## Chapter 11. Corrective Action Plan

#### Overview

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| In this Chapter | This chapter contains the following topics.   |  |  |  |  | | --- | --- | --- | --- | | Topic | Topic name | See Page | | | 1 | General Information on Corrective Action Plans | 11-2 | | | 2 | Objective of Corrective Action Plans | 11-3 | | | 3 | Corrective Action Plan Components | 11-4 | | | 4 | Corrective Action Plan Roles and Responsibilities | 11-5 | | |  | | |

## 1. General Information on Corrective Action Plans

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| a. Overview | Per [OMB Circular A-123](http://www.whitehouse.gov/omb/circulars_a123_rev), management is responsible for developing and maintaining effective internal control. Effective internal controls provide assurance that significant weaknesses in the design or operation of internal control, that could adversely affect the agency’s ability to meet its objectives, would be prevented or detected in a timely manner. When internal control weaknesses are identified, Quality Assurance (QA), Loan Guaranty Service Management, and/or Regional Loan Center Management work collectively to develop corrective action plans (CAP). |

#### 2. Objective of Corrective Action Plans

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| a. Objective | The CAP objective is to provide the framework which identifies the owner of the CAP {i.e., Champion and Primary Process Owner (PPO)}, identifies the weakness (a.k.a. finding/issue), determines the root cause, and contains the steps to correct the weakness. Periodic review and follow-up by QA staff is conducted until there is reasonable assurance that the desired outcome of the CAP has been obtained. |
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| b. Criteria for Success | Assessing the current weaknesses and evaluating the root causes are the key elements in defining the CAP. This includes:   * Identify the weakness * Perform root cause analysis * Evaluate the impact of the weakness * Develop CAP components * Implement CAP monitoring and follow-up of CAP progress * Testing and validation of CAP * Close CAP when steps are complete   Periodic review and follow-up by QA staff is conducted until reasonable assurance of the desired outcome of the CAP is obtained. |

**3. Corrective Action Plan Components**

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| a. CAP Components | The Corrective Action Plan (CAP) components include:   |  |  | | --- | --- | | **Header Information** | | | **Action Item Identification (Item ID)** | | Identifies the risk by assigning a Risk ID. The Risk ID is listed by station, business line, sequential number beginning with 1, and the fiscal year (FY). For example, 362-LP-01-15 would be Houston, Loan Production, first finding, and FY. | | **Champion** | | Identifies the individual accountable for the remediation and reporting to QA. | | **Primary Process Owner (PPO)** | | Identifies the process owner designated by the Champion who will execute the CAP. | | **Finding/Issue** | | Identifies the deficiency found in the audit. This section should reference the regulation, law, policy, or VA Circular citation in which compliance is deficient. | | **Steps** | | Lists the numerical steps required to complete the action plan. | | **Corrective Actions** | | Identifies the actions required by station to mitigate the deficiency. | | **Projected Dates** | | Projected date the step will be completed. | | **Status** | | Identifies the current state of the step, such as completed, in progress, to be started, or other description unique to the step. | | **Percentage Completed** | | Measures by percentage the extent a step is complete, using only 25%, 50%, 75%, and 100%. | | **Completed Dates** | | Date the step is 100% complete. | | **Desired Outcome** | | Characterizes the desired end result of the CAP. | | **How Are We Doing?** | | Recognizes all steps completed and the progress of the remaining steps toward a successful outcome. | |

**4. Corrective Action Plan Roles and Responsibilities**

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| **a. CAP Roles and Responsibilities** | The CAP roles and responsibilities include:   |  |  | | --- | --- | | **Roles and Responsibilities – CAP Monitoring Plan** | | | **Champion** | * Oversight for remediation of the process * Accountable and responsible for remediation execution * Provide guidance and ensure remediation is complete * Report progress to QA | | **Primary Process Owner** | * Execute the steps detailed in the CAP, with Champion support * Assimilate other stakeholders into remediation activities, if necessary * Measure progress against metrics and milestone dates * Propose any refinement to the CAP required to achieve resolution | | **Process Stakeholders** | * Provide additional support, under guidance of PPO, to complete and update the CAP steps and resolve CAP, e.g., undergo training and using updated processes and procedures | | **Quality Assurance Role with Remediation** | * Periodically review CAP status * Pre-approval forum for the request to close the open action item(s) | |