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**UNDER SECRETARY FOR HEALTH'S MEMORANDUM
CAPITAL ASSET REVIEW METHODOLOGY**

1. PURPOSE: This Under Secretary for Health's Memorandum establishes a methodology for reviewing Capital Asset proposals in Veterans Health Administration (VHA) Headquarters prior to submission to the Department of Veterans Affairs (VA) Capital Investment Board (VACIB).

2. BACKGROUND

a. The VACIB is a Department-level board that recommends Capital Asset proposals for inclusion in the Agency's annual budget submission. An important lesson from the review of the Fiscal Year (FY) 2001 Capital Asset proposals was that the methodology governing VHA's review was incomplete. As a result, some proposals were submitted to the VACIB that either did not clearly support VHA's strategic targets or did not adhere to the requirements of the call guidance. The solution is a methodology that clearly delineates roles, responsibilities, and timeframes for reviewing VHA Capital Asset proposals.

b. VHA's review of Capital Asset proposals must ensure that the requirements set forth in the Government Performance and Results Act (GPRA) of 1993, the Clinger-Cohen Act of 1996, and Office of Management and Budget (OMB) directives are met. These require that Capital Asset proposals be tied directly to program plans and that they contribute to achieving predetermined strategic program goals. Program plans and goals are articulated in annual Network strategic plans that are reviewed for compliance with Department goals and objectives. The methodology set forth herein will ensure that Capital Asset proposals are appropriately linked to the Department goals and objectives through the strategies outlined in Network strategic plans.

NOTE: Proposals found lacking appropriate linkage will either be corrected or not submitted to the VACIB for consideration.

c. The Capital Asset Review Methodology is primarily concerned with the review of the proposals once they are submitted to VHA Headquarters.

d. VHA is presently establishing the Capital Asset Realignment for Enhanced Services (CARES) Program, which provides policy and guidance to the networks for use in implementing a comprehensive capital asset management program.

3. POLICY: It is VHA policy that the established Capital Asset review methodology ensure appropriate review of Capital Asset proposals for linkage with VHA and Department goals, objectives, and strategies which is required by the GPRA, the Clinger-Cohen Act, and OMB directives.

4. ACTION: Responsibilities are as follows:

a. **Technical Review.** The respective Chief Officers will be responsible for providing technical reviews of capital asset proposals.

(1) The Chief Policy and Planning Officer (105) will issue a Strategic Plan Call that will include Capital Asset Planning guidance.

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(2) The Chief Facilities Management Officer (18) and Chief Information Officer (19) will provide application instructions for the proposals and examples of “Best Practices” compiled from previous submissions.

(3) The Chief Network Officer (10N) will provide application guidance for non-medical and medical equipment.

b. **Additional Responsibilities**

(1) **Training**

(a) The time between the issuance of the Strategic Plan Call (in May of each year) and the submission of the Capital Asset proposals to VHA Headquarters (October of each year) is critical for training purposes. Field training for VISN personnel charged with the responsibility for submitting the proposals must be provided. The Chief Facilities Management Officer (18) and the Chief Information Officer (19) will take the lead in organizing the training sessions with support from other VHA Headquarters offices. *NOTE: All training, of field or VHA Headquarters staff, should be done in cooperation with the Office of Employee Education (102).* The offices involved will include the Facilities Management Office (18), the Office of Information (19), the Network Office (10N), the Policy and Planning Office (105) and the Office of Finance (17) and any others needed to assure that this training is provided. Issues of how to submit the proposals, how to assure that the workload projections are accurate, and assurance that the latest application methodology is followed, is covered in the training. The timeframe for this training may vary depending on the perceived training needs (i.e., training could be held subsequent to the receipt of the proposals rather than prior to receipt).

(b) Training for VHA Headquarters staff on the requirements and expectations for Capital Asset Applications will be jointly organized by the offices (18, 19, 17, 105, and 10N) charged with the responsibilities for reviewing and determining the readiness of the proposals for submission to the VACIB.

(c) In addition to the formal training of VISN and facility personnel, guidance and training will take place whenever possible through the use of planning conference calls and other planned meetings between the VISN staffs and VHA Headquarters staffs (e.g., the Spring Planning Conference, etc.). Ad hoc groups representing each office (10N, 17, 18, 19, and 105) charged with training responsibilities should meet periodically to discuss training needs and to assure that training initiatives are not duplicated.

(2) **Strategic Plans Submitted.** Once the plans have been received, each capital asset proposal must be reviewed in detail by the respective VHA Headquarters office responsible for the category proposed.

(a) Chief Facilities Management Officer (18). The Chief Facilities Management Officer (18) is to:

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1. Review all major capital construction investment and lease proposals for adherence to guidance and formats established by the VACIB.

2. Validate workload for adherence to current directives and assure that they are acceptable.

3. Review proposals for scope that may not be reflected in the title of the proposal and highlights instances where this occurs.

4. Coordinate review with the Chief Financial Officer (17) for compliance with budgetary issues (to include Cost Effectiveness Analyses).

5. Visit field sites to assist field staff with applications (upon request).

6. Compile all comments from other reviewing offices making them available to the field contacts responsible for the applications.

7. Provides guidance to the originating facility on addressing comments.

(b) Chief Information Officer (19). The Chief Information Officer (19) is to:

1. Review all information technology proposals for adherence to the guidance.

2. Validate workload for adherence to current directives and ensure they are acceptable.

3. Coordinate review with the Chief Financial Officer (17) for compliance with budgetary issues.

4. Compile comments from other reviewing offices making them available to the appropriate staff responsible for the application.

5. Assist VISNs with refining applications.

6. Represent VHA on the Chief Information Officer Investment Panel.

(c) Chief Network Officer (10N). The Chief Network Officer (10N) is to:

1. Review all non-medical and medical equipment proposals for adherence to the guidance.

2. Coordinate review with the Chief Financial Officer (17) for compliance with budgetary issues.

3. Compile comments from other reviewing offices making them available to the field contacts responsible for the applications.

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(d) Chief Financial Officer (17). The Chief Financial Officer (17) is to coordinate the review of capital asset proposals for compliance with budgetary issues (to include Cost Effectiveness Analyses) in coordination with Chief Facilities Management Officer (18), Chief Network Officer (10N), and Chief Information Officer (19).

(3) **VA Capital Asset Call**. In January (of each year) the VA Capital Asset Call is issued by (004) and (005) for all proposals for the next fiscal year. Responsibilities associated with the annual call include:

(a) Chief Facilities Management Officer (18). The Chief Facilities Management Officer must:

1. Analyze the 004 Capital Asset Call documents and identify variances from the requirements in the Strategic Plan Call.
2. Coordinate discussion among VHA offices to determine the changes that can be made to the major capital construction investment and lease proposals in process.
3. Coordinate changes to applications in process with field staff.
4. Review final applications and verifying that all relevant documentation is available and of appropriate quality and that all VHA comments have been addressed.
5. Coordinate review of applications in VHA with appropriate VHA Headquarters staff.
NOTE: With 17 for compliance with budgetary issues and "Cost Effectiveness Analyses," with 105, 17, and 10N on workloads and workload projections.
6. Assemble and distribute application proposals to VHA scorers (105, 17, 10N, 19, and 18).
7. Prepare certifications, transmittal, and concurrence documents; coordinate concurrences and obtain approval signatures.
8. Schedule and conduct scoring sessions to include (105), (17), (18), (19), and (10N).
9. Compile VHA priority list based on scoring.
10. Submit for VHA policy level review.

(b) Chief Information Officer (19). The Chief Information Officer (19) must:

1. Analyze (005) Capital Asset Call documents and identify variances from the requirements in the Strategic Plan Call.
2. Coordinate discussion among VHA offices to determine the changes that can be made to the information technology proposals in process.

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3. Coordinate changes to applications in process with field staff.

4. Review final applications verifying that all relevant documentation is available and of appropriate quality, determining that all VHA comments have been addressed. Then submit to the CIO Council.

5. Assemble and distribute application proposals to VHA scorers (105, 17, 18, 19, and 10N).

6. Schedule and conduct scoring sessions to include (105), (17), (18), and (10N).

7. Submit for VHA policy level review.

(c) Chief Network Officer (10N). The Chief Network Officer (10N) must:

1. Analyze (004) Capital Asset Call documents and identify variances from the requirements in the Strategic Plan Call.

2. Coordinate discussion among VHA offices to determine the changes that can be made to the non-medical and medical equipment proposals in process.

3. Coordinate changes to applications in process with field staff.

4. Review final applications and verifying that all relevant documentation is available and of appropriate quality, and determining that all VHA comments have been addressed.

5. Assemble and distribute application proposals to VHA scorers (105, 17, 18, 19, and 11).

6. Schedule and conduct scoring sessions to include (105), (17), (18), (19), (11), and (10N).

7. Submit for VHA policy level review.

(d) Chief Financial Officer (17). The Chief Financial Officer (17) coordinates the review of applications for compliance with budgetary issues and evaluates the accuracy of the "Cost Effectiveness Analyses."

(e) Chief Policy and Planning Officer (105). The Chief Policy and Planning Officer (105) must:

1. Upon approval of the Under Secretary for Health, submit completed applications to (004) and (005) for Validity Review by Capital Investment Panel (CIP).

2. Represent VHA as a voting member of the CIP.

3. Provide VHA staff offices (10N, 17, 18, and 19) with feedback on discussions and issues associated with application reviews and application preparation guidance.

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(4) **VA Validity Review and Proposal Scoring.** After the proposals are submitted in June of each year to (004) and (005), they are reviewed and scored by the VA Capital Investment Panel (CIP). Responsibilities involved with the Validity Review and Scoring include:

(a) Chief Facilities Management Officer (18)

1. Upon receipt of Validity Review comments from (105) assure understanding of all comments; coordinate revisions based on Validity Review with field staff; assemble and deliver revised proposal applications to (105) and the CIP and CIB.

2. Provide technical expertise for the CIP and CIB representatives (105) regarding specific proposals.

(b) Chief Information Officer (19). The Chief Information Officer (19) must:

1. Upon receipt of Validity Review comments from (105) assure understanding of all comments; coordinate revisions based on Validity Review with appropriate staff; assemble and deliver revised proposal applications to (105) and the CIP and the CIB.

2. Serve as technical expertise for the CIP and CIB representatives (105) regarding specific proposals.

(c) Chief Policy and Planning Officer (105). The Chief Policy and Planning Officer (105) must:

1. Participate in Validity Review of all proposals on CIP with other VA elements.

2. Provide CIP and CIB comments on proposals to (18), (10N), (17), and (19).

(d) Chief Network Officer (10N). The Chief Network Officer (10N) must:

1. Upon receipt of Validity Review comments from (105) assure understanding of all comments; coordinate revisions based on Validity Review with field staff; assemble and deliver revised proposal applications to (105), the CIP and CIB.

2. Serve as technical expertise for the CIP and CIB representatives (105) regarding specific proposals.

(5) **Budgeting.** After the mitigation review and scoring of proposals the project prospectus documents are prepared by the Chief Facilities Management Officer (18) and the Chief Financial Officer (17).

5. RESPONSIBILITY: The Chief Policy and Planning Officer (105) is responsible for the contents of this VHA Memorandum.

6. RECISSIONS: None.

7. RECERTIFICATION: This VHA Memorandum will be recertified on or before the last working day of April 2005.

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