



## High-Risk Areas Identified by the U.S. Government Accountability Office (GAO)

The U.S. Government Accountability Office (GAO) evaluates VA's programs and operations. In February 2013, GAO issued an update to its High-Risk Series (GAO-13-283). The GAO-identified High-Risk Areas (HRAs) that are specific to VA as well as government-wide are summarized below. In response to each of the 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 2014 milestones*** in response to the HRA
- ***Planned 2015 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 (VBA lead, BVA to provide additional input regarding appeals)	2016	129
GAO 2	Strategic Human Capital Management: A Government-wide High-Risk Area (HRA)	2015	133
GAO 3	Managing Federal Real Property: A Government-wide High-Risk Area (OM-OAEM)	2015	135
GAO 4	Protecting the Federal Government's Information Systems and the Nation's Cyber Critical Infrastructures (OI&T)	2015	137
	Appendix		139



## **GAO High-Risk Area 1: Improving and Modernizing Federal Disability Programs (VBA lead, BVA to provide additional input regarding appeals)**

*(Based upon GAO-13-283, GAO-13-89 and GAO-11-633T)*

Federal disability programs remain in need of modernization. Numerous federal programs provide a range of services and supports for people with disabilities—including 45 employment-related programs—that together represent a patchwork of policies and programs without a unified strategy or set of national goals. Further, three of the largest federal disability programs—managed by the Social Security Administration (SSA) and Department of Veterans Affairs (VA)—rely on out-of-date criteria to a great extent in making disability benefit decisions. While SSA and VA have taken concrete steps toward updating their criteria, these disability programs emphasize medical conditions in assessing an individual's work incapacity without adequate consideration of the work opportunities afforded by advances in medicine, technology, and job demands. Finally, federal disability benefit programs are experiencing growing disability claim workloads as the demand for benefits has increased under a difficult job market. Thus, challenges are likely to persist, despite concerted efforts to process more claims annually. GAO designated improving and modernizing federal disability programs as high risk in 2003.

### **VA's Program Response Estimated Resolution Timeframe: 2016 Responsible Agency Official: Under Secretary for Benefits**

#### Completed 2014 Milestones

In fiscal year (FY) 2014, the Veterans Benefit Administration (VBA) entered the stabilization and assessment phase of its multi-year transformation. VBA continued to leverage the capabilities of its electronic applications (e.g., VBMS and Veterans Relationship Management (VRM) etc.) by adding increased functionality to process claims. The eBenefits Portal added additional means to facilitate electronic filing of claims to further expedite the transition to a paperless environment. The SEP provided VSOs with secure messaging, access to services of DoD, on demand help, and claims status information. These actions and initiatives support VBA efforts to improve the timeliness and accuracy of claims processing.

VBA has made significant progress toward eliminating the claims backlog (any rating claim older than 125 days) and improving accuracy. As of July 21, 2014, VBA:

- Reduced backlog from its peak of 611,000 in March 2013 to 270,000— a 56 percent reduction in 16 months
- Reduced inventory from the peak of 884,000 in July 2012 to 558,000— a 37 percent reduction



- Without sacrificing quality, claim-level accuracy increased from 83 percent in June 2011 to 91 percent; at the issue-level, accuracy is 96 percent
- Completed 171,000 more claims FYTD than at the same time in FY 2013.

VBA continues to make progress in updating the entire VA Schedule of Rating Disabilities (VASRD) to ensure that all body systems and the evaluation criteria for their associated disabilities meet current standards of medical science. VBA has conducted working groups for all 15 body systems. Draft regulations are available for all the revised systems, and they are presently at various levels of concurrence within VA.

VBA continued to provide Quality Review Team (QRT) Challenge Training for new and existing QRT members. This Challenge program was designed to promote consistency in error detection, reporting between local and national quality reviewers, and mentoring of claims processors after errors are detected. In addition, consistency studies for QRTs, Veterans Service Representatives (VSRs), and Rating Veterans Service Representatives (RVSRs) were conducted monthly with the results discussed during the Monthly Quality Calls.

VBA conducted refresher training for VSRs and RVSRs called the Special Adjudication Review Course (SPARC). Each three-week, instructor-led SPARC training session focused on VSRs and RVSRs who required additional training to increase their proficiency and accuracy. New Veterans Service Center supervisors attended Supervisory Technical Analysis of Data, a new one-week, in-person national technical training curriculum to improve field production and quality through better research and analysis of data, decision making, and workload management.

The Private Medical Records (PMR) program, which uses contractors to obtain private treatment records, continued to demonstrate success at its 10 pilot stations by electronically receiving health care provider responses in an average of 12 days. The program also began integration with the centralized mail program to further align it with claims modernization goals.

In FY 2014, VA and DoD transitioned to the electronic transmission of certified, complete Service Treatment Records (STRs) from DoD's Healthcare Artifacts and Images Management Solution to VBA's VBMS. DoD no longer sends paper STRs to VA.

In FY 2014, over 5,000 VBA employees received access to the Social Security Administration's (SSA's) Government-to-Government Services Online (GSO) system. GSO is a web-based tool used to request and transmit medical records through a secure electronic messaging system.

To simplify burial benefit payments, VBA amended its burial benefits regulations effective July 7, 2014. The amended regulations permitted VA to automate certain burial allowance payments to most surviving spouses of record, pay flat-rate burial and



plot or interment allowances that are equal to the maximum benefit authorized by law, and establish priority of payments to certain survivors and estate representatives. VBA has also automated certain Dependency and Indemnity Compensation benefits to the Veteran's surviving spouse of record, to expedite payments to surviving spouses during one of their greatest times of need. The automation of certain burial and DIC payments was successfully deployed nationwide on July 7, 2014.

VA also worked with the Internal Revenue Service and SSA to implement upfront income verification using Federal tax information. VBA now automatically matches new pension claims with the most recent three years of Federal tax information maintained in IRS and SSA records. The ability to verify a claimant's income at the time of application permitted VBA to discontinue the annual eligibility verification reporting requirement for as many as 150,000 pension beneficiaries. This automation improved program integrity, reduced improper payments, reduced claimant burden, and positioned the pension program for rules-based processing.

VA delivered more enhanced functionality to its electronic claims processing tool, VBMS, while supporting a higher volume of claims.

The VRM program used information technology to enhance secure access points for Veterans and stakeholders and improved customer service, accuracy, and transparency of data. VBA deployed the new Beneficiary Fiduciary Field System to improve tracking and case management of fiduciary cases.

VBA, in partnership with the Board of Veterans' Appeals (the Board), continued to participate in joint training to aid in standardizing adjudication across the VA benefits system. VBA and the Board expect such interactive training to lead to future reduction in the number of avoidable remands.

In February 2014, VBA and the Board submitted to Congress a Strategic Plan to Transform the Appeal process. VA's Appeals Transformation Plan proposed a series of short- and long-term integrated people, process, and technology initiatives designed to deliver a final agency decision as soon as possible under the governing law. VA's plan focuses on employee training, tools, and assignment of work; streamlining the appeal process; and implementing modern technology solutions in systems that are already under development.

The Board increased video teleconference (VTC) hearings, which reduced Veteran hearing wait times by as much as 100 days and saved the Government travel dollars. The number of VTC hearings reached 54 percent in FY 2014, which represented a 74 percent increase in just the past five years.

Planned 2015 Milestones with estimated completion quarter



As part of the ongoing VASRD update project, VBA expects to have the remaining 11 body systems at the most advanced level of concurrence and ready as proposed rules for publication in the Federal Register by the end of FY 2016. (Q4-2016)

QRT Challenge Training will continue to include several weeks of combined classroom training as well as on-the-job training. Challenge Training for new VSRs and RVSRs will continue throughout FY 2015. (Q4)

The PMR program will be deployed nationally while fully integrating with the centralized mail program. (Q1)

VA is creating business requirements to simplify and automate plot/interment payments. (Q4)

VBA is developing a new post-award audit process that will replace the traditional income verification match, to ensure those receiving pension benefits continue to be eligible. VBA is developing an implementation plan that will include milestones for measuring progress. (Q2)

The strategic direction set for the VBMS initiative capitalizes on efficiencies and quality improvements gained during FY 2014. Planned system functionality for FY 2015 will allow claims processors to focus on more difficult claims by reducing the time required to process less complex claims, enabling VA to meet the goal of processing all claims within 125 days at 98 percent accuracy. (Q4)

Additional software releases for VBMS will support the National Work Queue initiative and improve the claims process workflow. To the extent possible, automated workflow capabilities will assist in improving the accuracy and timeliness of electronic claims. (Q1)

Implementation of the National Work Queue will facilitate national workload management to improve VBA's overall production capacity by allowing VBA to prioritize and distribute the workload across regional offices. (Q3)

The VRM Program Management Office will continue to enhance secure access points for Veterans and stakeholders and improve customer service, accuracy, and transparency of data. (Q4)

VBA and the Board will continue to partner on joint training efforts throughout FY 2015 to increase efficiencies in appeals processing throughout the Department. Active engagement with stakeholders, including VSOs and Congress, on ways to further modernize the VA appeals process will also continue in FY 2015. Finally, the Board will continue the trend of holding at least 50 percent of hearings by VTC by the end of FY 2015, thereby saving hearing wait time for Veterans and their families. (Q4)



## **GAO High-Risk Area 2: Strategic Human Capital Management (HRA)**

*(Based upon GAO-13-283, GAO-13-188, GAO-12-1023T)*

Addressing complex challenges such as disaster response, national and homeland security, and economic stability requires a high-quality federal workforce able to work seamlessly with other agencies, levels of government, and across sectors. However, current budget and long-term fiscal pressures, coupled with a potential wave of employee retirements that could produce gaps in leadership and institutional knowledge, threaten the government's capacity to effectively address these and many other evolving, national issues. Although progress has been made, the area remains high risk because more work is needed in implementing specific corrective strategies for addressing critical skills gaps and evaluating their results. GAO added this area to its High Risk List in 2001.

### **VA's Program Response**

**Estimated Resolution Timeframe: 2015**

**Responsible Agency Official: Assistant Secretary for Human Resources and Administration**

### Completed 2014 Milestones

VA Employee Development and Engagement – To close skills gaps in VA's mission critical, leadership and key positions, VA focused on expanding its use of eLearning, resulting in 97 percent of course completions being accomplished through web-based, virtual instructor led training (vILT), and video conference programs. The number of hours spent in virtual training rose from 52 percent to 69 percent during FY 2014. Eighty-one percent of VA employees in mission critical and key occupations participated in a competency-based training program. VA partnered with the University of North Carolina Kenan-Flagler Business School to conduct Senior Executive Strategic Leadership Course II designed to improve the Senior Executive's strategic decision-making, critical thinking, and ability to lead and drive change. VA also strengthened its infrastructure for employee engagement by creating the Employee Engagement and Human Capital Analysis Service to develop a work environment conducive to optimal performance.

Talent Acquisition - VA revitalized its recruitment efforts with a focus on providing advice and guidance to hiring managers on recruitment outreach and hiring solutions for entry level positions; developed career paths; and built pipeline resources through student employment fellowship programs. VA fully implemented the use of the automated hiring system USA Staffing to electronically rate and rank applicants VA consistently hired Veterans in less than 29 calendar days on average through noncompetitive appointments. Veteran hiring in FY 2014 outpaced FY 2013 by approximately 20 percent building on the prior year by over 38 percent. The Veteran Employment Services Office (VESO) contacted/assisted 105,321 Veterans in employment readiness;





case managed 265 current Veteran VA employees with retention issues; conducted 301 VA For VETS presentations, reaching 8,753 Veterans; participated in 236 Career Events, reaching 61,367 Veterans. The Office of Diversity & Inclusion led programs that resulted in the 5th consecutive increase of VA's Diversity Index, a measure of aggregate workforce diversity by race, ethnicity, and gender, as compared to the Relevant Civilian Labor Force.

Planned 2015 Milestones with estimated completion quarter (all milestones to be completed Q4)

- Develop new SES courses to improve decision-making and critical thinking;
- Assess and update Leadership and Managerial training in alignment with the Department's needs;
- Provide career guidance access (i.e. access to career maps, competency requirements, training recommendations and resume writing and interviewing tools and training) through MyCareer@VA portal to over 340,000 VA employees and unlimited potential employees external to VA;
- Fully deploy HR●Smart, a state-of-the-art human resource solution to replace VA's 51-year-old-legacy system and provide enhanced functionality and access to benefits and compensation;
- Improve the hiring process by identifying/reducing outliers that extend the time to hire – completing 70 percent of the Title 5 competitive hires within OPM's 80 day "end to end" hiring model;
- Expand Veteran outreach capabilities resulting in an increase in the number of Veterans on board at VA; and
- Assess the current state of employee engagement and deploy a range of programs in FY 2015 to improve supervisory skills and training for engagement.



### **GAO High-Risk Area 3: Managing Federal Real Property (OM-OAEM)**

*(Based upon GAO-13-283, GAO-12-645, GAO-12-779, and GAO-12-646)*

The federal government faces long-standing problems in managing federal real property, including effectively managing excess and underutilized property, an overreliance on leasing, and protecting federal facilities. The government has given high level attention to this issue and has made progress in real property management, but the underlying challenges that hamper reform remain. Specifically, the government continues to lack consistent, accurate, and useful data to support decision making. In addition, competing stakeholder interests regarding the disposition of excess real property, and legal requirements such as those related to environmental cleanup also present challenges. The Federal Protective Service (FPS) has struggled to effectively target limited resources for protecting federal facilities.

#### **VA's Program Response**

**Estimated Resolution Timeframe: 2015**

**Responsible Agency Official: Director, Office of Asset Enterprise Management**

#### Completed 2014 Milestones

VA continues to enhance the SCIP Automated Tool with additional features such as directly linking property disposal/reuse or lease termination with submitted capital projects. This enables VA to ensure it is properly planning for reductions in vacant or underutilized assets as noted by GAO. In addition, VA began to collect more detailed facility condition data through SCIP, allowing differentiation between critical and non-critical infrastructure systems.

VA completed its first full fiscal year of efforts under the Freeze the Footprint (FTF) policy, including producing its first annual agency evaluation. One major achievement related to FTF and better space utilization was the release of an administrative office space standard and detailed implementation guidance. This standard was used with great success at VA Central Office (VACO) campus, resulting in the termination of more than 74,000 square feet of lease space in the Washington, DC area VACO portfolio.

#### Planned 2015 Milestones with estimated completion quarter

VA will continue to enhance the SCIP process and tools, including improved linkages between budget formulation and project execution. This includes tracking projects being executed for FTF impacts and impact on VA's facility condition data. In addition, continuously improving cost estimating for SCIP projects will be a focus, with more automated tools to assist in estimating and closer relationships between SCIP submitted projects and cost estimating data (Q3).

VA will continue to focus on FTF and overall improvements in space utilization in the portfolio. Specific focus will be put on streamlining the disposal process for unneeded assets, which benefits the overall VA portfolio as well as FTF. VA will continue





managing the current FTF plan, while also planning for the next generation of FTF, with long term plans being developed for implementing the recently released space standard (Q4).



## **GAO High-Risk Area 4: Protecting the Federal Government's Information Systems and the Nation's Cyber Critical Infrastructures (OI&T)**

*(Based upon GAO-13-183, GAO-12-816, and GAO-12-137)*

As computer technology has advanced, federal agencies and our nation's critical infrastructures—such as power distribution, water supply, telecommunications, and emergency services have become increasingly dependent on computerized information systems and electronic data to carry out operations and to process, maintain, and report essential information. 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 (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. Risks to information and communication systems include insider threats from disaffected or careless employees and business partners, escalating and emerging threats from around the globe, the ease of obtaining and using hacking tools, the steady advance in the sophistication of attack technology, and the emergence of new and more destructive attacks.

### **VA's Program Response**

**Estimated Resolution Timeframe: 2015**

**Responsible Agency Official: Deputy Chief Information Officer  
for Information Protection and Risk Management**

### Completed 2014 Milestones

In 2014, the Office of Information and Technology (OI&T) continued its vigilant protection of VA's information systems and cyber critical infrastructures. OI&T provided continuous around-the-clock monitoring of VA's network through the VA Network and Security Operations Center (VA-NSOC), which protects, responds to, and reports threats to information systems. VA implements security for application systems and networks as specified by the Federal Information Security and Management Act and the National Institute of Standards and Technology (NIST), which require that the cyber systems most critical to supporting the mission and functions of VA are properly protected. VA-NSOC prevents 1.7 million viral infections and examines over 1.29 billion web requests annually. In order to ensure that VA's cyber critical infrastructures are able to remain functional in the event of a disaster, VA's Office of Business Continuity (OBC) continued to implement a contingency and disaster recovery process, which is compliant with NIST standards 800-34 and 800-84. OBC also continued to implement a QA review of completed plans and tests to ensure that these processes are monitored and updated as appropriate.

OI&T is a full participant in the VA Integrated Operations Center (IOC), and has developed a Geographic Information Systems (GIS) monitoring program that provides situational awareness on infrastructure systems and assets to ensure that VA can continue providing services to Veterans in the event of a disaster. In May 2014, VA



implemented Web content filtering restrictions to prevent outbound and inbound communications to countries that pose a significant risk, a new policy stemming from a recommendation by the OIG. VA has also been working to centralize security services for the enterprise under VA's Network Security Operations Center (VA-NSOC), which has added a number of tool suites and capabilities to help monitor our critical cyber infrastructure, identify threats and vulnerabilities, defend, and protect VA systems and devices. VA has implemented continuous monitoring and leverages automated scanning results and continuous monitoring data when evaluating system and network security risks, and when making risk decisions for the VA enterprise. VA has also implemented the Trusted Internal Connections initiative to enhance monitoring and awareness of external connections.

#### Planned 2015 Milestones with estimated completion quarter

In 2015, OBC plans to continue to implement our cyber-critical infrastructure protection program consistent with federal guidance and NIST standards, as well as our ongoing initiatives focused on training and educating staff on cyber security issues and best practices. The information contingency plans and disaster recovery plans for all VA systems are being reviewed and updated as necessary to ensure the systems most critical to the accomplishment of VA mission and functions have valid plans in place in order to respond to any disruptions to our cyber infrastructure.

Estimated completion quarter – FY 2015 (Q4)



## 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 a particular area.

### **Improving and Modernizing Federal Disability Programs**

*High-Risk Series: An Update*, GAO-13-283, February 2013.

*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-13-283, February 2013.

### **Managing Federal Real Property**

*High-Risk Series: An Update*, GAO-13-283, February 2013.

*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-13-283, February 2013.

*Medical Devices: FDA Should Expand Its Consideration of Information Security for Certain Types of Devices*. GAO-12-816. Washington, D.C.: August 31, 2012.

*Information Security: Weaknesses Continue Amid New Federal Efforts to Implement Requirements*. GAO-12-137. Washington, D.C.: October 3, 2011.