



FY 2006 Performance and Accountability Report

Table of Contents

Secretary’s Letter 1

Part I. Management Discussion and Analysis

Performance Scorecard 8

Department Overview 10

 Our Mission..... 10

 Our Programs 10

What We Do 10

Who We Serve 12

 America’s Veterans – *A Demographic Profile*..... 13

 Resources..... 15

 Our Organization 16

 Leadership and Governance..... 17

Performance Overview 18

 Purpose of This Report 18

 How We Measure Performance 18

 Improvements to the FY 2006 Report 18

 2006 Performance: *A Department-Level Summary* 19

 Cost to Achieve Performance Goals 20

Performance Results *by Strategic Goal*..... 21

Most Important Achievements and Current Challenges 47

The President’s Management Agenda: *Status and Progress* 53

OMB PART Reviews 64

Performance Shortfalls..... 71

Financial Highlights..... 77

Management Controls, Systems, and Compliance with Laws and Regulations..... 80

Part II. Performance Section

Performance Summaries *by Strategic Objective* 96

Strategic Goal 1 – Restoration and Improved Quality of Life for Disabled Veterans 97

 Objective 1.1 Specialized Health Care Services 97

 Objective 1.2 Decisions on Disability Compensation Claims 100

 Objective 1.3 Suitable Employment and Special Support 104

 Objective 1.4 Improved Standard of Living for Eligible Survivors..... 107

Strategic Goal 2 –Smooth Transition to Civilian Life..... 110

 Objective 2.1 Reentry into Civilian Life..... 110

 Objective 2.2 Decisions on Education Claims 112

 Objective 2.3 Home Purchase and Retention..... 116

Strategic Goal 3 – Honoring, Serving, and Memorializing Veterans 118

 Objective 3.1 Delivering Health Care..... 118

 Objective 3.2 Decisions on Pension Claims 124

 Objective 3.3 Providing Insurance Service..... 127

 Objective 3.4 Meeting Burial Needs..... 131



Objective 3.5 Symbolic Expressions of Remembrance 135

Strategic Goal 4 – Contributing to the Nation’s Well-Being 138

Objective 4.1 Emergency Preparedness..... 138

Objective 4.2 Medical Research and Development 141

Objective 4.3 Academic Partnerships 144

Objective 4.4 Socioeconomic Well-being of Veterans 147

Objective 4.5 Maintaining National Cemeteries as Shrines..... 149

The Enabling Goal – Applying Sound Business Principles 153

Objective E-1 Development and Retention of a Competent Workforce..... 153

Objective E-2 Outreach and Communications..... 156

Objective E-3 Reliable and Secure Information Technology 159

Objective E-4 Sound Business Principles..... 162

Assessment of Data Quality..... 166

VBA Quality Assurance Program (Millennium Act)..... 172

Key Measures Data Table 178

Performance Measures Tables..... 194

Table 1 - By Strategic Goal and Objective 195

Table 2 - By Organization and Program 208

Major Management Challenges..... 223

Part III. Financial Section

Letter from the Chief Financial Officer..... 282

Consolidated Financial Statements 285

 Consolidated Balance Sheets..... 285

 Consolidated Statements of Net Cost 286

 Consolidated Statements of Changes in Net Position 287

 Combined Statements of Budgetary Resources..... 288

 Consolidated Statements of Financing 290

 Notes to Consolidated Financial Statements 291

Independent Auditors’ Report..... 328

Required Supplementary Stewardship Information (Unaudited)..... 340

Required Supplementary Information (Unaudited)..... 345

Part IV. Additional Information

Improper Payments Information Act Reporting Details 347

Definitions..... 369

List of Abbreviations and Acronyms 389

Key Report Officials 393

Notes

Note 1 In this report, with the exception of table and chart titles, references to years (e.g., 2005, 2006) are fiscal years unless stated otherwise.

Note 2 For additional copies of this report, please call the VA Budget Office at 202-273-5289. An electronic version is available on the World Wide Web at www.va.gov/budget/report