Documented within 14 days of New MH Patient Index Encounter (Measure being dropped after 2012)	N/Av	96%	96%	95%	96%	96%	96%

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	**2009**	**2010**	**2011**	**Results**	**Targets**	
Percent of eligible patients screened at required intervals for PTSD (Measure being dropped after 2012)	84%	96%	98%	99%	98%	97%	97%
Percent of eligible patients screened at required intervals for alcohol misuse (Measure being dropped after 2012)	N/Av	N/Av	97%	97%	97%	97%	98%
Percent of eligible patients screened at required intervals for depression (Measure being dropped after 2012)	N/Av	N/Av	97%	97%	97%	97%	98%
Percent of OEF/OIF Veterans with a primary diagnosis of PTSD who receive a minimum of 8 psychotherapy sessions within a 14-week period	N/Av	N/Av	11%	15%	15%	20%	30%
Percent of eligible OEF/OIF PTSD patients evaluated at required intervals for level of symptoms	N/Av	N/Av	5%	TBD	N/A	20%	80%
Percent of patients who report being seen within 20 minutes of scheduled appointments at VA health care facilities	76%	79%	74%	78%	76%	75%	85%
Percent of clinic "no shows" and "after appointment cancellations" for OEF/OIF Veterans	N/Av	N/Av	13%	22%	21%	12%	10%
Percent of VHA clinical health care professionals who have had VA training prior to employment	N/Av	27% (Baseline)	29%	29%	29%	29%	33%
Obligations per unique patient user *Results/Future targets are expressede in constant dollars based on the Bureau of Labor Statistics Consumer Price Index (CPI). The CPI for all Urban Consumers (CPI-U) released in the OMB November 2011 Economic Assumption was used for the 2008-2011 results and for the 2012-2014 targets.	$5,891	$6,317	$6,551	$6,417	$6,429	$6,429	TBD

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Gross Days Revenue Outstanding (GDRO) for 3rd party collections (VHA)	56	55	45	48	48	46	37
Total amount expended for health care services rendered to VA beneficiaries at a DoD facility ($ Millions)	N/Av	N/Av	N/Av	$84.0	$93.8	$85.7	$92.0
Amount billed for health care services provided to DoD beneficiaries at VA facilities ($ Millions) (1) Corrected *The FY 2012 total amount is significantly less than FY 2011 because of the establishment of the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund that is now used to resource the Captain James A. Lovell Federal Health Care Center (FHCC) in Chicago, IL.	N/Av	N/Av	N/Av	(1) $183.6	$157.8*	$187.3	$198.8
Dollar value of 1st party and 3rd party collections (VHA):							
1st Party ($ Millions)	$922	$892	$870	$911	$894	$877	$952
3rd Party ($ Millions)	$1,497	$1,843	$1,904	$1,800	$1,847	$1,825	$1,807
Percent of NonVA claims paid in 30 days (VHA) (1) Corrected	N/Av	N/Av	N/Av	(1) 79%	80%	95%	98%
Percent of Veterans who report "yes" to the Shared Decision-making questions in the Inpatient Surveys of the Health Experiences of Patients (SHEP) (2011 was a re-baseline year after measure validation was completed in 2010.)	N/Av	N/Av	71%	72%	72%	71%	75%
Percent of Milestones completed towards development of AViVA infrastructure and User Interface (UI) functionality to modernize VA's Electronic Health Record **(New)**	N/Av	N/Av	N/Av	N/Av	100%	95%	100%
Percent of Milestones completed towards Increasing Informatics and Analytics literacy in healthcare delivery workforce **(New)**	N/Av	N/Av	N/Av	N/Av	100%	95%	100%

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Medical Research							
Resources							
FTE	3,142	3,226	3,352	3,523	3,496		
Total Program Costs ($ in millions)	$981	$967	$476	$580	$643		
Performance Measures							
Percent of milestones completed leading to the use of genomic testing to inform the course of care (prevention, diagnosis, or treatment) of patients with mental illness (including PTSD, schizophrenia, and mood disorders)	N/Av	N/Av	25%	35%	43%	45%	100%
Percent of milestones completed towards development of one new objective method to diagnose mild Traumatic Brain Injury (TBI)	N/Av	N/Av	N/Av	22%	50%	55%	100%
Progress toward researching, developing, and implementing innovations in clinical practice that ensure improved access to health care for Veterans, especially in rural areas	N/Av	N/Av	N/Av	42%	55%	63%	100%
Percent increase in number of enrolled Veterans participating in telehealth This focus is on the following Office of Telehealth Services only: Home Telehealth, and Store and Forward Telehealth services.	N/Av	N/Av	N/Av	24%	61%	45%	75%

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Veterans Benefits Administration							
Compensation							
Resources							
FTE	9,943	12,049	12,871	14,064	13,825		
Total Program Costs ($ in millions)	$37,589	$41,659	$45,440	$54,547	$55,824		
Performance Measures							
National accuracy rate - compensation entitlement claims (Supports Agency Priority Goal)	86%	84%	84%	84%	86%	87%	98%
Compensation maintenance claims - average days to complete (1) Corrected	N/Av	N/Av	99	(1) 106	128	85	60
Percentage of compensation maintenance claims pending inventory that is more than 90 days old **(New)**	N/Av	N/Av	N/Av	N/Av	N/AV	Baseline	0%
Burial claims processed - average days to complete (Compensation)	84	78	76	113	178	70	21
Percentage of burial claims pending inventory that is more than 60 days old (Compensation) **(New)**	N/Av	N/Av	N/Av	N/Av	57%	Baseline	0
National accuracy rate -- compensation maintenance claims	95%	95%	96%	97%	95%	97%	98%
National accuracy rate - burial claims processed (Compensation)	96%	93%	96%	97%	100%	98%	98%
Overall satisfaction rate (%) (Compensation) (1) Targets are TBD as this measure will be captured by customer satisfaction surveys under development.	N/Av	N/Av	N/Av	N/Av	N/Av	(1) Baseline	TBD

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Pension							
Resources							
FTE	1,461	1,157	2,238	1,491	1,952		
Total Program Costs ($ in millions)	$4,020	$4,259	$4,502	$4,773	$5,041		
Performance Measures							
National accuracy rate - pension maintenance claims	93%	95%	96%	97%	98%	97%	98%
Percent of pension maintenance claims pending inventory that is more than 90 days old (New)	N/Av	N/Av	N/Av	N/Av	68%	Baseline	0%
National accuracy rate - pension entitlement claims	87%	95%	96%	98%	98%	98%	98%
Overall satisfaction rate (%) (Pension) (1) Targets are TBD as this measure will be captured by customer satisfaction surveys under development.	N/Av	N/Av	N/Av	N/Av	N/Av	(1) Baseline	TBD
Combined Compensation and Pension Measures							
Percent of Compensation and Pension pending inventory that is more than 125 days old (Supports Agency Priority Goal)	N/Av	N/Av	36%	60%	66%	60%	0%
Number of registered eBenefits users **(Supports Agency Priority Goal) (New)**	N/Av	N/Av	N/Av	1M (Baseline)	1.97M	1.65M	3.5M
Compensation and Pension entitlement claims – average days to complete **(Supports Agency Priority Goal)**	179	161	166	188	262	230	90
Compensation and Pension National accuracy rate - fiduciary work	81%	82%	85%	88%	87%	92%	98%
Appeals resolution time (From NOD to Final Decision) (Average Number of Days) (Joint BVA-VBA Compensation and Pension measure)	645	709	656	747	*866	675	400
National Call Center Customer Satisfaction Overall Score	N/Av	N/Av	N/Av	N/Av	744	720	765%

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Percent of IDES participants who will be awarded benefits within 30 days of discharge (1) The baseline year has been changed to 2012 pending the full deployment of the Integrated Disability Evaluation System (IDES) in 2012.	N/Av	N/Av	N/Av	N/Av	N/Av	(1) Baseline	TBD

The indicators below are the component end-products for average days to complete disability rating claims. We do not establish separate performance goals for these indicators.

	2008	2009	2010	2011	2012	Claims
Average days to complete C&P disability rating	179	161	166	188	262	1,032,334
Initial disability compensation	198	179	183	219	307	261,033
Initial death compensation/DIC	121	109	149	145	150	32,332
Reopened compensation	195	173	170	214	289	509,401
Initial disability pension	113	92	112	99	97	39,503
Reopened pension	120	113	146	123	125	53,083
Reviews, future exams	74	97	112	132	103	60,371
Reviews, hospital	52	65	68	87	93	8,346
Agent Orange Claims	N/A	N/A	N/A	144	294	67,387

Education						
Resources						
FTE	1,002	1,410	1,961	1,967	1,971	
Total Program Costs ($ in millions)	$3,097	$3,693	$8,444	$11,452	10,540	

Organization/Program/Measure	2008	2009	2010	2011	Results	Targets	Strategic Targets
Average days to complete original Education claims	19	26	39	24	31	23	10
Average days to complete supplemental Education claims	9	13	16	12	17	12	7
Percentage of claims processed through the automated claims processing system (Education) (1) Baseline is 2012 because the requisite level of automation within VA's long-term processing solution will not be reached until 2012.	N/Av	N/Av	N/Av	N/Av	TBD	(1) Baseline	TBD

| Organization/Program/Measure (Key Measures in Bold) | Past Fiscal Year Results | | | | 2012 | | Strategic Targets |
	2008	2009	2010	2011	Results	Targets	
Percent of Montgomery GI Bill or Post 9/11 GI Bill participants who successfully completed an education or training program (See (1) above)	N/Av	N/Av	N/Av	N/Av	TBD	(1) Baseline	TBD
Percent of Eligible Applicants who use the Post-9/11 GI Bill **(New)** (Measure being dropped after 2012)	N/Av	N/Av	N/Av	N/Av	TBD	Baseline	TBD
Education Claims Completed Per FTE (See (1) above)	N/Av	N/Av	N/Av	N/Av	TBD	(1) Baseline	TBD
Payment accuracy rate (Education)	96%	96%	95%	98%	99%	96%	97%
Education Call Center - Abandoned call rate (Measure being dropped after 2012)	5%	11%	17%	20%	26%	15%	5%
Percentage of beneficiaries very satisfied or somewhat satisfied with the way VA handled their education claim (1) Targets are TBD as this measure will be captured by customer satisfaction surveys under development.	N/Av	N/Av	N/Av	N/Av	TBD	(1) Baseline	TBD
Percent of beneficiaries that believe their VA educational assistance has been either very helpful or helpful in the attainment of their educational or vocational goal (See (1) above)	N/Av	N/Av	N/Av	N/Av	TBD	(1) Baseline	TBD

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Vocational Rehabilitation and Employment							
Resources							
FTE	1,283	1,276	1,301	1,284	1,363		
Total Program Costs ($ in millions)	$775	$827	$960	$1,034	$968		
Performance Measures							
Rehabilitation Rate (General)	76%	74%	76%	77%	77%	77%	80%
Serious Employment Handicap (SEH) Rehabilitation Rate (1) Corrected	76%	74%	(1) 75%	77%	76%	77%	80%
Employment Rehabilitation Rate	N/Av	Baseline	73%	74%	74%	75%	80%
Independent Living Rehabilitation Rate	N/Av	Baseline	93%	95%	96%	94%	96%
Speed of Entitlement Decisions in average days (VR&E)	48	51	49	44	43	44	40
Accuracy Rate of Decisions (Services) (VR&E)	82%	80%	81%	82%	82%	87%	96%
Accuracy Rate of Vocational Rehabilitation Program Completion Decisions	96%	96%	97%	97%	97%	97%	99%
Veterans' satisfaction with the Vocational Rehabilitation and Employment Program (1) Targets are TBD as this measure will be captured by customer satisfaction surveys under development	N/Av	N/Av	N/Av	N/Av	N/Av	(1) Baseline	TBD

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Housing							
Resources							
FTE	911	883	875	834	872		
Total Program Costs ($ in millions)	$978 (a)	$480	$962	$1,541	$1,736		

(a) Includes positive subsidy, administrative expenses, and upward reestimates, which are required to comply with Credit Reform Act guidelines.

Performance Measures

Organization/Program/Measure	2008	2009	2010	2011	Results	Targets	Strategic Targets
Default Resolution Rate	N/Av	71.5%	76.3%	83.0%	80.9%	81.0%	85.0%
Program Review Accuracy Rate (Housing)	N/Av	N/Av	N/Av	Baseline	98.4%	97.5%	99.0%
Rate of homeownership for Veterans compared to that of the general population	115.2%	117.2%	117.2%	122.98%	123.1%	120.0%	122.0%
Default Resolution Efficiency Ratio	N/Av	32.0:1	55.7:1	68.3:1	68.7:1	66.0:1	70.0:1
Success Rate of Automated Certificate of Eligibility (ACE) System (Housing)	N/Av	N/Av	Baseline	54.98%	54.8%	62.5%	75.0%
Lender Satisfaction with VA Loan Guaranty Program (1) The Lender Satisfaction Survey will be conducted on a biennial basis starting in 2012.	N/Av	95.0%	94.5%	N/Av	N/Av	96.5%	97.0%
Veterans' Satisfaction Level with the VA Loan Guaranty Program (1) Targets are TBD as this measure will be captured by customer satisfaction surveys under development.	N/Av	92.3%	N/Av	N/Av	N/Av	(1) Baseline	TBD

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Insurance							
Resources							
FTE	365	348	359	341	341		
Total Program Costs ($ in millions)	$3,157	$2,927	$2,890	$2,826	$2,760		
Performance Measures							
Rate of high client satisfaction ratings on Insurance services delivered	95%	96%	95%	95%	95%	95%	95%
Number of disbursements (death claims, loans, and cash surrenders) per FTE (Insurance) (1) Insurance processed slightly more disbursements with fewer FTE than projected in 2011. FTE dedicated to processing disbursements were less than projected due to losses realized during the year. Future targets of the number of disbursements processed per FTE are based on the optimal FTE level necessary to process disbursements Insurance projects to receive.	1,756	1,755	1,714	(1) 1,808	1,775	1,750	1,750
Conversion rate of disabled SGLI members to VGLI (Insurance) (1) Insurance created a new outreach unit in 2011 to supplement our existing outreach to disabled Servicemembers eligible to convert their SGLI coverage to VGLI. The initial outreach results from this new unit were very successful. VA is currently in the process of determining the baseline results for this new outreach effort to determine if adjustments in future targets are needed.	45%	32%	37%	(1) 55%	36%	40%	50%

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
National Cemetery Administration							
Burial Program							
Resources							
FTE	1,512	1,622	1,670	1,676	1,652		
Total Program Costs ($ in millions)	$598	$640	$345	$259	$391		
Performance Measures							
Percent of applications for headstones and markers that are processed within 20 days for the graves of Veterans who are not buried in national cemeteries	95%	93%	74%	93%	88%	90%	90%
Percent of graves in national cemeteries marked within 60 days of interment	93%	95%	94%	93%	89%	95%	95%
Percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence	84.2%	87.4%	88.1%	89.0%	89.6%	89.6%	94.0%
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	94%	95%	95%	95%	96%	98%	100%
Percent of respondents who rate national cemetery appearance as excellent	98%	98%	98%	98%	99%	99%	100%
Percent of respondents who would recommend the national cemetery to Veteran families during their time of need	98%	98%	98%	98%	99%	99%	100%
Percent of gravesites that have grades that are level and blend with adjacent grade levels	86%	90%	89%	91%	93%	90%	95%

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Percent of headstones and markers that are delivered undamaged and correctly inscribed	96%	96%	96%	95%	96%	96%	98%
Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	84%	82%	85%	82%	82%	83%	95%
Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	65%	64%	67%	70%	69%	71%	90%
Percent of national cemetery buildings and structures that are assessed as "acceptable" according to annual Facility Condition Assessments (1) This measure will be dropped after 2012.	N/Av	84%	84%	74%	TBD	(1)	90%
Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours	72%	73%	77%	81%	81%	84%	93%
Percent of Presidential Memorial Certificate applications that are processed within 20 days of receipt	N/Av	N/Av	17%	91%	78%	70%	90%
Percent of headstone and marker applications from private cemeteries and funeral homes received electronically	46%	52%	56%	61%	65%	65%	75%

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Percent of respondents who agree or strongly agree that the quality of the headstone or marker received from VA was excellent	N/Av	N/Av	94%	95%	91%	95%	100%
Percent of respondents who agree or strongly agree that the quality of the Presidential Memorial Certificate received from VA was excellent	N/Av	N/Av	96%	94%	90%	97%	100%
Board of Veterans' Appeals							
Resources							
FTE	469	525	549	535	510		
Administrative costs only ($ in millions)	$60	$69	$75	$77	$75		
Performance Measures							
Appeals resolution time (From NOD to Final Decision) (Average Number of Days) (Joint BVA-VBA Compensation and Pension measure)	645	709	656	747	*866	675	400
BVA Cycle Time (Excludes Representative Time) (Average Number of Days)	155	100	99	119	117	140	104
Appeals decided per Veteran Law Judge	754	813	818	784	692	752	800
Percent of Total Hearings that are Conducted via Video Conference	N/Av	N/Av	N/Av	29%	40%	35%	46%
BVA Appeals Backlog **(New)**	N/Av	17,713	21,112	20,287	25,599	39,283	21,000

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Departmental Management							
Total FTE and Program Costs (less BVA and OIG FTE and costs, which are identified separately)							
FTE	9,428(a)	10,059	9,057	9,410	9,662		
Total Program Costs ($ in millions)	$3,165	$4,582	$3,024	$2,399	$4,036		
(a) Increase primarily reflects the centralization of IT personnel under the Department's Chief Information							
Performance Measures							
Percent of total procurement dollars awarded to service-disabled Veteran-owned small businesses (OSDBU) (1) VA's data reported may differ from data reported by the Small Business Administration (SBA) due to the timing of when SBA runs its report.	12.09%	(1) 16.96%	20.0%	18.3%	*20.5%	10.0%	10.0%
Percent of total procurement dollars awarded to Veteran-owned small businesses (OSDBU) (See (1) above)	15.27%	(1) 19.3%	23.0%	20.5%	*23.2%	12.0%	12.0%
Number of Homeless Veterans on any given night **(Supports Agency Priority Goal)** (Joint VHA-OPIA measure) The 2008 number is based on Community Homelessness Assessment, Local Education and Networking Groups (CHALENG) data. The numbers for 2009 and subsequent years are based upon the Annual Homeless Assessment Report (AHAR).	131,000	75,609	76,329	67,495	TBD	59,000	0
Percent of federally recognized Native American tribes contacted by VA for outreach purposes (OPIA)	1%	1%	80%	85%	100%	90%	100%
Percent of milestones achieved towards deployment and implementation of a paperless disability claims processing system **(Supports Agency Priority Goal)** (OIT)	N/Av	N/Av	N/Av	100%	100%	100%	100%

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Percent of milestones achieved in deploying and implementing the Veterans Relationship Management System (VRMS) **(Supports Agency Priority Goal)** (OIT)	N/Av	N/Av	N/Av	30%	70%	70%	100%
Percent of milestones achieved in deploying and implementing the Virtual Lifetime Electronic Record (VLER) **(Supports Agency Priority Goal)** (OIT)	N/Av	N/Av	N/Av	88%	60%	60%	100%
Annual percent growth in VA IT systems that automatically reuse all redundant client information in other systems (OIT)	N/Av	N/Av	N/Av	9.5%	9.5%	25%	15%
Percentage of responses to pre- and post-hearing questions that are submitted to Congress within the required timeframe (OCLA)	57%	75%	12%	90%	75%	85%	90%
Percentage of testimony submitted to Congress within the required timeframe (OCLA)	58%	80%	62%	98%	88%	90%	90%
Percentage of title 38 reports that are submitted to Congress within the required timeframe (OCLA) (1) Corrected	59%	76%	63%	(1) 33%	68%	85%	85%
Percentage of concurrence actions completed on time (OCLA)	N/Av	N/Av	N/Av	95%	99%	85%	90%
Percent of employees in mission critical and key occupations who participated in a competency-based training program within the last 12 months (HRA) *HRA will continue working with customers to determine which occupations are considered mission critical	N/Av	N/Av	20%	45%	*47%	65%	95%

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Percent of training participants who agreed during the post-training evaluation that the training session will help improve job performance (HRA) **(New)**	N/Av	N/Av	N/Av	N/Av	*94%	80.0%	80%
Alternative Dispute Resolution (ADR) participation rate in the informal stage of the Equal Employment Opportunity (EEO) complaint process (HRA) (1) Corrected	46%	48%	52%	(1) 54%	*57%	53%	55%
Percentage of VA employees who are Veterans (HRA)	30%	30%	31%	32%	*32%	35%	40%
Workers' Compensation Lost Time Case Rate (LTCR) (HRA) *This rate indicates the number of injuries and illnesses that have resulted in days away from work or have been documented as lost time cases adjusted for employment changes, per 100 employees. This target meets Department of Labor standards; however, the goal for 2012 has not been issued yet.	1.81	1.82	1.71	1.64	1.22	1.58	1.51
Average number of months to process VA regulations (OGC) (1) These targets are "stretch goals" because they accelerate individual project completion dates from Departmental standards of 22.4 months and 10.8 months, respectively. The strategic and interim goals are identical because actual processing times cover multi-years and are measured as performance data only when rulemakings are completed.							
-Requiring advance notice and public comment (2-stage)	21.7	19.4	19.6	19.5	19.9	(1) 19.6	(1)19.6
-Without advance notice and public comment (1-stage)	7.4	7.8	7.5	7.4	7.3	(1) 7.5	(1) 7.5
Number of material weaknesses (OM)	3	4	1	1	1	1	0

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Percent Condition Index (Owned Buildings) (OAEM) *(Standard government-wide measure required by the Federal Real Property Council) The Office of Asset Enterprise Management (OAEM) develops VA policy that governs the Department's Capital Asset Management. Policy execution is done by VA's business lines (Veterans Health Administration, Veterans Benefits Administration, and National Cemetery Administration), and annual performance results are reported by OAEM.	66%	74%	71%	(1)70%	*79%	78%	87%
Percent of space utilization as compared to overall space (owned and direct-leased) (OAEM) (1) Corrected (See * above)	113%	(1) 114%	(1) 122%	(1) 116%	*116%	110%	100%
Ratio of non-mission dependent assets to total assets (OAEM) (1) Corrected (See * above)	12%	12%	9%	(1) 10%	*13%	10%	10%
Ratio of operating costs per gross square foot (GSF) (OAEM) (1) Corrected (See * above)	$6.47	$6.95	$7.64	(1) $7.94	*$7.67	$7.23	$6.41
Cumulative percent reduction of vacant square feet through public-private partnerships via Enhanced Use Lease(s) (OAEM) **(New)**	N/Av	N/Av	N/Av	N/Av	N/Av	TBD	25%
Cumulative Number of Enhanced Use Leases Executed (OAEM) **(New)**	N/Av	N/Av	N/Av	N/Av	N/Av	TBD	50 projects
Percent of current year (CY) electricity consumption generated with renewable energy sources (OAEM) **The Office of Asset Enterprise Management (OAEM) develops VA policy that governs the Department's Capital Asset Management. Policy execution is done by VA's business lines (Veterans Health Administration, Veterans Benefits Administration, and National Cemetery Administration), and annual performance results are reported by OAEM.	4%	3%	7%	12%	5%	5%	15% by 2013
Cumulative percent decrease in greenhouse gas (GHG) emissions (OAEM) (See ** above) (1) Corrected	N/Av	N/Av	(1) 0%	3%	6%	6%	30% by 2020

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Percent of annual major construction operating plan executed (OALC)	N/Av	N/Av	N/Av	82%	44%	90%	90%
Percentage of contracts competitively awarded (Supply Fund)	N/Av	N/Av	74%	75%	78%	65%	65%
Office of Inspector General							
Resources							
FTE	513	509	553	634	638		
Administrative costs only ($ in millions)	$78	$97	$113	$113	$116		
Performance Measures							
Number of reports (audit, inspection, evaluation, contract review, and CAP reports) issued that identify opportunities for improvement and provide recommendations for corrective action	212	235	263	301	299	275	300
Number of arrests, indictments, convictions, criminal complaints, pretrial diversions, and administrative sanctions, and corrective actions	1,884	2,250	1,929	1,939	2,683	1,900	2,300
Monetary benefits (dollars in millions) from audits, investigations, contract reviews, inspections, and other evaluations	$500	$2,931	$1,914	$7,122	$3,477	$1,200	$1,500
Return on investment (monetary benefits divided by cost of operations in dollars) Beginning in 2009, the cost of operations for the Office of Healthcare Inspections, whose oversight mission results in improving the health care provided to Veterans rather than saving dollars, is not included in the return on investment calculation (see OIG's September 2011 *Semiannual Report to Congress,* page 5, www.va.gov/oig/publications/semiannual-reports.asp)	6 to 1	38 to 1	20 to 1	76 to 1	36 to 1	12 to 1	15 to 1

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				2012		Strategic Targets
	2008	2009	2010	2011	Results	Targets	
Percentage of:							
Prosecutions successfully completed	94%	94%	97%	99%	94%	94%	95%
Recommendations implemented within 1 year to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA	88%	94%	86%	87%	87%	90%	95%
Recommended recoveries achieved from postaward contract reviews	N/Av	N/Av	N/Av	100%	100%	95%	98%
OIG Customer satisfaction survey scores (based on a scale of 1 - 5, where 5 is high):							
Investigations	4.6	4.9	4.9	4.9	4.9	4.5	5.0
Audits and Evaluations	4.0	4.0	4.0	4.4	4.0	4.0	5.0
Healthcare Inspections	4.7	4.7	4.6	4.6	4.4	4.3	5.0
Contract Review	N/Av	4.6	4.7	4.8	4.7	4.2	5.0

Measures dropped after 2011 that did not report final numbers in the 2011 PAR						
Veterans Benefits Administration	2007	2008	2009	2010	2011	2011 Target
Montgomery GI Bill usage rate (%) for Veterans who have passed their 10-year eligibility period (Education)	70%	70%	70%	71%	71%	71%

Footnotes for why measures were dropped:
 Measure was dropped and will be replaced with a measure for the Post-9/11 GI Bill. It is anticipated that the Post-9/11 GI Bill will become the education program of choice. Education Service continues to consider ways to develop a performance measure for the Post-9/11 GI Bill.

Major Management Challenges Identified by the OIG

The Department's Office of Inspector General (OIG), an independent entity, evaluates VA's programs and operations. The OIG submitted the following update of the most serious management challenges facing VA.

We reviewed the OIG's report and provided responses, which are integrated within the OIG's report. Our responses include the following for each challenge area:

- *Estimated resolution timeframe (fiscal year)* to resolve the challenge
- *Responsible Agency Official* for each challenge area
- *Completed 2012 milestones* in response to the challenges identified by the OIG

VA is committed to addressing its major management challenges. Using the OIG's perspective as a catalyst, we will take whatever steps are necessary to help improve services to our Nation's Veterans. We welcome and appreciate the OIG's perspective on how the Department can improve its operations to better serve America's Veterans.

Major Management Challenge		Estimated Resolution Timeframe (Fiscal Year)	Page #
No.	**Description**		
OIG 1	**Health Care Delivery**		**II-91**
1A	Quality of Care	2014	II-91
1B	Access to Care	2013	II-93
1C	Accountability of Prosthetic Supplies in VHA Medical Facilities	2015	II-98
OIG 2	**Benefits Processing**		**II-99**
2A	Effectively Managing Disability Benefits Claims Workload	2015	II-99
2B	Improving the Quality of Claims Decisions	2012	II-102
2C	VA Regional Office Operations	2015	II-104
2D	Improving Disability Benefits Questionnaires **(DBQs)**	2013	II-104
2E	Improving the Management of VBA's Fiduciary Program	2012	II-106
OIG 3	**Financial Management**		**II-108**
3A	Strengthen Financial Management and Fiscal Controls for VISN Offices	2014	II-108
3B	Strengthen Oversight of Human Capital Management and Development Programs.	2012	II-109
3C	Strengthen Oversight to Better Leverage Capital Assets	2013	II-112
OIG 4	**Procurement Practice**		**II-113**
4A	Compliance with Laws, Regulations, and Policies	2013	II-113
4B	Improve Oversight for VA's VOSB and SDVOSB Programs Procurement Activities	20XX	II-116
4C	Effective Contract Administration	2013	II-118

Department of Veterans Affairs

Memorandum

Date: July 11, 2012

From: Inspector General (50)

Subj: 2012 Performance and Accountability Report

To: Secretary of Veterans Affairs (00)

1. Please see the attached Office of Inspector General (OIG) update regarding VA's most serious management challenges for inclusion in the 2012 Performance and Accountability Report (PAR). Our staff worked with VA staff to arrange publication of the full OIG report on major management challenges in the PAR.

2. OIG is submitting this statement to the Department pursuant to Section 3516 of Title 31, United States Code. The law states that the Department may comment on, but may not modify, the OIG statement. Please ensure the Department provides all suggested changes to OIG for review prior to incorporation into the PAR.

3. On behalf of all OIG staff, I am appreciative of the level of support and cooperation we have received from the Department as we work to improve VA. We especially appreciate the support you and the Deputy Secretary have exhibited as we work together to address the major challenges facing VA. We look forward to working with both of you to complete the implementation of key OIG recommendations in the future.

GEORGE J. OPFER

Attachment

**Department of Veterans Affairs
Office of Inspector General
Washington, DC 20420**

FOREWORD

Our Nation depends on VA to care for the men and women who have sacrificed so much to protect our freedoms. These service members made a commitment to protect this Nation, and VA must continue to honor its commitment to care for these heroes and their dependents—in a manner that is as effective and efficient as possible. VA health care and benefits delivery must be provided in a way that dually meets the needs of today's and yesterday's Veterans. It is vital that VA health care and benefits delivery work in tandem with support services like financial management, procurement practices, and information management to be capable and useful to the Veterans who turn to VA for the benefits they have earned.

Office of Inspector General (OIG) audits, inspections, investigations, and reviews recommend improvements in VA programs and operations, and act to deter criminal activity, waste, fraud, and abuse in order to help VA become the best-managed service delivery organization in Government. Each year, pursuant to Section 3516 of Title 31, United States Code, OIG provides VA with an update summarizing the most serious management and performance challenges identified by OIG work and other relevant Government reports, as well as an assessment of the Department's progress in addressing those challenges.

This report contains the updated summation of major management challenges organized by the five OIG strategic goals—health care delivery, benefits processing, financial management, procurement practices, and information management—with assessments of VA's progress on implementing OIG recommendations.

OIG will continue to work with VA to address these identified issues and to ensure that the Department will provide the best possible service to the Nation's Veterans and their dependents.

George J. Opfer

GEORGE J. OPFER
Inspector General

OIG CHALLENGE #1: HEALTH CARE DELIVERY
-Strategic Overview-

For many years, the Veterans Health Administration (VHA) has been a national leader in the quality of care provided to patients when compared with other major U.S. health care providers. VHA's use of the electronic medical record, its National Patient Safety Program, and its commitment to use data to improve the quality of care has sustained VHA's quality of care performance. VHA's decision to provide the public access to extensive data sets on quality outcomes and process measures is a further step forward as a national leader in the delivery of health care. Additionally, VHA's action to determine each hospital's ability to handle complex surgical cases, assign a rating classification, and then limit the procedures that can be performed at each class of facility is further evidence of its groundbreaking efforts to maintain and improve the quality of care that Veterans receive.

However, VHA faces particular challenges in managing its health care activities. The effectiveness of clinical care, budgeting, planning, and resource allocation are negatively affected due to the continued yearly uncertainty of the number of patients who will seek care from VA. Over the past 7 years, OIG has invested about 40 percent of its resources in overseeing the health care issues impacting our Nation's Veterans and has conducted reviews at all VA Medical Centers (VAMCs) as well as national inspections and audits, issue-specific Hotline reviews, and criminal investigations. The following sub-challenges highlight the major issues facing VHA today.

OIG Sub-Challenge #1A: Quality of Care

VHA faces increased challenges in meeting the mental health needs of today's returning war Veterans. The high incidence of Post-Traumatic Stress Disorder (PTSD), depression, substance abuse, and military sexual trauma (MST) among today's Veterans challenge VHA to provide one standard of care across the country. This is especially impacted by the increase in the number of women Veterans. Although VHA has a high compliance with the goal of providing these at-risk Veterans with suicide safety plans, VHA is challenged to improve that coordination of care between VHA medical facilities, civilian and military facilities and providers for at-risk Veterans. Deficits in the coordination of care for these high-risk patients may result in patient deaths.

VHA has demonstrated the ability to deliver a high quality of patient care as determined by standard measures of population health. However, OIG continues to note excessive variation in the quality of care delivered. With the increasing number of Veterans receiving care at community-based outpatient clinics (CBOCs), VA faces challenges in delivering quality care at CBOCs that are often distant from their parent facilities.

While CBOCs expand Veterans' access to care, they require increased oversight by VHA. An OIG audit of CBOC management oversight found that VHA lacks the means to evaluate CBOC performance at the national, regional, and local levels; ensure parent facilities provide adequate CBOC oversight; and identify health care gaps at VA and contractor-operated CBOCs. In addition, VHA lacks the management controls needed to ensure CBOCs provide Veterans consistent quality care, because the CBOC Primary Care Management Module (PCMM) data, which VHA uses to make budgetary and resource management decisions, is inaccurate. Inaccurate PCMM data and problems in the completion of

traumatic brain injury (TBI) and MST screenings at CBOCs demonstrate the need for VHA to establish CBOC-specific monitors to evaluate systemic problems and deviations from VHA's one standard of care. To address this challenge, VHA is in the process of taking action to improve the accuracy of PCMM data, monitor TBI and MST screenings, and establish a comprehensive CBOC performance monitoring system.

An additional ongoing challenge relates to reusable medical equipment (RME). VHA recognizes the importance of safe and consistent RME practices, but it continues to face problems despite efforts to comply fully with proper reprocessing procedures. After identifying poor compliance with RME procedures at several hospitals, OIG notes issues with maintaining compliance with RME directives. Veterans seeking care at a VA facility should have assurance that any equipment they come in contact with will be properly cleaned and, if necessary, sterilized within specifications promulgated by bodies advising on such processes. To do otherwise, at a minimum, exposes patients to unnecessary and unacceptable risk of infection.

VA's Program Response
Estimated Resolution Timeframe: 2014
Responsible Agency Official: Under Secretary for Health

Completed 2012 Milestones

In 2012, VHA approved a plan to expand the number of VA staff located at Military Treatment Facilities (MTF) to transition health care of recovering Servicemembers from the Department of Defense (DoD) to the VA.   VA Liaisons for Healthcare (VA Liaison), either licensed social workers or registered nurses, are strategically placed in MTFs with concentrations of recovering Servicemembers returning from Iraq and Afghanistan. VA now has 33 VA Liaisons for Healthcare stationed at 18 MTFs and plans to expand to 43 VA Liaisons at 21 MTFs in early late 2012. The VA Liaisons coordinate health care as Servicemembers transition from MTFs to VA health care facilities closest to their homes or the most appropriate locations for the specialized services their medical conditions require.

As of June 30, 2012, 91% of Servicemembers who were referred to VA Liaisons to transition their health care from MTFs to VA had appointments scheduled at the receiving VAMC or CBOC prior to leaving MTFs.

Coordination of care among VHA, civilian, and military facilities for at-risk Veterans is enhanced by a highly functioning team providing oversight of the health care. Patient-Aligned Care Teams (PACT) have been designed to provide this high level of team-based care that can coordinate an integrated treatment plan to be implemented in diverse settings. A well trained interdisciplinary team is the cornerstone of PACT care, typically including a nurse care manager, social workers, dietitians, clinical pharmacists, as well as mental health, rehabilitation and telehealth specialists. The PACT initiative, launched in 2010, has completed the initial education and training phase with the conclusion of an Institute for Healthcare Improvement style national collaborative, and is now entering phase II of the training which includes a focus on personalized patient-centered, team-based care that thoroughly integrates all VHA transformation initiatives to optimize coordination of care across all sites. This training phase, begun in 2012, will accelerate in 2013 and complete all training in 2014. Included in this initiative is a well-defined focus on the special needs and concerns experienced by the returning combat Veteran.   It is

anticipated that this uniform training effort for all PACTs will reduce unwanted variation and enhance the overall standard of care for all at-risk Veterans.

The methodology for collection of data used for monitoring clinical care, including care provided in CBOCs, has been restructured. These data were previously reviewed only as CBOC contract care vs. non-contract care and were not part of the quality performance review of parent VAMCs and Veterans Integrated Service Networks (VISN). This changed in 2012 when CBOC data were included in the overall performance of the parent facility and rolled into the VISN quality data. Because the data are now part of the overall data of the parent facility, the parent facility must ensure the clinical quality at the CBOCs is maintained in order for the VISNs to successfully meet their clinical performance metrics.

In addition to the data being a portion of the overall data for the parent facility, VHA recognizes the importance of looking at the data independently from the parent VAMC by reviewing size and whether the site is contracted or VA staffed.   A separate report about just CBOC quality of care is prepared and reviewed.

The Deputy Under Secretary for Health Operations and Management (DUSHOM) has quarterly reviews with each VISN Director. These reviews focus on the measures in performance plans, key initiatives (such as access and mental health), and quality of care. CBOC data are a portion of the VISN quality reviews.   A CBOC is considered part of its parent facility for clinical care issues and oversight. The VISNs and parent facilities are held accountable for the quality and safety of the Veterans within their CBOCs.

To emphasize the importance of sterile processing of reusable medical equipment (RME), VHA revised its sterile processing inspection system to use inspection tools that includes questions specific to the requirement that standard operating procedures (SOP) be current and consistent with manufacturers' instructions, and that that these SOPs are located in reprocessing areas. Inspection results show excellent compliance. Also, the One Source document database contract has been extended through September 30, 2012. Starting in March 2012, VHA began its International Standardization Organization (ISO) 9001 Implementation at 7 pilot sites. This provides the sustainable, repeatable framework to reduce variation and ensure standardization of reprocessing of RME.

OIG Sub-Challenge #1B: Access to Care

As mentioned in Sub-Challenge 1A, Veterans' access to VA mental health care is a major challenge for VHA. Here the focus is on the particular challenges of providing timely access to mental health services, reducing wait times for services and ensuring the availability of providers. With the increase in the number of Veterans needing care, VA contracts care to private physicians and medical facilities where the challenge is both in ensuring the standard of care provided, and also verifying fees charged to VA by non-VA providers.

OIG reviews, including an April 2012 report, *Review of Veterans' Access to Mental Health Care,* indicate VHA does not have a reliable and accurate method of determining whether they are providing patients timely access to mental health care services. VHA did not provide first-time patients with timely mental health evaluations, and existing patients often waited more than 14 days past their desired date of care

for their treatment appointment. Using the same data VHA used to calculate the 95 percent success rate shown in the FY 2011 PAR, OIG selected a statistical sample of completed evaluations to determine the starting and ending points of the elapsed day calculation. OIG calculated the number of days between initial contact in mental health and the full mental health evaluation. The analysis projected that VHA provided only 49 percent (approximately 184,000) of their evaluations within 14 days. On average, for the remaining patients, it took VHA about 50 days to provide them with their full evaluations. As a result, performance measures used to report patients' access to mental health care do not depict the true picture of a patient's waiting time to see a mental health provider.

OIG reported concerns with VHA's calculated wait time data in the *Audit of VHA's Outpatient Scheduling Procedures* and *Audit of VHA's Outpatient Wait Times*. During both audits, OIG found that schedulers were entering an incorrect desired date. VHA needs a reliable set of performance measures and consistent scheduling practices to accurately determine whether they are providing patients timely access to mental health services. Given VHA's inability to correct this long-standing problem, VHA also needs to reassess their training, competency, and oversight methods and develop appropriate controls to collect reliable and accurate appointment data.

Furthermore, VHA needs to strengthen the management of rural health care funding to ensure that rural health projects meet VHA's Office of Rural Health's (ORH's) goals of improving access and quality of care for rural Veterans. ORH was created in February 2007 to conduct rural health research and develop policies and programs to improve health care and services for approximately 3.3 million rural Veterans. Men and women from geographically rural areas make up a disproportionate share of Servicemembers and comprise about one-third of all Operation Enduring Freedom, Operation Iraqi Freedom, and Operation New Dawn (OEF/OIF/OND) enrolled Veterans.

In April 2011, OIG reported that VHA needed to improve the management of rural health funding, finding that ORH did not adequately manage the use of rural health funds for fee care and their rural health project selection process. Additionally, ORH did not monitor project obligations and performance measures. The cause was a lack of financial controls, the absence of policies and procedures to ensure staff followed management directives, and inadequate communication with key stakeholders. Also, ORH lacked a project monitoring system, procedures to monitor performance measures, and a process to assess rural health needs. As a result, OIG determined that VHA lacked reasonable assurance that ORH's use of $273.3 million of the $533 million in funding received during FYs 2009 and 2010 improved access and quality of care for Veterans residing in rural areas. To address this challenge, VHA must identify high-impact projects during the formulation of the program's annual budget requests and strengthen its future proposal selection process. Completing these actions will improve VHA's accounting of funds and measuring of the rural health program's impact on the health care of rural Veterans and their families.

As reported last year, the Veterans Benefits Administration (VBA) relies on VHA medical facilities to perform compensation and pension (C&P) medical examinations to determine the degree of disability or provide a medical opinion as to whether a disability is related to the Veteran's military service. A 2010 OIG audit found that VA medical facilities do not consistently commit sufficient resources to ensure Veterans receive timely C&P medical examinations. This occurred because VHA has not established procedures to identify and monitor resources needed to conduct C&P medical examinations and to

ensure resources are appropriately planned for, allocated, and strategically placed to meet examination demand. VHA's ability to complete C&P examinations in a timely and efficient manner is of extreme importance due to VBA's claims processing backlog. Due to the insufficient resources committed to the C&P medical examination program, many Veterans do not receive timely C&P medical examinations. VHA is taking steps to capture workload data and analyze staffing models and is also developing standards on the amount of time that should be allotted when scheduling appointments for each examination.

OIG continues to monitor VA's ability to complete C&P examinations in a timely and efficient manner. During FY 2011, VHA continued to face C&P examination backlogs. In at least one VISN, some VHA facilities conducted C&P examination "blitzes" during the spring of 2011. These facilities dedicated up to 80 percent of their primary care appointment schedules over the course of 3 weeks to address a backlog of C&P examinations. While VHA recently reorganized responsibility for VHA's C&P examination efforts under a new Office of Disability and Medical Assessment, report recommendations made in the OIG 2010 audit report remain open. VHA needs to implement procedures to better capture data on C&P examination workload, costs, and productivity and use this data to ensure appropriate resources are dedicated to completing C&P examinations.

VHA also faces a significant challenge in ensuring Veterans obtain needed nursing home care. In March 2011, an OIG audit of VHA's State Home Per Diem Program reported that two states were denying care to eligible Veterans and none of the eight VAMCs the OIG visited had strengthened their outreach efforts to ensure Veterans denied access to State Veterans Homes (SVHs) nursing home care obtained access to care from other VA sources. The issue resulted from VAMCs not providing SVHs information on VA nursing home care options for distribution to Veterans. VHA can address this challenge by providing fact sheets on VA nursing home care options to SVHs for distribution to eligible Veterans, identifying the SVHs that have denied eligible Veterans access to care, and developing and initiating a plan to conduct specific and targeted outreach activities.

The March 2011 audit also reported that VA medical facilities need to improve their oversight of SVHs to reduce risks of Veterans receiving inappropriate nursing home care. In addition, VAMCs did not properly document or ensure timely SVH submission of 32 percent of eligibility determinations and 55 percent of medical care approval requests for the sample of Veterans the OIG reviewed. This was the result of ineffective VHA policies and procedures, insufficient oversight, and inadequate staff training. Improvements are needed to avoid an increased risk that Veterans will not receive needed nursing home care, and SVHs will not provide appropriate medical care. By revising VHA policies and procedures, ensuring VISNs establish oversight procedures, and providing training to VAMC staff responsible for SVH oversight, VHA can reduce the risks of Veterans receiving inappropriate SVH nursing home care.

VA has undertaken the mission of ending homelessness among Veterans, but VHA continues to face difficulties in serving this population of Veterans appropriately. In many instances, VHA has provided compassionate care to a most challenging population; however, the successful provision of health care to Veterans without a fixed address and with the disease burden typical of this population will require comprehensive programs and outreach. VHA faces challenges in identifying Veteran subpopulations most susceptible to homelessness, and in placing homeless or at-risk Veterans into programs that are

demonstrated to be effective. Furthermore, the diagnosis and treatment of complex cardiac disease, gastrointestinal disorders, cancer, and substance abuse are examples of medical disorders that are a challenge to provide care for in disadvantaged areas and to homeless Veterans.

The VHA Grant and Per Diem Program is successfully assisting homeless Veterans to live independently in safe and affordable permanent housing. This program supports the Secretary's goal to eliminate homelessness for Veterans by 2015. However, OIG identified serious issues impacting the housing safety, security, and privacy issues of homeless Veterans, particularly homeless female Veterans. Further, an incomplete grant application evaluation process; a lack of program safety, security, health, and welfare standards; and an inconsistent monitoring program impacted the program's effectiveness. As a result, VHA did not ensure homeless Veterans consistently received the supportive services agreed to in approved grants. In addition, funding was not effectively aligned with program goals. Program improvements are needed to ensure access to vital support services as VA prepares to serve approximately 20,000 homeless Veterans in 2012 and thousands more in subsequent years based on a 2011 Department of Housing and Urban Development report, *The 2011 Point-in-Time Estimates of Homelessness: Supplement to the Annual Homeless Assessment Report,* estimating that 67,495 Veterans were homeless on a single night in January 2011.

VHA continues to face significant challenges in addressing the healthcare and financial vulnerabilities associated with the Non-VA Fee Care Program. The OIG issued *Audit of Veterans Health Administration's Non-VA Outpatient Fee Care Program* and *Alleged Mismanagement of the Fee Basis Program VA Connecticut Healthcare System West Haven, Connecticut*. OIG concluded in both reports that controls over pre-authorizing fee care services needed improvement. Yet in FY 2011, OIG substantiated an allegation that the Phoenix Health Care System (HCS) experienced an $11.4 million budget shortfall, 20 percent of the Non-VA Fee Care Program funds for that year. HCS management did not have sufficient procedural and monitoring controls to ensure that: (1) the official designated to pre-authorize fee care thoroughly reviewed requests, (2) clinical staff conducted necessary utilization and concurrent reviews, and (3) fee staff obligated sufficient funds for fee care. As a result, the Phoenix HCS had to obtain additional funds from the National Fee Program and VISN 18 and cancel equipment purchases to cover the $11.4 million shortfall. OIG concluded that authorization procedures and the procedures to obligate sufficient funds to ensure it could pay its commitments were so weak that the Phoenix HCS processed about $56 million of fee claims during FY 2010 without adequate review.

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Under Secretary for Health

Completed 2012 Milestones

To improve accuracy and validity of wait time measurements in ambulatory care, the Veterans Health Administration (VHA) has recently revisited the use of the "desired date" in out-patient scheduling. In 2013, VHA anticipates adopting the "agreed upon date" to replace the "desired date" in determining wait times. The "agreed upon date" is a date agreed upon by both provider and patient which is then written down and communicated directly to the scheduler as the appointment is created. This approach

promotes negotiation of a date that is both clinically relevant and patient-centered; this improved process is expected to reduce scheduling errors and enhance accuracy of wait time recording.

VHA's Office of Rural Health has made significant progress in the establishment and implementation of financial controls as well as revised review and approval processes; use of project management tracking systems, quality measures, and performance measures to assess access, quality, patient satisfaction and performance; and collection and quarterly evaluation of data to ensure oversight and accountability for funded projects.

In 2012, VHA concentrated on implementing an updated and revised handbook issued to strengthen the State Veterans Home (SVH) Per Diem Program.   Efforts have concentrated on addressing roles and responsibilities, eligibility requirements for the different levels of care (i.e., nursing home, domiciliary, and adult day health care), and the processing of SVH admissions applications and per diem payment processing, to include the computation of rates and monthly invoicing processes.   Audit processes and related training have also been implemented.

VHA's Office of Disability and Medical Assessment (DMA) has initiated significant improvements to ensure compensation and pension (C&P) examinations are completed in 30 days or less. As of July 30, 2012, the national timeliness average for the completion of C&P examinations was 26 days. To further enhance operations, DMA is refining the C&P unit guideline recommendations and also expects to implement a C&P examination demand forecasting model later in 2012.

VHA recognizes the value and critical piece that prevention plays in achieving the overall goal of ending Veteran homelessness and is addressing risk factors for becoming homeless by:
- Developing a universal at-risk screening tool to identify those Veterans at immediate risk for homelessness and then connecting them to both Department of Veterans Affairs (VA) and community resources that promote housing stabilization and treatment;
- Conducting collaborative research to inform VA policy and practice to ensure that VA programs are tailored to models that most effectively prevent Veterans from becoming homeless;
- Expanding the Supportive Services for Veteran Families Program funding to private non-profit organizations and consumer cooperatives to provide a range of supportive services to very low-income Veterans and their families; and
- Funding substance use disorder (SUD) clinical positions.

VHA also recognizes the importance of the safety and security of all Veterans, and especially female Veterans and families. VHA has increased attention to these areas through a review of all grant programs to ensure facilities are safe and appropriate, adaptation of grant reviews and applications to ensure Veterans are appropriately placed in programs, and concentrated training to educate staff in the field about the need to be vigilant and attentive.

VHA recognizes the need to address issues with the non-VA fee care program and this year has initiated a complete review of non-VA fee care in contracted community-based outpatient clinics (CBOC) and is upgrading the Fee Basis Claim System (FBCS) software to ensure sites are processing claims at Medicare rates.

OIG Sub-Challenge #1C: Accountability of Prosthetic Supplies in VHA Medical Facilities

From FY 2007 through FY 2011, VHA's prosthetic supply costs increased nearly 79 percent to about $1.8 billion. Every year, VHA medical facilities process hundreds of millions of dollars of prosthetic supplies through inventories. In March 2012, OIG completed an audit of VHA's prosthetic supply inventory management. VHA medical facilities need to improve the management of prosthetic supply inventories. The audit estimated from April through October 2011, VHA medical facilities maintained inventories of nearly 93,000 prosthetic supply items with a total value of about $70 million. Of the 93,000 items, VHA medical facilities inventories exceeded current needs for almost 43,500 items (47 percent) and were too low for nearly 10,000 items (11 percent), increasing the risk of supply shortages. As a result, VHA medical facilities spent about $35.5 million to purchase unnecessary prosthetic supplies and increased the risk of supply expiration, theft, and supply shortages. Without adequate inventory management tools and controls and a more modern inventory system, it is difficult for VHA medical facility managers and staff to ensure proper stewardship and accountability of prosthetic inventories and the continuous availability of prosthetic supplies needed for clinical staff to provide patient care. To improve prosthetic supply inventory management, VHA needs to increase inventory system capabilities, provide sufficient staff training, strengthen oversight, and revise policies and procedures.

VA's Program Response
Estimated Resolution Timeframe: 2015
Responsible Agency Official: Under Secretary for Health

Completed 2012 Milestones

The Veterans Health Administration (VHA) acknowledges that improvements in the prosthetics inventory management are important and necessary. The following strategic action plan including timelines and milestones is in place:
- Policy and procedures to conduct and reconcile physical inventories as well as provide guidance to eliminate excess and avoid shortages of prosthetic supplies maintained in the Prosthetics Inventory Package (PIP) and the Generic Inventory Package (GIP) were issued to facilities on July 30, 2012.
- Veterans Integrated Service (VISN) Chief Logistics Officers were required to validate that physical inventories were conducted. This is 37% complete as of August 22, 2012.
- A plan to replace PIP and GIP inventory systems with a comprehensive inventory management is in development. Completion is projected for 2015 pending availability of funds awarded through the internal prioritization process of the information technology budget. Revised standardized inventory management training guides are scheduled to be distributed to VISN and field offices by November 30, 2012.
- Training curriculum and a certification program about inventory management practices and techniques is to be completed by November 30, 2012.
- A requirement that at least one prosthetic supply inventory manager from each VAMC become a Certified VA Supply Chain Manager is to be issued by November 30, 2012.
- An analysis of inventory procurement data about implantable devices is to be completed by December 30, 2012. Following that, actions are to be identified about potential strategic

sourcing opportunities via consignment agreements with completion anticipated in mid- to late-2013.

- Compliance requirements were issued to field/network offices on July 30, 2012, indicating compliance and monthly reporting requirements for performance measures related to prosthetic supply inventories.
- Cyclical reviews with reports being sent to VHA Procurement and Logistics Office are scheduled to begin October 31, 2012.

OIG CHALLENGE #2: BENEFITS PROCESSING
-Strategic Overview-

The OIG has consistently reported the need for enhanced policies and procedures, training, oversight, quality review, and other management controls to improve the timeliness and accuracy of disability claims processing. OIG remains committed to keeping decision makers informed of longstanding and emerging problems identified through the audits, inspections, investigations, and reviews so that the Department can take timely corrective actions. While the Department has made much progress, there is still much to do to establish an effective and efficient organization.

During the 6-year period from FY 2007 through 2011, VBA's national accuracy rates for rating claims decisions remained the same or declined every year, dropping from 88 percent in FY 2006 to 83 percent in FY 2011. In FY 2012, VBA realigned its rating accuracy goal from 90 percent to 87 percent, to make a more stair-step achievable approach to reaching 98 percent accuracy in 2015. With the significant expansion of its claims workforce through current recruitment efforts and increasing receipt of claims from Veterans, VA will face additional significant challenges in meetings its goals for accuracy and consistency of benefit decisions. VBA is moving forward with plans to implement about 40 transformational initiatives to improve the accuracy and timeliness of claims processing. However, at this time, sufficient information to assess how each of these individual initiatives will contribute to meeting the Secretary's goals is unobtainable due to early implementation efforts.

OIG Sub-Challenge #2A: Effectively Managing Disability Benefits Claims Workload

In FY 2011, VBA completed 1.8 million rating and non-rating claims, resulting in an end-of-year claims inventory of 1.1 million claims, up 54 percent from FY 2010's ending inventory of almost 726,000 claims. As of May 31, 2012, VBA's rating and non-rating inventory had climbed to an unprecedented 1.28 million claims. The May 2012 inventory represents dramatic increases of 15 percent from the end of FY 2011 and 76 percent from the end of FY 2010. OIG has completed several audits and reviews to assist VBA in addressing the demands of a rapidly increasing workload. VBA introduced several initiatives to attempt to reduce disability benefits claims processing times.

In a May 2012 audit, the OIG reported that opportunities exist for VBA to improve appeals processing at VA Regional Offices (VAROs). The nationwide inventory of appeals increased over 30 percent from about 160,000 appeals in FY 2008 to about 209,000 in FY 2010. During this time, the inventory of compensation rating claims increased by 40 percent from 380,000 to 532,000 claims. OIG found VBA

contributed to the growing inventory and time delays. Regional office managers did not assign enough staff to process appeals, diverted staff from appeals processing, and did not ensure appeals staff acted on appeals promptly because compensation claims processing was their highest priority. OIG reported that *de novo* reviews will result in quicker decisions on the Veterans' appeals because decision review officers can render decisions without waiting for new evidence as required with traditional reviews. The audit showed that VARO staff did not properly record 145 appeals in Veterans Appeal Control and Locator System (VACOLS) that delayed processing for an average of 444 days. VBA had launched a pilot program, the Appeals Design Team, to try several different process changes to the appeals workflow. The pilot began in March 2012 at the Houston VARO, and VBA anticipates pilot completion in January 2013.

Processing the increased number of Veterans' compensation benefit claims has been a major challenge for VBA, as was discussed previously in Sub-Challenge 1B. Here the focus is directed specifically at process. VBA utilizes a claims brokering system with the goal to reduce claims backlogs by expediting processing and helping VAROs meet their processing timeliness targets. In 2010, OIG conducted an audit to evaluate the effectiveness of VBA's Compensation Program claims brokering. OIG reported VBA could improve the effectiveness of claims brokering by ensuring area offices consider additional factors affecting timeliness and accuracy. Nearly 171,000 brokered claims were completed during FY 2009, with an average processing time of 201 days. OIG projected the average processing time could have been reduced by 49 days if VBA had avoided the claims processing delays identified in this report. Rating Centers and Veterans Service Centers (VSC) with reported claims-processing accuracy rates completed almost 117,000 of the 171,000 brokered claims. Of the nearly 117,000 claims VBA brokered for ratings, OIG projected area offices brokered about 54,000 (46.2 percent) to facilities with lower rating accuracy rates than original offices. To address these issues, VBA needs to revise brokering policies and procedures and include timeliness and accuracy measurements in performance plans for directors of VAROs that process brokered claims. In June 2010, VBA interrupted most claims brokering to address the additional challenge of processing Nehmer claims. VBA officials have stated they plan to resume full-scale brokering in July 2012.

VA's Program Response
Estimated Resolution Timeframe: 2015
Responsible Agency Official: Under Secretary for Benefits

Completed 2012 Milestones

Despite unprecedented VBA claims production and completing over 1 million claims each year for the last two years, VA's backlog has grown. VBA has experienced an unprecedented growth in claims, nearly 48 percent more than three years ago. Included in this growth are 45 percent of the 1.6 million Veterans who have honorably served during more than a decade of war in Iraq and Afghanistan, rightfully filing claims and at unprecedented levels.

VBA allocated significant resources to processing the approximately 260,000 Agent Orange presumptive claims received, dedicating our 13 resource centers exclusively to readjudicating over 90,000 previously denied claims for the new presumptive conditions under the stipulations of the *Nehmer* court decision.

As of October 1, 2012, VA awarded over $4 billion in retroactive benefits for the three new presumptive conditions to over 144,000 Veterans and survivors. Our prioritized focus on processing these complex claims slowed processing of other claims and contributed to a larger claims backlog, but remained the right thing to do for Vietnam Veterans.

Beginning March 1, 2012, the 13 Day-One Brokering Centers that were used exclusively for *Nehmer* workload in 2011 transitioned back to individual missions, including Benefits Delivery at Discharge and Quick Start claims support, appeals processing, and brokering support for lower-producing stations. To ensure this transition was successful, refresher training was conducted to familiarize the *Nehmer* claims processors with processing mission-specific claims.

VA's appeals process is extremely complex. Many factors affect the time it takes the agency to process an appeal. First, VA is experiencing an increase in appellate workload, commensurate with the overall increase in its benefit claims workload. Court decisions and other unforeseen changes in law can have a significant impact on this workload. Second, the record on appeal is an open record that allows claimants all-but-unlimited opportunities to submit evidence during the appeal process. Each such submission triggers development obligations for VBA and incumbent response times that must be afforded the claimant. Third, appeals processing in VBA cannot receive higher staffing levels without negatively impacting initial adjudications, which is inconsistent with VA policy regarding delivery of benefits to Veterans, their dependents, and survivors as quickly as possible. This systemic complexity makes it difficult to identify simple, easily implemented, solutions to the problems identified by the OIG. In March 2012, VBA launched an Appeals Design Team pilot at the Houston Regional Office (RO). The results of this pilot will allow VBA to conduct gap analysis, identify resource needs, and identify ways to leverage the knowledge and abilities of Decision Review Officers to streamline the appeals process.

VBA's intended effect of brokering is a faster decision for Veterans whose cases were brokered. OIG stated that claims were delayed because brokering centers and Veterans service centers maintained excessive claims inventories; however, the claims were intentionally brokered to these sites because the RO of original jurisdiction could not process them timely. VBA historical data shows that ROs facing workload and performance challenges have significantly benefited from brokering by reducing processing times and the inventory of pending claims. To address challenges with claims brokering, VBA mandated the use of specific end products for brokered work tracking and work credit.
A comprehensive national brokering plan is being developed to ensure compliance with claims brokering policies and procedures aimed at improving timeliness and accuracy.

Even with unprecedented workload increases, VBA achieved nearly a 15 percent increase in output each year (from 2009 through 2011) and a 16 percent increase in 2012, when compared to 2008. VBA completed over one million disability claims in each of the past three years. VBA expects production levels to continue to increase each year through our transformational initiatives focused on people, process, and technology. As of the end of 2012, VBA has implemented a new operating model at 18 ROs, changing the way we are organized to do this work. Once fully implemented at all 56 ROs by the end of December 2013, VBA anticipates this new operating model will allow for the expedited processing of benefits claims. In addition, the Veterans Benefits Management System (VBMS) standardizes disability compensation claims processing through a web-based electronic system. VBMS

will be deployed to all ROs through a phased approach with an estimated completion by the end of 2013.

OIG Sub-Challenge #2B: Improving the Quality of Claims Decisions

VARO management teams face multiple challenges in providing benefits and services to Veterans. Unlike last year's summary report, VARO staff was generally effective in processing PTSD claims. However, from the FY 2011 inspection reports, OIG identified systemic issues in providing oversight and training to staff in three areas: temporary 100 percent disability evaluations for service-connected conditions requiring surgical or specific medical treatment, TBI, and herbicide exposure-related claims. Based on these results, OIG projected VARO staff did not correctly process 30 percent of approximately 48,000 claims. These results do not represent the overall accuracy of disability claims processing at these VAROs as OIG sampled claims we considered at higher risk of processing errors.

During the period from October 2011 through June 2012, OIG inspected 14 VAROs and assessed their performance in the three areas identified above. Staff at these 14 VAROs incorrectly processed 40 percent of 1,026 disability compensation claims in these categories, resulting in nearly $5 million in overpayments. In addition, these 14 VAROs incorrectly processed 35 percent of 232 TBI claims because VHA medical examination reports did not contain sufficient information to make an accurate determination. Further, inaccuracies resulted from staff not properly evaluating the severity of TBI-related disabilities. OIG found that VARO staff generally over-evaluated the severity of TBI-related disabilities because they did not properly interpret the medical examination reports.

OIG found that VBA needs to ensure the quality of 100 percent disability evaluations. In January 2011, OIG reported that VARO staff inconsistently processed temporary 100 percent disability evaluations. OIG projected that VARO staff did not correctly process evaluations for approximately 27,500 Veterans and that, since January 1993, VBA has paid Veterans a net $943 million without adequate medical evidence. The review showed that VARO staff did not enter the required future medical exam date into VBA's electronic records. Entering the future medical exam date generates an automatic notification that alerts VARO staff to request a medical exam to evaluate whether the Veteran's temporary 100 percent disability evaluation should continue. Without this notification, improper payments could potentially continue for the Veteran's lifetime. OIG estimated that if VBA does not take timely corrective action, it could overpay Veterans a projected $1.1 billion over the next 5 years. VBA generally classifies these overpayments as administrative errors and does not establish a receivable or expect the Veteran to repay the overpayment.

In response to a recommendation in the January 2011 report, the Acting Under Secretary for Benefits agreed to review all temporary 100 percent disability evaluations and ensure each had a future medical examination date entered in VBA's electronic record with a target completion date of September 30, 2011. However, VBA did not provide each VARO with a list of temporary 100 percent disability evaluations for review until early September 2011. VBA subsequently extended the deadline several times to December 31, 2011, then to March 31, 2012, and then again to September 2012. At one VARO, management erroneously reported to the Western Area office that staff had requested VA medical reexaminations to determine whether the Veterans' disabilities warranted the continued temporary 100 percent evaluations, when in fact this had not occurred. Given the financial risks associated with continuing to pay benefits in the absence of adequate medical documentation, OIG considers this a

major challenge. VBA must ensure controls are in place and working to ensure staff input suspense diaries, which alert staff when a medical re-examination is needed, into VBA's electronic system as required.

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

Completed 2012 Milestones

As part of the 2012 National Training Plan curriculum for VBA regional office employees, VBA created training material to ensure compliance with guidelines established regarding future examinations for the temporary 100 percent disability evaluations, traumatic brain injury, and herbicide exposure. VBA added 50 lesson plans to the Compensation Service Training Web site. These lessons are configured in a design template recognized as an educational design industry standard, written by subject matter experts, and reviewed by professional, educational curriculum experts.

In January 2012, VBA instructed regional offices that any files with temporary 100 percent disability evaluations or pending examination diaries cannot be relocated to the Records Management Center.

In May 2012, VBA completed the review of records containing temporary 100 percent evaluations for the top three disability-specific problem areas to assess current disability status and ensure a future examination date is in the Veteran's record.

In-depth system testing identified specific scenarios where future exam diary controls were either being canceled unexpectedly or not being set at all during the award generation process. A systemic diary redesign within the VETSNET Awards application and changes to the batch diary process were implemented in July 2012. Oversight of the VETSNET Awards processing function confirmed that the application problem has been corrected and the system now manages diaries correctly.

VBA is in the process of verifying that all records containing temporary 100 percent evaluations have the appropriate controls and indicators established to ensure a future examination date is in the Veteran's electronic record.

In March 2012, VBA instituted Quality Review Teams (QRT) in all regional offices to conduct in-process reviews (IPR) on claims that have not been promulgated or completed. IPRs are designed to correct deficiencies early in the claims process, including deficiencies related to the medical documentation necessary to decide a claim. QRT members provide immediate feedback and training to individual employees. VBA is also re-evaluating the efficacy of the current claim-based review process and whether an issue-based review process will result in more useful data to identify training needs.

In August 2012, the evaluation builder was embedded into the Veterans Benefits Management System – Rating (VBMS-R) which is the modernized rating application. VBMS-R is currently in use at five regional

offices. This capability affords claimants the maximum benefit supportable under the law and improves consistency across the Nation.

OIG Sub-Challenge #2C: VA Regional Office Operations

VBA continues to experience challenges with ensuring its 56 VAROs comply with VA regulations and policies and deliver consistent performance of their VSC operations. OIG's Benefits Inspection Division has reported problems in ensuring VARO personnel complete thorough and timely Systematic Analysis of Operations (SAO) and accurately process claims-related mail. Half of the VAROs inspected during 2011 did not follow VBA policy to ensure SAOs were timely and complete. SAOs provide an organized means of reviewing VSC operations annually to identify existing or potential problems in claims processing and propose corrective actions. OIG reported that if VARO management had ensured staff completed thorough SAOs, they would have identified weaknesses associated with their operations and could have developed plans to correct these shortcomings. In addition, many VAROs did not always control and process mail according to VBA policy. Delays in processing claims-related mail might affect the accuracy and overall timeliness of claims processing.

VA's Program Response
Estimated Resolution Timeframe: 2015
Responsible Agency Official: Under Secretary for Benefits

Completed 2012 Milestones

VBA is constantly striving to identify new ways to improve performance at all regional offices (RO). VBA aggressively monitors regional office performance to develop specific action plans to improve identified problem areas. Oversight is provided through site visits conducted by both the Compensation and Pension and Fiduciary Services and the Area Offices. Regional office directors are held accountable for station performance through annual performance evaluations.

All VBA ROs are required to perform annual SAOs to provide a comprehensive overview of specific divisional functions as well as identify areas for improvement. Procedures and a schedule for completing SAOs are available for each VBA business line. Also, each RO director can establish additional SAOs for local operational issues.

SAOs are reviewed during both Central Office and Area Office site visits. SAO compliance is tracked and monitored closely by both parties. Throughout the year, Area Offices may also request copies of RO SAO schedules and specific completed SAOs for further review. The importance of SAOs is emphasized during the weekly Deputy Under Secretary conference call.

OIG Sub-Challenge #2D: Improving Disability Benefits Questionnaires (DBQ)

In October 2010, VA introduced Disability Benefits Questionnaires (DBQ) to reduce the claims backlog by speeding up the collection of medical evidence. DBQs replaced the C&P examination worksheets previously used and can also be filled out and submitted by a Veteran's private physician.   DBQs have

changed the way VA collects medical evidence to support Veterans' disability compensation claims. The volume of disability compensation claims processed using this new method will increase significantly as VA has deployed about 80 DBQs for use.

The OIG conducted an audit in February 2012 to provide an early assessment of VA's internal controls over the use of DBQs. OIG found that the expedited rollout of the DBQ process did not provide VA sufficient time to design, evaluate, and implement adequate internal controls to prevent potential fraud. VA does not verify the authenticity of medical information submitted by Veterans and private physicians prior to awarding disability benefits, track disability-rating decisions where VARO staff used a DBQ as medical evidence, or electronically capture information contained on completed DBQs.

Further, while VBA has a quality assurance review process to verify a limited number of DBQs completed by private physicians, it is OIG's opinion that the quality assurance reviews do not provide reasonable assurance that fraudulent DBQs will be detected. Developing and implementing additional controls—as conveyed in the report—should reduce the risk of fraud, allow for greater fraud detection, and help VA identify disability compensation claims that carry an increased risk of fraud. VBA implemented new measures to review about 1,200 DBQs a year and agreed to promptly refer DBQs with questionable information or inconsistencies to OIG for further investigation.

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Under Secretary for Benefits

Completed 2012 Milestones

In January 2012, VBA revised the standard operating procedures (SOP) for validation reviews of DBQs. This SOP mandates that quality assurance reviewers refer DBQs with potentially fraudulent information to the OIG Hotline Division.

In March 2012, VBA revised the DBQ internet Web site to inform Veterans and physicians that VA reserves the right to confirm the authenticity of all DBQs completed by private health-care providers.

In March 2012, VA completed business requirements for the secured electronic submission of information to the electronic portal. The development of the first phase of the DBQ Service Gateway is scheduled for completion in 2013. It will be accessible through VA's Stakeholder Enterprise Portal, which will provide a single sign-on capability and require users to be credentialed and authenticated before they can access the system.

VBA Fast Letter 12-11, Disability Benefits Questionnaire Updates, released in March 2012, instructs claims processors to append a special issue indicator to claims received with a DBQ as medical evidence. The Compensation Service site visit protocol requires that Compensation Service staff members review the Modern Awards Processing-Development application to monitor regional office compliance with this guidance.

In July 2012, VBA approved the DBQ manual changes, and the Web Automated Reference Material System (WARMS) was updated to reflect these changes. WARMS (Part III, Subpart IV, Ch 3, Section A).

OIG Sub-Challenge #2E: Improving the Management of VBA's Fiduciary Program
VBA beneficiary funding managed by the Fiduciary Program are at risk for fraud based on program weaknesses. From April 1, 2007, to March 31, 2012, OIG conducted 142 investigations involving fiduciary fraud and arrested 84 fiduciaries and/or their associates. Two recent examples illustrate weaknesses that allowed funds to be embezzled. In the first example, a former VA fiduciary, who was also a disbarred attorney, was sentenced in September 2011 to 18 months in prison and ordered to pay $318,899 restitution after having previously pled guilty to embezzling money over a 10-year period from the accounts of 11 incompetent Veterans. In the second example, a former VA Field Examiner and a court-appointed fiduciary were each sentenced in December 2011 to 36 months' incarceration and ordered to pay $889,626 for conspiring to embezzle funds from 12 Veterans over a 10-year period to support gambling at area casinos. Of particular concern in both of these cases is that the fraud continued undetected for 10 years.

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

Completed 2012 Milestones

The Department of Veterans Affairs (VA) enhanced procedures to prevent and identify misuse of beneficiary funds. VA requires that fiduciaries provide detailed financial documents, including bank records, with their annual accountings. This additional information allows VA to verify reported expenditures and identify potential misuse of funds. In December 2011, VA mandated criminal background checks for proposed fiduciaries prior to appointment. These precautionary requirements serve as a misuse deterrent for fiduciaries.

In March 2012, VA issued policy requiring that fiduciaries provide a copy of VA-approved accountings to beneficiaries. This policy increases transparency of the fiduciary's management of the beneficiary's funds. VA issued guidance limiting fiduciary fees to monthly benefit payments only. Also, VA directed that fiduciary activities would no longer authorize payment of commissions based upon retroactive, lump sum, or other one-time benefit payments disbursed to a fiduciary.

In March 2012, VA consolidated fiduciary activities into six regional fiduciary hubs. The hub consolidation is expected to significantly improve VA's timeliness of fiduciary appointments and quality of oversight.

In March 2012, VA deployed an automated field examination report generator to ensure consistency and reduce the time it takes field examiners to complete their work.

VA conducted an in-depth staffing analysis of its fiduciary activities in 2012. This analysis examined the location of beneficiaries and field examiners to develop a staffing model for the hub consolidation. As a result, VA hired 58 additional field examiners and deployed them based upon the needs of the current beneficiary population.

VA is reconciling information in the current Fiduciary Beneficiary System (FBS) database and the corporate database in preparation for the new computer system that will replace FBS. A project manager was assigned in May 2012, and a platform was identified for the redesigned FBS. The redesigned FBS will allow VA to leverage existing technology to create an interface with other VA systems, improve reporting processes to enhance workload management capabilities, integrate a report generator tool, and improve monitoring of the misuse protocol. It will greatly improve VA's ability to track beneficiary visits, fiduciaries' annual accountings, and further detect potential misuse.

VA is revising its fiduciary regulations to update and reorganize fiduciary rules consistent with current law and VA polices to prescribe fiduciary responsibilities and beneficiary rights.

These and other major initiatives led to a decrease in the misuse rate that was less than one-half of one-percent in 2012.

OIG CHALLENGE #3: FINANCIAL MANAGEMENT
-Strategic Overview-

Sound financial management not only represents the best use of limited public resources, but also the ability to collect, analyze, and report reliable data on which resource use and allocation decisions depend. OIG oversight assists VA in identifying opportunities to improve the quality and management of VA's financial information, systems, and other assets.

OIG Sub-Challenge #3A: Strengthen Financial Management and Fiscal Controls for VISN Offices

In 1995, VHA restructured its field operations from 4 medical regions to 22 VISN offices to redistribute VHA health care resources to better meet Veterans' needs, improve Veterans' access to health care, and decentralize decision-making and operations. At that time, VHA expected the VISN offices to have about 220 full-time equivalent staff and estimated that VISN operating costs would be about $26.7 million. However, by FY 2011, the VISN offices had grown significantly in size to over 1,000 staff with expenses totaling at least $164.9 million, a 500 percent increase above the estimated costs ($26.7 million) at inception.

OIG's audit of the VISNs' management and fiscal operations disclosed that VHA lacked budgetary controls and reliable data to monitor VISN offices, evaluate their performance relative to operational costs, justify their organizational structures and staffing levels, and ensure the effective and efficient use of funds. The OIG determined that VHA had allowed the VISN offices to operate independently and that VHA had not established required fiscal controls because it considered the VISN offices small. However, the growth in the offices' costs and the fiscal issues identified in the VISN offices' travel, leased office space, and performance awards demonstrated that VHA needed to strengthen VISN office fiscal controls to ensure transparency and accountability in their operations and the effective and efficient use of funds. To address this challenge, VHA initiated actions to standardize and build accountability in the VISNs' organizational and management structures and to establish fiscal controls and a comprehensive financial management system. However, full implementation of these actions is expected to require a more long-term plan.

VA's Program Response
Estimated Resolution Timeframe: 2014
Responsible Agency Official: Under Secretary for Health

Completed 2012 Milestones

The Veterans Health Administration (VHA) has made steady progress to standardize and build additional accountability into its fiscal controls and financial management systems. Specific accomplishments include:
- VHA completed a revised Operating Plan, which included Veterans Integrated Service Network (VISN) Office Operating Plans, which was submitted to the Department of Veterans Affairs (VA) Office of Management on May 25, 2012.
- The first monthly VISN Office Execution Reports were submitted on June 15, 2012. Subsequent reports are due by not later than the 10th of each month

- Development of policy that provides guidance for accounting for VISN staff, centralized facility support units, and centralized purchases is expected to be completed by the end of 2012. Plans are for execution to be monitored against approved VISN Office and VISN Operating Plans and regular reports to the Office of the Deputy Under Secretary for Health for Operations and Management (DUSHOM).
- In regard to oversight of travel at VISNs, Fiscal Quality Assurance Managers met in July to prepare an audit guide and then implement random audits. Travel policy guidance is being rewritten. It is planned that VISN leadership will do random audits of 25 trips a quarter for two consecutive quarters, and periodically thereafter as deemed necessary, to ensure proper approvals, justifications, and trip purposes are documented. This process is anticipated to be in place by the end of 2012.
- VHA expects to complete and issue guidance related to VISN office lease costs and space requirements as well as implement periodic reviews of VISN space utilization by VISNs by September 30, 2012.
- A comprehensive review of performance awards will begin October 1, 2012.
- VHA is defining what constitutes core VISN staff and functions for each VISN based on the particular VISN functions and services. The definition will set the base staffing levels for a VISN. VHA will initiate reviews of VISN full time equivalent and VISN personnel and related costs. VHA's Office of Finance will develop policy to provide guidance on accounting for VISN staff and centralized facility support units. Execution will be monitored against approved VISN Office and VISN Operating Plans and compared with data reported in the Financial Management System and the Personnel and Accounting Integrated Data System to ensure accuracy and reliability during monthly reports to the DUSHOM.

OIG Sub-Challenge #3B: Strengthen Oversight of Human Capital Management and Development Programs

In 2010, VA paid nearly $111 million in retention incentives to 16,487 employees. OIG found VHA and VA Central Office (VACO) approving officials did not adequately justify and document retention incentive awards in accordance with VA policy. VA lacked clear guidance, oversight, and training to effectively support the program. Officials did not effectively use the Personnel and Accounting Integrated Data system to generate timely review notices and did not always stop retention incentives at the end of set payment periods. Based on these findings, OIG questioned the appropriateness of 96 (80 percent) of 120 VHA incentives and 30 (79 percent) of 38 VACO incentives reviewed. These incentives totaled about $1.06 million in FY 2010. Furthermore, OIG identified 6 of 99 statistically sampled cases where VA assigned incorrect duty stations due to inadequately trained human resources personnel and lack of supervisor verification of employee duty assignments. Consequently, VA overpaid a total of about $106,000 in locality pay from the time the errors first occurred. If problems assigning incorrect duty stations are not fixed, OIG projected a total of $1,355,355 in potential monetary overpayments over the next 5 years.

In addition, VA's ADVANCE program aligns with Federal human capital reforms by centralizing workforce training and senior executive recruitment and development. VA started its ADVANCE human capital program, including its Corporate Senior Executive Management Office (CSEMO), in FY 2010 as part of

the Secretary's initiative to transform VA into a 21st century organization. ADVANCE operated on an estimated budget of about $864 million from FY 2010 through FY 2012, including about $32 million for CSEMO. VA achieved many of its ADVANCE program goals. However, VA needs to strengthen its management of interagency agreements with the Office of Personnel Management (OPM) and improve its program measures to more accurately assess program impact. These management weaknesses occurred because VA deployed ADVANCE rapidly and did not establish adequate controls over interagency agreement costs and terms. Further, VA proceeded without fully assessing its implementation options and concluded that only OPM could provide the needed resources and expertise. As a result, VA lacks reasonable assurance that it effectively spent program funds during FYs 2010 and 2011, and that its spending plans for FY 2012 will achieve the intended impact on VA's workforce.

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Assistant Secretary, Office of Human Resources and Administration

Completed 2012 Milestones
In order to better manage, and ultimately remedy, issues regarding lax monitoring of retention incentives, incorrect duty station assignments and locality pay, which the Office of Inspector General has identified, the Department of Veterans Affairs (VA) has done the following:

Senior Executive Programs:

- Corporate management of executive resources has allowed VA to improve the administration of important programs. A VA Office of Inspector General (OIG) report raised concerns about the adequacy of VA's justification and documentation of retention incentives and, based on these findings, questioned the appropriateness of many incentives paid in Veterans Health Administration and VA Central Office. Even before the report was issued, VA had begun to review executive retention incentives focused on determining if each was still warranted. The OIG report recommended, and VA conducted, a 100 percent review of executive retention incentives being paid as of the date of the report. As a result of the review, VA terminated incentives no longer needed and strengthened the justification and documentation for those that needed to be continued.

- VA has developed and implemented a very deliberate approach to considering new executive retention incentive requests. Retention incentives are a management tool which VA uses as appropriate to retain an executive whose continued service is critical to successful mission accomplishment. Each proposed incentive is documented in a manner that fully meets requirements, and is scrutinized to ensure it is appropriate and necessary. All executive incentives are reviewed and approved or disapproved by the VA Chief of Staff.

Other Programs

- Additionally, VHA also implemented training to ensure its human resources (HR) managers and officers have a solid understanding of the laws and regulations governing retention incentives, the required documentation for approval, and the requirement for annual review of all approved retention incentives.
- Conducted a presentation/training about the need for correct duty station codes and implementation of virtual duty station assignments.
- Forwarded e-mail communication to the HR community regarding the new requirements that all duty stations must be coded correctly in PAID to ensure that the correct locality pay is provided.
- Prepared and published a HR Bulletin providing instructions for accessing the updated P41-A monthly personnel data report, and working with managers and supervisors to validate the duty station.

In response to the OIG Major Management Challenge concerning the administration of VA's ADVANCE (including those of Corporate Senior Executive Management Office) human capital programs:

- The Office of Human Resource & Administration (HRA) is currently conducting the 2013 HCIP/ADVANCE (HCIP - Human Capital Investment Program) program prioritization to provide funding to those initiatives demonstrating the best possible transformational value; (This effort is facilitated by VA's Strategic Management Group (SMG)).
- Beginning in January 2012 and working in concert with Office of Personnel Management (OPM), SMG drafted Service Level Agreement (SLA) language formalizing the cyclical exchange of data and reports critical to VA operations of HCIP/ADVANCE initiatives, in accordance with the costs and terms of interagency agreements with OPM.
- Improved transparency provided through the SLA, SMG will continue to review and refine the OPM Deliverable Receipt Form process to guarantee VA receives actual services contracted for in the interagency agreement.
- SMG provided (by or before 4th quarter of 2012) additional written guidance to each HRA Program Office administering HCIP/ADVANCE initiatives to rigorously review the Deliverable Receipt Form process in relationship to the tangible and intangible goods and services contracted for.

- Retention Incentives. The Veterans Health Administration (VHA) has comprehensively reviewed its policies, procedures, and training in regard to retention incentives and taken action as needed to address concerns.
  - Senior Executive Service (SES) and SES-Equivalents (EQV). To provide oversight for all SES and SES-EQV retention incentives, VHA established a Retention Incentive Technical Review Board (RITRB) and updated guidance. A full review of all SES and SES-EQV retention incentive agreements was completed. Those retention incentives still being requested have been put in the required format with appropriate justification and the Corporate Senior Executive Management Office (CSEMO) has reviewed and processed final decisions.

o <u>Non-SES</u>. Written guidance directing VHA field facilities to conduct a complete review of non-SES retention incentives was issued. This guidance detailed the proper use of retention incentives with instructions for the preparation of fully documented requests for approval. The guidance also requires that all retention incentives for non-SES/SES-EQV employees be approved at the Veterans Integrated Service Network (VISN) level by a RITRB. The VISN reviews of existing retention incentives are to be completed in 2012.

o <u>Unsupported Reviews</u>. The 100 percent review of the 96 retention incentives considered to be unsupported has been completed. Of the 96 retention incentives reviewed, 57 have been terminated and 39 remain active and are considered appropriate and necessary in order to retain essential staff.

o <u>Training.</u> Training was implemented to ensure human resources (HR) managers and officers have a solid understanding o**f** the laws and regulations governing retention incentives, the required documentation for approval, and the requirement for annual review of all approved retention incentives. HR managers will be reminded to place a follow-up code in the Personnel and Accounting Integrated Data (PAID) system for all retention incentives to ensure that annual reviews are completed as required.

OIG Sub-Challenge #3C: Strengthen Oversight to Better Leverage Capital Assets

An OIG audit of VA's use of the Enhanced-Use Lease (EUL) program revealed that program policies and procedures, oversight, and performance measures were not in place to ensure adequate project documentation, timely project development and execution, effective monitoring, and accurate cost accounting. VA had little assurance of EUL effectiveness due to inaccurate reporting on program benefits and expenses. Personnel did not always document major project decisions, resulting in a lack of transparency to ensure program integrity. Further, VA often paid to maintain capital assets longer than necessary due to delays in executing EUL arrangements. The program lacked the policies and procedures, oversight, and performance measures needed for effective EUL project management. As a result of these deficiencies, VA may not have fully realized the potential benefits of the EUL program.

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Director, Office of Asset Enterprise Management

<u>Completed 2012 Milestones</u>

The Office of Management (OM) completed several actions in 2012 to address concerns raised in the OIG audit. To ensure EUL agreements are negotiated in line with the Department's strategic goals, OM has developed project scorecards that identify relevant strategic goals (as reflected in the FY11 VA Strategic Plan Refresh) and quantify the extent to which each EUL project under development contributes to these goals. Scorecards for all EUL projects in the formulation stage will be reviewed by senior Office of Asset Enterprise Management (OAEM) leadership on a quarterly basis; the first review occurred in June 2012. Concurrently with this review, OAEM leadership, in consultation with the EUL Concept Paper Review Committee (CPRC), reviewed all formulation- and execution-stage EUL projects to

ensure timely execution of each. Projects anticipated to exceed their lease-execution and construction-completion target timeframes (24 months and 18 months, respectively) by 12 months or more were referred to the CPRC to review and approve VA's continued pursuit. The first of these OAEM/CPRC timeliness reviews occurred in July 2012, and will continue on a quarterly basis. In an effort to further strengthen on-going oversight and monitoring of executed EUL projects, OM developed and published directive and handbook 7454, defining the post-transaction oversight and compliance process. To ensure EUL project benefits and expenses are properly calculated, classified, and monitored, OM has developed a formal methodology to be used for calculating the benefits and expenses of each EUL. This methodology is supported by new technology tools and a web-based tracking system. The new methodology revises the methods used for determining the monetary value of the revenue, cost-savings, cost-avoidance, and enhanced services provided to VA as consideration for EUL projects, as well as accounts for any expenses incurred as a result of the project to get a full picture of the benefits of the project. This enhanced and improved calculation methodology will be implemented in the FY2012 EUL Consideration Report, as well as used to review previous consideration reports to ensure program benefits were accurately reported. OM has instituted a comprehensive new records management system in order to ensure that major EUL project decisions are documented and maintained in accordance with policy. In addition, OM conducted a comprehensive inventory of its EUL files, and those of its partner organizations within VA (OGC, CFM, local facilities, etc.), to ensure all available archival documents are identified and stored pursuant to the standards and protocols of the new records management policy.

<div align="center">

OIG CHALLENGE #4: PROCUREMENT PRACTICE
-Strategic Overview-

</div>

VA operations require the efficient procurement of a broad spectrum of services, supplies, and equipment at national and local levels. OIG audits and reviews continue to identify systemic deficiencies in all phases of the procurement process to include planning, solicitation, negotiation, award, and administration. OIG attributes these deficiencies to inadequate oversight and accountability.

Recurring systemic deficiencies in the procurement process, including the failure to comply with the Federal Acquisition Regulation (FAR) and VA Acquisition Regulation (VAAR), and the lack of effective oversight increase the risk that VA may award contracts that are not in the best interests of the Department. Further, VA risks paying more than fair and reasonable prices for supplies and services and making overpayments to contractors. VA must improve its acquisition processes and oversight to ensure the efficient use of VA funds and compliance with applicable acquisition laws, rules, regulations, and policies. **[Place holder]** OIG comment on VA HR Conferences Report

OIG Sub-Challenge #4A: Compliance with Laws, Regulations, and Policies

For several years, OIG audits and reviews have identified VA challenges in complying with Federal and VA acquisition laws and regulations that protect the Government's interests and promote transparency in procurements. In 2009, VA made two major changes intended to strengthen its procurement process. VHA created Service Area Offices to oversee VISN contracting activities. VA also established an Integrated Oversight Process (IOP) that replaced traditional technical and legal contract reviews. OIG's audit of VHA's VISN contracts disclosed that these changes, which were made to strengthen acquisition

operations, were not effective because the new review processes were not followed consistently, and VA and VHA acquisition management did not provide adequate guidance and oversight on how to implement the IOP.

A 2011 OIG audit report on VISN contracts identified recurring systemic deficiencies associated with acquisition planning, contract award, and contract administration. A review of 89 noncompetitive VISN contracts identified deficiencies associated with the acquisition planning and award phases for 81 of the 89 contracts. A review of 83 competitive contracts identified deficiencies in these phases for 61 of the 83. Eighty-five of the 89 noncompetitive contracts reviewed, valued at $56 million, had 1 or more contract deficiencies. VISN contracting officers could also not provide evidence that they made a determination of responsibility of prospective contractors by checking the Excluded Parties List System prior to award, as required. OIG estimated that a determination of responsibility was not made for nearly 1,290 contracts, valued at $674 million. OIG estimated that VISN contracting staff did not perform required IOP contract reviews for about 3,000 contracts, valued at about $1.58 billion, awarded between June 2009 and May 2010.

The Office of Information and Technology (OIT) contracted for in-depth technical reviews of VA's major information technology (IT) initiatives to ensure IT systems met VA's Enterprise Architecture standards. However, OIG determined the work the contractor performed did not meet the primary intent of the task order, which called for in-depth technical reviews of VA's major IT initiatives. OIT's decision to continue using the contractor to perform work that did not meet the primary intent of the task order resulted in ineffective and inefficient use of contract resources. As a result, OIT incurred contract costs of approximately $1.7 million for an underutilized task order during the first and second option years. The amount could have also grown to approximately $2.4 million if OIT had chosen to exercise the third option year of the task order—OIT did not, based on the OIG recommendations. In addition, no other organization within OIT was performing technical reviews of VA's major IT initiatives. As a result, VA's IT programs and projects may be at an increased risk of noncompliance with VA's Enterprise Architecture standards. As a result of the OIG evaluation of the secure VA-Chief Information Security Officer support services acquisition process, it was determined that VA's proposal evaluation and contract award procedures demonstrated a potential bias toward the incumbent contractor and did not promote full and open competition in accordance with the FAR.

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Principal Executive Director, OALC

Completed 2012 Milestones

The VHA Procurement and Logistics Office (P&LO) has developed an internal quality compliance program to provide senior management with the ability to review field compliance with Federal and Department of Veterans Affairs (VA) acquisitions laws. In 2012, a new audit program was developed to address the implementation of various standard operating procedures (SOP), such as the integrated oversight process (IOP) SOP. A VHA internal audit team conducts the reviews, and the plan is to audit each network contract office (NCO), primary contracting office (PCO), service area office (SAO) quarterly.

As of April 2012, results from two quality assurance audits were available. These reviews will continue as directed by VHA Acquisition Quality Director and/or senior management.

The following outlines specifics about the implementation of the acquisition quality program.
- Eleven quality compliance internal audits were completed in 2012. At the completion of 2013, all VHA contracting offices will have been audited.
- The Acquisition Quality Office also implemented an internal contract review program to monitor key recurring procurement issues, such as compliance with the Integrated Oversight Information Letter. A statistical sample of contracts per each NCO and PCO is audited every quarter. In 2012, each contracting office has been audited twice to address seven key areas: (1) Electronic Contract Management System (eCMS) usage; (2) contracting officer representative (COR) delegation; (3) sole source approvals; (4) information security requirements; (5) IOP; (6) responsibility determination requirements, and (7) price reasonableness. To date over 2,000 contracting actions have been reviewed.
- The first and second quarter 2012 Green Procurement Audits were completed per the relevant Office of Management and Budget (OMB) directive.
- Five SOPs were completed or revised to assist the field with compliance of laws and regulations.
- NCO prosthetic files were audited in order to assess processes established for prosthetic purchasing.

The Office of Information and Technology (OIT) has taken the following actions:
- Technical Reviews of VA's major IT initiatives are conducted on a regular, recurring basis. These reviews, called program management reviews (PMRs), are chaired by the Deputy CIO and/or her designee. The PMR review team includes members of the architecture, strategy and design (ASD) organization, and other applicable OIT organizations.
- PMRs follow a standard, comprehensive briefing template. PMRs ensure the project/program is following PMAS guidance and the technical reference model. PMRs also ensure that the program/project is being executed according to plan, and has no issues with respect to scope, schedule, or requirements.
- The product development organization stood up a Project Management Accountability System (PMAS) Business Office to:
    1. Monitor the progress of all VA IT projects in PMAS;
    2. Develop and maintain PMAS policy and guidance;
    3. Develop tools and techniques to gather, analyze, and report on PMAS project data;
    4. Provide guidance and training on PMAS policy;
    5. Provide guidance and data quality analysis on PMAS status reporting and produce reports;
    6. Provide support to the CIO and ITPROGs, Major Initiative Leads and project mangers (PMs)in the area of Red Flag, Green Flag and TechStat meetings (facilitate meetings, develop, and consult on materials, processes and procedures);
    7. Provide OMB 300B data gathering tools, reports, support and submission; and
    8. Conduct project and program assessments and PMRs, as necessary.

- The PMAS Business Office has developed a Milestone Review process. The first phase of a Milestone Review is called a "Milestone Zero Review", which is used to transition a concept from new start to the planning state. This phase of review is used to identify and articulate a business problem or service improvement recommendation and to recommend a course of action or concept to resolve it.
    1. A "Milestone One Review" is used to transition from the planning state or paused state to the active state. This phase of review includes a comprehensive assessment of project management documents and other required documentation as specified in the PMAS Guide. This review grants or denies approval for Increment 1 activities. A System Design Document, signed by a representative of ASD, is required for a Milestone One review.
    2. Milestone reviews are currently being scheduled. Briefing papers on Milestone Zero and One Reviews are in development, as is the schedule for Milestone Reviews.
    3. Each project's integrated project team members attend both PMRs and Milestone Reviews.

OIG Sub-Challenge #4B: Improve Oversight for VA's VOSB and SDVOSB Programs

VA continues to experience challenges with contract awards to Veteran-owned small businesses (VOSBs) and service-disabled Veteran-owned small businesses (SDVOSBs). Forty of the 42 noncompetitive VOSB and SDVOSB contracts reviewed during the audit of VISN contracts, valued at about $17.9 million, had one or more contract deficiencies. Price negotiation memoranda were not prepared, or were determined to be inadequate, for 22 of 42 contracts awarded to SDVOSBs, valued at $10.5 million. OIG also disclosed that VISN contracting officers from each SAO used Public Law 109–461, "Veterans Benefits, Health Care, and Information Technology Act of 2006," as justification to award noncompetitive contracts to VOSBs and SDVOSBs without considering competition restricted to these businesses.

These results are consistent with the findings reported in a 2011 OIG audit of VOSB and of SDVOSB programs. Sixty-eight percent of 79 VOSB and SDVOSB contracts valued at $21.9 million had 1 or more contracting deficiencies. Contracting officers did not complete a justification for other than full and open competition prior to the award or perform and document a price reasonableness determination in a document such as the price negotiation memorandum for 30 VOSB and SDVOSB contracts, valued at $12 million, awarded to 20 businesses.

These contracting deficiencies prompted criminal investigations of SDVOSB contract participants. To date, the investigations have resulted in the issuance of 407 subpoenas and the execution of 25 search warrants. OIG's investigative efforts have resulted in 14 indictments, 6 convictions, and nearly 100 open investigations ongoing.

The following three examples demonstrate the types of fraud frequently committed among participants misusing the program. The first example was a referral received from the Government Accountability Office alleging that an SDVOSB was a shell company. The OIG conducted an investigation which substantiated that the owner of a non-SDVOSB approached a bedridden Vietnam War Veteran and proposed the idea of starting a joint venture using the Veteran's service-disabled status. The OIG

determined that the Veteran performed no work for either company, had no ownership stake in the SDVOSB, and did not control the management of the company. The SDVOSB contract simply served as a pass-through for the larger company. In November 2011, a Federal grand jury indicted the company's owner on charges of wire fraud and major fraud against the United States. Both the company and the owner have been debarred from doing business with the Government.

In a second example, the OIG received allegations that a company was engaging in SDVOSB fraud and that a VA employee was accepting bribes and/or gifts from the company. OIG initiated a joint investigation with the Small Business Administration (SBA) OIG and General Services Administration (GSA) OIG. The OIG investigation determined that two individuals approached a service-disabled Veteran about setting up a construction company to compete for Government contracts under the SDVOSB Program. They gave a VA employee luxury box tickets at sporting events, as well as lunches and interest-free loans, to ensure that the company would continue to receive VA contracts. In February 2012, two individuals pled guilty to conspiracy involving the illegal payment of gratuities. In May 2012, one was sentenced to serve 2 years in prison and ordered to pay a $50,000 fine; the second was sentenced to serve 3 years of probation and ordered to pay $1,550,000 in restitution and fined $60,000. In March 2012, the former VA employee pled guilty to accepting an illegal gratuity and was subsequently sentenced to 15 months in prison. The three defendants and two companies have been referred for debarment from future Government contracts.

Finally, two individuals were charged in February 2012 with conspiracy, major fraud, and false statements after an OIG investigation determined that a company owner and his son-in-law conspired to defraud VA by falsely claiming that the company was an SDVOSB. A third individual, who was a service-disabled Veteran and received payment for allowing the use of his service-disabled Veteran status, had previously pled guilty to conspiracy and major fraud. Between March 2009 and February 2012, the company was awarded five SDVOSB set-aside contracts totaling $10.9 million. In March 2012, the three individuals and the company were suspended from doing business with the Federal government.

VA's Program Response
Estimated Resolution Timeframe: 20XX
Responsible Agency Official:

Completed 2012 Milestones

In 2012, the Center for Veterans Enterprise (CVE) reengineered the verification business processes. The new business process has been codified in a series of Standard Operating Procedures (SOP) that cover all phases of the verification process, requests for reconsideration, referrals to the Office of Inspector General (OIG) and the 8127 Debarment Committee, and the Quality Assurance plan. CVE has formalized the process for referring possible fraud cases to OIG and to the 8127 Debarment Committee. Referrals have increased substantially. CVE has also initiated a post-verification unannounced site visit program that checks on verification compliance of firms that have been verified. Visits are selected on both a risk-based and random basis. Those who are found to be ineligible are removed from the program and referred to OIG for further investigation.   In FY 2012, CVE made 43 referrals to the 8127 Debarment

Committee. The 8127 Debarment Committee has debarred 8 firms and 7 individuals and there are 9 firms and 20 individuals pending a decision from the Committee.

VA has established a Subcontracting Compliance Review Program and audits selected contracts to ensure prime contractors are meeting subcontracting obligations. [OSDBU has no oversight of this program]

VHA has implemented a review strategy for active, high-dollar Veteran-owned small business (VOSB) and service-disabled Veteran-owned small business (SDVOSB) contracts to determine if Federal subcontracting performance requirements have been met, and if the requirements have not been met, to research and pursue remedies. The Service Area Office (SAO) Quality Assurance (QA) random reviews were completed in February 2012. The audits did not result in sending any subcontractor concerns to the Office of Inspector General (OIG) for further investigation. The SAO teams will continue to track any contracts that have VetBiz certification concerns.

OIG Sub-Challenge 4C: Effective Contract Administration

OIG continues to identify poor contract administration as a systemic deficiency resulting in overpayments to vendors. A 2012 review of VA's Fast Pay system concluded that inadequate segregation of supply ordering and receiving duties makes VA facility pharmacies vulnerable to fraudulent activity. OIG determined three of four VA medical facility pharmacies reviewed needed to strengthen controls to ensure an adequate segregation of duties existed. The three VA medical facility pharmacies did not segregate duties among different staff to prevent any one individual from having the ability to both order and receive non-controlled pharmacy supplies. These findings related to contract administration are consistent with other recently issued OIG reports.

For example, the OIG's audit of prosthetic limb acquisition and management practices found that VHA needs to strengthen payment controls for prosthetic limbs to minimize the risk of overpayment. OIG identified overpayments in 23 percent of all the transactions paid in FY 2010. Specifically, VHA needs to establish appropriate separation of controls within its prosthetic management practices and ensure staff follows these practices before authorizing payment. The acquisition practices reviewed at the four VISNs visited did not stress Contracting Officer's Technical Representative (COTR) responsibilities, which resulted in internal control weaknesses. VHA overpaid about $2.2 million for prosthetic limbs in FY 2010. VA can recover the overpayments from vendors because the invoices paid exceeded the agreed upon prices per the terms in the contracts.

OIG's national audit of VISN contracts also disclosed that multiple issues are negatively impacting the quality of VISNs' efforts to administer contracts. VISN contracting officers are not consistently initiating background checks for contractors having access to VA computer systems. OIG also determined that contracting officers are not consistently designating COTRs to help oversee contract administration. In addition, contracting officers and/or COTRs are not consistently monitoring contractors' performance. Lapses in monitoring a contractor's performance or taking actions to ensure that goods and services have been received increases the risk that VA may not be getting what it paid for and increases the risk of contract failure. The FAR requires that contracting officers ensure contractors comply with the terms

and conditions of the contract and safeguard the interests of the Government in its contractual relationships.

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Principal Executive Director, OALC

Completed 2012 Milestones

VHA provided information about the requirements for separation of duties for ordering and receiving to the Veterans Integrated Service Network (VISN) pharmacy executives and facility chiefs of pharmacy in March 2012. A survey of the medical centers was completed in June 2012, in which all stations certified that they have adequate separation of duties in place so the person placing the order is not receiving an order they placed themselves. In addition, the VHA Budget office conducted a series of six live meetings with medical center pharmacy and fiscal staff to educate them on separation of duties and reconciliation requirements. VHA is currently conducting a survey to ensure compliance and require any facilities that have incomplete compliance to provide corrective action plans with appropriate timelines and milestones. Completion is expected by December 31, 2012.

In regard to acquisition of prosthetic limbs, VHA Procurement and Logistics Office (P&LO), as of July 2012, has created a comprehensive database and completed reviews of contracts for prosthetic limbs. Contracting staffs are developing corrective and preventive action plans to address issues of concern.   The VHA Acquisition Quality staff will regularly review and monitor status of the plans to ensure actions have been implemented. Supplemental training is in progress.

To address overpayment issues, VHA is identifying potential overpayments for VISN review to determine validity of overpayment and collect confirmed overpayments. Collection activities are expected to begin September 2012 and be completed by December 2012.

To improve general VISN administration of contracts, VHA has developed an additional internal quality assurance (QA) program to review the implementation of the integrated oversight process (IOP) standard operating procedures (SOPs). A VHA Acquisition Quality Team conducts the reviews, with a plan to audit each network contract office (NCO), primary contracting office (PCO), and service area office (SAO) quarterly. As of April 2012, results from two QA audits were available. These reviews are continuing through 2012.

The following provides other specific items completed in 2012:
- VHA implemented a contracting officer representative (COR) contract review program and completed nine COR audits in 2012.
- The COR SOP included additional VHA training for VHA CORs.
- The VHA Operations Division developed a COR SharePoint site as a resource tool for CORs which includes newsletters, training information, and a COR toolkit.
  http://vaww.pclo.infoshare.va.gov/PCLO/AWI/COTRComm/default.aspx

VHA also provided COR training via online modules on a number of subjects of interest to CORs.

OIG Sub-Challenge #4D: Improve Oversight of Procurement Activities

Effective oversight is difficult to achieve because there is no central database that captures all VA contracting and purchasing information. Although VA established the Electronic Contract Management System (eCMS) in 2007 as the required contract management tool for the Department, OIG has found that it does not capture all VA procurement information. A 2009 OIG audit revealed that eCMS is not used effectively and procurement information in eCMS is incomplete. Recent audits indicate that these deficiencies still exist.

For example, the OIG audit of VISN contracts concluded that VISN acquisition personnel were not properly and consistently using eCMS. OIG found that documentation of COTR training and invoices were most frequently missing from the system for competitive and noncompetitive contracts. OIG also identified inaccurate data in eCMS for 44 of the 172 contracts reviewed, including inaccurate classifications of goods and services purchased, obligation amounts, estimated values, and award dates.

During the OIG's nationwide audit of VHA's acquisition and management of prosthetic limbs, eCMS data reliability and system problems were identified that impacted VISN contracting personnel's ability to effectively oversee VA procurements. None of the VISNs reviewed included vendors' invoices in eCMS. As a result, OIG could not readily verify whether a COTR had reviewed vendors' invoices prior to certification to ensure they accurately reflected that goods received were in accordance with the requirements of the contract. The lack of official contract documentation in eCMS adversely affects VISN management's ability to assess the quality and administration of prosthetic limb procurements.

A 2011 OIG audit also concluded managers at VA's NAC did not ensure that staff fully utilized VA's mandatory eCMS to develop and award national contracts. This occurred because VA's Office of Acquisition, Logistics, and Construction (OALC) provided limited oversight to monitor eCMS compliance and ensure eCMS capabilities adequately supported NAC operations. In addition, OALC and NAC officials impaired visibility of VA procurement actions by not ensuring compliance with the mandatory use of eCMS.

<center>

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Principal Executive Director, OALC

</center>

Completed 2012 Milestones

The Veterans Health Administration (VHA) continued with the implementation of the Acquisition Quality program:
- Eleven quality compliance internal audits were completed in FY 2012. At the completion of FY 2013, all VHA contracting offices will have been audited.
- The Acquisition Quality Office also implemented an internal contract review program to monitor key recurring procurement issues, such as compliance with Integrated Oversight Information Letter. A statistical sample of contracts per each network contract manager (NCM)/program contract

manager office is audited every quarter. In FY 2012, each contracting office has been audited twice to address seven key areas: (1) eCMS usage; (2) COR delegation; (3) sole source approvals; (4) information security requirements; (5) Integrated Oversight Process; (6) responsibility determination requirements; (7) and price reasonableness. To date, over 2,000 contracting actions have been reviewed.

- Completed 1 and 2 quarter "green procurement" audits per OMB Directive.
- Completed and/or revised five standard operating procedures to assist the field with compliance of laws and regulations.
- Audited pilot NCM prosthetic files in order to assess processes established for prosthetic purchasing.

The Office of Acquisition, Logistics, and Construction's (OALC) National Acquisition Center (NAC) has taken the following actions: All procurements over $3,000 are being entered into eCMS. Specific actions and controls have been developed by the National Contract Service (NCS) and Federal Supply Schedule Service (FSSS) to ensure quality control of the data entered and maintained in the system. NCS has established metrics and is tracking all new procurement actions valued at the micro-purchase level or greater to ensure they are entered into eCMS. Since FY 2011 Q2, NCS is 100% compliant for data entry. NCS also is tracking: (1) if appropriate/required attachments are in eCMS; (2) if attachments in eCMS briefcase are named in accordance with appropriate conventions; and (3) whether eCMS data values are being accurately completed**.** Within FSSS, a core team was formed to develop a quality assurance (QA) process involving periodic reviews of contract files to ensure completeness and accuracy pertinent to eCMS documents within electronic briefcase. Implementation of the new QA process will begin in 2013**.** FSSS is providing comprehensive vendor training sessions to promote more complete submission of proposals. Training will be provided via face-to-face conferences, Webinars, and other technological means. The FSSS HelpDesk Support has greatly improved because seasoned managers handle all inquiries; thus providing more timely and accurate responses.

OALC implemented an ongoing enterprise-wide audit to measure and improve the usage and adoption of the Agency's contract writing system and to determine the level of adherence to procurement policy memorandum (PPM), "Mandatory Use of VA's Electronic Contract Management System (eCMS)," dated June 15, 2012. A monthly dashboard was also created to monitor the results of this audit for each VA Head of Contracting Activity.

On September 29, 2011, the Veterans Health Administration (VHA) Procurement and Logistics Office (P&LO) issued a memorandum reinforcing the requirement to use the Electronic Contract Management System (eCMS) for all new procurement actions valued at $3,000 or more. VHA P&LO has also required Service Area Office (SAO) Quality Assurance (QA) offices to complete eCMS spot checks quarterly. The VHA National eCMS Coordinator has distributed a Data Values Guide that describes in detail the values that should be entered for each data value. The eCMS Coordinator has also presented additional eCMS data value instructions via the VHA Operations Network Contracting Activity (NCA) of the Month program. The NCA of the Month program has provided additional eCMS, Contracting Officer's Technical Representative (COTR), Acquisition Quality, and Small Business Program training to all NCAs.

Several metrics are used to track eCMS compliance such as the Integrated Funds Distribution, Control Point Activity, Accounting, and Procurement (IFCAP) module to eCMS metric. VHA added a Procurement Administrative Lead Time (PALT) metric to the VHA dashboard to further assist in the

tracking of eCMS compliance and, since April 2012 VHA P&LO has been implementing the use of the eCMS Acquisition Planning Module to assist in tracking PALT.   Each SAO has been phasing in the use, and it is expected that all SAOs will have this in place by October 1, 2012.   The eCMS Coordinator has also developed various reports to track eCMS usage such as a report that displays the number of solicitation and award documents created in eCMS monthly.

In 2012, a new audit program was developed to address the implementation of various standard operating procedures (SOP) such as the Integrated Oversight Process (IOP) SOP.   A VHA internal audit team conducts the reviews and the plan is to audit each Network Contract Office (NCO), Primary Contracting Office (PCO), Service Area Office (SAO) quarterly. As of April 2012, results from two QA audits were available.   These reviews will continue.

The following outlines specific accomplishments in the Acquisition Quality program.
- Eleven quality compliance internal audits were completed in 2012. At the completion of 2013, all VHA contracting offices will have been audited per the VHA Acquisition Quality Internal Compliance manual.
- The Acquisition Quality Office also implemented an internal contract review program to monitor key recurring procurement issues such as compliance the requirement to use eCMS for all new procurement actions valued at $3,000 or more. In 2012, each contracting office has been audited twice to address seven key areas: eCMS usage; Contracting Office Representative (COR) delegation; sole source approvals; information security requirements; IOP; responsibility determination requirements, and price reasonableness. To date over 2,000 contracting actions have been reviewed with improvement shown in seven of the eight specific areas audited.
- Green Procurement Audits were completed in the first and second quarters of 2012 per a relevant Office of Management and Budget (OMB) directive.
- Five SOPs were completed or revised to assist the field with compliance of laws and regulations.
- The pilot NCM's Prosthetic files were audited in order to assess processes established for prosthetic purchasing.

OIG Sub-Challenge #4E: Sound IT Procurement Practices

OIG evaluated the Secure VA-Chief Information Security Officer Support Services acquisition process to determine whether the solicitation, proposal evaluation, and contract award processes were conducted in line with full and open competition requirements. In December 2011, OIG found that VA's acquisition process demonstrated a potential bias by using knowledge of VA procedures and practices as a significant selection factor without clear disclosure of its relative importance when asking for bids. As such, the technical evaluation process favored awarding the contract to the incumbent, Booz-Allen Hamilton. This was the same contractor that had provided VA's Information Assurance and Information Technology Security Services for the previous 2 years. VA awarded the contract for $133 million, at a premium of 16 percent ($18 million) and 22 percent ($24 million) over two other offers.

OIG reported that the Department's failure to disclose all significant evaluation factors prevented vendors from submitting comparable proposals, placing potential contractors at a disadvantage in the bidding process. The Executive Director, OALC, neither concurred nor non-concurred with OIG

recommendations and provided no statement on his intent for future acquisitions. Therefore, OIG will evaluate VA's contract award decisions in future audits to determine if evaluation panels assess vendor proposals based solely on evaluation factors stated in the solicitations.

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Principal Executive Director, OALC

The description of OIG Sub-Challenge #4E "Sound IT Procurement Practices" incorrectly notes that the Office of Acquistion, Logistics, and Construction (OALC) activity directly involved in the acquisition at issue neither non-concurred nor concurred in the OIG recommendations. OALC is on record as non-concurring with the OIG recommendations.

OALC's position with regard to the referenced procurement is that the evaluation was conducted in accordance with the solicitation and relevant GAO case law and no corrective action was required. OALC views the OIG conclusions as stemming, in large measure, from a misunderstanding of the best value FAR Part 15 environment. Specifically, OALC asserts that:

a. The contemporaneous record of the procurement clearly contradicts the conclusion that knowledge of VA procedures was used as a significant selection factor.
b. The categorization by the OIG of strengths and weaknesses as "VA Specific" is misleading. In most cases, the reference to VA (as well as other Federal agencies) served to demonstrate an offeror applied its methodologies in a similar, verifiable environment. This was wholly consistent with VA's evaluation plan and relevant GAO precedent. It appears that, if the word "VA" was mentioned in connection with an evaluated strength, the OIG incorrectly assumed it was the sole basis for the assessment.
c. OIG perceived that VA penalized one offeror for the use of certain tools, but didn't penalize the incumbent for suggesting the same. However, there were distinct differences in the two proposals that OIG did not recognize. OIG focused narrowly on selection of the tools and not on the specifics of the methodology or operational relevance of the solution.
d. OIG has stated that weaknesses were given to offerors because of their lack of specific VA knowledge, but failed to provide any examples, with the exception of one which OALC acknowledged as a minor error in the way the weakness was written.
e. OIG stated that VA traded-off lower cost in favor of vendors' technical knowledge of VA procedures and practices in evaluating the offers. However, the contemporaneous record clearly reflects that the appropriate trade-offs were made in arriving at a best value decision.

OALC supports the best value evaluation procedures generally applied to such acquisitions, and accordingly, no milestones have been established towards addressing this sub-challenge.

OIG CHALLENGE #5: INFORMATION MANAGEMENT
-Strategic Overview-

Information Management should enable government to better serve its citizens. The Federal government, however, has experienced difficulty in achieving productivity improvements from IT advances similar to those realized by private industry. In large part, this has been caused by poor management of large-scale IT projects. All too often, Federal IT projects run over budget, behind schedule, or fail to deliver promised functionality.

VA has consolidated the vast majority of its IT resources under the Chief Information Officer (CIO) by reorganizing the IT functions of VA's Administrations under OIT. Through the stewardship of the CIO, OIT has positioned itself to facilitate VA's transformation into a 21st century organization by focusing on five key management areas. In 2012, OIT strived to: (1) achieve customer service in all aspects of IT; (2) develop a next generation IT Security Plan; (3) manage its IT organizations with metrics that are tracked; (4) focus on product delivery using the Project Management Accountability System (PMAS); and (5) perform better financial reporting to more effectively track spending on IT projects.

However, OIG's annual Consolidated Financial Statement (CFS) and information security program audits continue to report IT security control deficiencies that place sensitive information at risk of unauthorized use and disclosure. Furthermore, OIG oversight work indicates that additional actions are needed to safeguard and effectively manage VA's information resources and data, and that VA has only made marginal progress toward eliminating the information management material weakness reported in the CFS audit and remediating major deficiencies in IT security.

OIG Sub-Challenge #5A: Development of an Effective Information Security Program and System Security Controls

OIG continues to identify major IT security deficiencies in the annual information security program audits. While VA has made progress defining policies and procedures supporting its agency-wide information security program in accordance with the Federal Information Security Management Act (FISMA), they face significant challenges in meeting the requirements of FISMA.

OIG's 2011 FISMA audit identified significant deficiencies related to access, configuration management, change management, and service continuity controls. Improvements are needed in these key controls to prevent unauthorized access, alteration, or destruction of major application and general support systems. CFS auditors also concluded that a material weakness exists related to the implementation of VA's agency-wide information security program. Finally, VA has also identified over 15,000 system security risks and corresponding Plans of Action & Milestones (POA&Ms) that need to be remediated to improve its overall information security posture.

To improve its IT security posture, VA needs to focus its efforts to: (1) dedicate resources to aggressively remediate the significant number of unresolved POA&Ms, while addressing high risk system security deficiencies and vulnerabilities; (2) implement mechanisms to identify and remediate system security weaknesses on the Department's network infrastructure, database platforms, and web application servers across the enterprise; (3) develop and establish a system development and change control

framework that will integrate information security throughout each system's life cycle; (4) implement technological solutions to actively monitor all network segments for unauthorized system access to Department programs and operations; and (5) implement mechanisms to ensure that system contingency plans are fully tested in accordance with FISMA.

In February 2012, OIG reported that VA did not adequately protect sensitive data hosted within its STDP application. Specifically, OIG determined that more than 20 system users had inappropriate access to sensitive STDP information. Further, OIG reported that project managers did not report unauthorized access as a security event as required by VA policy. STDP project managers were not fully aware of VA's security requirements for system development and had not formalized user account management procedures. Inadequate Information Security Officer oversight contributed to weaknesses in user account management and failure to report excessive user privileges as security violations. As a result, VA lacked assurance of adequate control and protection of sensitive STDP data.

In July 2011, OIG reported that certain contractors did not comply with VA information security policies for accessing mission critical systems and networks. For instance, contractor personnel: improperly shared user accounts when accessing VA networks and systems; did not readily initiate actions to terminate accounts of separated employees; and did not obtain appropriate security clearances or complete security training for access to VA systems and networks. OIG concluded that VA has not implemented effective oversight to ensure that contractor practices comply with its information security policies and procedures. Contractor personnel also stated they were not well aware of VA's information security requirements. As a result of these deficiencies, VA sensitive data is at risk of inappropriate disclosure or misuse.

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Deputy Chief Information Officer/Director, Service, Delivery, and Engineering

Completed 2012 Milestones

VA has taken significant actions towards improvement of its information security program. As part of its continuous monitoring program, VA has implemented its Visibility to the Desktop and Visibility to the Server initiatives which provide detailed inventory, configuration, and vulnerability information to enable it to prioritize and remediate security vulnerabilities. This will help reduce the risk of compromise to VA systems and data. To improve access controls, VA has reviewed and reduced the number of personnel with elevated access privileges to its systems, has enabled most of its computers with Smartcard capabilities, and has issued Personal Identity Verification (PIV) cards to its employees and contractors. In many facilities, network access can be achieved by a PIV card and Personal Identification Number (PIN) combination or with a login identification and password. Additional specialized, role based training has been put in place to improve the proficiency of its operations staff and VA personnel and contractors with access to VA information or systems have been provided with annual security awareness and privacy training to ensure that they are knowledgeable of their roles and responsibilities for protection of VA information.

In FY 2012 VA aggressively implemented its Continuous Readiness in Information Security (CRISP) Program which is the new operating model to ensure information security. Through this program, VA has either initiated or completed enterprise-wide actions addressing security management, segregation of duties, access controls, contingency planning, and configuration management. This has allowed VA to address many of its outstanding plans of actions and milestones and has resulted in significant improvement in remediation of many of the deficiencies which compromise its material weakness in information technology security controls.

The VA Network Security Operations Center continues to conduct periodic scanning of segments of the VA network to identify vulnerabilities in VA systems. VA has also developed Directive 6500, *Managing Information Security Risk and* Handbook 6500, *Risk Management Framework for VA Information Systems – Tier 3,* which will formally document and provide updated guidance on managing the risk associated with the VA's information security program. This will help to ensure that resources are spent on remediation of high risk system deficiencies and vulnerabilities.

OIG Sub-Challenge #5B: Interconnections with University Affiliates

VAMCs have numerous systems interconnections with external organizations to exchange the data needed to support a range of health care services and collaborative research studies. VA has not effectively managed its network interconnections and data exchanges with its external research and university affiliates. Despite Federal requirements, VA could not readily account for the various systems linkages and sharing arrangements. VA also could not provide an accurate inventory of the research data exchanged, where they were hosted, or their sensitivity levels. In numerous instances, the OIG identified unsecured electronic and hardcopy research data at VAMCs and co-located research facilities.

VA's data governance approach has been ineffective to ensure that research data exchanged with research partners are adequately controlled and protected throughout the data life cycle. VA and its research partners have not consistently instituted formal agreements requiring that hosting facilities implement controls commensurate with VA standards for protecting sensitive data. The responsible VHA program office's decentralized approach to research data collection and oversight at a local level has not been effective to safeguard sensitive information. Because of these issues, VA data exchanged with research partners were at risk of unauthorized access, loss, and disclosure.

<div align="center">

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Deputy Chief Information Officer/Director, Service, Delivery, and Engineering

</div>

Completed 2012 Milestones

Once VA's Enterprise Security Change Control Board (ESCCB) has established an external (university) connection through the Trusted Internet Connection (TIC), the enforcement becomes the responsibility of the Facility Chief Information Officer with oversight by the cognizant information security officer and VA's Network Security Operations Center. The connection is documented in an interconnection

agreement and memorandum of understanding and is included as part of the system security plan for the supporting Local Area Network (LAN). The security implications of the connection are evaluated by the Office of Information and Technology prior to granting authority for the LAN to operate on the VA network. This evaluation is conducted as part of the Assessment and Authorization (A&A) for the LAN.

Authorities to operate are granted consistent with VA's continuous monitoring capability.   Plans of Actions and Milestones for IT deficiencies related to the connection are tracked though resolution in VA's Security Management and Reporting Tool Database.

In 2012, as part of its Continuous Readiness in Information Security (CRISP) Program, VA emphasized its commitment to protect its system and data from unauthorized access and use which included the requirement to document, evaluate, and approve external connections to the VA network. While progress has been made in this area with the implementation of CRISP, much work remains to be done.

Once the Enterprise Security Change Control Board (ESCCB) has established an external (university) connection (through the Trusted Internet Connection (TIC), the enforcement is the local responsibility of the Field Information Security Officer (with support from the Facility CIO). They are the ones on-point for a Certification and Authority (C&A) of the connection (as part of the Local Area Network (LAN) System Security Plan document in Security Management and Reporting Tool (SMART) – and there is a LAN C&A activity for every facility. They also would be on-point for an external audit (presumably the OIG scanning activity).

VHA:
This draft report is still in process. No response can be provided until the final response is signed by Assistant Secretary OI&T and USH.

OIG Sub-Challenge #5C: Successful Deployment of Encryption Software

A data breach in May 2006 initiated a heightened and immediate concern in the protection of VA Personally Identifiable Information. In August 2006, the VA Secretary mandated that all VA computers would be upgraded with enhanced data security encryption software. As a result, VA awarded a contract to Systems Made Simple for Guardian Edge encryption software. The contract—at a cost of $2.8 million—was for 300,000 encryption licenses and 1 year of maintenance, training, and services. VA also exercised 4 option years to extend the maintenance for the entire 300,000 encryption licenses for an additional $1.2 million for a total award of $4 million. Finally, in April 2011, VA procured an additional 100,000 licenses for $2.3 million, which included a 2-year extended maintenance agreement on the original 300,000 licenses procured in 2006.

However, to date, OIT has only managed to encrypt approximately 65,000 computers, 48,000 laptops, and 17,000 desktops, resulting in some 335,000 encryption licenses and related maintenance agreements going unused. Initially, OIT's inability to successfully encrypt was due to inadequate planning of the original and subsequent encryption acquisitions. Subsequently, OIT encountered compatibility issues between IT equipment and encryption software. Delays also occurred due to OIT's

transition from Windows XP to Windows 7. Currently, OIT lacks adequate IT resources to support full deployment of encryption software. OIT's inability to successfully manage the deployment of the encryption software has resulted in approximately $5.1 million dollars in funds that OIT could have put to better use.

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Deputy Chief Information Officer/Director, Service, Delivery, and Engineering

Completed 2012 milestones

- Increment 1 Initial Operating Capacity Request; Finish 3/16/2012
- Increment 2 Initial Operating Capacity first set of sites; Start 3/16/2012

OIT has encrypted all deployed laptop computers, and will be encrypting all VA desktops as part of the Windows 7 deployment. Windows 7 provides additional functionality to VA staff, and includes encryption that will meet the mandate. The national deployment of Windows 7 has been initiated and will be completed over several phases. The target date for completion of Windows 7 deployment is FY 2013.

For desktops that will not receive the Windows 7 upgrade until later project phases (pending testing of clinical applications on the new platform), OIT is formulating a plan for an interim encryption solution using the licenses procured. The issues that prevented OIT from completely implementing the encryption solution more expeditiously included both compatibility issues early, and then later, resource issues to get the product fully deployed.

OIG Sub-Challenge #5D: Strategic Management of Office of Information Technology Human Capital

OIT provides IT systems support in the provision of benefits and health care services to our Nation's Veterans. However, within the next 5 years, OIT may face a loss of over 40 percent of its leadership and technical employees, which could threaten institutional knowledge and mission-critical IT capabilities as VA moves forward in the 21st century. Given the potential loss of critical staff, OIT has not established a strategic approach to mitigate and manage its human capital. Instead, OIT has been managing its human resources in an ad hoc manner with no clear vision. Although OIT recognizes the importance of strategic human capital management, it has not made it a priority and does not have the leadership and staff in place to support implementation of an OIT human capital strategy.

OIT has not developed a strategic human capital plan, fully implemented competency models, identified competency gaps, or created strategies for closing the gaps. OIT also has not captured the data needed to assess how well contractor support supplements OIT staffing and fills competency gaps. Moreover, OIT lacks assurance that it has made cost-effective decisions regarding how it spent money on contractors. Finally, OIT has not established a mechanism to evaluate the success of its human capital initiatives. As a result, OIT has no assurance it has effectively managed its human capital resources to support VA in accomplishing its mission.

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Director, IT Workforce Development

Completed 2012 Milestones

VA OIT Workforce Development ITWD is developing competency models to support the workforce development needs of the OIT population by developing and implementing technical competency models for the 2210 workforce, OIT supervisors, and for the non-technical workforce, a core model. Once the technical workforce is implemented, the focus will shift to the non-2210 workforce.

ITWD approaches competency model development using a well- defined framework that can be replicated and applied to any identified OIT competency development area. During the Phase I, ITWD begins the development process by identifying key workforce activities and existing competency information available through the IT Roadmap and other relevant sources. During Phase II, the team works to identify key stakeholders and subject matter experts who can help ascertain role-specific key activities and provide knowledge of any existing competency model information through the development and execution of an OIT Stakeholder Engagement Plan. Using a collaborative approach, the team works with key stakeholders and subject matter experts to collect and analyze relevant competency data. During the final phase, ITWD begins the actual competency model development.

On November 10, 2011, Principal Deputy Assistant Secretary, Stephen Warren, issued a Memorandum mandating that *"All employees must have a completed, supervisor approved, electronic Individual Development Plan in the VA TMS no later than 60-days after being assigned a competency model."* As noted above, all employees were assigned a competency model, either Core, Supervisory or Technical in January 2012. As depicted by the chart below, those assigned to ITWD, Information Security Officer (ISO) or Software Developer (SD & SD SQA) models have completed the majority of self-assessments; however, participation in the process remains substantially less than anticipated.

From all competency self-assessments as of July 27, 2012, the largest competency gaps revealed by employee data were in the areas Web Development/Technology (Knowledge of the principles and methods of Web technologies, tools, and delivery systems, including Web security, privacy policy practices, and user interface issues), Oral Communication (Expresses information to individuals or groups effectively, taking into account the audience & nature of the information; makes clear & convincing oral presentations; listens to others, attends to nonverbal cues, & responds appropriately) and Information Resources Strategy & Planning (Knowledge of the principles, methods & techniques of information technology (IT) assessment, planning, management, monitoring, & evaluation, such as IT baseline assessment, interagency functional analysis, contingency planning & disaster recovery). This competency gap information is reviewed monthly and is shared with OIT leadership during the OIT Internal Monthly Performance Review. ITWD will use this data to guide training development**.**

OIG Sub-Challenge #5E: Strengthening Information Technology Governance

A 2009 OIG audit determined that the ad hoc manner in which VA managed the realignment of its IT program from a decentralized to a centralized management structure inadvertently resulted in an environment with inconsistent management controls and inadequate oversight. Although OIG conducted this audit more than 2 years after VA centralized its IT program, senior OIT officials were still working to develop policies and procedures needed to manage IT investments effectively in a centralized environment. For example, OIT had not clearly defined the roles of IT governance boards responsible for facilitating budget oversight and IT project management.

Further, in September 2009, OIG reported that VA needed to better manage its major IT development projects, valued at that time at over $3.4 billion, in a more disciplined and consistent manner. In general, OIG found that VA's System Development Life Cycle (SDLC) processes were adequate and comparable to Federal standards. However, OIT did not communicate, comply with, or enforce its mandatory software development requirements. OIT did not ensure that required independent milestone reviews of VA's IT projects were conducted to identify and address system development and implementation issues. OIG attributed these management lapses to OIT centralizing IT operations in an ad hoc manner, leaving little assurance that VA was making appropriate investment decisions and best use of available resources. Moreover, VA increased the risk that its IT projects would not meet cost, schedule, and performance goals, adversely affecting VA's ability to timely and adequately provide Veterans health services and benefits.

These audits demonstrated that OIT needed to implement effective centralized management controls over VA's IT investments. Specifically, OIG recommended that OIT develop and issue a directive that communicated the mandatory requirements of VA's SDLC process across the Department. OIG also recommended that OIT implement controls to conduct continuous monitoring and enforce disciplined performance and quality reviews of the major programs and projects in VA's IT investment portfolio. Although OIT concurred with recommendations and provided acceptable plans of actions, OIT's implementation of the corrective actions is still ongoing.

As of May 2012, OIT was managing all 134 active development programs and projects using PMAS. PMAS represents a major shift from the way VA historically has planned and managed IT development projects. An additional 46 projects were in the planning stage, while 30 projects were classified as new starts. However, OIT lacks the program management skills and the financial management system capabilities to fully track program costs and to implement an effective earned value management system to assist with achieving cost and performance goals. VA is challenged to ensure appropriate investment decisions are made and that annual funding decisions for VA's IT capital investment portfolio will make the best use of VA's available resources.

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Deputy Chief Information Officer, Product Development

Completed 2012 Milestones

On October 24, 2011, VA OIT formally established the PMAS Business Office (PBO). The PBO has made significant strides toward better data capture, project review, and methodology management. The PBO defined and implemented versions of the MS0 and MS1 processes. Additional review processes identified as Milestone 2 (MS2) and Milestone 3 (MS3) are under development and were finalized at an executive participant lockdown in August. Templates for MS2 and MS3 reviews will be published by the end of Quarter 4, 2012.

The OIT Office of Enterprise Risk Management Oversight (ERMO) began conducting PMAS Compliance Reviews on May 1, 2012. The value of the PMAS Compliance Reviews is to audit projects ensuring data reliability and completeness.

PBO continues to improve reporting through the PMAS Dashboard. Analysis by PBO staff reviews whether data for funded projects are complete and defensible. Further, new enhancements to the PMAS Dashboard will include the ability to interface with multiple VA financial and contracting systems to capture project obligations and expenditures. These enhancements are expected to be completed during the next fiscal year. The contract for this work was awarded in April 2012. A Working Integrated Project Team (WIPT) composed of government and contractor subject matter experts was formed in May 2012. A priority list of activities and system interfaces to be developed has been approved.

The first operational iteration of the Artifact Centralized Repository (ACR) was developed and tested to satisfy the requirement for a centralized repository for all project artifacts. However, this project has been paused while analysis of other already deployed similar solutions may meet this need.

New PMAS requirements and system capabilities will be documented in the next release of the PMAS Guide which is scheduled release in Quarter 4, 2012 (Version 4.0).

OIG Sub-Challenge #5F: Effective Oversight of Active IT Investment Programs and Projects

VA has a longstanding history of challenges in effectively managing IT development projects. For example, the Veterans Service Network (VETSNET) program, which is VA's effort to consolidate C&P benefits processing into a single replacement system, has faced a number of cost, schedule, and performance goal challenges. In May 2009, VBA estimated the total cost of VETSNET to be more than $308 million—more than 3 times the initial cost estimate. After more than 15 years of VBA development, including management and process improvements, VETSNET has the core functionality needed to process and pay the majority of C&P claims; however, work remains to meet the original goals for VETSNET. VETSNET's major releases were also developed with unstable functional

requirements resulting in inadequate time to fully test software changes. Consequently, major releases of VETSNET contained functions that did not operate as intended and many system defects were deferred or corrected in subsequent software releases. Further complicating matters, VBA has recently launched several high profile IT initiatives that will leverage VETSNET to make benefit payments. These overlapping IT initiatives increase the risks that VBA will experience further delays in achieving the original VETSNET goals.

Recently, VA has also had trouble establishing an effective IT project management system. A 2011 OIG audit found a great deal of work remains before VA's PMAS can be considered completely established and fully operational. PMAS was designed as a performance-based management discipline that provides incremental delivery of IT system functionality—tested and accepted by customers—within established schedule and cost criteria. However, the audit concluded that OIT instituted the PMAS concept without a roadmap identifying the tasks necessary to accomplish PMAS or adequate leadership and staff to effectively implement and manage the new methodology. Lacking such foundational elements, OIT has not instilled the discipline and accountability needed for effective management and oversight of IT development projects.

Specifically, OIT did not establish key management controls to ensure PMAS data reliability, verify project compliance, and track project costs. Also, OIT did not put in place detailed guidance on how such controls will be used within the framework of PMAS to manage and oversee IT projects. Consequently, the current PMAS framework does not provide a sound basis for future success. Until these deficiencies are addressed, VA's portfolio of IT development projects will remain susceptible to cost overruns, schedule slippages, and poor performance. To improve PMAS, VA must develop an implementation plan and assign adequate leadership and staff needed to fully execute the IT project management system. In addition, VA needs to establish controls for ensuring data reliability, verifying project compliance, and tracking costs to strengthen PMAS oversight. Finally, VA must prepare and provide users detailed guidance on using PMAS to ensure IT project success.

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Deputy Chief Information Officer, Product Development

Completed 2012 Milestones

With the final conversion of C&P records from BDN in October 2012, the expected freezing of VETSNET's C&P client in early 2014, and the planned charter of Benefits Delivery Network (BDN) and Beneficiary Identification and Record Locator System (BIRLS) drawdown in early 2013, OIT is effectively lowering the future risk by reducing redundancy in similar functional systems.

BDN is funded as sustainment for 2013. The Benefits Product Support staff for BDN is primarily government FTE. VA is currently working on the Performance Work Statement, and expects to obligate it by March 2013.

Total non-pay costs for VETSNET 1996 through 2011 were $275M. These costs reflect efforts to respond to a litany of new requirements that could not be anticipated in the VETSNET original charter. New benefits like Chapter 18 (Spina Bifida), legislative changes to benefits (including, for example, one-time lump sum Equity Compensation payments from the Filipino Veterans Equity Compensation Fund); and transformational initiatives like the Disability Evaluation System and Benefits at Discharge have provided all incredibly complex and dynamic targets for VETSNET. The cost-overruns in VETSNET that are cited by OIG should be considered in light of these unanticipated requirements, which were often costly and time-consuming to accommodate. The benefits environment does not always remain static; even the best planning cannot possibly anticipate changes that alter the benefits structure and increase the complexity of original requirements.

Within OIT, a more disciplined approach of monitoring has been established and expanded this year. In addition to Integrated Baseline Reviews (IBR) conducted by the CIO for all major programs and investments: 1) OIT conducts OMB standard TechStats for projects that miss schedule or scope objectives. OIT has instilled significant discipline, rigor, and accountability into the management and oversight of IT projects. This is evident through multiple means, among them Yellow Flags, Red Flags, TechStats, and Milestone 0, 1,2,3, and 4 reviews; 2) OIT's PMAS Business Office (PBO) conducts and an automated review of all projects schedule performance weekly; and, 3) OIT's PBO conducts ad hoc surveys to determine performance trends, indicating future requirements such as resource requirements.

PMAS is supported by the PMAS Dashboard, a technical environment which houses the project data for all PMAS projects. VA is taking several significant steps to ensure the data is reliable, that projects are complying with PMAS, and that the financials are tracked. Upon initiation of PMAs, VA used a prototype tool to rapidly build a technical environment. Over time, it became evident that the temporary environment would not adequately fulfill VA's technical needs. Hence, VA is now investing in a more stable, standard, and robust technology for the PMAS environment. This environment will ensure greater data reliability, include the ability to automatically generate mechanisms for project compliance, and provide interfaces with the appropriate accounting systems to track project costs. The release of the improved PMAS dashboard will be initially available in February 2013 and updated.

Detailed guidance to ensure appropriate management and oversight of IT projects is now available to the practitioners of PMAS.   PMAS is supported by several artifacts which assist the practitioners of PMAS in its implementation. The PMAS Directive will be a VA-wide policy that mandates the use of PMAS and communicates the high-level responsibilities for successful project management and IT delivery. The PMAS Guide is a much more comprehensive document that details, not only how PMAS operates, but also how the multiple PMAS management and oversight processes function and interconnect. The Integrated Project Team (IPT) Guide provides detailed guidance on the functionality of the IPT, a very specific and critical aspect of PMAS. The PMAS Guide will be updated every six months. The IPT guide will be updated periodically to adjust to changes in policy. In addition to the various artifacts, the PBO offers monthly webinars on implementing PMAS and participates in a weekly enterprise-wide conference call with the IT PMs to address any questions or issues they may have with PMAS implementation.

On August 25, 2010 OIT rescinded its Earned Value Management directive 6061. The PMAS methodology was established as the discipline for achieving cost and performance goals. Since then, PMAS has enabled VA to make dramatic improvements in delivery commitments. Future enhancements to the PMAS Dashboard will build capabilities to institute data collection for resource forecasting. The PBO awarded a contract to develop an improved Dashboard in April 2012 as planned. The increment planned for January 2013 delivery will substantially improve capital investment portfolio reporting to OMB.

OIT authorized the creation of the PBO in October 2011. The office is comprised of 18 approved positions, of which nine have been filled and three are in the process of being filled. The PBO Director is a GS-15 and there are four GS-14 Team Leads. In addition, the PBO is supported by a contractor staff of 13.

The VBA Office of Business Process Integration (OBPI) established an internal VBA governance structure for the management of IT benefits projects. The Benefits Portfolio Steering Committee (BPSC) and the Benefits Portfolio Executive Board (BPEB) consist of representatives from the seven VBA business lines and various VBA staff offices. The BPSC is the first level of internal oversight that includes Deputy/Assistant Directors and/or their representatives. The BPEB is the next higher level of governance and includes all SES-level directors from the seven business lines and staff offices as well as the VBA Chief of Staff. Topics and issues needing further discussion or concurrence are referred to a joint VBA and OIT governance board named the Transformation Joint Executive Board (TJEB), which includes the Under Secretary for Benefits and the Assistant Secretary for Information and Technology. OBPI utilizes this governance process, as well as the VBA Integration Dashboard, to track and manage schedules, funding, integration points, and risks for VBA IT initiatives.

APPENDIX

The Appendix lists selected reports pertinent to the five key challenges discussed. However, the Appendix is not intended to encompass all OIG work in an area.

OIG MAJOR MANAGEMENT CHALLENGE #1: HEALTH CARE DELIVERY

Review of Veterans' Access to Mental Health Care
4/23/2012 | 12-00900-168 | Summary |

Audit of VHA's Homeless Providers Grant and Per Diem Program
3/12/2012 | 11-00334-115 | Summary |

Audit of VHA's Prosthetics Supply Inventory Management
3/30/2012 | 11-00312-127 | Summary |

Audit of the VHA's Office of Rural Health
4/29/2011 | 10-02461-154 | Summary |

Audit of the Veterans Health Administration's Outpatient Scheduling Procedures
7/8/2005 | 04-02887-169 | Summary |

Audit of the Veterans Health Administration's Outpatient Waiting Times
9/10/2007 | 07-00616-199 | Summary |

Healthcare Inspection Alleged Mismanagement of the Fee Basis Program VA Connecticut Healthcare System, West Haven, Connecticut
6/3/2009 | 09-01219-141 | Summary |

Audit of Veterans Health Administration's Non-VA Outpatient Fee Care Program
8/3/2009 | 08-02901-185 | Summary |

Audit of the VHA's Office of Rural Health
4/29/2011 | 10-02461-154 | Summary |

Audit of VA's Efforts To Provide Timely Compensation and Pension Medical Examinations
3/17/2010 | 09-02135-107 | Summary |

OIG CHALLENGE #2: BENEFITS PROCESSING

Audit of VA Regional Offices' Appeals Management Processes
5/30/2012 | 10-03166-75 | Summary |

Audit of VA's Internal Controls Over the Use of Disability Benefits Questionnaires
2/23/2012 | 11-00733-95 | Summary |

Audit of VBA's 100 Percent Disability Evaluations
1/24/2011 | 09-03359-71 | Summary |

Audit of the Fiduciary Program's Effectiveness in Addressing Potential Misuse of Beneficiary Funds
3/31/2010 | 09-01999-120 | Summary |

OIG CHALLENGE #3: FINANCIAL MANAGEMENT

Independent Review of VA's FY11 Detailed Accounting Summary Report to the ONDCP
3/22/2012 | 12-01071-122 | Summary |

Independent Review of VA's FY 2011 Performance Summary Report to ONDCP
3/22/2012 | 12-01072-121 | Summary |

Audit of the VA's Enhanced-Use Lease Program
2/29/2012 | 11-00002-74 | Summary |

Audit of VA's Duty Station Assignments
4/19/2012 | 11-04081-142 | Summary |

Audit of VHA's Financial Management and Fiscal Controls for Veterans Integrated Service Network Offices
3/27/2012 | 10-02888-128 | Summary |

Audit of VHA's Management Control Structures for Veterans Integrated Service Network Offices
3/27/2012 | 10-02888-129 | Summary |

Review of VA's Compliance with the Improper Payments Elimination and Recovery Act
3/14/2012 | 12-00849-120 | Summary |

Review of Alleged Mismanagement of Non-VA Fee Care Funds at the Phoenix VA Health Care System
11/8/2011 | 11-02280-23 | Summary |

Audit of Retention Incentives for Veterans Health Administration and VA Central Office Employees
11/14/2011 | 10-02887-30 | Summary |

Audit of VA's Consolidated Financial Statements for Fiscal Years 2011 and 2010
11/10/2011 | 11-00343-26 | Summary |

Audit of NCA's Appropriated Operations and Maintenance Funds Oversight
6/20/2012 | 11-003060-193 | Summary|

Audit of VA's Duty Station Assignments
4/19/2012 | 11-04081-142 | Summary|

Audit of VA's ADVANCE and the Corporate Senior Executive Management Office Human Capital Development Programs
8/2/2012 | 11-02433-220 | Summary|

Audit of VBA's Liquidation Appraisal Oversight at the Cleveland and Phoenix Regional Loan Centers
9/28/2012 | 10-04045-124 | Summary|

Audit of VHA's Medical Care Collections Fund Billing of VA-Provided Care
8/30/2012 | 11-00333-254 | Summary|

Audit of VA's Savings Reported Under OMB's Acquisition Savings Initiative
9/30/2012 | 11-03217-293 | Summary |

Administrative Investigation of VA's FY 2011 HR Conferences in Orlando, FL
9/30/2012 | 12-02525-291 | Summary|

OIG CHALLENGE #4: PROCUREMENT PRACTICE

Review of VA's Controls for the Pharmaceutical Prime Vendor Fast Pay System
5/17/2012 | 12-01008-185 | Summary |

Audit of VHA Acquisition and Management of Prosthetic Limbs
3/8/2012 | 11-02254-102 | Summary |

Review of Alleged Mismanagement of Systems to Drive Performance Project
2/13/2012 | 11-02467-87 | Summary |

Review of VA's Secure VA-Chief Information Security Officer Support Services Acquisition Process
12/20/2011 | 11-01508-24 | Summary |

Audit of VHA's Veterans Integrated System Network Contracts
12/1/2011 | 10-01767-27 | Summary |

Review of Alleged Contract Irregularities in VA's Office of Information and Technology
10/13/2011 | 11-01708-02 | Summary |

OIG CHALLENGE #5: INFORMATION MANAGEMENT

VA's Federal Information Security Management Act Assessment for FY 2011
4/6/2012 | 11-00320-138 | Summary |

Review of VA's Alleged Circumvention of Security Requirements for System Certifications and Apple Mobile Devices
5/23/2012 | 12-00089-182 | Summary |

High-Risk Areas Identified by GAO

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

- *Estimated resolution timeframe (fiscal year)* for VA to eliminate each HRA
- *Responsible Agency Official* for each HRA
- *Completed 2012 milestones* in response to the HRA
- *Planned 2013 milestones* along with *estimated completion quarter*

High-Risk Area		Estimated Resolution Timeframe (Fiscal Year)	Page #
No.	Description		
GAO 1	**Improving and Modernizing Federal Disability Programs**	**2014**	**II-139**
GAO 2	**Strategic Human Capital Management: A Governmentwide High-Risk Area**	**2013**	**II-144**
GAO 3	**Managing Federal Real Property: A Governmentwide High-Risk Area**	**2013**	**II-145**
GAO 4	**Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures: A Government-wide High-Risk Area**	**2013**	**II-147**
GAO 5	**Management of Interagency Contracting: A Governmentwide High-Risk Area**	**2012**	**II-148**
	Appendix		**II-150**

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

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

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

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

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

VA's Program Response
Estimated Resolution Timeframe: 2015
Responsible Agency Official: Under Secretary for Benefits

Completed 2012 Milestones

One of VA's primary goals is to improve the timeliness and accuracy of claims processing. VA is committed to achieving the 2015 strategic goal of completing all rating-related compensation and pension claims within 125 days at a 98 percent accuracy level. VBA has embarked on a wide-scale Transformation Plan to achieve new efficiencies, greater effectiveness, improved quality and consistency, and a workplace that is recognized as an "employer of choice." The transformation strategy builds on VA's strategic plan, goals, and integrated objectives.

The plan's initiatives incorporate an integrated approach to people, process, and technology solutions, including a strong focus on a career-ready military transition program, national training standards, paperless rules-based systems, case management, and automated capability to process an increased number of claims and a greater number of complex conditions per claim – all at a high quality level for our Veterans, their families, and survivors. Best practices in claims processing are being tested at regional offices (RO) to validate the potential of the initiatives to help VA achieve the 2015 strategic goals. The effective implementation of this transformation plan is driving VBA to achieve standardization among all ROs and a methodology for governing implementation. VBA's implementation strategy includes effective communications and change management, detailed implementation planning, and effective and measurable training, ensuring that new ideas are sustainable for the future.

VBA's transformation will be implemented according to a carefully developed and multi-year timeline. Changes in people, process, and technology will be rolled out in a progressive, intentional sequence that enables efficiency gains while minimizing risks to performance. As initiatives are implemented, VBA is closely tracking current metrics to assess results and, if necessary, adjust our efforts. VBA is working to expand what is measured to more clearly show the impact of the Transformation Plan, both at local and national levels. As VBA's transformation efforts are deployed, VBA will be better positioned to identify the overall return on investment. VBA's Implementation Center was established as a program management office to oversee the deployment of the newly transformed organizational model in a phased implementation schedule that is in use at 18 ROs as of September 30, 2012, and will be implemented at all RO's by the end of CY 2013.

Specific initiatives and actions to improve the timeliness and accuracy of claims processing are summarized as follows:

- VBA created a new Organizational Model that includes segmented lanes, cross-functional teams, and intake processing centers. The new model is currently implemented at 18 ROs and will be implemented at 33 more by the end of December 2012.

- VBA plans to deploy the Veterans Benefit Management System (VBMS) to all ROs by the end of CY 2013. VBMS is currently in use at five ROs. VBMS uses rules-based technology to improve quality and accuracy for disability rating determinations. The rating calculators (Evaluation Builder, Hearing Loss Calculator, and Special Monthly Compensation Calculator) are being leveraged for use in VBMS.

- VBA deployed the new Veterans Relationship Management (VRM) platform to improve awareness of VA services and benefits, and added the capability for claimants to file their claims and evidence electronically through eBenefits.

- VBA implemented a rules-based processing capability for adding dependency claims for Veterans in receipt of compensation. The Rules Based Processing System automatically executes business rules on eligible claims, records decisions, generates correspondence, and triggers payment for award decisions.

- VBA deployed 81 Disability Benefits Questionnaires (DBQs), 10 for internal use only and 71 for use by VA and private physicians. DBQs allow VBA to bring new efficiencies to the collection of medical information needed for claims decisions.

- VBA instituted Quality Review Teams (QRTs) in all 56 regional offices to conduct in-process reviews to correct deficiencies early in the claims process and before the claim is authorized.

- VBA implemented recommendations from the Institute for Defense Analyses to enhance VBA's quality assurance programs. These included re-evaluating the efficacy of the current claim-based review process to identify training needs and performing consistency reviews for rating decisions.

- As part of VA's continued effort to modernize the disability benefits program, the Veterans Affairs Schedule for Rating Disabilities (VASRD) revision project completed public forums for 15 body systems. Working groups prepared proposed recommendations and presented them at the VASRD Summit for public viewing and comments for consideration during the drafting phase.

- The Private Medical Records (PMR) pilot allows VBA to receive private medical records electronically (through Virtual VA), which reduces the amount of time to obtain these records and process claims.

- VBA assisted with development, testing, and release of Veterans On-Line Application Direct Connect (VDC), an online application process for Veterans. This method is similar to the way many people file their taxes and allows Veterans to apply directly to VA for disability benefits and upload medical evidence directly into their electronic claims folder. Veterans can also apply online to provide dependency information for their benefit payments.

- VBA updated forms for the Fully Developed Claims program. The updated forms improve the timeliness of claims processing.

- Congress approved an amendment to 38 U.S.C. Section 5103 which allows more flexibility in how and when VA provides Veterans Claims Assistance Act (VCAA) notification to claimants regarding

information and evidence that is necessary to substantiate a claim. This provision will permit VA to deliver VCAA notifications to claimants by electronic communication, thereby significantly reducing the number of paper letters sent to claimants.

- On July 6, 2012, VBA submitted the final report to Congress on the feasibility and advisability of continuing or expanding the Individual Claimant Checklist pilot program.

- VBA implemented the Appeals Design Team initiative with the purpose of improving timeliness in each segment of the appeals process and making the process more Veteran-centric, trust-earning, and consistent. The Houston VA RO is currently piloting this initiative with positive performance results.

- The number of available field hearings decreased by 25 percent in favor of increasing video teleconferencing hearings, between Veteran Law Judges and Veterans. This resulted in both time and monetary savings for VA.

- VBA and BVA conducted mandatory joint training programs to aid in standardizing adjudication across the system. This interactive training relationship includes the Systemic Technical Accuracy Review (STAR) staff, Decision Review Officers, and the Appeals Management Center staff. These combined efforts are expected to lead to future reduction in the number of avoidable remands.

- Congress enacted the presumptive waiver of Agency of Original Jurisdiction law in August 2012. This measure establishes a presumption that an appellant has waived RO consideration of any evidence filed after a Substantive Appeal has been filed to the Board (BVA). This will eliminate re-adjudication of the appeal by the RO in some cases, in favor of the Board directly addressing the evidence.

- The Integrated Disability Evaluation System (IDES) is deployed at 139 military sites worldwide. IDES now covers 100 percent of servicemembers being evaluated for medical separation or retirement. IDES developed an electronic case file transfer system allowing VA and DoD case managers to transfer documents electronically. The pilot for this system began in September 2012.

- The IDES Performance Dashboard is used to monitor IDES performance by VAMCs and other Department agencies/activities that exercise responsibility for the IDES process. Emphasis is placed on all aspects of IDES timeliness and responsiveness to IDES participants and the DoD. The reporting mechanism provides a comprehensive view of key IDES performance parameters and activities such as actual versus forecasted annual medical evaluation board workload, examination timeliness, examination insufficiencies, examination termination, and staffing adequacies. The dashboard serves as the primary informational tool used by VA leadership and is also shared with the DoD to facilitate their specific evaluations.

Planned 2013 Milestones with estimated completion quarter
Planned initiatives and actions to improve the timeliness and accuracy of claims processing to achieve the 2015 strategic goals of completing all rating-related compensation and pension claims within 125 days at a 98 percent accuracy level are summarized as follows:

- Deploy VBMS to all ROs. (Q1 2014)

- Enhance the VBMS application to employ rules-based technology that will automate additional decision-making processes and provide increased quality and accuracy of disability rating determinations. (Q4)

- Develop additional rating calculators in VBMS to assist in improving timeliness, accuracy, and consistency of rating decisions. (Q4)

- Implement the rules-based processing capability for adding and removing dependents from compensation claims. (Q4)

- Provide training for new QRT members, as well as quarterly training courses. Conduct site visits at ROs to ensure VBA policies and procedures are followed consistently nationwide. (Q4)

- Continue revision of the Veterans Affairs Schedule for Rating Disabilities. (Q4)

- Deploy PMR to additional sites to leverage optimized processes and lessons learned in preparation for possible deployment nationwide. (Q4)

- Enhance the VDC application to include applications for nonservice-connected disability pension, survivors benefits, and enhanced dependency claim capabilities. (Q4)

- Revise the National Training Curriculum to place more emphasis on individual and station training needs identified through quality assessments. (Q4)

- Automate the appeals hearing scheduling process to manage all hearings electronically, through the creation and implementation of the Virtual Docket (programmed in Veterans Appeals Control and Locator System). This automation will include the creation of initial hearing notification letters and reminders to Veterans. (Q4)

- Integrate hearing schedules into eBenefits to provide Veterans the ability to virtually review their scheduled hearings. (Q4)

- Establish a baseline for IDES benefits notification gap and establish a graduated reduction baseline to meet the newly established target. (Q4)

- Investigate potential alternatives for replacement of Veterans Tracking Application technology in IDES by the end of 2013. (Q4)

- Analyze results from an IDES electronic case file transfer pilot and make necessary recommendations for improvements in 2014. (Q1)

GAO High-Risk Area 2: Strategic Human Capital Management

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

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

Planning: Agencies' workforce plans must fully support the highly skilled talent needs of agencies, both now and as those needs evolve to address new mission priorities. These workforce plans must define the root causes of skills gaps, identify effective solutions to skills shortages, and provide the steps necessary to implement solutions.

Implementation: Agencies' recruitment, hiring, and development strategies must be responsive to changing applicant and workforce needs and expectations, as well as to the increasingly competitive battle for top talent. They must also show the capacity to define and implement corrective measures to narrow skill shortages.

Measurement and evaluation: Agencies need to measure the effects of key initiatives to address critical skills gaps, evaluate the performance of those initiatives, and make appropriate adjustments. By taking these steps, agencies will improve their ability to monitor and independently validate the effectiveness and sustainability of corrective measures.

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Assistant Secretary, Office of Human Resources and Administration

Completed 2012 Milestones

Transformation of human capital management is a major strategic goal for VA. At the core of this effort is VA's most important asset - its employees. VA has invested in its human capital through initiatives, also known as ADVANCE. Established 2012 milestones achieved in support of ADVANCE are:

- VA's Recruitment & Placement Policy has implemented an automated application process via USA Staffing.

- VA Learning University (VALU) has identified five areas of focus for training and development; the *MyCareer@VA* Team conducted over 35 demonstrations at various sites, and trained over 1,000 employees; *MyCareer@VA* is a website that provides employees with opportunities to grow in their careers; it will expand to 30 career groups, providing opportunities for approximately 168,000 employees to explore more than 102 jobs covering 75 percent of mission critical occupations by September 2012.

- HR Academy performed 2012 Competency Gap Assessments, and trained 563 HR professionals; it also developed and delivered four-day interactive training workshops entitled "HR2U."
- Workforce Planning (WFP) designed and piloted an enterprise-wide launch of two web-based work force planning tools to assist workforce planners in identifying and addressing workforce risks and skills/competency gaps, as well as created a VA WFP Performance Management Framework and Dashboard to monitor key workforce planning activities.

Planned 2013 Milestones with estimated completion quarters
Streamline/Standardize Recruitment for Federal Jobs **(Q4)**

- Develop and implement strategies to validate and execute the requirements of the OPM end-to-end (E2E) hiring process.
- Develop occupational assessment questionnaires and standardized position descriptions for Mission Critical Occupations.

Retain personnel. **(Q4)**

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

Enhance opportunities for employees to become more engaged at work. **(Q4)**

- VA Learning University will continue to train leadership, supervisors and other VA stakeholders on supporting the career development process.
- VA Learning University also plans to continue outreach efforts to educate the workforce on career development and online resources.
- VA Learning University plans to expand *MyCareer@VA* both in terms of the services offered and impact of career development within the VA.

GAO High-Risk Area 3: Managing Federal Real Property

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

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

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Director, Asset Enterprise Management

Completed 2012 Milestones

VA completed an initial round of repurposing as part of the Building Utilization Review and Repurposing (BURR) initiative. In December 2011, 39 enhanced-use leases (EULs) were signed, resulting in over 2M square feet of vacant or underutilized space being repurposed in support of VA's mission, including housing options for homeless or at-risk homeless Veterans and their families.

VA completed its second full Strategic Capital Investment Planning (SCIP) process in support of the 2013 budget process. The SCIP process included enhancements to the SCIP Automated Tool (SAT), consisting of a fully integrated action plan, business case, and scoring modules, as well as numerous process improvements resulting from lessons learned in the initial SCIP cycle. The results of the SCIP process are included in VA's budget submissions for 2012 and 2013. Both budget submissions provide an estimated cost range for VA's long range capital plan and investment priorities, improving transparency.

The transition of the management of the Capital Asset Inventory (CAI) database was completed in the Spring of 2012, with the Office of Asset Enterprise Management (OAEM) being the new owners. Since that time, OAEM has deployed multiple sets of enhancements aimed at improving data entry accuracy with on-screen validation, better data linkages to ensure consistency, and security features to ensure internal controls.

VA completed migration from an existing Crystal Reports platform to a fully integrated Business Intelligence Publisher platform in May, 2012. This migration allows VA to have integrated reporting, improved analysis capabilities, and more efficient processing of new reporting requests.

Planned 2013 Milestones with estimated completion quarter

VA has begun extensive improvements to the CAI to enhance data validation and usability, including more tightly linking lease and agreements to building records, improving site navigation, and providing interactive highlighting to draw attention to missing or incomplete fields. VA expects to make continual improvements to CAI over the next year to further improve data accuracy and facilitate ease of use. (Q2)

VA will continue to enhance the SAT with additional features such as an optimization engine and business intelligence reporting and analysis module, as well as enhanced capabilities for operating plans and budget creation. These enhanced features, in conjunction with improvements to the SCIP process itself, will result in a more efficient and robust management of capital asset planning process. (Q3)

Significant focus will be put on identifying offsets (i.e. disposals or reuse opportunities), including potential EULs, to ensure our vacant and underutilized assets continue to be tightly managed. (Q2)

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

Federal agencies and our nation's critical infrastructures--such as power distribution, water supply, telecommunications, and emergency services--rely extensively on computerized information systems and electronic data to carry out their operations. The security of these systems and data is essential to protecting national and economic security, and public health and safety. Safeguarding federal computer systems and the systems that support critical infrastructures--referred to as cyber critical infrastructure protection, or cyber CIP--is a continuing concern. Federal information security has been on GAO's list of high-risk areas since 1997; in 2003, GAO expanded this high-risk area to include cyber CIP.

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

VA's Program Response
Estimated Resolution Timeframe: 2013
Responsible Agency Official: Deputy Assistant Secretary for Information Security

In 2012, VA embarked on a cultural transformation with respect to protecting its information. VA's Office of Information and Technology's Continuous Readiness in Information Security Program (CRISP) is the new operating model for protecting VA information and systems. CRISP embodies an integrated approach to protecting VA sensitive information from inappropriate exposure or loss and will be interwoven into the fabric of normal operations across VA.

Through CRISP, VA established a three pronged approach to improve information security. First, the program will ensure that those who have access to VA information systems have the appropriate level of access. Second, the program will publish clear documented plans for data breaches which will be regularly tested and improved. Lastly, the program will launch accessible, tailored, online information security training for all VA employees, contractors, volunteers, and affiliates which will help ensure that personnel are cognizant of their roles and responsibilities for protecting VA information and systems.

Completed 2012 Milestones

In FY 2012 VA aggressively implemented the CRISP program which has resulted in significant improvement in remediation of many of the information security deficiencies associated with its information security program with special emphasis on those which contributed to its material weakness in information technology security controls.   In FY 2012, VA has either initiated or completed enterprise-wide actions addressing security management, segregation of duties, access controls, contingency planning, and configuration management. VA has also completed implementation of its Visibility to the Desktop and Visibility to the Server Initiatives which will assist in the timely identification and remediation of new vulnerabilities which all systems face daily.

Planned 2013 Milestones

By 2013, VA plans to issue Directive 6500, *Managing Information Security Risk and* Handbook 6500, *Risk Management Framework for VA Information Systems – Tier 3* which will formally document and provide updated guidance on managing the risk associated with VA's information security program. (Q2)

By 2013, VA plans to complete the remaining actions necessary to fully remediate its deficiencies in security management, access controls, configuration management, segregation of duties, and contingency planning. (Q4)

GAO High-Risk Area 5: Management of Interagency Contracting

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

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

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

VA's Program Response
Estimated Resolution Timeframe: 2012
Responsible Agency Official:
Principal Executive Director, Office of Acquisition, Logistics, and Construction

Completed 2012 Milestones

Management of Interagency Agreements (IAAs) for other than information technology actions was moved to the Acquisition Service – Frederick office. This realignment helps to ensure appropriate checks and balances are in place by providing increased oversight of the process. Information technology IAAs continue to be managed by the Technology Acquisition Center. Process improvements were established to ensure IAAs are fully integrated into eCMS. Legacy interagency agreements have been scanned and input into the system. New IAA actions are integrated as they are developed. Routine management reviews ensure IAAs are assigned eCMS numbers, acquisition documents are posted as they are prepared, and signed documents are subsequently included.

Planned 2013 Milestones

OALC will continue to monitor IAA integration into eCMS. This is now routine and will be accomplished without further reporting.

APPENDIX

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

Improving and Modernizing Federal Disability Programs

High-Risk Series: An Update, GAO-11-278, February 2011.

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

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

Strategic Human Capital Management

High-Risk Series: An Update, GAO-11-278, February 2011.

Managing Federal Real Property

High-Risk Series: An Update, GAO-11-278, February 2011.

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

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

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

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

High-Risk Series: An Update, GAO-11-278, February 2011.

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

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

Management of Interagency Contracting

High-Risk Series: An Update, GAO-11-278, February 2011.