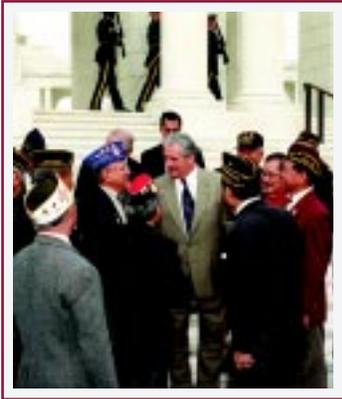


Enabling Goal

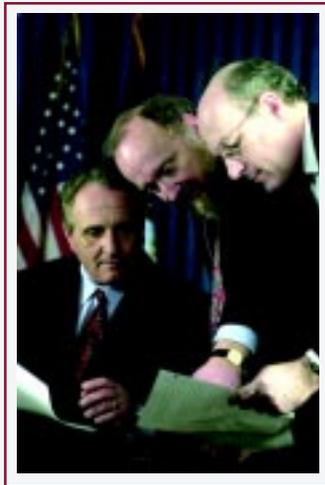
Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

Objective E-1 -- Recruit, develop, and retain a competent, committed, and diverse workforce that provides high quality service to veterans and their families.



Objective E-3 -- Implement a One VA information technology framework that supports the integration of information across business lines and that provides a source of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders.

Objective E-2 -- Improve communications with veterans, employees, and stakeholders about the Department's mission, goals, and current performance as well as benefits and services VA provides.



Objective E-4 -- Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.



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

**** Note: Items highlighted with an asterisk (*) throughout the four objectives indicate areas that are directly related to implementing the President's Management Agenda. For more details, see Appendix 2.***

Enabling Goal

Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

Objective E-1

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

Purpose and Outcomes:

Employees are the foundation of the Department of Veterans Affairs and the key to its success. The purpose of this objective is to ensure that VA has the workforce it needs to serve veterans and their families, today and in the future. The 21st Century presents VA with an unprecedented set of human capital challenges — an aging workforce, a shifting and expanding mission, a tight and competitive labor market, and the emergence of profound new technologies that present both risks and opportunities. VA's ability to capitalize on these challenges will determine the extent to which the goals and strategies laid out in this strategic plan are achieved. Each of the major themes incorporated in this plan — enhanced health care delivery, expedited claims processing, expansion of memorial and burial programs, partnerships, accountability — can come to life only through the efforts of a workforce with the capabilities, competencies, commitment, and compassion to make it happen. Investing in, cultivating, and valuing employees is one of VA's highest priorities.

Strategies and Processes:

VA will recruit, support, and retain a knowledgeable, diverse, engaged, and continuously learning workforce. We will develop a comprehensive and coherent workforce development plan that incorporates

the High Performance Development Model (HPDM), succession planning, diversity training, and Alternative Dispute Resolution (ADR) orientation.

****Human Capital Planning***

VA is institutionalizing a national workforce planning system to facilitate the strategic management of its human resources. VA's workforce planning strategies include:

- Implementation of Departmental policy prescribing objectives, roles, and the process for the development of workforce and succession plans for each VA organizational component, inclusion of diversity and leadership analyses, and alignment of the workforce planning system with other key management processes;
- Development of a Strategic VA Human Management Capital Plan;
- Implementation of measures to assess progress on program goals identified in organizational workforce plans;
- Integration of workforce planning accountability measures in performance plans of VA senior executives and managers; and
- Enhancement and/or establishment of management information systems to support the workforce planning function.

Diversity

VA will address issues of under-representation and promote efforts to ensure that its workforce reflects the diversity of the customers we serve.

Objective E.1

Diversity is essential to building a creative and innovative environment to address the needs of the veterans and their families. To foster this type of environment, VA will:

- Establish a *One VA* diversity business model based on effective workforce and succession planning, comparisons to the Relevant Civilian Labor Force (RCLF), targeted recruitment, and management tracking of progress;
- Establish a VA Diversity Advisory Council to examine and monitor VA's Employee Diversity Profile;
- Establish and communicate a diversity scorecard and competencies to VA leaders; and
- Reward VA leaders for crosscutting diversity accomplishments.

Professional Development

To foster world-class service to veterans and their families, VA must maintain a workforce with the needed capabilities, competencies, and commitment. VA has a wealth of valuable leadership and development programs, from e-learning to Senior Executive Development. To further advance learning and performance throughout the Department, VA will adopt the High Performance Development Model (HPDM) as its framework for employee development. The model guides the employee development activity by directing management practices and policies to ensure:

- Core competency development;
- Continuous learning;
- Continuous assessment;
- Coaching/mentoring;
- Linkage with performance management; and
- Performance-based hiring.

Further, VA will evaluate the relevance, impact, and capacity of leadership development

programs to ensure that they are aligned with mission requirements and establish Career Intern Programs to meet future workforce needs.

Alternative Dispute Resolution (ADR)

VA will continue to develop an effective way for measuring the success of the Alternative Dispute Resolution (ADR) Program. VA recently developed an ADR web-based tracking system to collect data that will be annually analyzed so that benchmarks can be identified and accomplishments measured.

VA will conduct ADR/Mediation Awareness Training sessions for all employees to ensure that employees are aware of the ADR and mediation tools that can be used to effectively resolve workplace conflicts and disputes. By employees being aware of and using these tools, VA anticipates that this will effectively help reduce EEO complaints activity and workplace disputes, which is costly to VA. VA also expects to derive intangible benefits such as improved morale and productivity, reduction in future disputes, repaired relationships, improved customer service, and employee trust.

Recruitment and Marketing

VA must remain competitive with the private and non-profit sectors in recruiting qualified candidates if it is to achieve our strategic goals. VA is a key employer in the Federal Government, has one of the most distinguished and unique missions, has nationwide job opportunities, can provide numerous opportunities for growth, and offers many appealing benefits and work-life programs. VA will fully capitalize on these assets to market career opportunities. Having a presence in the job market, whether or not currently hiring, is essential to cultivating and maintaining relationships that benefit VA now and in the future. VA will:

- Develop a recruitment and marketing plan that includes provisions for an assessment of current efforts throughout the Department and maximizes use of student intern and Presidential Management Intern programs;

- Enhance outreach efforts to colleges, universities, military discharge centers, and other potential recruitment sources with a strong emphasis on targeted recruitment aimed at minority populations underrepresented in the Department;
- Explore the use of automated application and staffing tools to simplify and streamline the hiring process;
- Develop an automated entrance interview for newly appointed employees to determine why they chose VA and use such information to drive VA's recruitment and marketing business decisions;
- Develop an automated and consistently used exit interview process to help identify why employees leave the Department, and use the information gathered to address and rectify retention issues;
- Support government-wide efforts to streamline and simplify the Federal hiring process; and
- Work with DoD to develop methods to facilitate recruitment, retention, and potential sharing of personnel in positions critical to the Departments' complementary missions.

Performance Culture

Employee performance is integral to VA's ability to accomplish its mission. To ensure that VA has a results-oriented and high-performing workforce, that it differentiates between high and low performance, and that individual and team performance are linked to organizational goals, VA will implement a Department-wide, multi-tiered performance appraisal system and institute a performance awards program. VA will also enhance its current Senior Executive Performance Review Board process to ensure that Executives are held accountable for achievement of strategic goals and workforce management.

External Factors:

In conjunction with the economy (job-market/competitive salary issues) and labor force growth rates, VA recognizes that funding to implement HR strategies will be the key to recruiting and retaining a highly skilled workforce.

Performance Measures

Objective E.1		Performance Targets	
		FY 2004	FY 2008
Outcome Measures			
Professional Development	<i>Percent of VA organizational components that have implemented the High Performance Development Model</i>	75%	100%
Alternative Dispute Resolution (ADR)	<i>Percent of VA employees who will be trained in ADR as an option to address workplace disputes</i>	80%	100%
One VA Employee Satisfaction Survey	<i>Percent of employees who respond favorably when surveyed about their job satisfaction</i>	65%	75%
Service Delivery Measures			
Workforce Planning	<i>Percent reduction in the average time it takes to recruit and fill vacancies in mission-critical positions from the FY 2003 baseline</i>	10%	60%
	<i>Percent increase in the number of VA job announcements for which applications are accepted online</i>	38%	100%

Enabling Goal

Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

Objective E-2

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

Purpose and Outcomes:

The purpose of this objective is to improve communications with veterans, stakeholders, and employees about VA programs. In particular, Objective E-2 recognizes the importance of increasing knowledge and awareness among veterans and their families about benefits and services and clearly communicating VA's vision, mission, goals, and objectives throughout the organization and among its stakeholders. This objective is also aimed at increasing the awareness and understanding of veterans, stakeholders, and the public of the results of VA programs.

Strategies and Processes:

To build public awareness and support for the Department's mission and programs, VA maintains a communications strategy to provide the framework within which VA personnel, at all levels, can effectively communicate key messages as an essential part of their mission.

Communication with Veterans

To increase awareness of benefits and services provided, VA conducts outreach and education activities for the veteran community and the general public through news releases, articles appearing in veterans service organization publications, public service announcements, and presentations to schools and community organizations.

The National Veterans Golden Age Games is multi-event competition for veterans' age 55 and older. Athletes compete against each other in several events including swimming, bicycling and bowling. The National Veterans Creative Arts Festival is the celebration and stage and art show. More than 100 veterans exhibit their artwork or perform musical, dance or drama selections in a gala variety show. All veterans invited to participate are selected winners of year-long, national fine arts talent competitions.

VA will respond to requests from local and national media, veterans and their families, and the public for information on VA benefits, services, and policy. To ensure timely response to veteran inquiries and complaints, VA will maintain an Internet access page that allows direct e-mail contact with veterans.

VA will continue to produce a variety of comprehensive, easy-to-use, informational materials regarding VA benefits, eligibility criteria and services, as well as VA activities, and disseminate them to the widest possible audiences. Such publications include benefit booklets, news releases, and speeches.

At the state level, VA facilities within specific geographic areas will provide comprehensive directories for veterans and employees that include names and telephone numbers of VA employees, community care providers, and other Federal government service providers. Many facilities also develop credit card size pocket cards that include their important local telephone numbers and/or national 800 numbers. This allows quick response to requests for information by veterans and their families. VA will continue to host local outreach events to share information with veterans on available benefits.

Objective E.2

VA will also continue to be recognized as the government leader in plain language letter writing. VA sends out approximately 30 million pieces of correspondence to veterans and their families, and VA has rewritten hundreds of form letters sent out in response to inquiries. This lends greater clarity and focus to VA's written communications.

In addition, VA will convene a National Minority Veterans Conference to identify issues facing minority and women veterans and to ensure that a comprehensive and effective process is initiated to respond to these issues and concerns for the 21st Century. The Secretary will also receive periodic counsel from the Advisory Committees on Minority and Women Veterans. VA will conduct town meetings and community-based forums to discuss VA programs and benefits for women veterans at different locations across the country and work with field personnel to ensure outreach activities are incorporated into the performance plans of Women Veteran Coordinators.

Special Events for Veterans

VA will continue to work with a number of our partners to sponsor special events for veterans, such as the National Disabled Veterans Winter Sports Clinic, The National Veterans Wheelchair Games, the National Veterans Golden Age Games and the National Veterans Creative Arts Festival. Veterans who wish to compete in any of these events athletes must be current patients in VA medical facilities. The National Disabled Veterans Winter Sports Clinic is an annual rehabilitation program that is open to all U.S. military veterans with spinal cord injury or disease, certain neurological conditions, orthopedic amputations, visual impairments or other disabilities. At the Clinic, disabled veterans learn adaptive Alpine and Nordic skiing, and are introduced to a variety of other adaptive activities and sports. Each year, more than 500 disabled veterans compete in the largest annual wheelchair sports event in the



world, the National Veterans Wheelchair Games. Wheelchair athletes compete in many Summer Olympic events including track and field, swimming and basketball and weightlifting.

Communication with Employees

The Department developed a VA Strategic Plan for Employees as a companion document to the VA Strategic Plan. This document communicates the Department's strategic framework to all employees. It will assist VA staff at all levels to identify how its work contributes to achieving VA's overall mission and goals, thereby improving its line-of-sight connection with the strategic direction of the Department. VA will use other communication vehicles including the VAnguard magazine, Internet, and videos to communicate the VA strategic direction to employees.

The Office of Public Affairs has implemented an approved VA Communications Plan for the Department of Veterans Affairs. With a focus on strategic communications – communications that help achieve VA's strategic goals – the plan provides a coordinated approach to ensure that clear and consistent information is provided to both employees and the public on VA concerns and issues. These communications goals will then be supported throughout VA, with managers shaping their communications goals accordingly.

The Office of Public Affairs will produce a weekly internal information video, *VA News*, for broadcast over the VA digital satellite network to all VA facilities. The office will also continue to produce the quarterly *VA Report* internal information video extending its length and expanding it into a video news magazine format. All video products will be made available to VA employees and stakeholder groups via the World Wide Web through Internet streaming technology by 2004.

The Office of Public Affairs, in coordination with Employee Information Service, will produce a regular internal video production focused on developing management skills among VA leaders at all levels. The program will feature interviews of management experts, both within VA and elsewhere in the world of management and academia, and will be available by satellite broadcast and ultimately on-demand at the employee’s desktop.

Communication with Stakeholders and the Public

VA will provide timely and accurate delivery of service and information to all stakeholders including Members of Congress and their staffs regarding the results of VA programs, as well as veterans’ concerns, including constituent casework. VA will provide more frequent briefings to Members and their staff on VA benefits and services and initiate new Member orientations and casework conferences. In addition, as part of its outreach efforts with stakeholders, VA will ensure that VISN Directors will meet at least twice a year with their respective delegations to inform them of progress made in key areas, issues, and veterans concerns pending within their area of jurisdiction.

The Office of Intergovernmental Affairs will establish and maintain effective partnerships and strong lines of communications with all state and local elected and appointed public officials.

VA will work with DoD to develop a joint communications plan. This communications plan will promote VA/DoD collaborative initiatives within each Department, educate internal and external stakeholders about joint VA/DoD initiatives, and provide periodic updates on accomplishments, new initiatives, and other activities.

VA will use its strategic planning process to increase internal and external understanding of its strategic direction and priorities. Public service announcements supporting specific VA outreach priority goals (covering homeless veterans, women veterans, newly separated veterans, Gulf War veterans, and minority veterans) will also be produced for broadcast across the country to help increase public awareness of VA’s activities and their results. VA will also develop a Veterans Benefits Learning Map that will be made available to VSO facilities and state VA offices to help veterans better understand the benefits and services they are eligible to receive.

External Factors:

- Extent to which cooperative crosscutting partnerships with other Federal, state and local governments, and private organizations can be developed.
- Extent to which veterans have Internet access.

Performance Measures

Objective E-2		Performance Targets	
		FY 2004	FY 2008
	Outcome Measures		
Veteran Awareness	<i>Percent increase in the number of veterans who believe that they understand their VA benefits</i>	5%	10%
Employee Feedback	<i>Percent of VA employees who indicate they understand VA’s strategic goals</i>	80%	90%
Intergovernmental Awareness	<i>Percent of elected and appointed officials who are aware of programs provided by VA that may support or supplement their state and local programs</i>	40%	65%

Enabling Goal

Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

Objective E-3

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

Purpose and Outcomes:

To meet VA's commitments delivering the highest quality health care, timely payment of benefits, and memorialization in death, VA will have a world-class information technology program. Through business process reengineering and technology integration, VA will speed-up delivery of benefit payments, improve the quality of health care provided in our medical centers, and administer a wide variety of programs more efficiently.

Strategies and Processes:

Information Technology (IT) Strategic Plan

The IT Strategic Plan incorporates three major broad objectives under the umbrella of achieving VA's strategic vision for the future: (1) improve our mission performance; (2) tell our story to our customers, stakeholders, and partners; and (3) develop and educate the VA IT workforce to meet the IT challenges of the future. This plan is veteran-centric and supports the strategic goals of the Department. The plan is the foundation upon which IT will be applied to support the Department's business operations, the Secretary's priorities, and goals and objectives of each administration.

Enterprise Architecture

Enterprise Architecture (EA) represents the guiding principles for streamlining and modernizing VA's IT. The "enterprise" is VA and the "architecture" is the complex framework of processes, systems, and programs by which VA provides health care and benefits to veterans and their families. An essential element of the IT Strategic Plan is an EA based on the Zachman framework to define the EA. The *One VA EA* itself is continuing to evolve since VA is implementing EA as a continuous improvement process, with version 1.0 approved by the Secretary in September 2002 serving as the initial baseline. Finally, version 2.0 will continue the theme established in version 1.0 of coupling EA to key Departmental processes, namely planning and budgeting, project execution, and project management oversight.

The *One VA EA* model addresses specific objectives and timetables for implementation. It identifies several key elements of infrastructure as follows:

- Telecommunications Infrastructure (Telecommunications Modernization Project (TMP));
- Cyber Security Infrastructure (Enterprise Cyber Security Modernization Project (ECSIP) and Authentication and Authorization Infrastructure (AAI) Project); and
- Corporate and Regional Data Processing with Continuity Of Operations (COOP) (Corporate Data Center Integration (CDCI) Project).

Each of these infrastructure elements has one or more key projects associated with it to implement the corresponding element of the *One VA Enterprise Architecture*.

The *One VA EA* also identifies several key projects that support the EA's distributed applications and data environment model. These are:

- *One VA Registration and Eligibility Project*;
- *One VA Contact Management Project*;
- *VistA HealthVet Health Data Repository (HDR) Project*; and
- *Core Financial and Logistic System (CoreFLS) Project*.

Information Security

The Office of Cyber Security (OCS) will provide services to veterans that protect the confidentiality, integrity, and availability of their private information; enable the timely, uninterrupted, and trusted nature of services VA provides; and provide assurance that cost-effective cyber security controls are in place to protect automated information systems from financial fraud, waste, and abuse. Its objective is to become a model cyber security program within the Federal Government. The OCS will:

- Bring VA into compliance with the Government Information Security Reform Act of 2000, Health Insurance Portability and Accountability Act of 1996 (HIPAA), and Office of Management and Budget requirements;
- Establish a level of security for all information systems that is commensurate with the risk and magnitude of harm resulting from the loss, misuse, unauthorized access to, or modification of the information stored or flowing through these systems;
- Integrate security into the *One VA EA*;

- Establish an effective, real-time, and operational command and control process for operating the cyber security infrastructure; and
- Review, develop, and test cyber security contingency plans VA-wide.

The IT Integrated Management Process and IT Project Management Structure

Streamlining business practices and optimizing performance through the effective use of technology, the Office of IT has adopted an integrated process to manage the IT information technology portfolio. Starting with concept development and continuing through system production, deployment and total life cycle, this process will provide continuous oversight and evaluation through sound project management and disciplined milestone reviews.

A One VA Telecommunications Network

The Telecommunications Modernization Project (TMP) is intended to evolve from VA's current state of over 30 loosely federated independent networks to a single, high performance wide area data network capable of supporting enterprise wide applications and support Service Level Agreements (SLAs) for performance and reliability at every service delivery node on the network. The TMP was initiated in FY 2002 as a re-baseline of multiple pre-existing network efforts across the Department and it will:

- Optimize the core of the *One VA Wide Area Network (WAN)* to support regional service delivery to all VA facilities, and to support Service Level Agreements for every service delivery point;
- Establish a 24-hour Network Coordination Center (NCC) to continuously monitor the health of the network and resolve service delivery problems; and
- Extend service delivery from the optimized core to all VA facilities to complete the project.

Objective E.3

**E-Government*

There are now over 4,294 internal and public use forms and 9 major business lines within VA. Almost 98 percent of VA staff is assigned to provide direct services to veterans and their families in VA field operations. Veteran services are delivered at 162 VA hospitals, more than 850 community and facility-based outpatient clinics, 57 regional offices, and 120 national cemeteries.

VA expects the use of the Internet, as a primary means for conducting business with VA customers, will increase significantly, and will facilitate improved information access. A study has been initiated to find a web-enabled commercial product to support the delivery and management of on-line electronic forms via the Internet and VA's Intranet.

The strategy to implement the Government Paperwork Elimination Act (GPEA) requirements include:

- Identifying applicable business transactions;
- Analyzing internal business processes that use the information contained in these business transactions;
- Ensuring that business process enhancements that become practicable (or feasible) transactions are converted from paper to an electronic medium;
- Investigating the benefits, costs and risks associated with conducting these business processes electronically; and
- Planning and implementing changes based on the results of previous activities.

The principal GPEA implementation goal is to transform VA paper-based information collections into electronic information collections. In setting our priorities, VA's focus is on information collections that directly affect veteran care, those that have the greatest impact

on veterans (in terms of greatest service to veterans), and those information collections affecting important organizational or institutional constituencies such as VSOs and educational institutions.

Information Technology

VA will use an integrated framework to continue aligning VA's IT investments with its business lines:

- The IT Strategic Plan will be revised annually to provide the overarching strategy and priorities to guide the capital, budget, operation, and tactical planning for IT;
- The Enterprise Information Board reviews IT capital investment proposals and the IT investment portfolio package, ensuring IT investments are made from a corporate perspective.

Collaboration with DoD

VA and DoD will develop an interoperable information technology framework and architecture that will enable the efficient, effective, and secure interchange of records and information to support the delivery of benefits and services. The emphasis will be on working together to reduce redundant applications and procedures and make access to services and benefits easier and faster.

Other Strategies

In FY 2003, The Office of Information and Technology (OIT) will:

- Establish metrics to measure IT performance to ensure that IT assets and investments improve program performance and facilitate strategic goals;
- Support VA's senior leadership in performing their duties and responsibilities during normal operations and emergency situations;

- Provide command and control of VA IT assets during emergency situations to ensure continuation of mission-critical and mission-essential operations;
- Ensure that OIT can provide its mission-critical and mission-essential responsibilities during and after an emergency situation. The Corporate Data Center Integration (CDCI) Project will significantly improve recovery time from a systems outage; and
- Reduce potential loss of data for mission-critical and essential systems by providing electronic data vaulting and applications restart capability across the three locations. The current 72 hours will be shortened to 12 hours or less for mission-critical systems.

Performance Measures

Objective E.3		Performance Targets	
		FY 2004	FY 2008
Outcome Measures			
Enterprise Architecture for Veteran-Centric Service	<i>Number of business lines transformed to achieve a secure veteran-centric delivery process that would enable veterans and their families to register and update information, submit claims or inquiries, and obtain status</i>	2	8
Cap the IT Budget	<i>Percent increase in the annual IT budget above the previous year's budget (except for pay raise and inflation increases)</i>	0%	0%
Modernization	<i>Percent decrease of annual IT budget spent on sustainment, shifting corresponding savings to modernization (zero sum game)</i>	5%	5%
Service Delivery Measures			
Paperwork Reduction	<i>Percent reduction per year of information collection burden hours (under the Paperwork Reduction Act)</i>	12%	12%

Enabling Goal

Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

Objective E-4

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

Purpose and Outcomes:

The purpose of this objective is to enhance the overall governance and performance of VA by applying sound business principles and improving the integration of its programs and major management functions to better serve our Nation's veterans and their families.

Strategies and Processes:

VA will promote cooperation and collaboration throughout VA to provide seamless service to veterans. VA will continue expansion of the Compensation and Pension Record Interchange (CAPRI) and continue the Compensation and Pension Examination Project (CPEP) initiative. CPEP is intended to provide more seamless service between the medical exam and the actual rating that the veteran receives. Collaboration will be increased between VA and DoD during the military discharge process (to increase the quality of discharge exams so that they can be used more frequently for rating).

VA will optimize the availability and efficient use of resources and services. We will deploy an initiative to increase competitive sourcing. IT packages that support inventory, procurement, and business needs will be pursued. VA will fully implement the Procurement Reform Task Force (PRTF) recommendations.

VA will increase revenue and efficiency through private sector partnerships, technology, and improved business practices. The feasibility of Federal imaging, laboratory, and prescription centers will be assessed. We will take full advantage of research-related intellectual property opportunities.

VA will develop innovative approaches to the design and evaluation of health care delivery systems. We will reengineer health care processes to incorporate technologic advances and to address shortages of health care professionals.

****Expanding Federal, State, Local, and Private Partnerships***

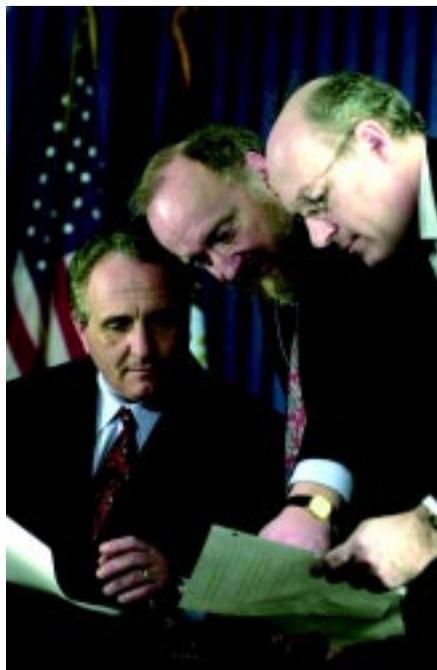
VA will expand Federal, state, local, and private partnerships to foster improvements in the coordination and delivery of health care and other services. VA will develop and implement a VA + Choice plan. Sharing and collaboration with DoD, Indian Health Service, and state veterans' organizations will be expanded.

Consistent with the President's Management Agenda, VA and DoD executive leadership have been meeting for several years to improve and expand sharing. In February of 2002, the VA/DoD Joint Executive Council (JEC) was established to further enhance joint sharing and other collaborative initiatives. The JEC is co-chaired by the Deputy Secretary of Veterans Affairs and the Under Secretary of Defense for Personnel and Readiness. To date the JEC has reached agreement on the following major issues:

- Establishment of a Federal Health Information Exchange, including a joint strategy for interoperable electronic records (HealthPeople);

- Establishment of a new standardized national reimbursement rate structure for VA/DoD medical sharing agreements;
- Implementation of a Consolidated Mail Order Pharmacy pilot (CMOP);
- Establishment of a joint physical examination pilot; and
- Establishment of a joint strategic planning initiative to develop a common vision and set of objectives for future sharing and collaboration.

VA and DoD will examine the coordinated use of capital assets such as coordinating services in cities where VA and DoD maintain and operate separate medical facilities. Currently, almost all VA medical facilities have at least one sharing agreement with DoD medical facilities and reserve units. VA and DoD will encourage continued development of sharing agreements that make the most efficient use of Federal resources. VA and DoD are working to increase utilization of the same pharmaceutical and medical products, resulting in increased leverage during Federal Supply Schedule or other joint contract negotiations.



In addition, a VA/DoD Benefits Executive Council (BEC), modeled after the successful Health Executive Council, was established. Chaired by the VA Under Secretary for Benefits and Assistant Secretary of Defense for Force Management, the BEC will explore opportunities to facilitate the transition of separating servicemembers from DoD beneficiary to VA beneficiary. These joint initiatives are designed to improve processes for

establishing eligibility, facilitating enrollment in the VA health care system, expediting claims for service-connected disability ratings/compensation, and enhancing the medical examination process. VA and DoD will establish a leadership framework to provide the necessary support for a successful partnership, help to institutionalize change, protect efforts from a loss of momentum, and sustain collaboration into the future.

**Strengthening Financial and Procurement Oversight and Accountability*

The Secretary recently approved a proposal to restructure the Department's finance, procurement, and asset management activities to improve accountability and consistency in performance throughout the organization. This reorganization will combine the finance, acquisition, and capital asset functions throughout VA into regional business offices with much clearer delegations of authority and accountability to the Department's Chief Financial Officer /Senior Procurement Executive (CFO/SPE). This level of oversight along with the establishment of performance metrics will help provide VA operations conformity in execution and enforce corporate discipline.

Current finance and procurement staff performing oversight functions across the Department will be consolidated into a single Office of Business Oversight. The Office of Business Oversight, reporting to the CFO/SPE, will establish clear lines of authority and establish separation of responsibility between the development of policies and procedures and the oversight of compliance with those policies and procedures.

VA Business Oversight Board

In July 2002, the Secretary established the VA Business Oversight Board. The board serves as the Department's senior management forum on business activities and is chaired by the Secretary of Veterans Affairs. Its mission is to review and oversee the performance, efficiency, and effectiveness of Departmental business processes. The business processes include, but are not limited to, procurement, collections, capital portfolio management, and business revolving funds. Activities currently being reviewed by the board include:

- ***Procurement Reform*** In June 2001, the Secretary established a Procurement Reform Task Force (PRTF) to review VA's procurement programs, address concerns about acquisition practices, and develop recommendations for improvement. The PRTF recommended over 60 specific reforms to achieve the following goals: leverage VA's purchasing power; standardize commodities within VA; obtain and improve comprehensive procurement information; improve procurement organizational effectiveness; and ensure a sufficient and talented acquisition workforce. In June 2002, the Secretary directed the implementation of the reforms recommended by the PRTF. A project tracking system has been established to monitor the status/progress of the PRTF recommendations. Each recommendation has been assigned to a lead agent who is responsible for implementing an action plan.

- ***Medical Care Collections Fund (MCCF)*** The Medical Care Collections Fund's mission is to maximize the recovery of funds due VA for the provision of health care services. The Department has collected \$3.8 billion since 1997 from first and third party payers, mostly from insurance companies, for treatment of medical problems that were not service-connected. Collections are at record levels, exceeding \$1.1 billion in FY 2002. The board will monitor performance through metrics that measure gross days revenue outstanding, days to bill, and accounts receivable greater than 90 days. In a review of MCCF accounts receivable, the board set a target for the end of the fiscal year for reducing the number of

accounts greater than 90 days old from 84 percent to 45 percent.

- ***Consolidated Mail Outpatient Pharmacy (CMOP)*** The board will monitor issues such as capacity, expansion, error rates, and patient satisfaction. It is anticipated that VA CMOPs will process over \$2 billion in prescriptions for FY 2003. The estimated growth rate for FY 2003 is 16 percent. More than 70 million prescriptions valued at \$1.8 billion were filled by CMOPs during the last fiscal year. Mail-out pharmacies saved VA more than \$70 million last year through bulk purchases and automation. The board considered how this successful program could be optimized in the future and concluded that CMOP's could benefit from a more structured business overview to help maintain high standards while capacity increases.

- ***Capital Asset Management*** Capital asset management is a business strategy that seeks to maximize the functional and financial value of capital assets through well thought-out acquisitions, allocations, operations, and dispositions. VA's capital investment process was created in June 1997 to foster a Departmental approach for the use of capital funds and to ensure all major capital investment proposals, including high-risk and/or mission-critical projects, are based upon sound economic principles and are fully linked to strategic planning, budget, and performance measures and targets. VA is the first civilian agency to develop an agency-wide capital planning process that allows for trade-offs, both among and between categories of assets, such as medical and non-medical equipment, information technology, infrastructure, and leases.

VA will continue to be a leader in the Federal capital asset arena and is working to further improve the management of its nationwide portfolio of capital assets by:

- Developing capital asset standards and/or benchmarks such as level of investment, and cost of asset ownership. Management of VA's portfolio will

include guidance on gap analysis, performance management, and asset disposal;

- Establishing an automated performance management system to oversee VA's capital asset portfolio that ties into the Department's financial system. Using a digital dashboard, VA will track and monitor key milestones such as cost, schedule, and performance of newly acquired assets; and
- Identifying opportunities to initiate enhanced-use leases. By leveraging its assets, VA is able to acquire facilities or obtain goods and services that might otherwise be unavailable or unaffordable, or conversely, convert underutilized property into an asset that generates revenue, achieves consolidation, or reduces costs.

CARES -- As a part of VA's overall capital asset management activities, we have initiated an important process called CARES. This process will identify the infrastructure VA needs to provide high-quality health care to the 21st century veterans. The CARES process provides a data-driven assessment of veterans' health care needs within each VISN, the condition of the infrastructure, and the strategic realignment of capital assets and related resources to better serve the needs of veterans. Through CARES, each VISN will base their plan for enhanced services on objective criteria and analysis, as well as cost effectiveness, and in some cases, capital asset restructuring. These plans will take into account future directions in health care delivery including changes in technology, demographic projections, physical plant capacity, community health care capacity and workforce requirements. A structured decision methodology will guide review and evaluation of VISN capital asset realignment proposals, and these will be integrated into a National CARES Plan that will provide input into the overall VA Capital Asset Management Process. All savings generated through implementation of CARES will be reinvested to meet veterans' health care needs.

****Improved Financial Performance***

VA is committed to improving its underlying financial systems, and systematically producing timely, useful, and reliable financial statements. VA will continue to strive to achieve an unqualified ("clean") opinion on our annual consolidated financial statements and Franchise Fund financial statements. Progress continues in correcting material weakness. VA has developed and implemented remediation plans to address these material weaknesses. The plans have specific tasks and dates, and are updated monthly. Although certain material weaknesses involved corrective actions that could be completed within 1 year, other material weaknesses are long-term and corrective actions are expected to take several years.

CoreFLS -- To support VA business processes, work continues on the development of the Core Financial and Logistics System (CoreFLS). By utilizing commercial off-the-shelf (COTS) software and employing best practices, VA will implement a fully integrated system to provide timely and easily accessible financial and logistics information. VA will provide better data management, automate data reconciliation, automate consolidated financial statements, and comply with the Federal Financial Management Improvement Act and other regulatory requirements. VA will establish a foundation of business processes for its Enterprise Architecture, reduce the number of stovepipe legacy systems, and align with E-government initiatives. This Department-wide enterprise solution will be used by every financial and logistics office within VA and will provide the following major functions: accounting, payments processing, receivables processing, debt management, asset management, billing, costing, financial analysis, budgeting, purchasing, contract management, and inventory management. VA will integrate financial and logistics activities, thereby reducing the number of independent, disparate systems resulting in a reduction of operating maintenance and life cycle costs. VA expects full implementation of CoreFLS to be completed by the end of FY 2006.

Objective E.4

****Budget and Performance Integration***

VA has made substantial progress in implementing performance-based management, particularly with regard to better linking of resources with results. The centerpiece of VA's budget and performance integration activities is the development of a new budget account structure. VA's FY 2004 budget uses a new account structure that focuses on nine major programs -- medical care (including education), medical research, compensation, pension, education, housing, vocational rehabilitation and employment, insurance, and burial and memorial affairs.

This new account structure is the culmination of a multi-year project. VA and OMB jointly developed and implemented the new set of budget accounts, and will continue to work closely together on a variety of related budget formulation and budget execution activities. VA officials conducted numerous briefings and meetings with appropriations and authorizing committees prior to implementing the new account structure.

****Competitive Sourcing***

VA continued to identify opportunities for competitive sourcing to provide veterans and taxpayers with the best value possible. In April 2002, OMB authorized VA to utilize its 3-tier approach to competitive sourcing with emphasis on market-based cost-benefit analysis. VA has steadily increased its contractual services over each of the past 5 years. During this period, VA has increased the amount of services contracted out to over \$2.6 billion -- an increase of over 32 percent. VA's total contract service expenditures equate to approximately 43,000 full-time equivalents (FTE). VA is currently completing a comprehensive A-76 study of the property management function for VBA. VA is tracking current competitive sourcing activities and will use this information as a management tool to continuously evaluate its performance information. Over the next 5 years, VA plans to complete competitive sourcing studies of 55,000 FTE of our commercial ancillary support functions with an anticipated savings of \$1.3 billion.

Benchmarking Best Practices, Organizational Assessment, and Improvement

VA will ensure that it uses best practices to foster high performance by individuals and teams. VA will establish communities of practice to share their best practices and determine how to expand their use throughout the Department. VA will also look at external best practices that can be imported to augment our business processes. This effort will enhance individual, team, and organizational accountability and help align training, development, and incentives with organizational goals and objectives.

VA will also promote increased understanding and use of organizational assessment tools to improve its operational performance and increase levels of customer satisfaction. VA will work throughout the Administrations and staff offices to increase the use of the entire range of organizational assessment and other tools including Baldrige assessment, the Carey Quality Award Program, benchmarking, customer and employee surveys, application of a balanced set of measures, program reviews, data assessments, and audits.

Strategic Management

VA's Strategic Plan will be fully integrated with each of VA's major process owners, including human capital planning, IT planning, legislative development, and capital asset planning as well as budget formulation, performance management, data collection and analysis, and program evaluation. The strategic direction of VA will be communicated clearly and concisely through the VA Strategic Plan, the Secretary's Annual Statement, a VA Strategic Plan for Employees, the VA Budget and Performance Plan, the VA Annual Performance and Accountability Report, and other publications and resources.

Each Administration will develop a fully-aligned strategic plan to provide a greater level of detail regarding the strategies and initiatives that the Administration will implement to support achievement of the broad goals and objectives present in the VA Strategic Plan.

VA will consult extensively with strategic partners and stakeholders to improve coordination of all VA activities. VA will meet with stakeholders, including veterans service organizations, OMB and GAO, and key congressional committees. VA will also meet with other external organizations, such as the American Medical Association, American Hospital Association, American Association of Medical Colleges, and other organizations to gain their perspective of VA's strategic direction.

Significant changes have been made in the way VA is managed. To provide a more integrated governance and decision-making process, VA established the VA Executive Board (VAEB), the Strategic Management Council (SMC), and six strategic management process groups that oversee the planning, operations, and performance of VA's major crosscutting activities. These include (1) strategic planning; (2) budget; (3) capital investment; (4) human capital planning; (5) IT planning; and (6) legislative development and planning. Each is composed of VA's senior leaders, who lead the Department in achieving its strategic goals.

Data Collection and Analysis

VA is developing a substantially enhanced veteran population model as well as actuarial models for projecting benefit costs and workload in VA programs. The enhancements to the veteran population model will enable estimates and projections of population at the national, state, and county levels and will provide data on over 20 variables or characteristics of the population. By establishing effective data exchanges with the Defense Manpower Data Center, Office of DoD Actuary, Bureau of Census, the Bureau of Labor Statistics, and Office of Personnel Management, VA will be able to draw on these relevant and reliable sources to contribute data to the veteran population model.

Survey research, data collection, and analyses provide information utilized for planning purposes and to keep track of the characteristics of the veterans' population. This information is particularly useful because it not only provides information on veterans using VA services, but

also provides insight on veterans not utilizing veteran benefits and reasons why they do not. Data collection for the fifth in a series of National Surveys of Veterans has been completed. Preliminary discussions are also underway to choose a subgroup of the veteran population as the focus of a new survey. Input will be sought from various stakeholders before a final decision is reached.

Inspector General Oversight

VA's Office of the Inspector General (OIG) will continue to focus its efforts in the areas that affect service delivery to veterans and protect scarce VA resources. As its mission statement says: "The OIG is dedicated to helping VA and Congress ensure that veterans and their families receive the care, support, and recognition they have earned through service to their country, and to do so in an environment that is efficient, effective, and free from criminal activity."

Major issues defined by the OIG in its strategic plan include access to high quality and safe health care; timeliness and accuracy of benefits claims processing; reliability of financial management systems; efficient and economical procurement practices; and effective and secure information technology. In addition, nationwide audits, health care inspections, and proactive criminal investigations will be used to address systemic concerns. The OIG continues to perform mandated work, including CFO financial statement audits and objective verification and validation of data used to support key performance measures. The OIG has completed performance audits on six key measures to date, and plans to conduct audits on other key measures during the next 5 years.

External Factors:

External factors that will affect this objective include the pace of IT and access to it throughout society, the development of E-government initiatives, and other future congressional directives. Success in achieving this objective is dependent upon third party payment of billings and continued interest by DoD to enter into sharing agreements.

Performance Measures

Objective E.4		Performance Targets	
		FY 2004	FY 2008
Outcome Measures			
Collections	<i>Percent of collections to billings</i>	40%	40% *
DoD Sharing	<i>Achieve increased dollar value, usage and /or cost savings through expansion of joint contracting - Pharmaceuticals (Shared Cost Savings)</i>	\$561 Million	\$650 Million
Competitive Sourcing	<i>Percent of competitive sourcing studies completed (for total of 55,000 commercial FTE)</i>	53%	100%
Clean Financial Audit	<i>Number of audit qualifications identified in the auditor's opinion on VA's Consolidated Financial Statements</i>	0	0
<p><i>* Denotes pending development of Medicare Remittance Advice and internal process improvements.</i></p>			