Meeting Franchise Fund Objectives

Promoting Efficiencies in the Delivery of Common Administrative Services

Information Technology Segment

Federal 100 Information Technology (IT) Professional Award

Federal Computer Week March 2003 edition honored Linda Voges (Director of the AAC) with one of its 2003 Federal 100 awards. The 2003 awards were presented to 100 leaders who made a difference in Federal IT during the 2002 calendar year. The winners were nominated by *Federal Computer Week* readers and selected by an independent panel of judges for their contributions to the development, acquisition, or management of Federal IT. While the award goes to individuals, the judges note that the winners are part of an "all-star team." The award recognizes the AAC's success in achieving high availability, outstanding customer satisfaction results, and receiving the Cyber Security Practitioner of the Year Award, among other efforts.

DoD-VA Sharing

The AAC hosts several important data sharing projects between DoD and VA. The Consolidated Mail Out Pharmacy (CMOP) project allows DoD patients to receive prescription refills using VA CMOP facilities, which has resulted in substantial cost savings to DoD and enhanced revenue for VA. This project is expected to expand to include all DoD medical facilities (approximately 200). The laboratory project is similar to CMOP and allows DoD hospitals to order lab results from VA medical centers and have results transferred back to them securely using a Virtual Private Network hosted at the AAC. If cost savings projections are correct, this program will also see an expansion to include all DoD medical treatment facilities and an expanded number of VA medical centers. DoD is also investigating the benefits of using the DoD-VA gateway at the AAC to transmit images, such as X-ray, CAT scan, and other digitized medical data to VA medical centers for analysis. Such telemedicine projects have already been effective within VA.

Federal Health Information Exchange (FHIE)

The AAC hosts platforms and provides network connectivity for the FHIE system. This system is a data repository that receives information (laboratory results, radiology reports, outpatient prescription data, and selected demographic information) from DoD. To transition to the VA system, the records of approximately 3.7 million servicemembers will be transferred electronically from DoD to the VHA FHIE data repository. This will provide VA access to veterans' previous health information.

Centers Information Processing System

The Centers Information Processing System was a legacy system that originally provided records to NARA's customers over the network or dial-in modem. Customers without dial-in modems called, faxed or mailed written requests for records to NARA. The AAC Web-enabled and implemented the application several years ago, giving it a graphical user interface so that customers can access records over any Web browser.

Converting Medical Registries

Numerous medical registries (Clinical Case Registry, Hepatitis C Registry, Immunological Case Registry, Agent Orange, Persian Gulf, and Ionizing/Radiation) were converted from batch to Web-enabled registries in FY 2003. There are several advantages of Web-based processing including online editing, elimination of user coding errors with on-screen edits, overnight processing submissions, Intranet firewall protection, and next day access to reports. These advantages provide medical treatment facilities with more control over processes.

Workers' Compensation/Occupational Safety and Health Management System

This system is used by VA, GSA, NASA, the Department of Justice, and the Department of State to manage workers' compensation and safety programs. The application was rewritten to be compatible with Windows 2000 and was upgraded to the latest version of the Oracle database software. The new version improves the user interface and security, and reduces future maintenance requirements.

The franchising concept adds value to the government because it empowers self-supporting federal government business entities to promote efficiencies in common administrative services, reduce duplication of effort, foster competition, maintain customer satisfaction, and implement improved financial management and best practices.

As a self-sustaining organization, we do not receive appropriated funds; therefore, we must recover the full cost of our operations through customer revenue obtained from providing common administrative services. It is imperative to deliver high-quality goods and services at competitive prices to stay in business. We must be responsive to our customers on a continuous basis to retain their business. We must also demonstrate good stewardship and promote customer confidence in our ability to conduct business in a responsible way. Independent audits of our operations are conducted and used to ensure management accountability and financial integrity.

We adopted more businesslike practices that enabled us to become more efficient, responsive, and cost conscious. Over the years we have emerged as one of the leaders in the Franchise Fund Pilot Program and a model to be followed by other federal agencies looking to become more entrepreneurial. We have become an integral part of the federal evolution of working better and costing less.

Today, with the growing number of fee-for-service government agencies, federal customers can exercise choice about what services to buy and where to buy them. Because services are no longer "free," the federal community is becoming more fiscally aware and is demanding quality services. This has placed competitive pressure on us to increase efficiency, improve performance, and enhance value to maintain and expand our customer base.

As a full-service provider, we are creating a customer-focused environment where business plans, performance measures, financial stewardship, and competition are integral to our continued success.

Meeting Franchise Fund Objectives

Promoting Efficiencies in the Delivery of Common Administrative Services

Information Technology Segment

Moving Forward with Business Continuity Efforts

The AAC will work to ensure mission-critical and essential data is available in the event of a disaster. The AAC continues to move forward with its business continuity efforts. The long-range goal of this effort is Corporate Data Center Integration (CDCI). CDCI will provide the AAC with enterprise fail-over capabilities, enhancing data availability for mission-critical applications, and providing hot site backup solutions to customers. The AAC plans to develop a tiered service allowing mission-critical enterprise business functions and key enabling functions to be supported at a higher level of service while keeping more cost-effective options available for routine activities such as historical repositories used for analysis.

CDCI Lead Project Manager

The AAC serves as the lead project manager for the CDCI with the Continuity of Operations (COOP) planning project. The AAC stresses its business continuity planning by working with customers to find cost-effective alternatives, like remote electronic vaulting, to the more traditional disaster recovery/business continuity process, which will allow shortened recovery time and recovery point objectives. This will enable the AAC to meet Presidential Decision Directive 67, which requires mission-critical systems be restored within 12 hours. In addition, this initiative provides an infrastructure capable of supporting the electronic collection and storage of data under the Government Paperwork Reduction Act.

Upgrading Infrastructure Management

To continue to offer customers the most cost-effective, state-of-the-art environment, the AAC continually upgrades and maintains its technical infrastructure "just in time." The upgrade and maintenance of the infrastructure is typically transparent to the customer. The AAC constantly monitors the infrastructure in support of this endeavor. The AAC successfully upgraded its enterprise server to an IBM z900 Model 2C5 server capable of executing 1,305 million instructions per second. The AAC has also upgraded the enterprise server operating system to z/OS (the newest operating system for IBM mainframes). This brings the AAC to industry standards for enterprise servers. Future plans for infrastructure maintenance include consolidating data for multiple customers on the open system servers, raising the mark on high systems availability, and leveraging costs by providing enterprise-wide hardware and software solutions.

Requesting Accession Numbers Online

A project to Web-enable the process of requesting accession numbers and recalls is expected to be available in FY 2004. This project will allow customers to complete requests electronically and receive accession numbers and other information over the

Web. Not only will this project result in faster and more accurate services to customers, it will eliminate several manual recordkeeping steps at the RC&V, resulting in significant labor savings.

Expanding the RC&V Facility

The RC&V began a facility expansion project in October 2002 that will provide needed capacity through FY 2005. The expansion involved building two 50,000-square foot storage bays adjacent to the current location to accommodate the VHA Relocation Project as well as the growth in the VHA records inventory as a result of new accessions.

Managing the VHA Records Relocation Project

The AAC's management of the RC&V continues to move it in the direction of business and financial viability. The VHA Records Relocation Project, involving transporting nearly a million cubic feet of records from NARA to the RC&V, continues to be a success. This project, which began in May 2002, is targeted for completion in August 2004.

Staff at NARA and the RC&V have worked closely together over the past 3 years to coordinate the shipment of as many as 14 truckloads of records per week in a way that minimized the disruption of NARA activities while making optimal use of resources at the RC&V. At the same time, VHA facilities began shipping newly retired records to the RC&V rather than NARA. The success of this endeavor is a tribute to the excellent working relationships among the RC&V staff, NARA, and our VHA customers. At the end of FY 2003, this project was 77 percent completed.

The AAC developed a Web-enabled database of the records shipped to the RC&V, which allows its owners to determine the location of their records during the VHA Records Relocation Project. In addition, specific detailed instructions on how the transition would occur, as well as how to ship records to the RC&V are available. This database is expected to minimize disruption in records management and afford access to information 24 hours a day, 7 days a week.

The value of a records storage facility is defined by its ability to quickly retrieve and return records to customers when requested. The RC&V excels in this area, attaining a 99 percent success rate for retrieving records within established timeframes. Despite the complexity of VHA's Relocation Project and the challenges encountered, service has remained a top priority.

Meeting Franchise Fund Objectives

Promoting Efficiencies in the Delivery of Common Administrative Services

Financial Management Segment

Implementing a Collection Strategy

The DMC implemented a dynamic collection strategy aimed at reducing costs by generating fewer collection notices. Letters were revamped to be more reader friendly, informative and direct. As a result, the collection cycle is expected to be shortened and more cost-effective.

Collecting Credit Card Collections Online

The DMC submitted a participation agreement and Internet processing amendment to the Bank of America (Department of the Treasury's contractor) for online credit card processing. This is the starting point for planning the DMC's participation in a governmentwide effort to have credit card payments to federal agencies accepted via the Internet. Ultimately, the DMC intends to make it possible for debtors to pay their debts online with credit cards and debits from their checking accounts. Online credit card payments will offer a simple, convenient payment option to veterans. It will be fully automated, therefore, totally eliminating human intervention from point of entry to the actual application of payment.

Currently, credit card payments (MasterCard, VISA, American Express and Discover) are accepted by the DMC's toll-free telephone service. This year alone, the DMC responded to over 267,000 calls, with a lost call rate of only 2 percent, which resulted in $2.1 million in collections, a 17 percent increase over FY 2002 collections of $1.7 million.

Streamlining Payment Operations to Vendors

Several VA services (the Veterans Canteen Service, Denver Distribution Center, VBA Loan Guaranty, Personnel and Accounting Integrated Data (PAID) State Tax, and Financial Management System (FMS) Payment Processing) have been streamlined by moving operations from a paper-based system to electronic data interchange (EDI)/electronic funds transfer (EFT). Of the approximately 5.9 million total payments made to vendors in FY 2003, 3.5 million were processed by EFT. To date, a total of $10.1 billion has been paid to vendors—$7.2 billion of those payments were made by EFT.

Improving Online Certifications

The FSC has continued to improve their online certification process, which allows invoices greater than $2,500 to be certified electronically and sent for payment. The On Line Certification System allows the FSC to notify certifying officials via e-mail of any invoices requiring payment certification. Through the Intranet, the certifying official can view, certify, and forward the invoice to the FSC for payment processing,

Promoting Efficiencies in the Delivery of Common Administrative Services

reducing the processing time to hours rather than days. In FY 2003, a total of 3,160 individuals were assigned user IDs to access the system. This automated process has and will continue to reduce interest penalty payments for the Department.

During FY 2004, the FSC plans to expand the certified invoices service throughout VHA and will implement the online system at all facilities as part of VHA's payment centralization initiative. Additionally, the FSC is developing an Internet-based application, which will be marketed to potential OGA customers.

Improving Vendor Payments

VA continued to significantly improve vendor payment processes throughout FY 2003. The Department processed 5.9 million invoices subject to the Prompt Payment Act, worth over $10.1 billion, with nearly 97 percent paid on time. In FY 2003, interest payments VA-wide declined from $1.3 million to $907,000, a 34 percent improvement over 2002 levels. At the same time, discounts earned increased by $526,000 (30 percent) over FY 2002 levels and we expect this improved performance level to continue. Combined, payment processing improvements saved VA $996,000.

Handling Vendor Inquiries

The FSC handles invoices for some 350,000 commercial vendors who supply goods and services to VA's 162 medical centers, 57 regional offices, and 120 national cemeteries nationwide.

The FSC provides vendor payment history on the Internet. By visiting the Vendor Inquiry System, vendors can query online for payment status on pending invoices and payment history on paid invoices. This application stores 4 years of information on invoices. By the end of FY 2003, there were 5,080 registered vendors who conducted over 105,300 queries to assist them with payment identification.

Processing Vendor Payments

Currently, the FSC's payment accuracy rate is 98.9 percent and their payment timeliness rate is 98.6 percent. The FSC believes there is room to improve upon these statistics and they will continue to raise the bar on their financial performance. Performance measures and metrics are incorporated into customer agreements and the FSC will routinely assess performance in relation to the established measures.

Promoting Efficiencies in the Delivery of Common Administrative Services

Financial Management Segment

Revolutionizing Matching and Reconciliations

The FSC introduced FASMatch, a new matching and reconciliation tool that can reconcile accounts receivable, accounts payable, fixed assets, inventories, patient records/accounts, and management reporting, and automate data collection. FASMatch revolutionizes the matching and reconciliation needs across multiple files and complex systems. It automates manual matching of deposits and disbursements, and produces, manages, and reconciles the Statement of Transactions Report (SF-224).

FASMatch was heavily used in the FY 2003 Annual Close process. It was a key contributor in leading VA to its fifth consecutive unqualified "clean" audit opinion and the VA Franchise Fund to its sixth consecutive unqualified "clean" audit opinion. It is also used in the vendor file update and maintenance process and has been found to be a great success in identifying and controlling duplicate payments.

Processing Medical Claims

In February 2003, the FSC began providing the Division of Immigration Health Services (DIHS) with an integrated, end-to-end medical claims payment-processing application in conjunction with document processing through an Optical Character Reader. State-of-the-art technology is being applied through the utilization of Plexis Healthcare System's Plexis Claims Manager and Dakota Imaging's TRScan forms application. Features and benefits of this technology include:

- Automated forms recognition and image enhancement
- Data entry cost reduction and improved accuracy
- Management of unlimited fee schedules
- Web-based referral/authorization system
- Robust medical data collection and reporting

This application truly represents a full life cycle—automated service from the time an invoice reaches the FSC through generation of payment—and is in full compliance with the Prompt Payment Act and the Health Insurance Portability and Accountability Act. Our staff certifies payment files daily prior to disbursement. The system also generates an Explanation of Benefits (EOB) file, which enables Treasury to enclose an EOB to the provider with each payment.

DIHS and the FSC expanded their partnership with the establishment of a Preferred Provider Network (PPN) agreement in May 2003. Under this agreement, the FSC is responsible for the establishment and maintenance of the PPN to ensure that medical and ancillary services are available to the detainee population for which DIHS orders managed care services. An individual was hired in June 2003 to manage the PPN activities. After determining the current level of access, additional providers will be recruited to augment and further develop the PPN to meet the healthcare needs of the detainees.

Promoting Efficiencies in the Delivery of Common Administrative Services

Supporting VA's e-Travel Initiative

During 2003, VA began implementing a new electronic travel system, known as e-Travel. This system allows travelers and/or alternate preparers to prepare and submit travel authorities and expense reports using a Web-based system. The FSC is currently facilitating the data conversion effort, conducting user training VA-wide, serving as the contracting officer's technical representative (COTR), providing help desk support, and providing global systems administration functions. Once the e-Travel package is fully implemented VA-wide, the FSC will provide user help desk and systems administration services as necessary and will continue to serve as the COTR.

Audit Recovery and Initiating Payment Collections

Proactive in identifying overpayments and initiating collection actions, the FSC's successful audit recovery program consolidates the identification of overpayments made by VA field stations. This effort reduces the administrative costs of collection for all VA facilities and fulfills the requirements of the National Defense Authorization Act of FY 2002, which states that agencies with $500 million in annual procurements must conduct recovery audits focused on overpayments. We monitor payments on a daily basis, including a review of all potential duplicate payments, vendor statements, and high dollar payments, thus allowing the cancellation of duplicate payments for VA field stations prior to payment by Treasury. This avoids sending collection bills to vendors, and saves additional administrative time and effort for personnel at all VA facilities while ensuring money remains in VA accounts.

In accordance with Public Law 107-107 (Recovery Audits), the FSC performs a daily review of potential duplicate vendor payments to identify, prevent, and recover funds erroneously paid to vendors. In order to maintain VA internal controls, the FSC staff reviews daily reports created from tables in FMS and conducts payment history searches for potential duplicate payments. Whenever possible, scheduled payments are cancelled before Treasury issues the payment. Vendor statements are also reviewed to ensure that outstanding prior year credits are properly utilized.

VA surpassed its target goal of $2.3 million total audit recovery collections. FY 2003 collections of duplicate payments and the recovery of applied vendor statements credits increased $771,000 (34 percent) over FY 2002 levels, and FY 2003 collections were $3.0 million. Improved payment oversight has also driven a 41 percent reduction in duplicate payments identified and cancelled prior to disbursement, compared to FY 2002 levels.

Meeting Franchise Fund Objectives

Promoting Efficiencies in the Delivery of Common Administrative Services

Security and Law Enforcement Segment

Expanding Fingerprint Capability

The SIC will be utilizing Live Scan Fingerprint capability in November 2003, which electronically links to OPM and eliminates the manual screening process currently performed by the Federal Bureau of Investigation (FBI). The Live Scan Classification Management System model will allow the SIC processors to take flawless fingerprint images using revolutionary optical and lighting screens, as well as input personal data, and electronically transmit data to OPM. Print images yield near-perfect images and drastically lower rejection rates by OPM and the FBI. In addition, fingerprints will be classified and arrest data will be obtained within 24-48 hours, as opposed to 30 days associated with the manual process. Prompt notification allows the SIC to alert VA field stations of employee arrest reports, outstanding warrants, and state-wide notification listings.

Replacing Manual Process with Online Security Eligibility

The SIC will be replacing its manual processing of paperwork with an online security eligibility system that will electronically route forms to employees who require national security clearances or public trust eligibility in FY 2004. With the implementation of this system, employees will be able to complete and submit forms online for review. The use of this system will reduce the processing time from the SIC to OPM from 2 weeks to 2-3 days. Customers will appreciate a tremendous cost savings and the SIC will reduce its man-hours required to send follow-up notices. Further, the system will be designed to prompt employees who have not completed the forms by the specified suspense deadline. The use of online forms is estimated to decrease processing time by 30 days.

Successfully Arming VA Police Officers

VA approved the arming of VA police at its medical centers in March 1999. The arming initiative was scheduled for completion by the end of FY 2004. At the direction of the Secretary, the initiative was accelerated in FY 2001. In an effort to meet the Secretary's goal, over the last 3 years, the SIC worked closely with the LETC to expeditiously process background investigations which enabled the LETC to meet its goal of completing the firearms initiative by the end of FY 2003—a full year ahead of schedule.

Promoting Efficiencies in the Delivery of Common Administrative Services

Opening a New Training Facility

After 2 years of construction, the LETC completed an extensive construction project in September 2002. The LETC now houses state-of-the-art computer-operated and controlled firing range positions, an armory, weapons cleaning area, administrative offices and classrooms. The success of this endeavor is a tribute to the excellent working relationships among the LETC, Little Rock Medical Center and their contractors. The addition has made it easier to conduct firearms training and police officer survival tactics.

Developing Refresher Training Course

The LETC plays a vital role in helping VA's law enforcement community meet their training needs. During FY 2002, the Deputy Assistant Secretary for Security and Law Enforcement directed the LETC to develop and implement an 80-hour refresher-training course for all VA police officers who received training prior to 1986. The goal of this initiative is to bring all VA police officers up to the same training standard. In an effort to achieve this goal, the LETC began developing the curriculum and allocating resources in FY 2002 and completed the necessary requirements in FY 2003. The training program will be implemented in FY 2004 and the LETC will be training a total of 751 police officers over a 3-year period (300 in FY 2004 and FY 2005 and 151 in FY 2006).

Meeting Franchise Fund Objectives

Reducing Duplication of Effort

Information Technology Segment

Participating in Enterprise Initiatives

The AAC is reducing duplication of efforts by actively participating in several enterprise initiatives that will eliminate the development of redundant or duplicate systems. The AAC participates on several of the Enterprise Architecture (EA) teams, defining infrastructure improvements and technical reference material included in the OneVA EA Projects. The AAC provides professional and processing services to several OneVA IT investment projects including, Personnel and Accounting Integrated Data (PAID), Core Financial and Logistics System (CoreFLS), Health Data Repository (HDR), Telecommunications Modernization Project (TMP), Veterans Services Network (VETSNET), and Customer Relationship Management (CRM) for the OneVA Registration and Eligibility and Contact Management process.

Actual implementation of some of the EA projects will be staged over the next 3 to 5 years. The EA drives and supports VA's mission by:

- Improving and enhancing VA's delivery of service to veterans
- Eliminating the development of redundant or duplicate systems across service divisions
- Improving IT accountability and cost containment
- Ensuring that the developing IT asset base is built upon widely accepted industry standards and best practices

Supporting VA's Personnel and Accounting Integrated Data (PAID)

In FY 2003, the AAC completed more than 80 different service requests initiated by the PAID Change Control Board in order to "bring PAID current". The AAC also implemented a series of new interfaces that allow PAID to communicate with OPM's Employee Express (EEX). EEX is an automated system that enables VA employees to electronically initiate the processing of discretionary human resources/payroll transactions. EEX advances the e-government strategy by allowing employees to use the Internet as a primary means to conduct human resources and benefit transactions with VA.

Supporting Core Financial and Logistics System (CoreFLS)

VA is in the process of replacing its core financial management and logistics systems and many of the legacy stovepipe systems interfacing with them with an integrated, commercial off-the-self (COTS) package—CoreFLS. CoreFLS will help VA address and correct management and financial weaknesses in transactions from VA systems, provide necessary financial support for credit reform initiatives, and improve automated analytical and reconciliation tools.

Reducing Duplication of Effort

From a long-term financial systems viewpoint, the FSC's support of the CoreFLS initiative is crucial to improve VA financial systems integration and the ability to provide a full range of accounting services to VA and OGAs. The FSC's expertise was instrumental in other VA financial management system transitions and they have proven to be vital to the successful development and implementation of CoreFLS. The FSC actively assists the CoreFLS project office in the testing program and supports the vendor file cleanup area by providing subject-matter expertise, help desk functionality and common administrative support services. The AAC also supports this effort by providing dedicated open systems platform support software, database administrator support, and Tier 1 (first-contact) help desk support.

Health Data Repository (HDR)

The AAC supports VHA's HDR by participating in prototype testing of this COTS software currently used by DoD. The overall goal of the HDR prototype project is to plan and propose the development of a repository of health information that resides on one or more independent platforms for use by VHA clinicians and other personnel in support of patient-centric care. The data to be stored in the repository will serve as a system-wide longitudinal record that supports warehouses and data marts, and replaces existing Veterans Health Information Systems and Technology Architecture feeds to national systems such as the Decision Support System and National Patient Care Database.

My HealtheVet

The AAC provided staff to support and assist with the project planning, definition of hardware requirements, preparation of security documentation, configuration management, and implementation/systems administration of the initiative known as Customer Relationship Management (CRM) for OneVA Registration and Eligibility and Contact Management, My Healthe Vet. This project will enable veterans to perform "one stop shopping" in locating VA services. It is an Oracle-based system that will support the rapid location of relevant VA resources and services. This Web-based service will become available to veterans in November 2003.

Meeting Franchise Fund Objectives

Reducing Duplication of Effort

Information Technology Segment

VBA Corporate Support

During FY 2003, the AAC provided additional hardware for VBA to establish a batch-processing domain. The AAC acquired and made operational a platform that mirrors the AAC production environment and placed it at the Hines, Illinois, information technology center as an alternate failover site in the event of a disaster. The AAC conducted disaster recovery testing for VBA's production applications. This platform has the capacity to provide a functional production-sized test environment, and negotiations are currently underway with VBA to establish a full production test environment for VBA corporate applications.

Veterans Service Network (VETSNET)

The AAC is coordinating a major effort to migrate many of VBA's legacy systems into the integrated information system, VETSNET. When fully implemented, VETSNET is intended to meet the critical needs of veterans and their beneficiaries who receive benefits and services from VBA. VETSNET will move VBA to an online processing environment.

Telecommunications Modernization Project (TMP)

The TMP provides state-of-the-art wide area network technology to support the transportation of information across VA business lines. The AAC plays a pivotal position in VA networking, which is reflected in the TMP design that ensures that all VA facilities can access the AAC with a minimal number of network "hops." The AAC will continue to add high-speed data lines and capabilities for an increasing number of OneVA projects, such as CoreFLS and HDR, which will be housed at the AAC.

Enterprise Cyber Security Infrastructure Program (ECSIP)

The ECSIP, a VA Office of Cyber Security project, was the first step in meeting VA's priority to secure its computing enterprise against attacks. The mission of this project is to centrally develop and deploy standardized solutions for common security requirements and functions to improve the overall security posture of the VA IT enterprise. ECSIP provides enterprise-wide security and Virtual Private Network (VPN) services for VA. The AAC was the first pilot site for ECSIP and is host to the national ECSIP OneVA VPN. ECSIP provides firewall services, intrusion detection monitoring, content filtering, virus protection and other security services to ensure that data passing through the ECSIP portal is protected. The Office of Cyber Security monitors ECSIP 24 hours a day.

Reducing Duplication of Effort

Financial Management Segment

Matching VHA's Composite Files

The DMC matches a composite file of VHA's delinquent first-party medical debts against benefit files to determine if administrative offset is available. From a centralized database, the DMC initiates offset action and refers funds to the appropriate center for application. This process relieves each medical center of the responsibility for sending letters and establishing administrative offsets.

Automating the Process of Referring Delinquent Accounts

The DMC automated the process of referring delinquent accounts to credit reporting agencies when the accounts become eligible. The debtor is warned in a second collection letter that failure to liquidate the debt could result in referral. The DMC automatically refers eligible debts on a monthly basis to various credit reporting agencies. At the end of FY 2003, delinquent debt referrals totaled $233 million.

Referring Delinquent Debts to the Credit Alert Interactive Voice Response System (CAIVRS)

OMB requires federal agencies to refer delinquent debts to CAIVRS, which is a database of delinquent debts maintained by the Department of Housing and Urban Development. Any lender issuing a government-guaranteed loan must first check this database to see if the individual has a delinquent debt with the Government. If so, that information is considered in the underwriting process for the new loan. The DMC automatically refers delinquent accounts to CAIVRS on a monthly basis. At the end of FY 2003, referrals totaled $116 million.

Referring Delinquent Debts to Treasury Offset Program

The DMC refers delinquent debts to the Treasury Offset Program. Rather than having each medical facility prepare its own referral file, the DMC has VHA refer eligible debts electronically to a hold file where they are consolidated and then merged with VBA benefit debt referrals. This allows for one referral from the Department and eliminates the need for a separate referral to Treasury from each facility.

Centralizing Vendor Payments

By the end of January 2004, all certified payments at VA Central Office and Veterans Integrated Service Networks (VISN) will have transferred to the FSC. By centralizing these payments at the FSC, VA will benefit from increased economies of scale and other efficiencies, increased discounts accrued, and decreased interest penalty payments.

Meeting Franchise Fund Objectives

Financial Management Segment

Centralizing Permanent Change of Station (PCS) Financial Processing

In April 2003, all financial processing of VA PCS travel was centralized at the FSC. The FSC provides expert guidance and assistance to VA employees throughout this complex process—thereby easing the stress surrounding a relocation, improving accuracy, and providing VA with enhanced internal controls over the bills of collection process. Processes covered under this centralization initiative include:

- Bills of Collection Process
- Travel Clerk Function
- PCS Payment and Audit Services
- Liaison for Relocation Services and Move Management
- Liaison for Real Estate Reasonableness Review

This initiative streamlines the PCS move process and ensures the employee receives consistent PCS entitlement counseling. This will ultimately prevent improper entitlements and ensure a higher satisfaction level for employees. The FSC also established a Travel Help Desk to assist employees with travel issues. During FY 2003, the FSC facilitated a total of 596 PCS moves, of which 405 occurred since the centralization of PCS at the FSC. The FSC also processed 13 PCS moves for the Department of the Interior's Office of the Inspector General.

Reducing Duplication of Effort

Reducing Duplication of Effort

Security and Law Enforcement Segment

Centralizing Records Management

In an effort to better serve the VA, the LETC is working with the AAC to develop a centralized Records Management System for the Office of Security and Law Enforcement and the individual Police Services at the medical centers. This system will house all law enforcement-related information to include offense reports, daily police journals, physical security assessments, police training data, firearms and baton instructor lesson plans, and testing material and weapons qualification and inventory information. It will improve the efficiency of the individual police officers and provide senior management with an excellent tool for gathering law enforcement-related statistical information and will also provide the ability to track trends in general criminal activity and physical security deficiencies. The system also has the potential to fit the automation needs of other federal law enforcement agencies, and after implementation throughout VA, it will be marketed as a product line to outside customers.

Meeting Franchise Fund Objectives

Fostering Competition

An underlying tenet of entrepreneurial government is competion. Competition spurs efficiency and encourages market participants to provide the best-value products and services to meet customer needs. We are not a mandatory source offeror; therefore, we must compete in the federal marketplace in the best interest of our federal clients. Federal agencies are seeking the most economical and best-valued source to support their programs. We must have a clear sense of where we are now and where we hope to go, especially in relation to our competitors. This has placed competitive pressure on us to increase our efficiency and improve performance to keep our existing customers and attract new ones.

Acquiring a Greater Share in the Federal Marketplace

Acquiring a greater share of the federal marketplace continues to be a challenge for us. We are aggressively leveraging technology and improving customer service and efficiency to expand our services to enable OGAs to streamline their operations and concentrate on their core mission. Overall, the Fund's total revenue grew by more than $66 million. This impressive increase in total revenue is attributed to our 17 percent increase in OGA business. Of the six Enterprise Centers, the two largest (the AAC and FSC) acquired the most OGA business in FY 2003—$9 million and $37 million, respectively.

We will continue to reach across Departmental boundaries for opportunities and innovative ways to increase our OGA business. As we refine our marketing strategies and expand our product offerings, we will continue to form new partnerships.

Establishing BuyIT.Gov

The AAC will establish BuyIT.Gov, a Federal Acquisition Center, as its own product line to assist OGAs in acquiring supplies and services for their programs. There are ample opportunities in this market to help OGAs with acquisition services and awarding contracts to private industry. Strategies for the future include:

- Expanding acquisition services to OGAs focusing on the federal technology market
- Soliciting and awarding Global IT Support Services contracts
- Providing acquisition services for security and all related initiatives to OGA customers
- Providing acquisition services for e-government and all related initiatives to OGA customers

FRANCHISE FUND OBJECTIVES

Exploring Federal Business Opportunities (FedBizOpps)

Working in concert with OMB's enhanced focus on public-private competition for business, the FSC formed a team to prepare proposals to government solicitations. By establishing this capability, the FSC will be well positioned to respond to a FedBizOpps request for proposal in an attempt to acquire additional business.

Hosting Mid-Atlantic Cooperative Administrative Support Unit (CASU)

The FSC became the new host for the Mid-Atlantic CASU in FY 2003. The Mid-Atlantic CASU (based in New York, NY; Pittsburgh, PA; and Washington, DC) is a customer-driven organization that tailors its product lines to meet customer needs through high quality, low cost services, with quick turnaround response. The Mid-Atlantic CASU provides temporary help services for administrative assistance; cost-per-copy services for copier machines, bulk paper and laser cartridges; purchase services for copiers; and employee assistance program services to its present customer base of 287 federal organizations. CASUs provide the federal community with discounted services through the economies of scale gained by the volume of business they provide to their vendors. This program remains a very stable and reliable source for support services within the federal marketplace and provides an effective means for federal agencies to support the Administration's focus on competitive sourcing.

Taking on More Business

During the past 2 years, the LETC slightly decreased its external business in order to meet the increased demand from its primary customer (VHA). With the successful completion of VA's firearms initiative in FY 2003 and the addition of a large training facility, the LETC can take on more business. Basic Police Officer training has proven to be an attractive product line. It is sought out by federal agencies that have the same customer-oriented vision of policing as VA, but have been underserved by the federal law enforcement training community.

Meeting Franchise Fund Objectives

Recovering Full Cost

As a financially self-sustaining organization, we do not receive appropriated funds; therefore, to stay in business we must recover the full cost of our operations through customer revenue.

Annual Business Planning

One of the first things we had to do upon becoming a Franchise Fund entity was to understand our own costs and ensure that we collected enough revenue to cover operational costs. Prior to becoming a fee-for-service organization, we were not required to develop business plans. Now each center submits a business plan for its operations annually. Establishing a business planning process was a key success factor for the VA Franchise Fund. Business planning also affords us a tool to identify trends and new business opportunities. Each year, we look for new ways to improve our business planning to address the current and future needs of our customers. The Enterprise Fund Office serves as a conduit between VA's Franchise Fund Board of Directors and the Enterprise Centers in overseeing the overall process associated with annual business plan updates.

Generating Revenue to Cover Operating Expenses

We have been able to price our services in a competitive manner. FY 2003 has been our most successful year. The Fund generated total revenues of $202 million to cover its $184 million in total operating expenses. Our revenue is comprised of three major segments (information technology, financial management, and security and law enforcement). The information technology segment generated 60 percent ($121 million) of the revenue, while the financial management and security and law enforcement segments generated 37 percent ($75 million) and 3 percent ($6 million), respectively. We are proud of this performance and we look forward to maintaining it in future years.

Maintaining Customer Satisfaction

Information Technology Segment

In addition to encouraging customer feedback throughout the year, the AAC customer satisfaction is independently measured annually. The AAC conducted a comprehensive customer satisfaction survey during the fourth quarter of FY 2003. A professional firm, Gartner Measurement, a division of Gartner under contract to the AAC, designed and conducted the survey, then reported the results. The AAC scored solidly in the top 10 percent of Gartner Measurement's Information Technology Customer Satisfaction database with an overall satisfaction rating of 4.10 out of 5.00, achieving a "best in class" rating and well surpassing the database average of 3.58 for all 143 private and public sector organizations in Gartner's database.

Financial Management Segment

In the DMC's line of business, customer satisfaction can be clearly measured by the amount of negative comments received from customers. If customers are served properly, complaints are minimized. The corrective actions taken to improve performance depend on the complaints identified. We continually review processes and procedures to ensure that the most cost-effective, efficient means are being used.

Utilizing SurveyPro.com software enables the FSC to obtain feedback from customers by product line. Web-based surveys are part of an ongoing program to measure and benchmark overall customer satisfaction, timeliness, and effectiveness of product line service delivery. Customers have a convenient way to rate different aspects of product lines on a scale of 1 (poor) to 5 (outstanding). Management reviews the survey data to gauge customer satisfaction and to better understand customer requirements. Meeting and exceeding customer expectations is critical to our success, and our customer survey data is a quantifiable tool to benchmark how we are doing in this regard. In FY 2003, the FSC scored 4.1 out of 5.00.

Security and Law Enforcement Segment

The LETC receives immediate feedback through student critiques that are distributed at the completion of each course. In addition to critiques being provided to the students, feedback is sought from Chiefs of Police concerning the performance of their officers after having attended our training program.

The SIC receives praise and thanks from customers via e-mail and in person. The SIC is in the process of developing a standardized survey to accurately measure customer service levels.

Meeting Franchise Fund Objectives

Maintaining Customer Satisfaction

Customer Testimonials

"With the many years that I have dealt with the AAC, I strongly feel that the staff is doing an excellent job in fulfilling all my needs in running online and batch jobs. When I have encountered problems and contacted the staff, everyone that I have spoken to at the AAC has a positive attitude and are eager to help. I feel that all the staff needs to be commended for running and maintaining such a complex computer system."

2003 AAC Customer Survey Participant
VHA

"We had our first workgroup meeting yesterday with the Office of the Detention Trustee and we were the only ones who submitted their claims data on time. We are also the only ones who have a Provider Network component and authorization system. We looked REALLY good! Thanks so much to the FSC staff for all they've done in support of this effort. It made a difference."

Captain Nina Dozoretz
Division of Immigration Health Services

"Wow—I ran a report and there were no past due bills…Kudos to Austin!! I REALLY appreciate the hard work the Finance Center is doing to facilitate timely bill payments to Cendant Mobility."

Mary Kosowski, CRP
Account Manager
Cendant Mobility, Bethesda, Maryland

"It is a good day in the VISN. The Monthly Interest & Discount Report shows that we have now obtained an 83.4 percent reduction in losses based on our benchmark of FY 2000. I give credit to our reaching this next level to the FSC's commitment to helping us to take advantage of discounts. A special "Atta Girl" to Susan Reynolds. She informed me of her being on a special team working on this problem and, when I identified some problem areas, she did whatever she did and now this month (May 2003) we are at a 85.3 percent efficiency on taking discounts—another all time record for us."

George Cude
VISN 22 Network Business Center

Maintaining Customer Satisfaction

"As busy as most fiscal people are at this time of the year I still wanted to take time to tell you how much I appreciate the work you and the staff at the FSC are doing in the Credit Recovery Program. The work your office does has great benefit for the Department. Resources that would otherwise be lost are restored to facilities to be used to support programs benefiting veterans. I'm also impressed with the efficiency of your organization. The work you do was previously handled by a private sector vendor. You not only do the same work faster but at less cost. I'm sure your group will keep up the good work whether or not it's recognized, but I wanted to be sure you knew that you've earned my respect and appreciation."

Steve Graves
Office of Acquisition and Materiel Management
VA Central Office, Washington, DC

"Just a quick note to let you know of the great support I have received from the FSC. Your staff's assistance in all fiscal matters is greatly appreciated! When they are asked about the status of anything for the Cemetery, they do all in their power to get me an answer. Fiscal year close out has been great for over four years for Station 898, because of their contributions. You are lucky to have a staff of this caliber working on your team!

In a world as fast and as complex as the one we live in today time is always taken to complain but seldom taken to give a job well done! FSC staff has done just that and more.

Your assistance is greatly appreciated!"

Bill Livingston
Director
Los Angeles National Cemetery Administration

"I wanted to let you know that your staff provided EES with great coverage in the absence of our regular contact. You know me, I'm not shy about what I say when things are screwed up and I wanted to let you know that I'm not shy about letting you know when things work good too. They (two staff members who stepped in) are caring individuals and have provided great customer service to EES. It is nice to know that we now will have others to go to when we need things done or fixed instead of putting the full burden on our regular contact only. Thanks again."

Jackie Sparks
VA Employee Education System (EES)

Meeting Franchise Fund Objectives

Maintaining Customer Satisfaction

Customer Testimonials

"The quality of training provided by the LETC has increased significantly in the past few years. My officers return from the school with a clear understanding of their role in serving the veteran."

Jeff Kaufman
VISN 4 Chief of Police
VA Medical Center, Philadelphia

"The majority of my officers came to us directly from military police units and were unaccustomed to the concept of service oriented policing. After attending the training program at the LETC, they return with a full understanding of how to handle customers in stressful situations."

William Devaney
Provost Marshal
Tripler Army Medical Center, Hawaii

"Staff at the RC&V continue to offer quality service in the storage, recall, and transfer of VHA records. VHA is anticipating successful completion of the relocation of all VHA records from 14 NARA Federal Records facilities to the RC&V in FY 2004."

Louise Papile
Special Assistant for Network Support
VHA, VA Central Office, Washington, DC

"Thanks Sherri for your positive attitude and assistance. We'll keep you informed on items necessary to process the large number of Security Checks that require the approval of the Secretary."

Karen Guile
Chief, Operations Division, Human Resources Service
VA Central Office, Washington, DC

FRANCHISE FUND OBJECTIVES

Our objective is to improve the overall governance and performance of the Fund 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.

Overseeing the Fund

As our program matured, we adopted more businesslike practices, which enabled us to become more efficient, responsive, and cost conscious. The Franchise Fund Board of Directors and VA's Business Oversight Board oversee key issues that affect the Fund's ability to execute program and fiduciary responsibilities.

The Franchise Fund Board of Directors represents the major organizations within VA, including VHA, VBA, NCA, and staff offices. The Chairman of the Board is VA's Chief Financial Officer. The Board takes an active role in providing business oversight. Significant Board responsibilities include reviewing and approving the addition and/or deletion of Enterprise Centers, annual budgets and rates, capital projects, and revisions to the Franchise Fund Charter.

In addition to the Board, the Fund receives direction from VA's Business Oversight Board. This Board serves as the Department's senior management forum on all VA business activities and is chaired by the Secretary of Veterans Affairs. Its mission is to review and oversee the performance, efficiency and effectiveness of Department business processes. Specific activities include identifying, monitoring and managing key business issues facing VA; reviewing and approving the Department's business activities planning, performance planning, and performance reporting documents; and monitoring business processes and goal attainment.

Engaging an Accounting Firm

In FY 1998 and each year thereafter, we have engaged a private sector accounting firm to audit the financial statements of the VA Franchise Fund. Our sixth consecutive unqualified "clean" audit opinion attests to our financial integrity.

In FY 2003, the FSC used FASMatch, a data matching, reconciliation, and resolution tool to improve our financial accountability. FASMatch's capabilities greatly enhanced the audit of the Statement of Transactions Report (SF-224) reconciliation with data integrity, and the system provides and maintains a complete and clear individual record audit trail. FASMatch has been an invaluable asset in enhancing our financial accountability, and we will continue to leverage its capabilities in the future.