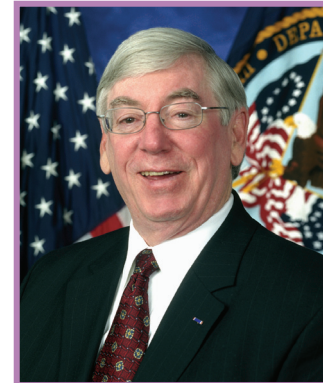




November 15, 2007

To the President of the United States, President of the Senate,
President Pro Tempore of the Senate, and Speaker of the House of
Representatives:

I am pleased to submit the *Department of Veterans Affairs (VA) FY 2007 Performance and Accountability Report*. The report documents the Department’s progress towards meeting its performance goals, which are aimed at providing America’s veterans with the best in benefits and health care services.



In 2007 with nearly \$86 billion in obligations and approximately 230,000 employees, VA recorded numerous accomplishments that helped improve the quality of life for America’s veterans and their families. Our major accomplishments are summarized below by major business line.

Medical Services: *Delivering High-Quality Health Care*

The number of unique patients using VA’s health care system has risen dramatically in recent years, increasing from 3.8 million in 2000 to 5.6 million in 2007. Our commitment to delivering timely, high-quality health care to America’s veterans remains a top priority. In 2007 VA achieved the following key results in the health care area:

- **Patient Satisfaction**: With an inpatient satisfaction score of 84 out of 100 and an outpatient satisfaction score of 82 out of 100 on the American Customer Satisfaction Index, VA remains a leader in customer satisfaction. VA’s scores are not only higher than last year, but the inpatient score is 5 points higher and the outpatient score is 4 points higher than the corresponding private sector scores.
- **Vision Care**: VA reorganized its vision rehabilitation services to provide care tailored to each veteran’s needs with treatment provided at the site best prepared to address the need.
- **Medical Devices and Technology**: VA was recognized as a leader in prosthetics and amputee care by ensuring that new devices and technology have practical applications for patients. VA’s innovative program involves not only improving technology and teaching amputees to walk or use artificial arms and hands, but also providing long-term care to improve functioning months or years after amputation.
- **Traumatic Brain Injury (TBI)**: VA led the way in care for TBI with the latest innovations for the newest generation of combat veterans returning from Iraq and Afghanistan. Accomplishments included the following:
 - Developed a mandatory TBI training course for all VA health care professionals.
 - Instituted a program to screen all patients who served in the combat theaters of Iraq or Afghanistan for TBI.
- **Suicide Prevention**: VA began operation of a national suicide prevention hotline. The hotline puts veterans in touch with trained, caring professionals who can help them cope with emotional crises. The hotline is available 365 days a year, 24 hours a day. To help support the hotline, VA hired suicide prevention counselors at each of its 153 facilities, further strengthening one of the Nation’s largest mental health programs.
- **HealthierUS Veterans**: Enhanced the HealthierUS Veterans program, which is an initiative developed by VA and the Department of Health and Human Services to improve the health of veterans, their families, and others by providing education about obesity and diabetes prevention.



- Vet Centers: VA opened 23 more Vet Centers and announced plans to have a total of 232 by the end of 2008. As more newly returning combat veterans are turning to VA for health care, the Department continues to enhance services to provide veterans with world-class care. VA established 100 new patient advocate positions to help severely injured veterans and their families navigate the Department’s systems for health care and financial benefits, and thereby provide for a smooth transition to VA health care facilities, while also cutting through red tape for other benefits.
- Medical Research: VA sustained its long track record of success in conducting research projects that lead to clinically useful interventions to improve the health and quality of life for veterans as well as the general population. Recent examples of VA research results that have direct application to improved clinical care include the use of a neuromotor prosthesis to help replace or restore lost movement in paralyzed patients; continued development of an artificial retina for those who have lost vision due to retinal damage; use of an inexpensive generic drug (prazosin) to improve sleep and reduce trauma nightmares for veterans with post-traumatic stress disorder; and advancements in identifying a new therapy to prevent or slow the progression of Alzheimer’s disease.
- Infection Prevention: Clinicians at VA’s Pittsburgh Health Care System dramatically reduced the number of cases of infection from methicillin-resistant Staphylococcus aureus (MRSA) at the Pittsburgh facility. MRSA is a dangerous infection that is difficult to eradicate and can cause pneumonia or infect wounds and the bloodstream. Based on the clinicians’ success, VA has launched a national effort to eradicate staph infections in VA hospitals.
- Genomic Research: The Department created a blue ribbon Genomic Research Advisory Committee to use VA’s expansive medical data holdings to advance the science of predictive medicine.
- Nursing Academy: VA created a new multi-campus Nursing Academy through partnerships with nursing schools throughout the country to help address a shortage of nurses within VA and nationwide.

Benefits: *Ensuring a High Quality of Life After Military Service*

VA is providing compensation and pension benefits and services to over 3.7 million veterans and beneficiaries. In 2007 VA processed nearly 805,000 claims for disability benefits and added almost 235,000 new beneficiaries to the compensation and pension rolls. As shown below, despite greater workload, VA achieved a number of significant positive performance results in the benefits delivery area:

- Adjusted compensation benefits to more than 57,000 veterans entitled to Combat Related Special Compensation or Concurrent Retired and Disability Pay to restore retired pay previously waived to receive compensation.
- VA’s Benefits Delivery at Discharge (BDD) program is operated in close cooperation with DoD to assist separating disabled servicemembers in filing claims for benefits at or near their time of discharge in order to expedite the processing of their claims. Through July 2007, VA received more than 33,800 original compensation claims through BDD. In addition to those who file claims, many other servicemembers are assisted through the BDD program.
- Increased to 91 percent the national accuracy rate for authorization work for pension claims, compared to 88 percent in 2006.
- Continued to process insurance disbursements in an average of 1.7 workdays – significantly better than the industry average of 5.7 workdays.
- Provided education benefits to approximately 540,000 students; 25 percent of these students received VA education benefits for the first time. The number of students receiving education benefits each year continues to climb, with claims increasing 13 percent over the 2006 level to approximately 1.7 million in 2007.



Cemeteries: *Honoring Veterans for Sacrifices on Behalf of the Nation*

VA honors the service and sacrifices of America’s veterans through the construction and maintenance of national cemeteries as national shrines. In 2007 VA maintained more than 2.8 million gravesites at 158 properties, including 125 national cemeteries and 33 other cemeterial installations. To this end, the Department accomplished the following:

- Through the addition of two new cemeteries in Sacramento Valley California and South Florida, VA increased to 83.4 percent the proportion of veterans served by a burial option within a reasonable distance (75 miles) of their residence -- up from 80.2 percent in 2006.
- Achieved a 94 percent threshold of the proportion of graves in national cemeteries marked within 60 days of interment, a remarkable improvement compared to the 49 percent level of 2002.
- Achieved a 97 percent threshold of respondents rating national cemetery appearance as “excellent.”

VA also continued to make progress towards completion of six new national cemeteries scheduled to open in 2009, representing one of the Department’s largest expansions since the Civil War era.

Operation Iraqi Freedom and Operation Enduring Freedom (OIF/OEF)

As our troops continue the fight against terrorism and strive to bring freedom and democracy to the people of Afghanistan and Iraq, we are reminded once again of the incredible sacrifices our men and women in uniform make in defense of freedom, not only in Iraq and Afghanistan, but throughout the world. In 2007 VA implemented various initiatives, shown below, to help ensure the successful transition of our returning military men and women to civilian life:

- Prioritized claims processing for veterans of the Global War on Terror, finalizing claims received in an average of 110 days.
- Hired 100 new outreach coordinators to provide services to returning OIF/OEF veterans. The new coordinators are located in Vet Centers throughout the country, especially new military processing stations.
- Created an Advisory Committee on OIF/OEF Veterans and Families to advise the Secretary on ways to improve programs servicing these veterans.
- Identified San Antonio, Texas, as the location of a fifth polytrauma center to assist severely injured OIF/OEF veterans.

President’s Task Force on Returning Global War on Terror Heroes

On March 6, 2007, President Bush established the interagency Task Force on Returning Global War on Terror (GWOT) Heroes to improve the delivery of federal services and benefits to GWOT servicemembers and veterans. The Task Force submitted its report to the President on April 19, 2007. The Task Force report includes 25 recommendations that focus on enhancing the delivery of services and benefits to GWOT servicemembers and veterans within existing authority and resource levels. A Governmentwide action plan contains implementation strategies and target dates for each recommendation.

Organization Restructuring: *Better Services Delivery*

To meet the changing needs of America’s veterans, VA adopts new ways of working and makes organizational changes to improve our ability to serve veterans. In this context, we:

- Completed the centralization of all information technology projects and staffing under the control of the Chief Information Officer.
- Created the Office of Operations, Security, and Preparedness to manage VA’s security and disaster responses.
- Created the Office of Construction and Facilities Management to manage and provide oversight of VA’s construction programs.



Finance: *Ensuring Proper Stewardship of Taxpayer Dollars*

VA is extremely proud to have obtained an unqualified audit opinion on our financial statements for the ninth consecutive year. VA remains committed to aggressively pursuing improvements in our business processes and remediating our material weaknesses. We have made significant strides in improving our financial systems and operations. VA continued to enhance its automated financial reporting capabilities, as well as implement the Financial Reporting Data Warehouse and Financial and Logistics Integrated Technology Enterprise (FLITE) systems initiatives. In addition, financial operational improvements were realized through our efforts to provide more definitive and consistent financial policies and guidance as well as to assess and improve financial and business processes and related internal controls. Initiatives such as these improve our efforts toward our goal of “getting to green” on the President’s Management Agenda. Proper stewardship and accountability over the resources entrusted to us by the American people to care for our Nation’s veterans and their families demands nothing less.

Data Quality: *Assuring Completeness and Reliability*

The financial and performance data presented in this report are complete and reliable. Throughout the year, our senior managers assess the efficiency and effectiveness of their organizations by analyzing financial and program performance data. Management relies on these data to identify control deficiencies and material inadequacies in the financial and program performance areas and to identify corrective tasks needed to resolve them. My signed Statement of Qualified Assurance on internal controls may be found on page 94 in the section entitled Management Controls, Systems, and Compliance with Laws and Regulations.

Data Security: *Safeguarding Sensitive Information*

While much work remains to be done, VA made substantial progress in 2007 to safeguard sensitive information. VA centralized information technology management under the Office of Information and Technology. Progress was made towards standardizing the Department’s information protection policies, processes, and procedures to provide a consistent approach to information security program management and to improve the effectiveness of VA’s remediation of security vulnerabilities.

VA continued to strengthen its controls over sensitive information through its Data Security and Strengthening of Control Program, which involves completion of hundreds of specific actions related to the protection of information and information technology assets. As part of this program, VA encrypted over 25,000 laptops, distributed over 8,000 encrypted thumb drives to approved employees, and purchased and will complete deployment in 2008 of Rights Management Software to handle e-mail encryption as well as file and document encryption.

Our progress has been steady and our work continues to make a positive impact on the Nation’s veterans. VA’s workload continues to grow as evidenced by the delivery of medical treatment to more than a million patients a week, a 40 percent increase in disability claims, and more interments in national cemeteries. Yet, VA is up to the task. VA will keep its commitment to America’s veterans; they deserve our compassion, respect, and support.

A handwritten signature in black ink, reading "Gordon H. Mansfield", is positioned above a horizontal line.

Gordon H. Mansfield
Acting Secretary of Veterans Affairs