Department of Veterans Affairs
Veterans Health Administration
Washington, DC 20420

VHA DIRECTIVE 1217
Transmittal Sheet
September 10, 2021

VHA CENTRAL OFFICE OPERATING UNITS

1. REASON FOR ISSUE: This Veterans Health Administration (VHA) directive sets forth the roles, responsibilities, and decision rights for VHA Central Office (VHACO) Operating Units.

2. SUMMARY OF CONTENT: This directive provides policy on VHA Principal Office and Program Office responsibilities at VHACO.

3. RELATED ISSUES: VHA Directive 1217.01, VHA Central Office Governance Board, dated September 10, 2021.

4. RESPONSIBLE OFFICE: VHA, Office of Regulations, Appeals and Policy, (10BRAP) is responsible for the contents of this VHA directive. Questions may be referred to 10BRAP: VHA10BRAPRegulationsAppealsandPolicy@va.gov.

5. RESCISSION: None.

6. RECERTIFICATION: This VHA directive is scheduled for recertification on or before the last working day of September 2026. This VHA directive will continue to serve as national VHA policy until it is recertified or rescinded.

BY DIRECTION OF THE OFFICE OF THE UNDER SECRETARY FOR HEALTH:

/s/ Steven L. Lieberman, M.D.
Deputy to the Deputy Under Secretary for Health Performing the Delegable Duties of the Under Secretary for Health

NOTE: *All references herein to VA and VHA documents incorporate by reference subsequent VA and VHA documents on the same or similar subject matter***.**

DISTRIBUTION: Emailed to the VHA Publications Distribution List on September 13, 2021.

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1. PURPOSE

This Veterans Health Administration (VHA) directive sets forth the roles, responsibilities, and decision rights for VHA Central Office (VHACO) Operating Units. **AUTHORITY:** Title 38 U.S.C. § 7301(b).

NOTE: *This policy* ***must not*** *be used to grade positions, establish staffing requirements, or differentiate pay bands. VHA positions must be graded in accordance with Title 5 U.S.C., Title 5 C.F.R., and guidance provided by the Office of Personnel Management (OPM)*.

2. BACKGROUND

a. Section 201 of the Veterans Access, Choice, and Accountability Act of 2014 required an independent assessment of the hospital care, medical services, and other health care furnished in medical facilities of the Department of Veterans Affairs (VA). The Act specifically directed that assessments be conducted in 12 areas, covering a broad spectrum of VHA including leadership, operations and services. The leadership assessment found that leaders are not fully empowered due to lack of clear authority, priorities and roles. In response to this finding, the assessment made several recommendations including a redesign of VHA's operating model to create clarity for decision-making authority, prioritization, and long-term support. Specifically, the assessment recommended that VHA should immediately to lead an effort to clearly define roles and decision rights at each level and increase coordination within VHA Central Office (VHACO), refocusing the role of VHACO to managing outcomes and providing "corporate center"-like support to the field.

b. The Government Accountability Office (GAO) High-Risk Report of 2015, Managing Risks and Improving VA Health Care, cited VHA's inadequate oversight and accountability in the High-Risk area. A formally accepted, clear articulation of VHACO Operating Units will clarify their decisional, oversight and accountability responsibilities.

c. Office of Management and Budget (OMB) Memorandum M-17-22, Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce, directs Federal agencies to optimize spans of control and delegations of authority to accomplish the work with the fewest amount of management layers needed to provide for appropriate risk management, oversight, and accountability. In addition, the memorandum directs agencies to assess options that improve organizational decision making.

d. OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, advises that effective enterprise risk management (ERM) should include an understanding of the combined impact of risks as an interrelated portfolio, rather than addressing risks only within silos. ERM should provide an enterprise-wide, strategically-aligned portfolio view of organizational challenges to provide better insight about how to most effectively prioritize resource allocations to ensure successful mission delivery.

e. VA Directive 5010 Manpower Management Policy, dated October 28, 2019 requires that organizational structure have a standardized hierarchy that identifies levels of authority and maintains an effective span of control. Levels of Authority (LOA) designate decisional authority and accountability for VHACO Operating Units by defining their span of control and areas of responsibility. In addition, LOAs clarify the different governance versus management roles within VHACO.

f. Research has demonstrated that successful organizations quickly and reliably make high-quality decisions. Assigning decision authority to operating units assists employees in identifying the scope of decisions and the level of the organization those decisions should be made. Routine decisions may have a significant impact over time. Identifying decision authority is necessary to create prompt and effective program management, ensure an appropriate level of oversight and control, eliminate or shorten procedural steps, and improve services to Veterans.

g. By defining and explicitly setting forth decision authorities within VHA's operating units, this directive will enable the articulation of a clear, sustainable, and repeatable governance process that, in turn, empowers action at all levels of authority, is less leadership dependent, and supports robust oversight and management of VHA activities.

3. DEFINITIONS

a. **Governance.** Governance is defined in VA Directive 0214, Department of Veterans Affairs Enterprise Governance Structure and Process, dated May 14, 2019 as the process by which VA Senior Leadership makes decisions, provides strategic direction, and maintains accountability in a transparent and collaborative manner. It enables informed decision-making based on current strategic objectives, VA's risk appetite, and responsible resources allocation.

b. **Levels of Authority.** LOAs are the framework used to organize VHA's operational units. LOAs establish spans of control, decisional authority, and systems of accountability for all Operating Units in VHA. Specific descriptions of LOAs for operational units are provided in the LOA Matrix (see Appendix A). VHA's LOAs align with VA organizational requirements.

c. **National Program.** National Programs are systems of policies, strategies and tools that are designed to produce specific, measurable, enterprise-wide outcomes. Although National Programs may, as part of their strategy, seek to produce outcomes at the local level, such local outcomes are part of a national strategy. VHA National Programs are managed by Program Offices that report to a larger Program Office or LOA 3 office.

d. **Operating Unit.** Operating Units are organizational structures (i.e., offices) with clearly defined spans of control. In VHACO, the Operating Units are Principal Offices, Program Offices, and Sub Offices.

e. **Principal Offices.** VHA Principal Offices are organized at LOA 3. Principal Offices oversee, resource, and manage multiple Program Offices. Principal Offices have

broad spans of control and ensure that program outcomes are organized and aligned within a comprehensive strategy. Principal Offices are led by a single, accountable Senior Executive who is responsible for signing all subordinate Program Office policies and overseeing, facilitating, and aligning the work of subordinate Program Offices, as well as assisting other Principal Office leaders where programs overlap. Principal Office leaders report to the Under Secretary for Health or Deputy Under Secretary for Health, and are typically Assistant Under Secretaries for Health. Note, however, that not all offices that report to the Under Secretary for Health or Deputy Under Secretary for Health are Principal Offices. A Principal Office is resourced appropriate to the complexity of its programs. Specific Principal Office responsibilities are set forth in paragraph 5.

f. **Program Office.** Program Offices are operating units organized at LOA 4 and 5. They are the main Operating Units at VHACO, responsible for developing policies and strategies and providing tools to the field in support of national goals. The specific responsibilities of Program Offices are set forth in paragraph 5. The differences between LOA 4 and LOA 5 Program Offices are described in Appendix B.

g. **Span of Control.** Span of control refers to a position or Operating Unit's specific roles, responsibilities and decision authority. Unless clearly established by statute, spans of control are delegated to VHA leaders by the Under Secretary for Health in accordance with 38 U.S.C.§ 7301. A supervisory position's span of control (i.e., program scope and effect) and decision authority (i.e., managerial authority exercised) are described in the position description. An Operating Unit's span of control (i.e., mission, function, tasks) and authorities are described in the VA Functional Organizational Manual (FOM).

h. **Sub Office.** Sub Offices are subordinate offices within a Program Office. Sub Offices have specific expertise and are not independently responsible for development and implementation of policy. Sub offices must coordinate with their parent program office to direct funds and personnel.

4. POLICY

It is VHA policy that decision rights of VHACO Operating Units be followed in accordance with the responsibilities and Levels of Authority Matrix.

5. RESPONSIBILITIES

a. **Under Secretary for Health.** The Under Secretary for Health is responsible for ensuring overall VHA compliance with this directive.

b. **VHA Principal Office.** VHA Principal Offices are responsible for:

(1) **Governance.** Setting strategy for national programs and operations. Examples include but are not limited to:

(a) Serving as voting members on boards and councils established by the Under Secretary for Health.

(b) Approving changes to organizational structure.

(c) Launching major initiatives within delegated authority and consistent with resource prioritization and programming process.

(d) Ensuring oversight and distribution of specific purpose funding for core office operations and field support.

(e) Delegating appropriate authority to Program Offices.

(f) Ensuring management of IT requirements and priorities.

(2) **Expertise.** Although Principal Office leaders need not be subject matter experts in their subordinate programs, they must have expertise in leadership and organizational stewardship to meet the following responsibilities:

(a) Providing recommendations to the Under Secretary for Health.

(b) Serving as a public-facing representative of VHA or Program Offices at the national level.

(c) Using situational awareness and technical knowledge to resolve conflicts between Program Offices that reflects an understanding of their own LOA, other components of VHA, VA, and other affected entities.

(3) **Leadership.**

(a) Issuing national policies and providing guidance and oversight necessary to ensure the timely and successful implementation of strategy, and other policy to meet VHA organizational needs.

(b) Establishing Integrated Project Teams.

(c) Developing integrated and coordinated Principal Office-level strategic or operating plans in alignment with agency-level plans.

(d) Supervising and developing Program Office leaders to support succession planning and retention.

(e) Periodically assessing policy for continued need, feasibility, currency and effectiveness.

(4) **Oversight.** Ensuring oversight of national programs and operations. Examples include but are not limited to:

(a) Ensuring execution of responsibilities by Program Offices and taking appropriate corrective action when noncompliance is identified.

(b) Ensuring Program Offices operate within resource programming processes.

(c) Ensuring national goals are implementable by those responsible for execution in the field and elsewhere. Sunsetting programs or initiatives (or recommending same to the VHACO Governance Board or Under Secretary for Health, as appropriate) that are no longer needed or that do not meet organizational goals.

(d) Ongoing review of subordinate Program Office leaders and making necessary changes to programs to ensure continued alignment with organizational goals, appropriate resourcing, responsiveness to field-based operating units, etc.

(e) Appropriate reporting of significant enterprise risks and issues to VHA Leadership and VA Governance bodies.

c. **VHA Program Office.** VHA Program Offices are responsible for the following related to their national program and any Sub Offices organized within the Program Office:

(1) **Governance.** Systemic oversight and resource allocation. Examples include but are not limited to:

(a) Allocating resources (e.g., personnel, materials, equipment) within their span of control, and oversight of the specific purpose funds provided to Veterans Integrated Service Networks and VA medical facilities.

(b) Developing training and setting standards for education. ***NOTE:*** *All mandatory or required training must be developed in accordance with accordance with VHA Directive 1052, Appropriate and Effective Use of VHA Employee Mandatory and Required Training, dated June 29, 2018*.

(c) Managing information technology requirements and priorities.

(d) Managing professional standards within their span of control.

(2) **Expertise.** Serving as subject-matter and technical experts for their national program(s). Examples include but are not limited to:

(a) Identifying emerging national issues.

(b) Adopting evidence-based strategies based on population needs.

(c) Ensuring development, publication, implementation and operationalization of legislative requirements through regulations, policies, guidance and best practices.

(d) Establishing and managing Sub Offices as necessary.

(3) **Leadership.** Communicating with internal and external stakeholders. This communication is on a national level with the purpose of facilitating:

(a) Responsiveness to local needs, addressing issues identified by local offices.

(b) Communication with Veterans.

(c) Communication with Veterans Service Organizations.

(d) Communication with professional or advocacy organizations and auditing bodies.

(e) Communication with other VHA and VA entities.

(4) **Oversight.** Managing quality, compliance and risk. Examples include but are not limited to:

(a) Ensuring performance within their span of control.

(b) Promoting a culture of integrity within a high reliability organization.

(c) Setting quality measures, performance measures and key indicators for performance and risk.

(d) Evaluating the effectiveness of outcomes and efficiency of outputs, to include assessing the accuracy of data used for such evaluation. For example, where data is used to evaluate a program is gathered and provided by a field-based operating unit, Program Offices must note any potential weakness in the data or the systems used to obtain the data.

(e) Overseeing consistent implementation and systematically identifying risks and unintended variances.

(f) Appropriately reporting significant enterprise risks and issues to the VHA Principal Office.

(g) Documenting all identified deficiencies and ensuring corrective actions are taken.

6. DETERMINING PROGRAM OFFICE LEVEL OF AUTHORITY

a. A Program Office's LOA is based on span of control, complexity and responsibilities - not reporting hierarchy (e.g., positions required by statute to report to Under Secretary for Health are not automatically designated as LOA 3). Similarly, effort must be taken to categorize positions within LOA based on their span of control and not simply upon the assigned LOA. ***NOTE:*** *For more information, see Appendix B, Differences Between LOA 4 and LOA 5.*

b. A specific Program Office's LOA is recommended by Principal Office leadership and approved by the Under Secretary for Health.

7. TRAINING

There are no training requirements associated with this directive.

8. RECORDS MANAGEMENT

All records regardless of format (e.g., paper, electronic, electronic systems) created by this directive must be managed as required by the National Archives and Records Administration (NARA) approved records schedules found in VHA records Control Schedule 10-1. Questions regarding any aspect of records management should be addressed to the appropriate Records Officer.

9. REFERENCES

a. 38 U.S.C. § 7301(b).

b. VA Directive 0000, Delegations of Authority, dated November 14, 2018.

c. VA Directive 0214, Department of Veterans Affairs Enterprise Governance Structure and Process, dated May 14, 2019.

d. VA Directive 5010, Manpower Management Policy

e. VHA Directive 0000, Delegations of Authority, dated January 3, 2019.

f. VA Functional Organization Manual: https://www.va.gov/VA-Functional-Organization-Manual-2020-4.pdf. ***NOTE:*** *This is an internal VA website that is not available to the public.*

g. VHA Pre-Decisional Deliberative Documents: http://vhagovboard.vssc.med.va.gov/Pages/default.aspx. ***NOTE:*** *This is an internal VA website that is not available to the public.*

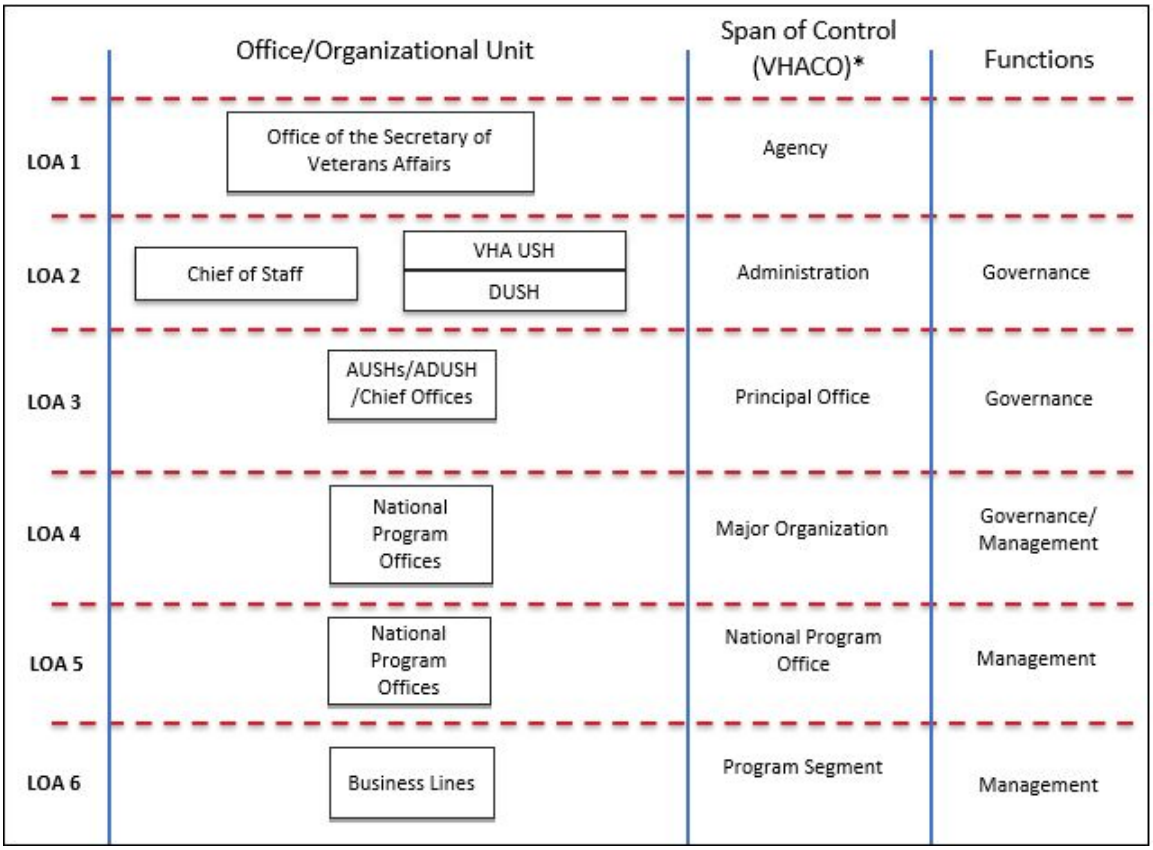
h. U.S. Government Accountability Office. Report to Congressional Committees. High-Risk Series: An Update. GAO-15-290. Managing Risks and Improving Veterans Affairs (VA) Health Care. February 2015: https://www.gao.gov/assets/gao-15-290.pdf.

i. U.S. Office of Management and Budget (OMB) Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, dated July 15, 2016: https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/memoranda/2016/m-16-17.pdf.

j. U.S. OMB Memorandum M-17-22, Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce, dated April 12, 2017: https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/memoranda/2017/M-17-22.pdf.

k. U.S. Office of Personnel Management (OPM). General Schedule Supervisory Guide. HRCD-5 (1998): https://www.opm.gov/policy-data-oversight/classification-qualifications/classifying-general-schedule-positions/functional-guides/gssg.pdfSuper.

LEVEL OF AUTHORITY MATRIX



NOTE**:** ** "Span of control" uses applicable terms from Office of Personnel Management's General Schedule Supervisory Guide HRCD-5, which does not define Operating Units below Major Organization. Veterans Health Administration Central Office (VHACO) has used "Program Office" historically to describe any office responsible for a program with a national scope. VHACO continues that use here noting that the scope and effect will determine a Program Office level of authority*.

DIFFERENCES BETWEEN LEVELS OF AUTHORITY 4 AND 5

1. Level of Authority (LOA) 4 programs have significant resources, broad patient impact, and are associated with a higher level of risk. LOA 4 Program Offices are often responsible for one or more subordinate LOA 5 Program Offices. LOA 4 Program Office accountable leaders must report directly to the VHA Principal Office leader (Assistant Under Secretary for Health or Chief). A LOA 4 Program Office cannot be organized under another Program Office.

2. LOA 5 programs are more focused, with targeted impact and less risk; however, they are still responsible for the Program Office duties described in this directive (i.e., they are not Sub Offices). Leadership positions may be Senior Executive Service (SES) or General Schedule. LOA 5 programs generally report through a LOA 4 SES.

3. LOA is one factor considered in categorizing and determining resources for a Program Office but is neither definitive nor the single most important factor. Program Offices that are responsible for highly complex national programs may need to have leadership and individuals that are experienced medical professionals or individuals with specific educational qualifications. Such positions within Operating Units must be categorized and include individuals with careful attention to the Operating Unit's span of control, impact on the health and welfare of Veterans, and programmatic or systemic impact and complexity.

4. FACTORS TO CONSIDER WHEN DETERMINING WHETHER A PROGRAM OFFICE is LOA 4 OR LOA 5

a. Span of control (national).

b. Organizational impact (i.e., how many operating units or employees must follow the directive, and the span of control of those impacted offices or employees).

c. Veteran impact (i.e., total number of Veterans the program affects and how they are affected).

d. Level of administrative function (e.g., total number of Sub Offices, employees, contracting and budget functions, and role in communication or concurrence processes).

e. Amount of external stakeholder involvement.

f. Range of products and services for which the program is responsible.

g. Issues of high sensitivity and high political visibility.

h. Total number of medical research projects and whether any include external organizations.

i. The program's annual budget for:

(1) Staffing.

(2) Information technology.

(3) Contracted services.

(4) Benefits or services to Veterans.

(5) Benefits or services to employees.