#### Chapter 6 Systematic Analysis of Operations

#### Overview

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| In this Chapter | This chapter contains the following topics:   |  |  |  | | --- | --- | --- | | Topic | Topic Name | See Page | | 1 | General Information | 6-2 | | 2 | Objective | 6-3 | | 3 | Responsibility | 6-4 | | 4 | Scope | 6-5 | | 5 | Analysis | 6-6 | | 6 | Recommended Improvement Action | 6-7 | | 7 | SAO Schedule | 6-8 | | 8 | Reports | 6-9 | | 9 | Areas for Review | 6-10 | |  |  |  | |

#### General Information

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| a. Overview | A Systematic Analysis of Operations (SAO) is a formal analysis of an organizational element and an operational function of the Regional Loan Center (RLC). A researched and well-written SAO containing a full analysis of findings is a valuable management tool. It provides an organized means for reviewing operations to identify existing or potential problems and proposing corrective actions. This self-audit technique, when applied consistently is a positive guide for operational improvement. |

#### Objective

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| a. Primary Objectives of the SAO | SAOs are an effective management tool intended to apprise management of early identification of significant trends, developments in program operations, challenges within the RLCs, and potential risks to the program and our Veterans. The primary objectives of an SAO are to:   * Monitor progress toward established goals and objectives pertinent to the subject area * Identify problems and recommend corrective actions * Assess areas of vulnerability * Identify opportunities for improvement in conducting internal operations and in providing service to Veterans, Servicemembers, and other stakeholders * Evaluate compliance with manuals, regulations, and other directive material * Refer for consideration those opportunities for improvement, which require change in policy or procedure * Historically document operational performance |

#### Responsibility

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| a. Management Responsibility | The Loan Guaranty Officer (LGO) is responsible for the ongoing analysis of the RLC operations to include SAOs required by this chapter, as well as those required by the Regional Office (RO) policy. To be successful, the analysis must be approached in a positive manner. Present critical comments in a balanced perspective, recognizing any unusual difficulties or circumstances. Encourage all division personnel to work closely with the analyst during the course of evaluation.  Participation in the SAO process does not have to be limited to supervisory personnel. LGOs may delegate responsibility to other division personnel who are experienced in RLC operations. Sharing or rotating the responsibility for SAOs may also be useful in providing a fresh look at operational functions.  RLC management shall ensure that a systematic analysis is made annually of each of the following Loan Guaranty functional areas:   * Management * Construction and Valuation (C&V) * To include Specially Adapted Housing (SAH) * Loan Production (LP) * Loan Administration (LA) |

#### Scope

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| a. SAO Area Coverage | Systematic analyses will encompass all elements of the RLC activities. The time allotted to the review will depend on the size, scope, and complexity of the activity under study. RLCs must conduct systematic analysis of its operations as an ongoing review throughout the year, and provide a formal SAO report summarizing their findings at least once annually.  All components of a functional area must be examined together as part of a single working system. Accuracy, compliance, management, potential risks, and significant program indicators must be examined together as they apply to the functional area under review. RLCs will use a format similar to the SAO format found in M26-9, Appendix A. |

#### Analysis

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| a. Key Assessments | The goal of the SAO is to systematically analyze and review an activity, and look for potential areas of improvement. When problems are identified, the RLC’s job is to determine why they exist.  SAOs must ensure effective and efficient benefit delivery. Each analysis must address, at a minimum, these two key assessments:   * Identification of any problem and/or potential problem areas, and * Recommendations/suggestions for corrective action.   The depth of analysis must be sufficient so that problems or potential problem areas are clearly explained.  Policy, procedure, and requirements contained in all VA directives should be utilized as evaluation criteria. Documentation must be detailed and factual, clearly describing and quantifying items reviewed; types and numbers of discrepancies found; where opportunities for improvement exist; action(s) recommended or taken to effect improvement; and timeframe for completing the actions. Tables and charts may be used, where possible, to illustrate trends, comparison, or other situations which would otherwise require lengthy narratives. Findings and analysis must be presented in sufficient detail to readily support any conclusion drawn. |

#### Recommended Improvement Action

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| a. Recommende-d Corrective Action | When problems or significant opportunities for improvement are identified by an SAO, the report must include recommended actions to remedy the problem or to implement processing improvements. The recommended actions will be specific in terms of the corrective steps required and expected completion date. When specific recommendations are made, the proposed plans for corrective action as well as the time frame necessary for completion must be included in the SAO file. See Chapter 11, *Corrective Action Plan* for a sample template. Documentation of the actual corrections should also become part of the SAO file. |

#### SAO Schedule

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| a. Annual Schedule | The LGO is responsible for preparing the SAO report schedule annually. The schedule must be approved by the RLC’s Director’s Office before October 1 of the fiscal year in which the SAO reports are to be completed. The schedule must show the position title of the person responsible for the report and the month due.  SAOs will be conducted on a schedule that, at a minimum, meets the reporting requirements established in this chapter. However, analysis must be conducted frequently, and the SAO report must reflect evidence of an ongoing systematic assessment of RLC operations. It may be necessary to analyze some segments of an area of review more frequently than others until the situation is resolved. Retain the findings on such interim studies in the division administrative files and reference these studies in the next regularly scheduled SAO reporting on the topic. |

#### Reports

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| Overview | SAO reports should be concise, but thorough, and approved by the LGO. The RLC will maintain copies of each report and related working papers, including periodic follow-ups made to ensure that actions taken to bring about improvements were implemented. This file of reports and working papers is subject to review by Loan Guaranty Service Central Office (LGYCO). SAOs must be maintained according to the [Records Control Schedule, VB-1, Part I, Section XII Loan Guaranty](http://www.benefits.va.gov/WARMS/docs/admin20/rcs/part1/VB-1Part-I.doc). |

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| b. Prioritization of Deficiencies | Deficiencies which constitute failure to comply with requirements of the laws, regulations, or mandatory procedures should be prioritized. If all requirements are being met, the next priority should be given to timely performance and workload management. Then, efforts should be devoted to opportunities for improvement which would result in performance that exceeds standards and requirements. Resources to improve an operation should be balanced against the benefit to Veterans, size of the activity, and potential for savings. |

#### Areas for Review

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| **Management** | The areas to be analyzed and reviewed for the management portion of Loan Guaranty Service (LGY) operations include, but are not necessarily limited to:   * Planning and Organization * Workload projections and full time equivalent (FTE) capacity * Human Resource Centeer (HRC) relations * Delays minimized and overlaps eliminated * Staffing patterns, projections, and functional charts * Division and FTEs on duty organizational charts * Staff tenure, retirement eligibility, and succession planning * Registers, lists records, follow-up devices, etc., associated with processes are efficient and effective * Adequate equipment, operational, and appropriately supported * Employee, Union and Veterans Service Organizations relations * Budget allocation and ability to meet the LGY mission * Federal Employee Viewpoint Survey results and action planning * Risk identification and referrals * Implementing and Controlling * National phone queue * Any backlogs * Control of sensitive files * Travel budget management |

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**9. Areas for Review,** Continued

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| **b. Construction & Valuation / SAH** | The areas to be analyzed and reviewed for the C&V section of LGY operations include SAH, but are not limited to:  *C&V Management Operations to include SAH:*   * Efficiency of C&V operations   + Production   + Quality   + Timeliness * Program management and oversight * Program changes * Fee panel * Staffing * Training * Implementation of Workload Management Plan effectiveness * Implementation of Standard Operating Procedures (SOPs) effectiveness * Geographical breakdown * Coordination with other VA entities * Quality of Communication/Correspondence * Email * Phone * Letters * Management review of Loan Systematic Technical Accuracy Review (LoanSTAR) findings and Site Survey Reports * Access to the National Control Listing of Suspended Program Participants and Fee Personnel * Staff on detail during last year * FTEs on duty organizational charts * IT equipment and needs   *C&V Specific Topics:*   * Monthly internal quality review findings/trending * To include sample size of local quality reviews * Public relations and stakeholder outreach * Position descriptions |
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**9. Areas for Review,** Continued

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| **b. Construction & Valuation / SAH, continued** | * Performance standards – current, understandable, challenging, realistic attainable, and sufficient to permit accurate measurement of the employee’s performance * Administrative sanction procedures for fee personnel   *SAH Specific Topics:*   * Efficiency of SAH operations   + Production   + Quality   + Timeliness * Special projects and initiatives * Stakeholder outreach * Quality of communication/correspondence * Email * Phone * SAH training, staffing, and significant trends * Prompt payment compliance |

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**9. Areas for Review,** Continued

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| **d. Loan Production** | The areas to be analyzed and reviewed for the LP portion of LGY operations include, but are not limited to:   * Efficiency of LP operations   + Production   + Quality   + Timeliness * Program management and oversight * Implementation of Workload Management Plan effectiveness * Implementation of Standard Operating Procedures (SOPs) effectiveness * Management review of Loan Systematic Technical Accuracy Review (LoanSTAR) findings and Site Survey Reports * Position descriptions * Performance standards – current, understandable, challenging, realistic attainable, and sufficient to permit accurate measurement of the employee’s performance * Monthly internal quality review findings/trending * To include sample size of local quality reviews * Native American Direct Loan (NADL) program * Access to the National Control Listing of Suspended Program Participants and Fee Personnel * Public relations and stakeholder outreach * Coordination with other VA entities * Special projects and initiatives * Quality of communication/correspondence * Email * Phone * Program changes * Staff on detail during last year * LP training, staffing, and significant trends * IT equipment and needs |

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**9. Areas for Review,** Continued



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| **e.**  **Loan Administrati-on** | The areas to be analyzed and reviewed for the LA portion of LGY operations include, but are not limited to:   * Efficiency of LA operations   + Quality   + Timeliness * Program management and oversight * Effectiveness of staff (production and timeliness) * Efficiency of workflow and processes * Implementation of Workload Management Plan effectiveness * Implementation of Standard Operating Procedures (SOPs) effectiveness * Management review of Loan Systematic Technical Accuracy Review (LoanSTAR) findings and Site Survey Reports * Position descriptions * Performance standards – current, understandable, challenging, realistic attainable, and sufficient to permit accurate measurement of the employee’s performance * Coordination with other VA entities * Monthly internal quality review findings/trending * To include sample size of local quality reviews * Special projects and initiatives * Stakeholder outreach * Quality of communication/correspondence * Email * Phone * Program changes * Staff on detail during last year * LA training, staffing, and significant trends * Prompt payment compliance * IT equipment and needs |