November 17, 2008

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 2008 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 2008, with approximately $97.0 billion in obligations and approximately 250,000 employees, VA achieved 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*

VA is working to maintain its status as the highest-rated health care provider in America. Workload has increased significantly over the past 8 years, rising from 3.8 million unique patients in 2000 to more than 5.5 million in 2008. Our commitment to delivering timely, high-quality health care to America's veterans remains a top priority. In 2008, VA achieved key results to help meet the needs of veterans:

- <u>Patient Access</u>: In 2006, 94 percent of primary care appointments were scheduled within 30 days of the patient's desired appointment date. In 2008, 98.7 percent of primary care appointments were scheduled within 30 days of the desired appointment date.
- <u>Quality of Health Care</u>: VA attained scores of 84 percent and 88 percent for the Clinical Practice Guidelines and Prevention Index, respectively. These indices are nationally recognized industry standards used to measure quality of health care.
- <u>Rural Health</u>: In rural areas where it is not feasible to establish a medical center or outpatient center, VA established the Rural Mobile Health Care Clinics pilot project to improve access to primary care and mental health services. The project has outfitted four new mobile health clinics to serve veterans in 24 predominately rural counties throughout Colorado, Nebraska, Wyoming, Maine, Washington, and West Virginia.
- <u>Suicide Hotline and Suicide Prevention</u>: Suicide is the 11th most frequent cause of death in America. Vet Centers and VA Medical Centers are ready to help veterans at risk for suicide. VA continued to operate a national suicide prevention hotline to provide veterans in emotional crisis with free, 24/7 access to trained counselors. To operate the hotline, VA partners with the U.S. Department of Health and Human Services' Substance Abuse and Mental Health Services Administration.
- <u>Traumatic Brain Injury</u>: VA has developed innovative treatment for combat veterans returning from Iraq and Afghanistan. Recent developments include:
    - Developing a mandatory traumatic brain injury (TBI) training course for all VA health care professionals.
    - Instituting a program to screen all patients who served in the Operations Enduring Freedom and Iraqi Freedom (OEF/OIF) combat theaters for TBI.
- <u>AW2 Advocates</u>: In 2006, VA began hosting Army Wounded Warrior (AW2) Advocates at key VA medical centers. Advocates work closely with Network Polytrauma Sites and OEF/OIF Teams to provide transition assistance and community support to injured/ill soldiers, veterans, and their families. By December 31, 2008, AW2 Advocates will be in place at 59 VA medical centers.

- Call Center: In May 2008, VA began contacting nearly 570,000 recent combat veterans to inform them of VA's medical services and other benefits. In the first phase, calls were made to approximately 15,500 veterans who were sick or injured while serving in Iraq or Afghanistan. VA offered to appoint a case manager to ensure that they receive appropriate care and know about their VA benefits. The second phase launched in June is targeting 550,000 OEF/OIF discharged veterans who had not contacted VA for services.
- VA Nursing Academy: VA's Nursing Academy established six new partnerships with the country's leading nursing schools. Through these partnerships, VA has increased the number of nursing students coming to VA facilities for clinical experiences and the number of baccalaureate degree nursing graduates who are making VA their first choice of employment after graduation.

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

VA is providing compensation and pension benefits to nearly 3.8 million veterans and beneficiaries. In 2008, VA processed more than 899,800 claims for disability benefits. Despite greater workload, VA achieved a number of significant positive performance results in the benefits delivery area:

- Increasing Workforce: Hired nearly 2,000 additional employees to process compensation and pension claims to reduce the backlog and improve claims processing timeliness.
- Benefits Adjustments: Adjusted compensation benefits for more than 37,000 veterans entitled to Combat Related Special Compensation or Concurrent Retired and Disability Pay.
- Seamless Transition: Received more than 47,000 pre-discharge claims in 2008 through its Benefits Delivery at Discharge (BDD) program and the newly introduced Quick Start program. Servicemembers who are within 60-180 days of discharge and who are available for examination prior to discharge can participate in the BDD program. Since VA rates disabilities while the servicemembers are still in military service, the BDD allows disability benefits to be awarded very soon after discharge. The Quick Start program was introduced so that servicemembers with fewer than 60 days to discharge or who do not meet the BDD criterion requiring availability for all examinations prior to discharge can submit a claim prior to discharge. In August, VA began processing all BDD claims in a paperless environment.
- Quality: Increased to 92 percent the national accuracy rate for authorization work for pension claims, compared to 91 percent in 2007.
- Timeliness: Processed insurance disbursements in an average of 1.6 workdays – significantly better than the industry average of 5.7 workdays.
- Education: Provided education benefits to approximately 539,000 students. Twenty percent of these students received VA education benefits for the first time. The number of students receiving education benefits continues to climb, with claims increasing 10 percent over the 2007 level to approximately 1.6 million in 2008.

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 2008, VA maintained more than 2.9 million gravesites at 158 properties, including 125 national cemeteries and 33 other cemeterial installations. In this context, the Department accomplished the following:

- Opened Four Cemeteries: Through the funding of four new State veterans cemeteries in Glennville, Georgia; Anderson, South Carolina; Des Moines, Iowa; and Williamstown, Kentucky, VA increased to 84.2 percent the proportion of veterans served by a burial option within a reasonable distance (75 miles) of their residence -- up from 83.4 percent in 2007.

- <u>Six to Open Next Year</u>: Continued progress in establishing six new national cemeteries to serve veterans in the areas of Bakersfield, California; Birmingham, Alabama; Columbia, South Carolina; Jacksonville, Florida; Sarasota, Florida; and Philadelphia, Pennsylvania as part of the Department's largest expansion of its system of national cemeteries since the Civil War era. These cemeteries are expected to begin operations in 2009 and will provide service to about 1 million veterans.
- <u>Timeliness</u>: Achieved a 93 percent threshold of the proportion of graves in national cemeteries marked within 60 days of interment, a remarkable improvement when compared to the 49 percent level of 2002.
- <u>Quality</u>: Ninety-eight percent of survey respondents rated national cemetery appearance as "excellent."

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

In 2008, VA implemented various key initiatives to help ensure the successful transition of our returning military men and women to civilian life. Initiatives included the following:
- Began a Disability Evaluation pilot in the national capital region wherein the servicemembers undergo a single medical examination to aid in determining benefits.
- Evaluated and responded to several recommendations contained in the Interim Report of the Advisory Committee on OIF/OEF Veterans and Families.
- Identified San Antonio, Texas, for the location of a fifth polytrauma center to assist severely injured OEF/OIF veterans.

Advisory Committee on Gulf War Veterans

In 1991, Gulf War veterans made an invaluable contribution to national security and peace in a volatile region. The Advisory Committee on Gulf War Veterans, established in April 2008, will advise the Secretary on the full spectrum of health care and benefits issues that confront veterans who served in the Gulf War. The Committee pays particular attention to issues that are unique to these veterans and expects to complete its work by January 2010.

VA/DoD Collaboration: *Working Together to Serve our Veterans*

In 2008, VA and DoD collaboration efforts were focused on the following:
- Developing implementation plans to improve the delivery of benefits and health care services to servicemembers and veterans, and developing reports in accordance with the 2008 National Defense Authorization Act. This work has been codified in the VA/DoD Joint Strategic Plan for FY 2009-2011.
- Developing a joint Traumatic Brain Injury (TBI) Center of Excellence at the Walter Reed National Military Medical Center in Bethesda, Maryland. When completed, this will be a state-of-the-art facility dedicated to the support and treatment of complications arising from TBI.
- Other initiatives are underway to address serious injuries such as amputations, spinal cord injuries, and blindness.

Finance: *Ensuring Proper Stewardship of Taxpayer Dollars*

VA is extremely proud to have obtained an unqualified audit opinion on our financial statements for the tenth 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 further enhanced its automated financial reporting capabilities by completing implementation of all phases of the Financial Reporting Data Warehouse project, enabling VA to capture transaction details from targeted interfacing systems and reconciling the data reported in

the VA Financial Management System. In addition, the Financial and Logistics Integrated Technology Enterprise (FLITE) Program completed its Planning Phase and will begin the Execution Phase in 2009 with pilot implementation for asset management at the Milwaukee VAMC. 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*
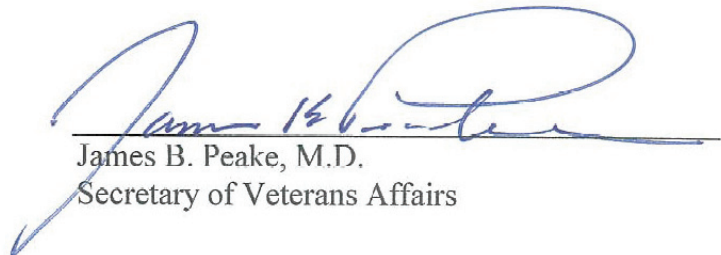
The financial and performance data presented in this report are complete and reliable. Throughout the year, our senior managers assess the efficiency and effectiveness of their organizations by analyzing financial and program performance data. Management relies on these data to identify control deficiencies 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 91 in the section entitled Management Controls, Systems, and Compliance with Laws and Regulations.

Data Security: *Safeguarding Sensitive Information*

VA made substantial progress in 2008 to safeguard sensitive information. VA has developed and continues to develop standardized security control policies and procedures in support of the Department's information security program. These policies help ensure a consistent approach to the information security program and improve the timeliness and effectiveness of remediation actions.

During 2008, more than 600 VA information systems were certified and accredited for continued operation. This accreditation allows senior officials to better understand and manage the risks associated with these systems and thus reduces the risk of compromise to VA information. The Department executed major organizational changes including the formation of a new Information Protection and Risk Management organization to centralize security-related functions, increase accountability, and standardize security processes. VA appointed a Chief Information Security Officer to improve security oversight and performance throughout the agency.

Finally, VA completed major security program milestones including the implementation of VA Information Technology (IT) Handbook 6500, *Information Security Program*; the inventory of all VA IT assets; and the implementation of the Information Protection Portal, Security Management and Reporting Tool, and VA Incident Response Tracking System. VA is committed to achieving the "Gold Standard" in information security and privacy.

James B. Peake, M.D.
Secretary of Veterans Affairs

VA On-Line: *Fast and Easy Access to Information*

Several Web sites that provide information for and about veterans are referenced in this report. The table below shows many of these sites and provides page locations.

What Information do You Need?	*Link to Web Site*	*PAR Location*
Obtaining Hard Copies of This Report	www.va.gov/budget/report	*See Page 7*
Health Care in VA	www.va.gov/health/index.asp	*See Page 10*
Managing My Health as a Veteran	www.myhealth.va.gov	*See Page 206*
Medical Research in VA	www.research.va.gov	*See Page 10* *See Page 183*
VA's Traveling Nurses	www.travelnurse.va.gov	*See Page 198*
Clinical Training Opportunities and Education Affiliates	www.va.gov/oaa	*See Page 188*
Disability Compensation for Veterans	www.vba.va.gov/bln/21/compensation	*See Page 10*
Pension Benefits for Veterans	www.vba.va.gov/bln/21/pension	*See Page 11* *See Page 155*
Education Benefits for Veterans	www.gibill.va.gov	*See Page 11* *See Page 31* *See Page 139*
Vocational Rehabilitation and Employment for Veterans	www.vba.va.gov/bln/vre	*See Page 11*
Home Loans for Veterans	www.homeloans.va.gov	*See Page 11* *See Page 176*
Specially Adapted Homes for Veterans	www.homeloans.va.gov/sah.htm	*See Page 112*
Insurance Benefits for Veterans	www.insurance.va.gov	*See Page 12* *See Page 161*
Burial Benefits for Veterans	www.cem.va.gov	*See Page 12* *See Page 193*
VA's Status and Progress on the President's Management Agenda	www.results.gov	*See Page 61*
OMB's Assessment on how Well VA Programs are Managed	www.ExpectMore.gov	*See Page 74*
Opportunities for Veteran-Owned Small Businesses	www.vetbiz.gov	*See Page 189*

FY 2008 Performance and Accountability Report
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<u>**Notes**</u>
[1] In this report, with the exception of table and chart titles, references to years (e.g., 2007, 2008) are fiscal years unless stated otherwise.
[2] For additional <u>copies</u> of this report, please call VA's Office of Budget at **202-461-6630.** An electronic version is available on the World Wide Web at <u>www.va.gov/budget/report</u>

Performance Scorecard

Color coding for FY 2008 Results
- ◯ Target Achieved
- ◯ Target Missed – Small Extent
- ◯ Target Missed – Great Extent

Strategic Goals	Key Performance Measures (page references)	FY 2007 Recap		FY 2008 Recap					
		Targets	Results	Targets	Results	Target Achieved?		Improved From FY 2007?	Measure Type
						Yes	No	Yes/No/Same	
Strategic Goal #1 RESTORATION AND IMPROVED QUALITY OF LIFE FOR DISABLED VETERANS	National accuracy rate for compensation core rating work (pp. 121, 228)	89%	88%	**90%**	**86%***		No	No	Output
	Compensation and pension rating-related actions — average days to process (pp. 119, 228)	160	183	**169**	**179**		No	Yes	Output
	Rating-related compensation actions — average days pending (pp. 120, 228)	127	132**	**120**	**121**		No	Yes	Output
	Vocational rehabilitation and employment rehabilitation rate (pp. 126, 228)	73%	73%	**75%**	**76%**	Yes		Yes	Outcome
	Average days to process Dependency and Indemnity Compensation actions (pp. 130, 228)	125	132	**118**	**121**		No	Yes	Output
Strategic Goal #2 SMOOTH TRANSITION TO CIVILIAN LIFE	Average days to complete education claims								
	Original claims (pp. 140, 228)	35	32	**24**	**19**	Yes		Yes	Output
	Supplemental claims (pp. 141, 228)	15	13	**11**	**9**	Yes		Yes	Output
Strategic Goal #3 HONORING, SERVING, AND MEMORIALIZING VETERANS	Percent of patients rating VA health care service as very good or excellent: - Inpatient (pp. 150, 230)	78%	78%	**79%**	**79%***	Yes		Yes	Outcome
	- Outpatient (pp. 151, 230)	78%	78%	**79%**	**78%***		No	Same	Outcome
	Percent of primary care appointments scheduled within 30 days of desired date (pp. 148, 230)	96%	97%	**97%**	**98.7%**[a]	Yes		Yes	Output
	Percent of specialty care appointments scheduled within 30 days of desired date (pp. 149, 230)	95%	95%	**95%**	**97.5%**[a]	Yes		Yes	Output
	Percent of new patient appointments completed within 30 days of desired date (p. 230)	N/A	N/A	FY 2008 was a **Baseline** year		N/A		N/A	Output
	Percent of unique patients waiting more than 30 days beyond the desired appt. date (p. 230)	N/A	N/A	FY 2008 was a **Baseline** year		N/A		N/A	Output

Performance Scorecard

Color coding for
FY 2008 Results

○ Target Achieved
○ Target Missed – Small Extent
○ Target Missed – Great Extent

Strategic Goals	Key Performance Measures (page references)	FY 2007 Recap		FY 2008 Recap		Target Achieved?		Improved From FY 2007?	Measure Type
		Targets	Results	Targets	Results	Yes	No	Yes/No/Same	
Strategic Goal #3 *(continued)* — HONORING, SERVING, AND MEMORIALIZING VETERANS	Clinical Practice Guidelines Index II (pp. 146, 230)	84%	83%	**85%**	**84%***		No	Yes	Outcome
	Prevention Index III (pp. 147, 232)	88%	88%	**88%**	**88%***	Yes		Same	Outcome
	Annual percent increase of non-institutional, long-term care average daily census (2006 baseline=43,325) (pp. 152, 232)	26.3%	-5.3%	**7.7%**	**31.7%**	Yes		Yes	Output
	Non-rating pension actions — average days to process (pp. 157, 232)	96	104	**84**	**119**		No	No	Output
	National accuracy rate for pension authorization work (pp. 158, 232)	89%	91%	**92%**	**92%***	Yes		Yes	Output
	Average number of days to process Traumatic Injury Protection Insurance disbursements (pp. 162, 232)	5	3.0	**5.0**	**2.5**	Yes		Yes	Output
	Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence (pp. 167, 234)	83.8%	83.4%	**83.7%**	**84.2%**	Yes		Yes	Outcome
	Percent of respondents who rate the quality of service provided by the national cemeteries as excellent (pp. 168, 234)	97%	94%	**97%**	**94%**		No	Same	Outcome
	Percent of graves in national cemeteries marked within 60 days of interment (pp. 173, 234)	90%	94%	**95%**	**93%**		No	No	Output
	Foreclosure avoidance through servicing (FATS) ratio (pp. 177, 234)	51.0%	57.0%	**56.0%**	**52.4%**		No	No	Outcome
Strategic Goal #4 — CONTRIBUTING TO THE NATION'S WELL-BEING	Progress towards development of one new treatment for post-traumatic stress disorder (5 milestones over 4 years) (pp. 184, 234)	67%	67%	**80%**	**80%**	Yes		Yes	Outcome
	Percent of respondents who rate national cemetery appearance as excellent (pp. 194, 234)	99%	97%	**99%**	**98%**		No	Yes	Outcome

Notes: 1) * Indicates partial or estimated actual data. 2) **Indicates corrected data. 3) (a) Office of Inspector General reports in 2005, 2007 and 2008 found reported outpatient waiting times to be unreliable because of data integrity concerns associated with VHA's scheduling system. VHA non-concurred with the 2007 findings due to disagreements with the OIG's methodology. In 2008, VHA obtained the services of an expert consultant to perform a thorough analysis and assessment of its scheduling and wait times reporting system. VHA is in the process of implementing the recommendations.

Department Overview

Our Mission: *What we are Here to Do*

> **To fulfill President Lincoln's promise – "To care for him who shall have borne the battle, and for his widow, and his orphan"– by serving and honoring the men and women who are America's veterans.**

President Lincoln's immortal words – delivered in his Second Inaugural Address more than 140 years ago – describe better than any others the mission of the Department of Veterans Affairs. We care for veterans and their families – men and women who have responded when their Nation needed help. Our mission is clear-cut, direct, and historically significant. It is a mission that every employee is proud to fulfill.

VA fulfills these words by providing world-class benefits and services to the millions of men and women who have served this country with honor in the military. President Lincoln's words guide the efforts of approximately 250,000 VA employees who are committed to providing the best medical care, benefits, social support, and lasting memorials to veterans and their dependents in recognition of veterans' service to this Nation.

Our Programs: *What We Do*

Veterans Health Administration

Providing Medical Care

VA operates the largest direct health care delivery system in America. In this context, VA meets the health care needs of America's veterans by providing a broad range of primary care, specialized care, and related medical and social support services. VA focuses on providing health care services that are uniquely related to veterans' health or special needs. VA is also the Nation's largest provider of health care education and training for medical residents and other health care trainees. These education and training programs are designed to help ensure an adequate supply of clinical care providers for veterans and the Nation.
Web: http://www1.va.gov/health/index.asp

Conducting Vet-Centered Medical Research

VA advances medical research and development in ways that support veterans' needs by pursuing medical research in areas that most directly address the diseases and conditions that affect veterans.

Shared VA medical research findings contribute to the public good by improving the Nation's overall knowledge of disease and disability.
Web: http://www.research.va.gov

Veterans Benefits Administration

Delivering Compensation Benefits

The Compensation program provides monthly payments and ancillary benefits to veterans in accordance with rates specified by law, in recognition of the average potential loss of earning capacity caused by a disability or disease incurred in or aggravated during active military service.

This program also provides monthly payments, as specified by law, to surviving spouses, dependent children, and dependent parents in recognition of the economic loss caused by the veteran's death during active military service or, subsequent to discharge from military service, as a result of a service-connected disability.
Web: www.vba.va.gov/bln/21/compensation/

Providing Pension Benefits

Pension benefits are monthly payments, specified by law, provided to veterans with nonservice-connected disabilities who served in a time of war. Veterans must meet specific income limitations and must be permanently and totally disabled or must have reached the age of 65. This program also provides monthly payments, as specified by law, to income-eligible surviving spouses and dependent children of deceased wartime veterans who die as a result of a disability unrelated to military service.
Web: www.vba.va.gov/bln/21/pension/

Providing Educational Opportunities

VA's education programs provide eligible veterans, servicemembers, reservists, survivors, and dependents the opportunity to achieve their educational or vocational goals. Education programs also assist the armed forces in their recruitment and retention efforts, and help veterans in their readjustment to civilian life.

These benefits serve to enhance the Nation's competitiveness through the development of a better educated and more productive workforce. VA administers a number of education programs, including the Montgomery GI Bill and the Reserve Educational Assistance Program (REAP) for Reserve and National Guard troops activated in support of the Global War on Terror.
Web: www.gibill.va.gov

Delivering Vocational Rehabilitation and Employment Services

The Vocational Rehabilitation and Employment program assists veterans with service-connected disabilities to achieve functional independence in daily activities, become employable, and obtain and maintain suitable employment.
Web: http://www.vba.va.gov/bln/vre/index.htm

Promoting Home Ownership

Through loan guaranties, VA's Loan Guaranty program helps eligible veterans, active duty personnel, surviving spouses, and members of the Reserves and National Guard to purchase homes. We also assist veterans in retaining their homes through foreclosure avoidance services. In addition, VA offers grants to veterans who have specific service-connected disabilities for the purpose of constructing an adapted dwelling or modifying an existing one to meet the veteran's needs.

The Loan Guaranty program also provides direct loans to Native American veterans living on Federal trust land and offers some loans to the public when buying homes owned by the Department as a result of foreclosure.
Web: http://www.homeloans.va.gov

Meeting Insurance Needs

The Insurance program provides servicemembers and their families with universally available life insurance (automatically issued to all servicemembers and their families without underwriting), as well as traumatic injury protection insurance for servicemembers. It also provides for the optional continuation of insurance coverage after a servicemember's separation from service. In this context, the program continues to provide life insurance coverage to 1.2 million WWII and Korean War-era veterans.

In addition, the program provides life insurance to veterans who have lost or impaired insurability resulting from military service and therefore cannot obtain commercial insurance at standard (healthy) rates. Insurance coverage is made available in reasonable amounts and at premium rates largely comparable to those offered by commercial companies. The program ensures a competitive, secure rate of return on investments held on behalf of the insured.
Web: http://www.insurance.va.gov

National Cemetery Administration

Delivering Burial Services to Veterans

Primarily through the National Cemetery Administration (NCA), VA honors veterans with final resting places in national shrine cemeteries and with lasting tributes that commemorate their service to our Nation.
Web: http://www.cem.va.gov

Staff Offices

The Department's staff offices are critical to VA's ability to deliver services to veterans in a cost-effective manner. These offices provide a variety of services including information technology, human resources management, financial management, acquisition, and facilities management.

Our Programs: *Who We Serve*

As described on the previous pages, VA programs and services are as varied as the veterans and family members we serve. From space-age technology used in prosthetic devices that bring mobility to the severely disabled, to the pension benefits paid to three survivors of Civil War veterans, VA's commitment to those who have "borne the battle" continues. As shown below, VA is serving more veterans and their dependents than ever before.

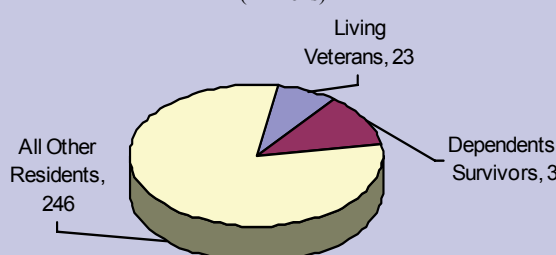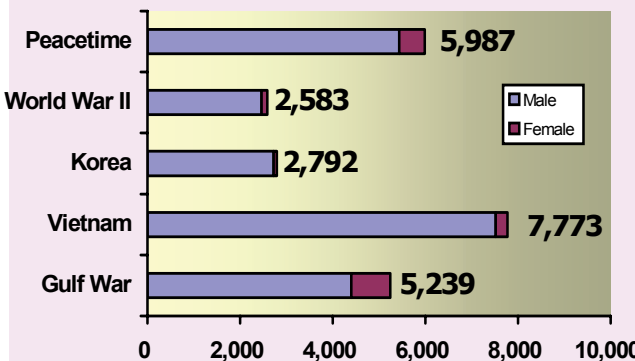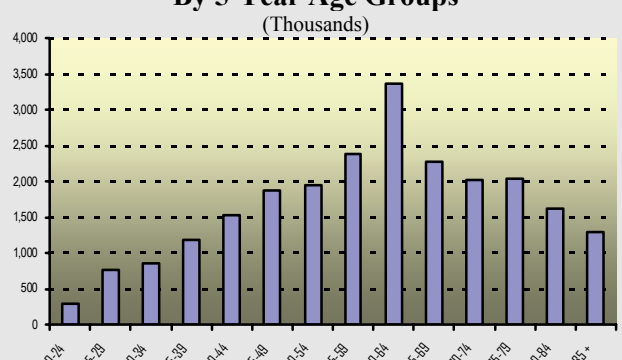| Program	Year-to-Year Comparison		
	FY 2007 Participants[1]	FY 2008 Participants[1]	Percent Change
Medical Care			
Unique Patients	5,479,000	5,565,000	1.6
Compensation			
Veterans	2,839,700	2,951,600	3.8
Survivors/Children	329,700	333,200	1.1
Pension			
Veterans	322,900	317,600	-1.7
Survivors	194,600	195,600	0.5
Education[2]			
Veterans/Servicemembers	345,000	352,600	2.2
Reservists	101,700	106,200	4.4
Survivors/Dependents	77,300	80,100	3.6
Vocational Rehabilitation[2]			
Program Participants	90,600	97,116	6.4
Housing			
Loans Guaranteed	133,300	179,700	34.8
Insurance			
Veterans	1,695,000	1,630,000	-3.8
Servicemembers/Reservists	2,354,000	2,337,000	-0.7
Spouses/Dependents	3,075,000	3,078,000	0.1
Burial			
Interments	100,200	103,300	3.1
Graves Maintained	2,842,700	2,914,500	2.5
Headstones/Markers (Processed)	359,500	361,200	0.5
Presidential Memorial Certificates	423,100	511,400	20.9

[1]Figures are rounded to nearest hundred.

[2]Figures represent 12-month rolling data through September.

America's Veterans: *A Demographic Profile*

Beginning with our Nation's struggle for freedom more than two centuries ago, approximately 43 million men and women have served this country during wartime periods. The charts below provide various social and demographic information on today's veteran population.
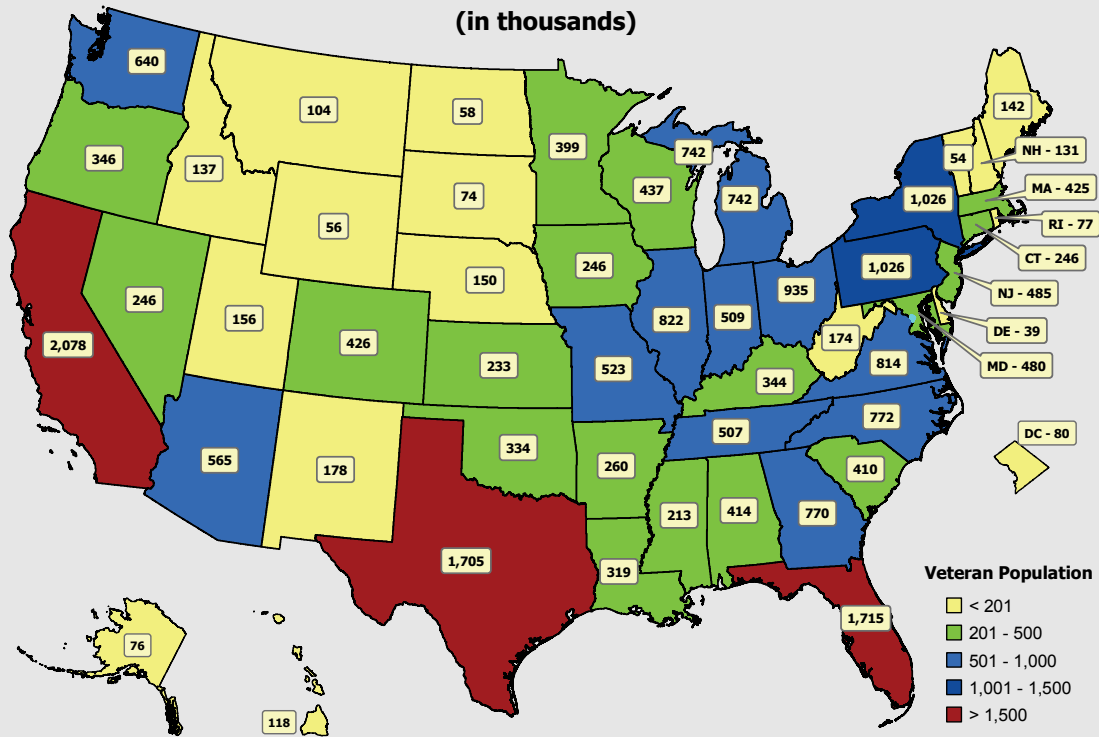
Data	Analysis
Veteran Population Compared to Total U.S. Population (Millions) Living Veterans, 23 All Other Residents, 246 Dependents & Survivors, 36	• Currently there are about 23.4 million living U.S. veterans, 8 percent of whom are women. The percentage of women veterans is expected to increase over time given the increased role of women in the Armed Forces. • There are an estimated 36 million dependents (spouses and dependent children) of living veterans and survivors of deceased veterans in the U.S. • Together, veterans, dependents, and survivors make up about 19 percent of America's population.
Veteran Population by Period of Service* (Thousands) Peacetime 5,987 World War II 2,583 Korea 2,792 Vietnam 7,773 Gulf War 5,239 ■ Male ■ Female 0 2,000 4,000 6,000 8,000 10,000	• More than 17 million (74 percent) of America's veterans served during at least one wartime period. • The nearly 8 million Vietnam Era veterans account for the largest segment of the veteran population. • About 73 percent of all women veterans served during the post-Vietnam Era compared to 34 percent of men. • Between 2008 and 2018, the number of women veterans enrolled in VA's health care system is expected to increase from 474,621 to 747,408, or 58 percent.
Age Distribution of the Veteran Population By 5-Year Age Groups (Thousands)	• As of September 2008, the median age of all living veterans was 61 years. • Men's median age was 61; women's 48. • The number of veterans 85 and older totaled about 1,290,000, compared to 164,000 in 1990. • Between 2008 and 2018, veterans 85 and older enrolled in VA's health care system are expected to increase from 546,922 to 774,177, or 42 percent.

* The sum of period of service will exceed number of all veterans because veterans who served in multiple periods are shown in each period.

Data

Veteran Population by State
### As of September 30, 2008
(in thousands)

Map of the United States showing veteran population by state (in thousands):

- WA: 640
- OR: 346
- CA: 2,078
- NV: 246
- ID: 137
- MT: 104
- WY: 56
- UT: 156
- AZ: 565
- CO: 426
- NM: 178
- ND: 58
- SD: 74
- NE: 150
- KS: 233
- OK: 334
- TX: 1,705
- MN: 399
- IA: 246
- MO: 523
- AR: 260
- LA: 319
- WI: 437
- IL: 822
- MS: 213
- MI: 742
- IN: 509
- KY: 344
- TN: 507
- AL: 414
- OH: 935
- WV: 174
- VA: 814
- NC: 772
- SC: 410
- GA: 770
- FL: 1,715
- PA: 1,026
- NY: 1,026
- VT: 54
- ME: 142
- NH - 131
- MA - 425
- RI - 77
- CT - 246
- NJ - 485
- DE - 39
- MD - 480
- DC - 80
- AK: 76
- HI: 118

Veteran Population
- < 201
- 201 - 500
- 501 - 1,000
- 1,001 - 1,500
- > 1,500

Analysis

- Veterans in just three States – California, Texas and Florida – comprised almost 24 percent of the total number of veterans living in the U.S.
- The three next largest States in terms of veteran population are New York, Pennsylvania, and Ohio. These States account for 13 percent of the total number of veterans living in the U.S.
- Together, these six States account for about 37 percent of the total veteran population.

Resources: *Our People*

As of September 30, 2008, the Department employed about 250,000 staff nationwide. The charts below show the distribution of full-time equivalent employees by program area.

Number of Full-Time Equivalent Employees
as of September 30, 2008
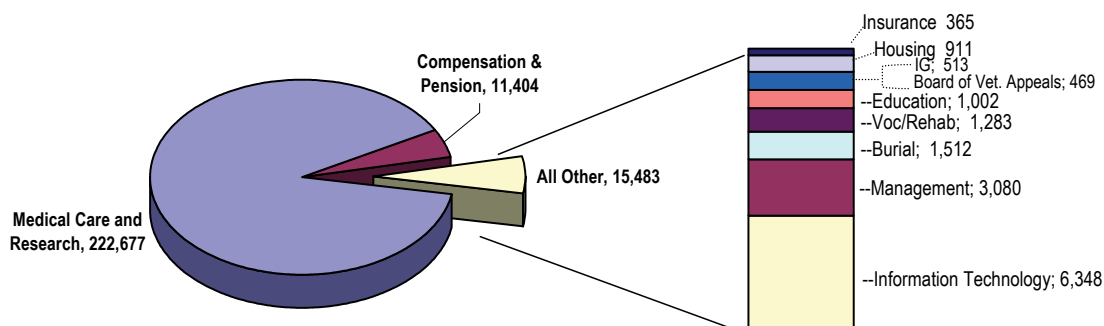
As shown above, more than 222,000 employees support VA's health care system, one of the largest in the world. Of the remaining employees, approximately 15,000 are involved with providing compensation and pension as well as other benefits to veterans and their families. About 1,500 provide burial and memorial services for veterans and their eligible spouses and children, and about 9,900 employees, located primarily in the Washington, DC area, provide policy, administrative, information technology, and management support to the programs.

Resources: *Budgetary*

In 2008 VA obligated approximately $97.0 billion. Approximately 98 percent of total funding went directly to veterans in the form of monthly payments of benefits or for direct services such as medical care. The depictions below show how VA spent the funds with which it was entrusted.

FY 2008 Obligations
($ Millions)

Our Organization

Department of Veterans Affairs

	Secretary
Chief of Staff	---------------
	Deputy Secretary

Office of the Secretary boxes (left):
- Veterans Service Organization Liaison
- Center for Minority Veterans
- Center for Women Veterans
- Center for Faith-Based & Community Initiatives
- Office of Small & Disadvantaged Business Utilization
- Office of Employment Discrimination Complaint Adjudication
- Office of Advisory Committee Management
- Office of Construction & Facilities Management

Office of the Secretary boxes (right):
- General Counsel
- Inspector General
- Chairman, Board of Veterans' Appeals

Administrations (VA Business Lines):
- Under Secretary for Health, Veterans Health Administration
- Under Secretary for Benefits, Veterans Benefits Administration
- Under Secretary for Memorial Affairs, National Cemetery Administration

Staff Offices:

Assistant Secretary for Management

Principal DAS for Management
- DAS for Budget
- DAS for Finance
- DAS for Acquisition & Logistics

Assistant Secretary for Information & Technology

Principal DAS for OI&T
- DAS for Information Protection & Risk Mgmt.
- DCIO for IT Enterprise Strategy, Policy, Plans, & Programs
- DAS for IT Resources Management
- DCIO for Enterprise Development
- DCIO for Enterprise Operations & Field Development

Assistant Secretary for Policy & Planning
- DAS for Policy
- DAS for Planning & Evaluation

Assistant Secretary for Operations, Security & Preparedness
- DAS for Security & Law Enforcement
- DAS for Emergency Management

Assistant Secretary for Human Resources & Administration

Principal DAS for HR&A
- DAS for Administration
- DAS for HR Management
- DAS for Diversity Management & EEO
- DAS for Resolution Management
- DAS for Labor-Management Relations

Assistant Secretary for Public & Intergovernmental Affairs
- DAS for Public Affairs
- DAS for Intergovernmental Affairs

Assistant Secretary for Congressional & Legislative Affairs
- DAS for Congressional & Legislative Affairs

Legend
- Office of the Secretary
- Administrations (VA Business Lines)
- Staff Offices

Leadership and Governance

VA senior leadership makes policy decisions through various internal governing bodies. Two of the most critical are described below together with key actions they undertook in 2008.

Governance	Major FY 2008 Actions
Strategic Management Council	
Membership The Strategic Management Council (SMC) is chaired by the Deputy Secretary and includes VA's seven Assistant Secretaries; the Deputy Under Secretaries for Health, Benefits, and Memorial Affairs; the Deputy General Counsel; Chair for the Board of Veterans' Appeals; Chief of Staff; Counselor to the Secretary; and the Senior Advisor to the Deputy Secretary. **Purpose** The SMC serves as a collaborative and deliberative body that provides oversight and guidance on key strategic and operational issues that confront VA decision-makers.	• Provided policy direction on several initiatives arising out of the *Disability Evaluation Report*. Those initiatives/improvements include the Disability Evaluation System (DES) pilot and the Federal Recovery Coordinator (FRC) program. • Provided policy direction on Joint Ventures between VA, DoD, academic affiliates, or other public or private entities. • Provided periodic assessments of high-risk activities including: o FLITE, VA's multi-year initiative to deploy enterprise-level integrated financial asset management system. o The capital investment process. o Reorganization of the Office of Information and Technology. • Provided policy direction on workforce planning within the Veterans Health Administration. • Reviewed the status of VA's labor agreements and pending negotiations.
Monthly Performance Reviews (MPRs)	
Membership MPRs are chaired by the Deputy Secretary and are attended by principals from every VA organization. **Purpose** MPRs focus on financial and program performance. In this context, the principals discuss and make decisions on mission-critical issues within the context of performance, budget, and workload targets and associated results. Necessary corrective actions are identified and implemented to help ensure program goals and objectives are accomplished.	• Once a month, all VA Administrations and staff offices reported on progress made in meeting established monthly and/or fiscal year-to-date financial and performance goals. • MPR reporting was enhanced to improve the clarity and utility of reports presented to senior leadership. o Created more dashboard style presentations that integrated quantifiable data and robust narrative analysis on a single page. • Developed special snapshot reports used by all organizations to focus leadership on Near-term (next 45 days) as well as Long-term (next 12 months) challenges. • Initiated quarterly "drill down" presentations to provide cross-cutting, specialized analyses on Capital Assets, Construction, Information Technology, Human Capital, Budget Execution, and Program Performance.

Performance Overview

Purpose of This Report

VA's FY 2008 Performance and Accountability Report (PAR) describes VA's accomplishments and progress during FY 2008 toward fulfilling its mission. The report is designed to enable Department management, our stakeholders, and our employees to assess VA's program and financial performance as compared to its goals and to use this information to make necessary assessments and improvements.

How We Measure Performance

VA employs a **five-tiered performance management framework** to measure performance.

Term	Definition
Strategic Goals	The Department's long-term outcomes as detailed in its Strategic Plan and articulated through four strategic goals and one enabling goal.
Strategic Objectives	Broad operational focus areas designed to achieve strategic goals. The Department has 21 strategic objectives.
Performance Measures	Specific measurable indicators used to measure progress towards achievement of strategic objectives. The Department uses different types of measures (i.e., outcome, output, and efficiency) to evaluate its performance and progress.
Performance Targets	Associated with specific performance measures, these are quantifiable expressions of desired performance/success levels to be achieved during a given fiscal year.
Strategic Targets	Also associated with specific performance measures, these are quantifiable expressions of optimum success levels to be achieved; they are "*stretch goals*" that VA strives for in the long-term.

VA's 21 strategic objectives are supported by 138 performance measures, 25 of which were identified by VA's senior leadership as **mission critical**. The Department's performance measures are a mix of program outcomes that measure the impact that VA programs have on the lives of veterans and their families, program outputs that measure activities undertaken to manage and administer these programs, and program efficiency that measures the cost of delivering an output or desired outcome.

Improvements to the FY 2008 Report

This year's PAR includes several new improvements designed to give our stakeholders more complete information on VA's performance and activities.

Improvement	*Benefit to VA's Stakeholders*
Cost Per Measure Data	Consistent with the President's Management Agenda, the Department is furthering its integration of performance and budget information. As part of this effort, this year's PAR includes information on the cost of achieving performance targets for *seven* measures. We provide this in addition to cost estimates provided by strategic goal and objective, respectively.
Major Management Challenges	This year's report improves how major management challenges are presented. For each challenge, in an easy-to-read tabular format, there is an estimated resolution date, a responsible official, a summary of actions taken, milestones planned for FY 2009, and anticipated impacts of actions taken. Together these elements provide a comprehensive analysis of the challenges facing the Department and what VA is doing to address them.
Web Links	Beginning with a table on page 5 that lists key VA Web links, this year's PAR includes numerous links to a variety of Web sites available to the reader who wishes to have more information about a given topic pertinent to VA.
Data Quality Information	This year's report contains more robust and detailed information on how VA verifies the quality of its performance results data. The report's Key Measures Data Table and the Assessment of Data Quality sections have been restructured to provide more comprehensive data quality information.
Dashboard Style Tables	Selected tables now include more dashboard-like features that convey performance results to the reader more quickly and clearly.
VA Snapshots	Snapshots are short vignettes that give the reader an easy way to understand VA through human interest stories.
Strategic Objective Measures Recap	Our strategic objective chapters in Part II now include a recap of all measures and associated results for a given objective including a statistical recap.

2008 Performance -- *A Department-Level Summary*

Key Measures -- *Continuity and Type*: Key measures are those that measure mission-critical activities. As of FY 2008, 22 of VA's 25 key measures have been in place for at <u>least 4 years</u>. This provides the Department's leadership with the ability to track significant performance trends over time and to make strategic adjustments when necessary. As shown in the chart below, over the past several years, outcome and efficiency measures account for around 40 percent of VA's key measures.

Percent of VA's Key Measures that are Outcome or Efficiency Oriented

2003	2004	2005	2006	2007	2008
39%	43%	39%	42%	42%	40%
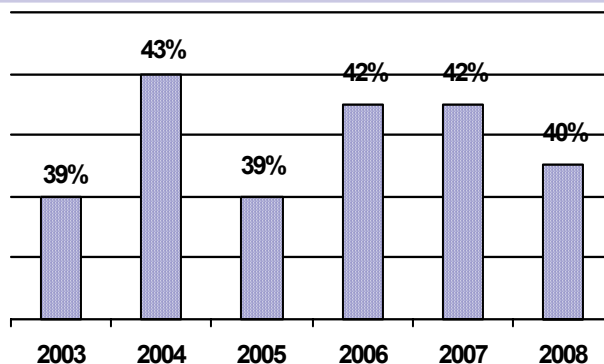
Performance Results: *Key vs. All Measures:* The chart below shows how well VA performed in meeting its performance targets. As shown, VA achieved the target for 52 percent of its key measures and 70 percent of all measures. In addition, for key measures, 22 percent of the targets were not achieved, but performance improved from 2007. Further details on performance by goal and objective are provided on the following pages.

2008 Performance Results Distribution for Key and All Measures
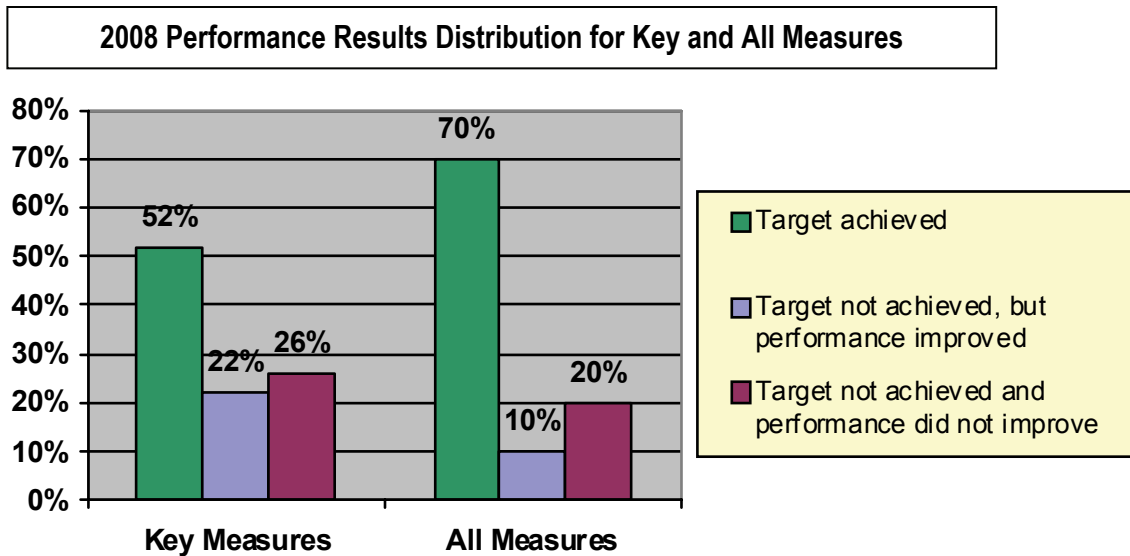
Performance Trends: *All Measures:* The chart below shows how well VA performed in meeting its performance targets for all of its measures since 2004. Trend analysis should be considered in light of yearly changes to performance targets and, to a lesser extent, changes to the numbers and types of measures.

Percent of Targets Achieved For All Measures – 5-Year Trend
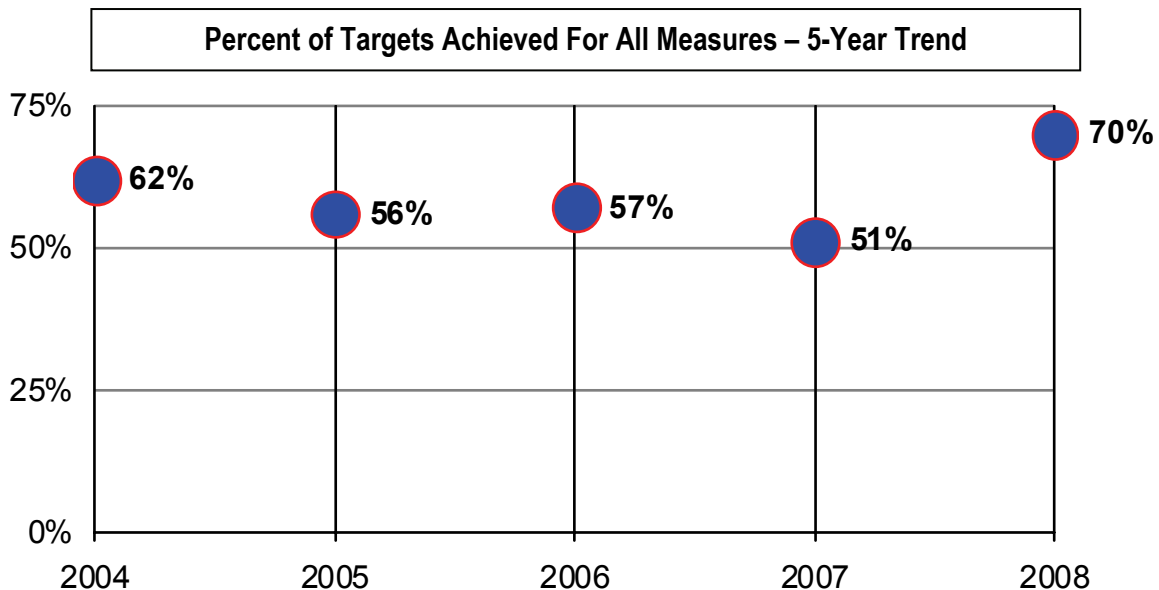
Cost to Achieve Performance Goals – *For 7 Selected Measures*

As in past reports, VA is providing an estimate of costs devoted to achieve **strategic goals** and **objectives**. However, as a continuing part of the Department's overall effort to better identify resources required to achieve a certain level of performance, this year we show estimated costs to achieve a level of performance (i.e., a result) for **seven** measures.

Measure	Fiscal Year 2008		
	Performance		Estimated Cost (Obligations) ($ in Millions)
	Target	Result	
Annual percent increase of non-institutional, long-term care average daily census	**7.7%**	**31.7%**	**$680.6**[1]
Impact of Result on the Veteran	Increasing the number of veterans receiving Home and Community-Based Care (HCBC) services provides veterans with an opportunity to improve the quality of their lives. HCBC promotes independent physical, mental, and social functioning of veterans in the least restrictive settings.		
How VA Uses Performance Data	VA uses the data to project the need for services, evaluate existing services, and promote access to required services. In addition, the data are used to establish VISN targets and evaluate VISN performance in meeting assigned workload levels in the HCBC area.		
FY 2008 Program and Cost Efficiencies Implemented	Fiscal year 2008 saw the largest ever expansion in access to non-institutional long-term care services, a 31.7% increase over the previous year. Non-institutional long-term care programs were delivered to more veterans than ever before, resulting in increased services as well as increased numbers served. In addition, delivery of several services received targeted attention due to identified special needs for Care Coordination/Home Telehealth, homemaker/home health aide, and home hospice services.		
Progress towards development of one new treatment for post-traumatic stress disorder	**80%**	**80%**	**$2.7**
Impact of Result on the Veteran	PTSD is an anxiety disorder that can develop after a person has been exposed to a terrifying event or ordeal in which physical harm occurred or was threatened. PTSD related to military service or combat exposure is a major concern in the health of the veteran population. In cases where veterans do not respond to initial treatment, symptoms (including nightmares, disturbing memories during the day, sleep problems, and aggressive behavior) may persist for years. Therefore, effective relief of symptoms is needed. The milestones involve four clinical trials, three of which have been completed. The fourth trial is still ongoing.		
How VA Uses Performance Data	Results of PTSD studies are rapidly translated into clinical practice. Findings have been published in the Journal of the American Medical Association and Biological Psychiatry. Research has been discussed at conferences with VA, DoD, and university attendees.		
FY 2008 Program and Cost Efficiencies Implemented	Three of the four studies comprising this performance measure have been completed. One study evaluated the efficacy of exposure therapy for treating PTSD in female veterans and active-duty military personnel. The investigators concluded that it is an effective treatment that is feasible to implement across a range of clinical settings. Researchers leading a study with the drug prazosin found that it is an effective and well-tolerated treatment for trauma nightmares, sleep disturbance, and for veterans with chronic PTSD.		

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[1] Preliminary estimate; actuals are anticipated in December.

Measure	Fiscal Year 2008		Estimated Cost (Obligations) ($ in Millions)
	Performance		
	Target	Result	
a) Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	72%	65%	$32.7
b) Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	80%	84%	
c) Percent of gravesites that have grades that are level and blend with adjacent grade levels	88%	86%	
Impact of Result on the Veteran	National cemeteries carry expectations of appearance that set them apart from private cemeteries. Our Nation's veterans have earned the appreciation and respect not only of their friends and families, but also of the entire country and our allies. VA's cemeteries reflect this appreciation and respect.		
How VA Uses Performance Data	VA uses these data to identify areas where improvements in appearance are needed. Data are broken out by individual cemetery. Best practices are shared with cemeteries that are having difficulty.		
FY 2008 Program and Cost Efficiencies Implemented	VA implemented an analytical method to more accurately link the impact of resources to performance results attained for this measure. This new method enables NCA to more accurately project the funding needed to achieve targets pertaining to the maintenance of headstones and markers at the proper height and alignment as well as being free of debris, and level with adjacent grade levels.		
Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence	83.7%	84.2%	$188.4
Impact of Result on the Veteran	By the end of 2008, more than 19 million veterans and their families had reasonable access to a burial option. One of VA's primary objectives is to ensure that the burial needs of veterans and eligible family members are met. Having reasonable access is integral to realizing this objective.		
How VA Uses Performance Data	VA analyzes census data to determine areas of the country that have the greatest number of veterans not currently served by a burial option. This information is used in planning for new national cemeteries and for gravesite expansion projects to extend the service lives of existing national cemeteries, as well as in prioritizing funding requests for state veterans cemetery grants.		
FY 2008 Program and Cost Efficiencies Implemented	VA locates new national cemeteries in areas of the country with the largest concentration of unserved veterans. Grants for new state veterans cemeteries are prioritized by the number of currently unserved veterans who will be served by the new cemetery. This enables VA to maximize the provision of burial benefits at new national and state cemeteries.		

Measure	Fiscal Year 2008		Estimated Cost (Obligations) ($ in Millions)
	Performance		
	Target	**Result**	
Vocational Rehabilitation and Employment Rehabilitation Rate	**75%**	**76%**	**$106.9**
Impact of Result on the Veteran	A "rehabilitated" veteran is one who successfully completes the rehabilitation program plan. Rehabilitated veterans are capable and equipped with the required skills and tools needed to hold suitable employment or have improved ability to live independently.		
How VA Uses Performance Data	The rehabilitation rate is a key indicator of the effectiveness of the VR&E program. The measure is used to assess the performance of vocational rehabilitation counselors, counseling psychologists, VR&E officers, and regional office directors as well as the effectiveness of the program and services provided.		
FY 2008 Program and Cost Efficiencies Implemented	The rehabilitation rate improved because of increased focus placed on making sure that veterans become employable by completing the program. Additional employment coordinators were hired, which allowed VR&E to refine the employment coordinator role and provide more direct job placement services. Further, the training of counselors, managers, and employment coordinators has enabled VA to provide higher quality service to veterans.		

Performance Summaries by Strategic Goal

STRATEGIC GOAL 1
Restoration and Improved Quality of Life for Disabled Veterans

Restore the capability of veterans with disabilities to the greatest extent possible, and improve the quality of their lives and that of their families.

Public Benefit

Providing for the **specialized health care** needs of veterans is an integral component of America's commitment to its veterans. Due to the prevalence of certain chronic and disabling conditions among veterans, VA has developed strong expertise in certain specialized services that are not uniformly available in the private sector.

For example, VA has developed a **polytrauma system of care (PSC)** that provides coordinated inpatient, transitional, and outpatient rehabilitation services to active duty servicemembers and veterans who have experienced severe injuries resulting in multiple traumas including spinal cord injuries, traumatic brain injuries, visual impairment, burns, amputations, combat stress, and post-traumatic stress disorder. The PSC provides intensive clinical and social work case management services essential to coordinating the complex components of care for polytrauma patients and their families.

VA's expertise in these specialized services has been shared with health care systems across the **country** and throughout the **world**.

In addition to VA's comprehensive system of health care, VA provides **compensation**, **vocational rehabilitation**, **life insurance**,

dependency and indemnity compensation, and dependents' and survivors' education services to veterans and their families.

Through the use of **Specially Adapted Housing (SAH) grants,** seriously disabled veterans'

homes are modified to help these veterans live more independent lives.

These services are concrete expressions of the pact between our Nation and those who bravely served it in uniform.

Making a Difference for the Veteran

Disabled Veteran Completes 3,200 Mile Cross Country Run

Vietnam veteran Eugene Roberts and his grandson run the final stretch of his more than 3,200-mile cross country journey to the Baltimore VA Medical Center where he was welcomed by hundreds of cheering supporters. Baltimore City Police and members of the Patriot Guard Riders escorted Roberts for the final five miles to the medical center.

Hundreds of Department of Veterans Affairs (VA) employees, veterans, and onlookers cheered, waved U.S. flags, and shed tears of joy as Marine veteran Eugene Roberts, Sr., turned from West Baltimore Street into the Baltimore VA Medical Center to finish his more than **3,200-mile cross country run** in April.

While any cross country run is a feat worthy of celebration, what made this Vietnam veteran's trek so special was that he has **two prosthetic legs.** Roberts began his incredible journey in early July 2007 from Marine Corps base Camp Pendleton, California. He crossed nine southern States to Parris Island Marine Corps Depot, South Carolina, and then ran to the VA medical center in Baltimore.

Nothing deterred Roberts -- not the 120-degree temperatures on the desert highways of Southern California and Arizona, or the torrential southern rain storms. "Running on these prosthetic legs wasn't easy," Roberts said to the crowd of supporters after he crossed the finish line. "But my faith in Jesus kept me going each day." He also attributed his success to the loving support of his wife of more than 40 years, and continual assistance from the **VA Maryland Health Care System prosthetics team.**

Prosthetics Specialist Charlene Grant supported Roberts from day one. Grant made sure that Roberts had the latest athletic prostheses that were up to the task. She also worked with Roberts to coordinate health care "pit stops" at VA medical centers along his journey across the country. These medical centers quickly accommodated the VA Maryland Health Care System patient during his cross country journey. Due to the unprecedented use of his prosthetics, VA medical staff needed to make regular adjustments to his legs and sockets, and the soles of his prosthetic feet had to be replaced after the constant pounding on the pavement. As with any distance runner, Roberts also had his share of blisters and minor injuries.

"This is a great example of how the VA Maryland Health Care System and the VA as a whole is going the 'extra mile' to provide world-class health care services to our Nation's veterans," said Dennis Smith, Director of the VA Maryland Health Care System. "Veterans like Roberts are an inspiration to other amputees, veterans, health care providers, and just about anybody who learns of his amazing story," Smith added. **"His 'never surrender' attitude is an example to people of all walks of life** that no matter how bad things might seem, having the right attitude can lead you down the road to personal accomplishment and fulfillment."

Five-Year Performance Trend – *Percent of Targets Achieved*

Based on the total number of reported results during a fiscal year, the chart below shows the *percent of performance targets that were achieved* for this strategic goal for the past five years.

Each year performance targets change and, to a lesser extent, so do the number and type of measures. Thus, as shown in the data table, the total number of targets may vary each year.

Strategic Goal 1
5-YEAR PERFORMANCE TREND
- Percent of Targets Achieved -

Data Table	2004	2005	2006	2007	2008
Targets Achieved	14	10	11	6	11
Total Targets	28	24	25	19	19

Chart values: 2004 = 50%, 2005 = 42%, 2006 = 44%, 2007 = 32%, 2008 = 58%
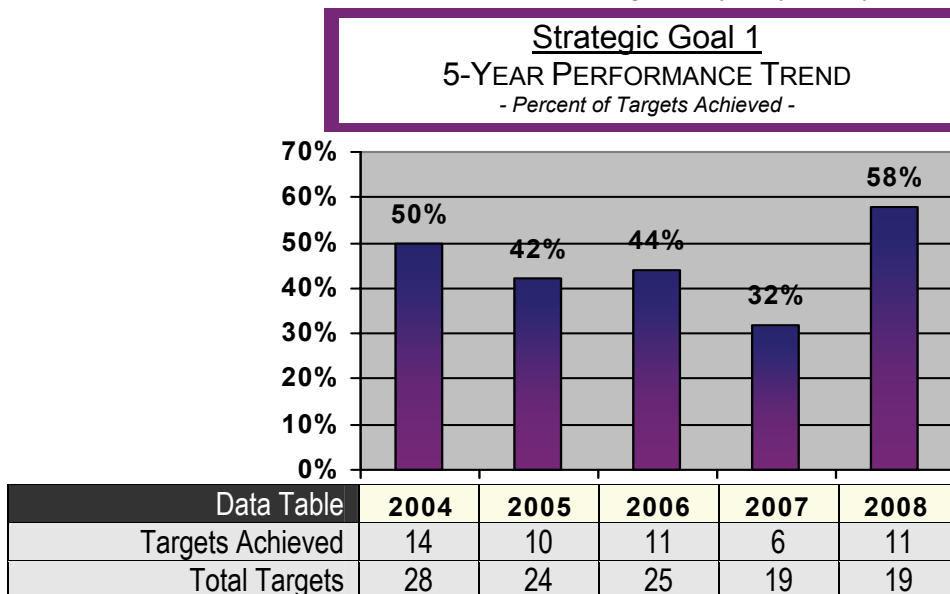
Positive 2008 Outcomes

Claims Processing Timeliness: The average length of time it takes to complete compensation and pension rating-related claims **improved by 4 days**, the average age of pending compensation rating-related claims **improved by 11 days**, and the average length of time that it takes to complete a Dependency and Indemnity Compensation (DIC) claim has **improved by 11 days**.

Timely appointments for veterans and servicemembers returning from a combat zone: In addition, 89 percent of severely injured or ill combat servicemembers/veterans are being contacted by VA case managers within seven days of notification of transfer to the VA system.

Vocational Rehabilitation and Employment: The proportion of service-connected disabled veterans participating in the vocational rehabilitation and employment program who successfully completed the program **improved to 76 percent**. This program provides disabled veterans with the skills and opportunities to obtain employment or gain greater independence in daily living.

FY 2008 Performance and Resource Summary Table – *by Goal and Objective*

The following table highlights important achievements related to strategic goal one and its supporting strategic objectives. Also shown are estimates of the resources devoted to each objective as well as a total for the strategic goal.

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

Resource Allocations by Objective

Strategic Objectives		Obligations ($ in Millions)	Pct. of Total VA Resources
	SO 1.1- Specialized Health Care Services	29,794	30.7
	SO 1.2- Decisions on Disability Compensation Claims	37,589	38.7
	SO 1.3- Suitable Employment and Special Support	775	0.8
	SO 1.4- Improved Standard of Living for Eligible Survivors	443	0.5
Total for Strategic Goal 1		**$68,600**	**70.7%**

Performance Summary by Objective
(Representative Measures)

Targets	Results	4-Year History

Strategic Objective 1.1 – Specialized Health Care Services

MAXIMIZE THE PHYSICAL, MENTAL, AND SOCIAL FUNCTIONING OF VETERANS WITH DISABILITIES AND BE A LEADER IN PROVIDING SPECIALIZED HEALTH CARE SERVICES.

Targets	Results	4-Year History
• **Achieve 98.0 percent** of Specially Adapted Housing grant recipients who indicate that grant-funded housing adaptations increased their independence (Supporting Measure)	• **TBD** Final data are expected in 12/2009.	**4-Year Performance History** Year / Targets / Results FY 2007 / 98.0 / Avail. Dec. 2008 FY 2006 / Baselined / 93.2% FY 2005 / N/A / N/A FY 2004 / N/A / N/A N/A = Measure did not exist prior to FY 2006. In 2006, measure was baselined.

Performance Summary by Objective, *cont'd*
(Representative Measures)

Targets	Results	4-Year History

Strategic Objective 1.1 – Specialized Health Care Services, *cont'd.*

MAXIMIZE THE PHYSICAL, MENTAL, AND SOCIAL FUNCTIONING OF VETERANS WITH DISABILITIES AND BE A LEADER IN PROVIDING SPECIALIZED HEALTH CARE SERVICES.

Targets	Results	4-Year History
• VA case managers contact **92 percent** of severely injured OEF/OIF service-members/veterans within 7 calendar days of notification of transfer to the VA system as an inpatient or outpatient (Supporting Measure)	• **89 percent** (Y) Actual data through 07/2008. Final data are expected in 12/2008.	**4-Year Performance History** | Year	Targets	Results
FY 2007	90%	91%
FY 2006	-Baselined-	
FY 2005	N/A	N/A
FY 2004	N/A	N/A | N/A = Measure did not exist prior to FY 2006. In 2006, measure was baselined.

Strategic Objective 1.2 – Decisions on Disability Compensation Claims

PROVIDE TIMELY AND ACCURATE DECISIONS ON DISABILITY COMPENSATION CLAIMS TO IMPROVE THE ECONOMIC STATUS AND QUALITY OF LIFE OF SERVICE-DISABLED VETERANS.

Targets	Results	4-Year History
• **Complete in 169 days** compensation and pension rating-related actions, on average (Key Measure)	• **179 days** (R)	**4-Year Performance History** | Year	Targets	Results
FY 2007	160	183
FY 2006	185	177
FY 2005	145	167
FY 2004	145	166	
• **Reduce to 120 days** rating-related compensation actions pending, on average (Key Measure)	• **121 days** (Y)	**4-Year Performance History** | Year	Targets	Results
FY 2007	127	132**
FY 2006	150	130
FY 2005	119	122
FY 2004	Baselined*	120 | *Measure did not exist prior to FY 2004. In 2004, measure was baselined. **2007 result is corrected.
• **Achieve a 90 percent** national accuracy rate for compensation core rating work (Key Measure)	• **86 percent** (Y) Actual data through 07/2008. Final data are expected in 12/2008.	**4-Year Performance History** | Year	Targets	Results
FY 2007	89%	88%
FY 2006	87%	88%
FY 2005	88%	84%
FY 2004	Baselined*	87% | *Measure did not exist prior to FY 2004. In 2004, measure was baselined.

Targets	Results	4-Year History
Performance Summary by Objective, *cont'd.* (Representative Measures)		

Strategic Objective 1.3 – Suitable Employment and Special Support

PROVIDE ELIGIBLE SERVICE-CONNECTED DISABLED VETERANS WITH THE OPPORTUNITY TO BECOME EMPLOYABLE AND OBTAIN AND MAINTAIN EMPLOYMENT, WHILE DELIVERING SPECIAL SUPPORT TO VETERANS WITH SERIOUS EMPLOYMENT HANDICAPS.

- **Achieve a 75 percent rehabilitation rate** of all veteran participants who exit the vocational rehabilitation program and find and maintain suitable employment (Key Measure)

- **76 percent**   (G)

4-Year Performance History		
Year	Targets	Results
FY 2007	73%	73%
FY 2006	69%	73%
FY 2005	66%	63%
FY 2004	67%	62%

Strategic Objective 1.4 – Improved Standard of Living for Eligible Survivors

IMPROVE THE STANDARD OF LIVING AND INCOME STATUS OF ELIGIBLE SURVIVORS OF SERVICE-DISABLED VETERANS THROUGH COMPENSATION, EDUCATION, AND INSURANCE BENEFITS.

- **Complete in 118 days** dependency and indemnity compensation (DIC) actions, on average (Key Measure)

- **121 days**   (Y)

4-Year Performance History		
Year	Targets	Results
FY 2007	125	132
FY 2006	120	136
FY 2005	120	124
FY 2004	126	125

STRATEGIC GOAL 2
Smooth Transition to Civilian Life

Ensure a smooth transition for veterans from active military service to civilian life.

Public Benefit

Beginning in May 2008, VHA's Outreach Office initiated a **national call center** to reach two distinct populations of OEF/OIF veterans. Veterans are being contacted by telephone to inform them about recent changes and enhanced benefits for VA services and to provide assistance in accessing these benefits, if requested.

VA's Center for Faith-Based and Community Initiatives expanded grassroots participation with VA programs and pilot programs in order to address a wide range of issues related to veterans in need, especially those who are **homeless**, returning from Afghanistan and Iraq, disabled, and hospitalized.

Recent results include the following:

- From 2002-2007, the number of Faith-Based Community Organizations (FBCOs) in funded partnership with the VA's Homeless Veteran's Grant and Per Diem Program rose from 176 to 506 – a 187 percent increase. Further, 15,000 beds were created and 50,000 homeless veterans were served by these partners.

- In FY 2007, FBCOs in partnership with VA's Vocational Rehabilitation and Employment Service hired 673 service-connected disabled veterans. In FY 2008 through the third quarter, FBCOs hired 480 service-connected disabled veterans. From FY 2005-FY 2007, FBCOs hired a total of 1,600 disabled veterans.

- As a result of the VA Loan Guaranty Program for Homeless Veterans Multifamily Transitional Housing, Catholic Charities' St. Leo Campus opened a newly built apartment building, which is occupied by 141 homeless veterans.

- With VA's assistance, more than 350 FBCOs have enlisted 65 major veterans, civic, and service organizations in providing services to hospitalized veterans in their local communities.

Making a Difference for the Veteran

Post 9/11 GI Bill Expands Veterans' Benefits
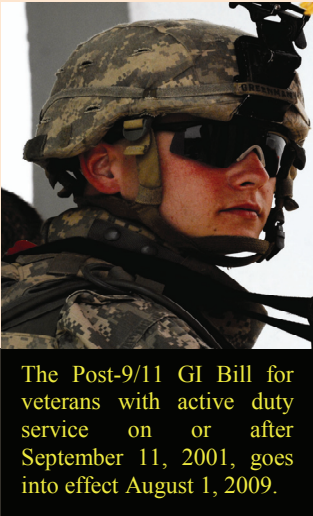
The Post-9/11 GI Bill for veterans with active duty service on or after September 11, 2001, goes into effect August 1, 2009.

In June 2008, President Bush signed the "Post-9/11 GI Bill," which creates an entirely **new veterans' educational program**. The new law gives veterans with active duty service on or after September 11, 2001, enhanced educational benefits similar to those provided to veterans following World War II. It also provides the **opportunity** for veterans to transfer unused educational benefits to their spouses and children.

The Post-9/11 GI Bill offers **tuition payments** for approved training up to the cost of in-state tuition charged undergraduates at the most expensive public institution of higher learning in the veteran's state. A monthly housing stipend is paid if the veteran is attending school more than half-time in a classroom setting. The veteran also receives up to $1,000 annually for books and supplies. The Post-9/11 GI Bill may be used for any education program that is approved under chapter 30 and offered by an institution of higher learning (IHL) beginning on or after August 1, 2009. The new program provides up to 36 months of benefits that can be used during the 15-year period following discharge. In August 2008 current Montgomery GI Bill education benefits increased to $1,321 monthly (3-year rate) and to $1,073 (2-year rate). For training beginning on or after August 1, 2009, eligible veterans may elect to use the Post-9/11 GI Bill or continue under their existing benefit program.

For more details about the Post-9/11 GI Bill and other veterans' educational programs, on the **Web** go to www.gibill.va.gov or call 1-888-GI-BILL-1 (1-888-442-4551).

Five-Year Performance Trend – *Percent of Targets Achieved*

Based on the total number of reported results during a fiscal year, the chart below shows the *percent of performance targets that were achieved* for this strategic goal for the past five years.

Each year performance targets change and, to a lesser extent, so do the number and type of measures. Thus, as shown in the data table, the total number of targets may vary each year.

Strategic Goal 2
5-YEAR PERFORMANCE TREND
- Percent of Targets Achieved -
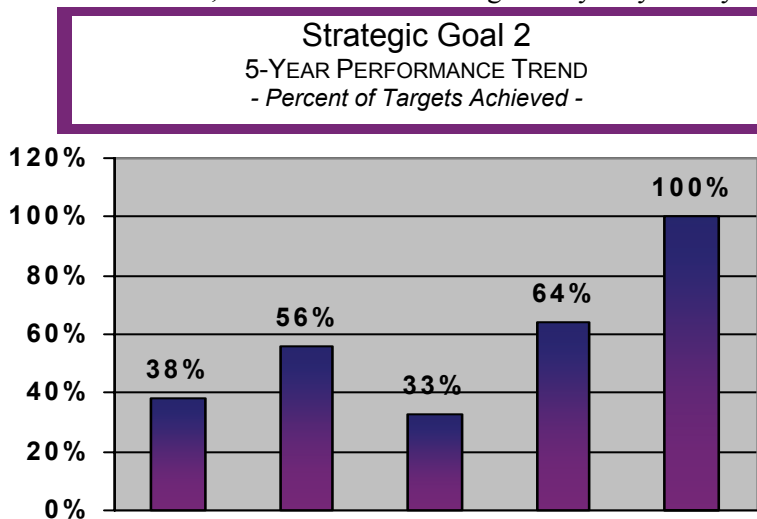
Data Table	2004	2005	2006	2007	2008
Targets Achieved	5	5	4	7	12
Total Targets	13	9	12	11	12

Chart values: 2004: 38%, 2005: 56%, 2006: 33%, 2007: 64%, 2008: 100%

Note: For 2006 and 2007, additional final results are now available. Thus, numbers and percentages have been adjusted from those appearing in the FY 2007 PAR.

Positive 2008 Outcomes

Timely appointments for veterans and servicemembers returning from a combat zone: **Ninety-seven percent of primary care appointments** for veterans and servicemembers returning from a combat zone are being scheduled within 30 days of their desired appointment dates.

Timely Processing of Education Claims: For those veterans filing for education benefits for the first time, processing time **improved to 19 days,** while processing time **improved to 9 days** for those filing a claim to continue their program of education or training. The education program is a vital component of VA's ongoing effort to ease veterans' transition from active military duty to civilian life. This program provides financial assistance to veterans to assist them in achieving their educational or vocational goals.

FY 2008 Performance and Resource Summary Table – *by Goal and Objective*

The following table highlights important achievements related to strategic goal two and its supporting strategic objectives. Also shown are estimates of the resources devoted to each objective as well as a total for the strategic goal.

Strategic Goal 2 Smooth Transition to Civilian Life		
Resource Allocations by Objective		
	Obligations ($ in Millions)	Pct. of Total VA Resources
SO 2.1- Reentry into Civilian Life	1,451	1.5
SO 2.2- Decisions on Education Claims	2,788	2.9
Total for Strategic Goal 2	**$4,239**	**4.4%**

Performance Summary by Objective (Representative Measures)		
Targets	**Results**	**4-Year History**
Strategic Objective 2.1 – Reentry into Civilian Life EASE THE REENTRY OF NEW VETERANS INTO CIVILIAN LIFE BY INCREASING AWARENESS OF, ACCESS TO, AND USE OF VA HEALTH CARE, BENEFITS, AND SERVICES.		
• **Achieve 96 percent** of primary care appointments scheduled within 30 days of desired date for veterans and servicemembers returning from a combat zone (Supporting Measure)	• **97 percent** (G)	**4-Year Performance History** 	Year	Targets	Results	 	FY 2007	90%	95%	 	FY 2006	-Baselined-	 	FY 2005	N/A	N/A	 	FY 2004	N/A	N/A	 N/A = Measure did not exist prior to FY 2006. In 2006, measure was baselined.

Strategic Goal 2, *cont'd.*
Smooth Transition to Civilian Life

Strategic Objective 2.1 – Reentry into Civilian Life, *cont'd.*

EASE THE REENTRY OF NEW VETERANS INTO CIVILIAN LIFE BY INCREASING AWARENESS OF, ACCESS TO, AND USE OF VA HEALTH CARE, BENEFITS, AND SERVICES.

Targets	Results	4-Year History
• **Ensure 50 percent** of all original claims filed within the first year of release from active duty are filed at a BDD site prior to a service-member's discharge (Supporting Measure)	• **59 percent** (G)	**4-Year Performance History** Year / Targets / Results FY 2007 / 48% / 53% FY 2006 / 53% / 46% FY 2005 / Baselined / 55% FY 2004 / N/A / N/A N/A = Measure did not exist prior to FY 2005. In 2005, measure was baselined.

Strategic Objective 2.2 – Decisions on Education Claims

ENHANCE THE ABILITY OF VETERANS AND SERVICEMEMBERS TO ACHIEVE EDUCATIONAL AND CAREER GOALS BY PROVIDING TIMELY AND ACCURATE DECISIONS ON EDUCATION CLAIMS AND CONTINUING PAYMENTS AT APPROPRIATE LEVELS.

Targets	Results	4-Year History
• **Complete in 24 days** original education claims, on average (Key Measure)	• **19 days** (G)	**4-Year Performance History** Year / Targets / Results FY 2007 / 35 / 32 FY 2006 / 27 / 40 FY 2005 / 25 / 33 FY 2004 / 24 / 26
• **Complete in 11 days** supplemental education claims, on average (Key Measure)	• **9 days** (G)	**4-Year Performance History** Year / Targets / Results FY 2007 / 15 / 13 FY 2006 / 13 / 20 FY 2005 / 13 / 19 FY 2004 / 12 / 13
• **Achieve a 96 percent** payment accuracy rate (Education claims) (Supporting Measure)	• **96 percent** (G)	**4-Year Performance History** Year / Targets / Results FY 2007 / 96% / 95% FY 2006 / 95% / 94% FY 2005 / 95% / 96% FY 2004 / 94% / 94%

STRATEGIC GOAL 3
Honoring, Serving, and Memorializing Veterans

Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

Public Benefit

The Veterans Health Administration is the United States' largest integrated health system and continues to set the national standard of excellence in quality and patient safety for the **health care industry**. Interactive technology strategies are being implemented to provide care in the least restrictive environments to allow patients and families maximum participation in disease management and health maintenance.

Telehealth technologies continue to be implemented to facilitate access to care and to improve the health of veterans and provide the right care in the right place at the right time.

VA has developed and implemented **nationally recognized clinical guidelines** for treatment and care of patients with one or more high-volume diagnoses. VA's innovations in patient care and development of technology strategies serve as models for the health care industry.

Veterans are assured of and merit dignity in their lives, especially in time of need. Such dignity is provided through VA **pension programs** and **life insurance**.

Through **readjustment counseling**, employment services, vocational rehabilitation, education assistance, and home loan guarantees, VA helps veterans become fully reintegrated into their communities with minimal disruption to their lives.

VA honors veterans with final resting places in **national shrine cemeteries** and with lasting tributes that commemorate their service to our Nation.

Making a Difference for the Veteran

Michael E. DeBakey VAMC Performs First Liver Transplant

Liver transplant patient Michael Abshire, a 63 year-old, U.S. Navy veteran from Webster, Texas was released to go home in early December. Abshire poses with (from left) David H. Berger, M.D., MEDVAMC Operative Care Line Executive; John A. Goss, M.D., Chief, Division of Abdominal Transplantation at Baylor College of Medicine; Ralph G. Depalma, M.D., VA National Director of Surgery; and Donna Jackson, R.N.-C., Liver Transplant Clinical Coordinator.

A 63 year-old U.S. Navy veteran from Webster, Texas, became the first patient to undergo orthotopic liver transplantation at the Michael E. DeBakey VA Medical Center (MEDVAMC). The surgery, which took place in November 2007, represents a milestone locally in the field of organ transplantation and provides end-stage liver disease veterans with state-of-the-art care.

"The Michael E. DeBakey VA Medical Center's program for the treatment of liver disease is among the most advanced in the country. Given that we provide excellent care for veterans with end-stage liver disease preoperatively and postoperatively, the ability to now meet their transplantation surgical needs is a tremendous advantage," said David H. Berger, M.D., MEDVAMC Operative Care Line executive.

Partnering with John A. Goss, M.D., Chief, Division of Abdominal Transplantation at Baylor College of Medicine, the goal of the MEDVAMC Liver Transplant Center is to provide the highest level of care to the veteran population. The surgery on Michael Abshire, who suffers from end-stage liver disease, was performed by the MEDVAMC Liver Transplant Team.

A Vietnam veteran who served aboard the U.S.S. Bon Homme Richard, Abshire said he and his family are most grateful for the care he received at MEDVAMC and for the availability of the donor organ that saved his life. "I am alive today because of this hospital, because of these wonderful doctors and nurses and everyone else involved in the transplant program, and most importantly, because of the gift of life that was bestowed to me from an organ donor and their family. I feel incredibly blessed," said Abshire.

The VA National Transplant Program began providing solid organ transplants to veteran patients in 1961. Thomas E. Starzl, M.D. performed VA's first kidney transplant at the VA Medical Center in Denver.   Since then, the VA National Transplant Program has expanded services to provide veteran patients with heart transplant services in 1980, bone marrow in 1982, liver in 1989, and lung in 1991. In 1995, a national VA transplant office was established in Washington, DC to ensure all veterans receive equal access to transplant services and to establish a central referral center.
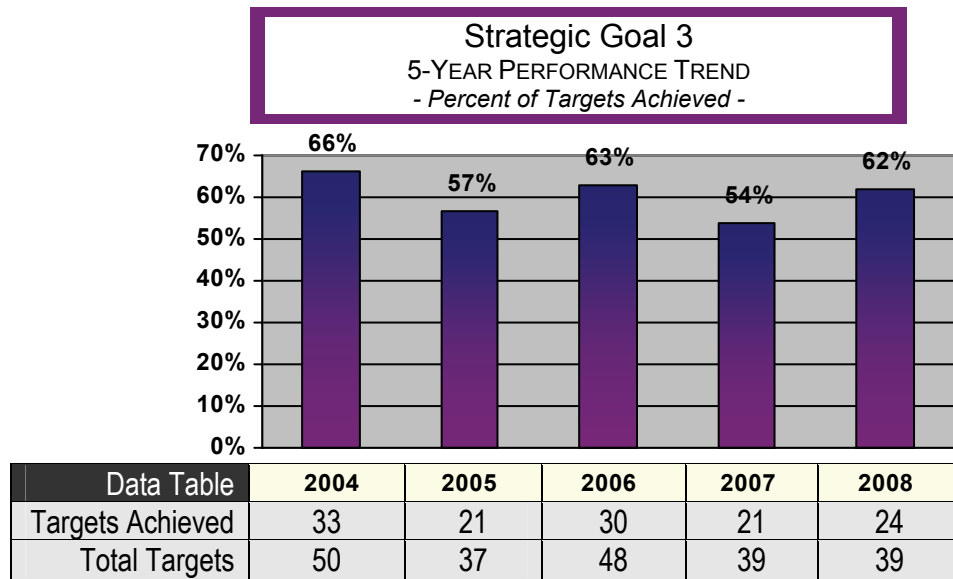
Follow-up on the Liver Transplant Team

While surge waters crashed the beaches of the Texas Gulf Coast and neighborhoods boarded up windows, the Michael E. DeBakey VA Medical Center (MEDVAMC) performed orthotopic liver transplantation on a 59-year-old, Army veteran from Missouri. With Hurricane Ike building strength in the Gulf of Mexico, it only took 30 seconds to make the decision to perform the surgery. "We could not deny a veteran the chance for a potential life-saving procedure because of a little wind and rain," said David Berger, M.D., MEDVAMC Operative Care Line executive. The seven-hour surgery on Thomas Franklin, who suffered from end-stage liver disease caused by Hepatitis C, was performed by the MEDVAMC Liver Transplant Team on Friday, September 12, 2008. On Saturday, the storm forced the facility to go on generator power and the temperature in the building began creeping up. While coolers kept the air in the Intensive Care Units comfortable for patients, health care providers took extra precautions and transferred Franklin to an operating room with a constant 68 degree environment.

Five-Year Performance Trend – *Percent of Targets Achieved*

Based on the total number of reported results during a fiscal year, the chart below shows the ***percent of performance targets that were achieved*** for this strategic goal for the past five years.

Each year performance targets change and, to a lesser extent, so do the number and type of measures. Thus, as shown in the data table, the total number of targets may vary each year.

Strategic Goal 3
5-YEAR PERFORMANCE TREND
- Percent of Targets Achieved -

Data Table	2004	2005	2006	2007	2008
Targets Achieved	33	21	30	21	24
Total Targets	50	37	48	39	39

Chart values: 2004: 66%, 2005: 57%, 2006: 63%, 2007: 54%, 2008: 62%

Note: For 2007, additional final results are now available. Thus, numbers and percentages have been adjusted from those appearing in the FY 2007 PAR.

Positive 2008 Outcomes

Access to Medical Care: VA continued to improve access to the Department's health care system. The share of **primary** care **appointments scheduled within 30 days of the veteran's desired date** increased to **98.7 percent**, while for **specialty** care appointments the figure increased to **97.5 percen**t.

Housing Assistance: VA continued to assist veterans who became delinquent on their VA-guaranteed home loans. VA's direct involvement helped **52.4 percent of the veterans** who otherwise **could have lost their homes** through **foreclosure** by assisting them with steps to retain ownership of their homes or at least significantly reducing their financial hardship by helping them sell their homes.

Access to a Burial Option: VA increased to **84.2 percent** the proportion of veterans who have reasonable **access to a burial option** in either a national or State veterans' cemetery. Last year, four new State veterans cemeteries funded through VA's **State Cemetery Grants Program** began interment operations, providing service to approximately 200,000 previously unserved veterans in the areas of Glennville, Georgia; Anderson, South Carolina; Des Moines, Iowa; and Williamstown, Kentucky.

FY 2008 Performance and Resource Summary Table – *by Goal and Objective*

The following table highlights important achievements related to strategic goal three and its supporting strategic objectives. Also shown are estimates of the resources devoted to each objective as well as a total for the strategic goal.

Strategic Goal 3 Honoring, Serving, and Memorializing Veterans		
Resource Allocations by Objective		
	Obligations ($ in Millions)	Pct. of Total VA Resources
SO 3.1- Delivering Health Care	9,569	9.9
SO 3.2- Decisions on Pension Claims	4,020	4.1
SO 3.3- Providing Insurance Service	1,708	1.8
SO 3.4- Meeting Burial Needs	397	0.4
SO 3.5- Symbolic Expressions of Remembrance	77	0.1
SO 3.6- Home Purchase and Retention	978	1.0
Total for Strategic Goal 3	**$16,749**	**17.3%**

Performance Summary by Objective (Representative Measures)		
Targets	**Results**	**4-Year History**
Strategic Objective 3.1 – Delivering Health Care		
PROVIDE HIGH-QUALITY, RELIABLE, ACCESSIBLE, TIMELY, AND EFFICIENT HEALTH CARE THAT MAXIMIZES THE HEALTH AND FUNCTIONAL STATUS OF ENROLLED VETERANS, WITH SPECIAL FOCUS ON VETERANS WITH SERVICE-CONNECTED CONDITIONS, THOSE UNABLE TO DEFRAY THE COSTS, AND THOSE STATUTORILY ELIGIBLE FOR CARE.		
• **Achieve a score of 85 percent** on the Clinical Practice Guidelines Index II (Key Measure)	• **84 percent** (Y) (1) Actual data through 07/2008. Final data are expected in 12/2008. (2) The 2004 and 2005 results are for CPGI I. The 2006, 2007, and 2008 results are CPGI II. In FY 2009, VHA is transitioning to CPGI III.	**4-Year Performance History**

4-Year Performance History

Year	Targets	Results
FY 2007	84%	83%
FY 2006	77%	83%
FY 2005	77%	87%
FY 2004	70%	77%

Strategic Goal 3, *cont'd.* Honoring, Serving, and Memorializing Veterans		
Targets	**Results**	**4-Year History**
Strategic Objective 3.1 – Delivering Health Care, *cont'd.* PROVIDE HIGH-QUALITY, RELIABLE, ACCESSIBLE, TIMELY, AND EFFICIENT HEALTH CARE THAT MAXIMIZES THE HEALTH AND FUNCTIONAL STATUS OF ENROLLED VETERANS, WITH SPECIAL FOCUS ON VETERANS WITH SERVICE-CONNECTED CONDITIONS, THOSE UNABLE TO DEFRAY THE COSTS, AND THOSE STATUTORILY ELIGIBLE FOR CARE.		

Targets	Results	4-Year History
• **Achieve a score of 88 percent** on the Prevention Index III (Key Measure)	• **88 percent** (G) (1) Actual data through 07/2008. Final data are expected in 12/2008. (2) The 2004 and 2005 results are for PI II. The 2006, 2007, and 2008 results are PI III. In FY 2009, VHA is transitioning to PI IV.	**4-Year Performance History** Year / Targets / Results FY 2007 / 88% / 88% FY 2006 / 88% / 88% FY 2005 / 88% / 90% FY 2004 / 82% / 88%
• **Achieve 97 percent** of primary care appointments scheduled within 30 days of desired date (Key Measure)	• **98.7 percent** (G)	**4-Year Performance History** Year / Targets / Results FY 2007 / 96% / 97% FY 2006 / 96% / 96% FY 2005 / 94% / 96% FY 2004 / 93% / 94%
• **Achieve 95 percent** of specialty care appointments scheduled within 30 days of desired date (Key Measure)	• **97.5 percent** (G)	**4-Year Performance History** Year / Targets / Results FY 2007 / 95% / 95% FY 2006 / 93% / 94% FY 2005 / 93% / 93% FY 2004 / 90% / 93%
• **Establish a** *baseline* **for percent** of new patient appointments completed within 30 days of desired date (Key Measure)	• **N/A**	These are new key measures being baselined in 2008.
• **Establish a** *baseline* **for percent** of unique patients waiting more than 30 days beyond the desired appointment date (Key Measure)	• **N/A**	

Strategic Goal 3, *cont'd.*
Honoring, Serving, and Memorializing Veterans

Targets	Results	4-Year History

Strategic Objective 3.1 – Delivering Health Care, *cont'd.*

PROVIDE HIGH-QUALITY, RELIABLE, ACCESSIBLE, TIMELY, AND EFFICIENT HEALTH CARE THAT MAXIMIZES THE HEALTH AND FUNCTIONAL STATUS OF ENROLLED VETERANS, WITH SPECIAL FOCUS ON VETERANS WITH SERVICE-CONNECTED CONDITIONS, THOSE UNABLE TO DEFRAY THE COSTS, AND THOSE STATUTORILY ELIGIBLE FOR CARE.

- **Achieve a score of 79 percent** of patients rating VA health care service as "very good" or "excellent" for inpatients
  (Key Measure)

- **79 percent** ⓖ

  Actual data through 07/2008. Final data are expected in 12/2008.

  4-Year Performance History

Year	Targets	Results
FY 2007	78%	78%
FY 2006	74%	78%
FY 2005	74%	77%
FY 2004	70%	74%

- **Achieve a score of 79 percent** of patients rating VA health care service as "very good" or "excellent" for outpatients
  (Key Measure)

- **78 percent** ⓨ

  Actual data through 07/2008. Final data are expected in 12/2008.

  4-Year Performance History

Year	Targets	Results
FY 2007	78%	78%
FY 2006	73%	78%
FY 2005	73%	77%
FY 2004	72%	72%

- **Achieve a 7.7 percent** annual increase of non-institutional, long-term care average daily census using 2006 as the baseline
  (Baseline = 43,325)
  (Key Measure)

- **31.7 percent** ⓖ

  4-Year Performance History

Year	Targets	Results
FY 2007	26.3%	-5.3%
FY 2006	*-Baselined-*	
FY 2005	N/A	N/A
FY 2004	N/A	N/A

  N/A = Measure did not exist prior to FY 2006. In 2006, measure was baselined.

Strategic Objective 3.2 – Decisions on Pension Claims

PROVIDE ELIGIBLE VETERANS AND THEIR SURVIVORS A LEVEL OF INCOME THAT RAISES THEIR STANDARD OF LIVING AND SENSE OF DIGNITY BY PROCESSING PENSION CLAIMS IN A TIMELY AND ACCURATE MANNER.

- **Complete in 169 days** compensation and pension rating-related actions, on average
  (Key Measure)

- **179 days** ⓡ

  4-Year Performance History

Year	Targets	Results
FY 2007	160	183
FY 2006	185	177
FY 2005	145	167
FY 2004	145	166

Strategic Goal 3, *cont'd.*
Honoring, Serving, and Memorializing Veterans

Targets	Results	4-Year History

Strategic Objective 3.2 – Decisions on Pension Claims, *cont'd.*

PROVIDE ELIGIBLE VETERANS AND THEIR SURVIVORS A LEVEL OF INCOME THAT RAISES THEIR STANDARD OF LIVING AND SENSE OF DIGNITY BY PROCESSING PENSION CLAIMS IN A TIMELY AND ACCURATE MANNER.

- **Complete in 84 days** non-rating pension actions, on average
(Key Measure)

- **119 days**   (R)

4-Year Performance History

Year	Targets	Results
FY 2007	96	104
FY 2006	66	92
FY 2005	73	68
FY 2004	Baselined*	58

*Measure did not exist prior to FY 2004. In 2004, measure was baselined.

- **Achieve a 92 percent** national accuracy rate for pension authorization work
(Key Measure)

- **92 percent**   (G)

Actual data through 07/2008. Final data are expected in 12/2008.

4-Year Performance History

Year	Targets	Results
FY 2007	89%	91%
FY 2006	88%	88%
FY 2005	84%	86%
FY 2004	Baselined*	84%

*Measure did not exist prior to FY 2004. In 2004, measure was baselined.

Strategic Objective 3.3 – Meeting Insurance Needs

MAINTAIN A HIGH LEVEL OF SERVICE TO INSURANCE POLICYHOLDERS AND THEIR BENEFICIARIES TO ENHANCE THE FINANCIAL SECURITY OF VETERANS' FAMILIES.

- **Complete in 5 days** TSGLI disbursements, on average
(Key Measure)

- **2.5 days**   (G)

4-Year Performance History

Year	Targets	Results
FY 2007	5	3.0
FY 2006	Baselined	3.8
FY 2005	N/A	N/A
FY 2004	N/A	N/A

N/A = Measure did not exist prior to FY 2006. In 2006, measure was baselined.

- **Achieve a 95 percent** rate of high satisfaction from veterans for insurance services delivered
(Supporting Measure)

- **95 percent**   (G)

4-Year Performance History

Year	Targets	Results
FY 2007	95%	96%
FY 2006	95%	96%
FY 2005	95%	96%
FY 2004	95%	96%

Strategic Goal 3, *cont'd.*
Honoring, Serving, and Memorializing Veterans

Targets	Results	4-Year History

Strategic Objective 3.4 – Meeting Burial Needs
ENSURE THAT THE BURIAL NEEDS OF VETERANS AND ELIGIBLE FAMILY MEMBERS ARE MET.

- **Serve 83.7 percent** of veterans with a burial option within a reasonable distance (75 miles) of their residence
(Key Measure)

- **84.2 percent** (G)

4-Year Performance History

Year	Targets	Results
FY 2007	83.8%	83.4%
FY 2006	81.6%	80.2%
FY 2005	78.3%	77.1%
FY 2004	75.3%	75.3%

- **Achieve 97 percent** of survey respondents rating the quality of service provided by the national cemeteries as excellent
(Key Measure)

- **94 percent** (Y)

4-Year Performance History

Year	Targets	Results
FY 2007	97%	94%
FY 2006	96%	94%
FY 2005	95%	94%
FY 2004	95%	94%

Strategic Objective 3.5 – Symbolic Expressions of Remembrance
PROVIDE VETERANS AND THEIR FAMILIES WITH TIMELY AND ACCURATE SYMBOLIC EXPRESSIONS OF REMEMBRANCE.

- **Mark 95 percent** of graves in national cemeteries within 60 days of interment
(Key Measure)

- **93 percent** (Y)

4-Year Performance History

Year	Targets	Results
FY 2007	90%	94%
FY 2006	90%	95%
FY 2005	88%	94%
FY 2004	78%	87%

Strategic Objective 3.6 – Home Purchase and Retention
IMPROVE THE ABILITY OF VETERANS TO PURCHASE AND RETAIN A HOME BY MEETING OR EXCEEDING LENDING INDUSTRY STANDARDS FOR QUALITY, TIMELINESS, AND FORECLOSURE AVOIDANCE.

- **Achieve a 56.0 percent** foreclosure avoidance through servicing ratio
(Key Measure)

- **52.4 percent** (Y)

4-Year History

Year	Targets	Results
FY 2007	51.0%	57.0%
FY 2006	47.0%	54.0%
FY 2005	47.0%	48.0%
FY 2004	47.0%	44.0%

STRATEGIC GOAL 4
Contributing to the Nation's Well-Being

Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.

Public Benefit

VA advances **medical research** and development programs to support veterans' needs and contribute to the Nation's medical and scientific knowledge base as a public good.

VA continues to expand research efforts to evaluate the impact of **post-traumatic stress disorder (PTSD)** in both the clinical and non-clinical settings. VA assessed 800 U.S. Army soldiers before and after 1-year military deployments to Iraq. As part of the **Neurocognition Deployment Health Study** procedures, each soldier completed self-assessment reports on indices of PTSD symptom severity, health behaviors (smoking, alcohol use), and somatic health-related functioning.

Participants also completed a health-symptom checklist at the **postdeployment** assessment. Structural equation modeling revealed that postdeployment PTSD severity was associated with change in somatic health-related functioning, with postdeployment health symptoms as an intermediary variable. These relationships were independent of health risk behaviors, which had little association with somatic symptoms or PTSD. VA's findings highlight the functional impact of PTSD, which extends beyond psychological symptoms to health-related daily functioning.

Over **100,000 clinical trainees** rotate through VA facilities each year from accredited training programs. Trainees comprise an excellent pool from which to draw to maintain a high-quality health care workforce. In most disciplines, an experience in VA translates into a doubling of interest in a VA career. In 2008, the Office of Academic Affiliation proposed a new performance metric that will give firm numbers regarding the success of our trainee program in contributing to our VA employee workforce. This metric will be implemented in the spring of 2009.

VA researchers are working to improve the construction of prostheses, using leading-edge technologies such as **robotics**, tissue engineering, and **nanotechnology** to create lighter limbs that closely mimic their real counterparts. The integration of body, mind, and machine is a major guiding principle as VA specialists design and build artificial limbs that look, feel, and respond like natural arms and legs. To meet the diverse needs of disabled veterans, VA researchers are working on numerous technologies such as **progressive wheelchairs**, artificial retinas, and hands-free computers with voice recognition.

Additionally, VA investigators are working to identify the best match for an individual veteran's prosthetic needs by collecting information such as how various **prosthetic devices** are used and the degree of satisfaction they provide to users. Important areas of advancement include the development of the first powered ankle-foot **prosthesis**, which thrusts users forward with tendon-like springs and an electric motor; the use of electrical stimulation delivered by devices implanted into the body, such as cardiac pacemakers, to enable veterans with varying degrees of **spinal cord injury** to improve their ability to walk and control the movement of paralyzed limbs; and the use of microelectronic implants in the eye to restore vision to veterans with such conditions as macular degeneration—the leading cause of blindness in the industrialized world.

VA's maintenance of **national cemeteries** as national shrines preserves our Nation's history, nurtures patriotism, and honors the service and sacrifice of our Nation's veterans. Each national cemetery exists as a national shrine providing an enduring memorial to this service, as well as a dignified and **respectful setting** for their final rest.

VA's Office of Operations, Security, and Preparedness (OSP) coordinates the Department's **emergency management**, preparedness, security, and law enforcement activities to ensure the Department can continue to perform its essential functions under all circumstances across the spectrum of threats. Both VA's Central Office and Martinsburg Readiness Operation Centers are well equipped and are designed to help VA prepare for, respond to, and recover from natural or other disasters.

Making a Difference for the Veteran

VA In Space…Working to Prevent Salmonella Infection

A Department of Veterans Affairs (VA) researcher participated in a project that may lead to development of a vaccine to prevent *Salmonella* poisoning. NASA's space shuttle Endeavour, launched in March, transported research material to the International Space Station.

"This space flight is an exciting step in the development of a *Salmonella* vaccine that will benefit not only our Nation's veterans, but all mankind," said Secretary of Veterans Affairs Dr. James B. Peake. "This is a great example of VA working with the private and public sectors on vital research to create a life-saving advancement." The research will be used by VA investigators and other researchers to develop a *Salmonella* vaccine with the potential to save lives and billions of dollars.

The project came about through the teaming of VA researchers with investigators from the National Space Biomedical Research Institute, Duke University Medical Center, the University of Colorado at Boulder, and Germany's Max Planck Institute, as well as a commercial industry sponsor, SPACEHAB Inc.

Previous research has identified several genes that weaken *Salmonella* when they are removed. One of these weakened strains may be suitable to use in a vaccine, but the *Salmonella* organism quickly loses its infectious characteristics under normal test circumstances, making it difficult to study. Researchers believe the environment of space can bring about key genetic changes in cells that affect the ability of the organism to invade human tissue and cause disease. To induce these changes, worms will be grown from eggs on-board the space shuttle. While in space, the worms will be fed *Salmonella*. The extent of damage will be measured when the worms are returned to earth, helping to identify which of the weakened strains is the most effective to use in a vaccine.

"This represents a new approach to vaccine development, as it will be the first time a living organism is infected in space to study its immune response," said Timothy Hammond, lead VA investigator on the project at the Durham VA Medical Center in North Carolina.

Salmonella infection is the most common form of food poisoning in the United States, and leads to a loss of productivity estimated at close to $100 billion annually. Worldwide, *Salmonella* diarrhea is one of the top three causes of infant mortality.
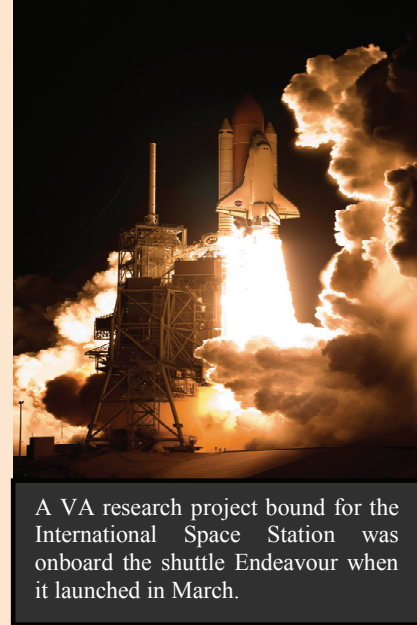
A VA research project bound for the International Space Station was onboard the shuttle Endeavour when it launched in March.

Five-Year Performance Trend – *Percent of Targets Achieved*

Based on the total number of reported results during a fiscal year, the chart below shows the *percent of performance targets that were achieved* for this strategic goal for the past five years.

Each year performance targets change and, to a lesser extent, so do the number and type of measures. Thus, as shown in the data table, the total number of targets may vary each year.

Strategic Goal 4
5-YEAR PERFORMANCE TREND
- Percent of Targets Achieved -

Data Table	2004	2005	2006	2007	2008
Targets Achieved	5	7	5	4	7
Total Targets	8	10	12	11	13

(Chart values: 2004 = 63%, 2005 = 70%, 2006 = 42%, 2007 = 36%, 2008 = 54%)

Note: For 2007, additional final results are now available. Thus, numbers and percentages have been adjusted from those appearing in the FY 2007 PAR.

Positive 2008 Outcomes

Medical Research: VA scientists **have made** notable progress in developing a new treatment for PTSD, specifically directed toward alleviating sleep disturbances and nightmares. This treatment utilizes a drug that has long been used for hypertension. Initial research studies provide evidence for effective relief in cases of veterans who have been struggling for years with chronic sleep problems.

Honoring our Fallen Heroes: Based on a survey of visitors to national cemeteries, **98 percent** of those surveyed rated the appearance of national cemeteries as **excellent**, and 98 percent indicated that they would recommend the national cemetery system to other veterans' families during their time of need.

Supporting service-disabled veteran-owned small businesses: More than **12 percent or approximately $1.3 billion** of VA's total procurement obligations were directed to **service-disabled veteran-owned small businesses**. This accomplishment **ranked VA first** among all Federal agencies in this area.

FY 2008 Performance and Resource Summary Table – *by Goal and Objective*

The following table highlights important achievements related to strategic goal four and its supporting strategic objectives. Also shown are estimates of the resources devoted to each objective as well as a total for the strategic goal.

Strategic Goal 4 — Contributing to the Nation's Well-Being		
Resource Allocations by Objective		
	Obligations ($ in Millions)	% of Total VA Resources
SO 4.1- Emergency Preparedness	28	<0.1
SO 4.2- Medical Research and Development	406	0.4
SO 4.3- Academic Partnerships	1,110	1.1
SO 4.4-Socioeconomic Well-Being of Veterans	2	<0.1
SO 4.5- Maintaining National Cemeteries as Shrines	123	0.1
Total for Strategic Goal 4	**$1,670**	**1.7%**

Performance Summary by Objective (Representative Measures)		
Targets	**Results**	**4-Year History**

Strategic Objective 4.1 – Emergency Preparedness

IMPROVE THE NATION'S PREPAREDNESS FOR RESPONSE TO WAR, TERRORISM, NATIONAL EMERGENCIES, AND NATURAL DISASTERS BY DEVELOPING PLANS AND TAKING ACTIONS TO ENSURE CONTINUED SERVICE TO VETERANS, AS WELL AS TO SUPPORT NATIONAL, STATE, AND LOCAL EMERGENCY MANAGEMENT AND HOMELAND SECURITY EFFORTS.

Targets	Results	4-Year History
• **Achieve 100 percent** of Under Secretaries, Assistant Secretaries, and other key officials who self-certify that their teams are "ready to deploy" to their continuity of operations plan (COOP) site (Supporting Measure)	• **100 Percent** (G)	**4-Year Performance History** Year / Targets / Results FY 2007 / 100% / 90% FY 2006 / 100% / 85% FY 2005 / Baselined / 85% FY 2004 / N/A / N/A N/A = Measure did not exist prior to FY 2005. In 2005, measure was baselined.

Strategic Goal 4, *cont'd.*
Contributing to the Nation's Well-Being

Strategic Objective 4.2 – Medical Research and Development

ADVANCE VA MEDICAL RESEARCH AND DEVELOP PROGRAMS THAT ADDRESS VETERANS' NEEDS – WITH AN EMPHASIS ON SERVICE-CONNECTED INJURIES AND ILLNESSES – AND CONTRIBUTE TO THE NATION'S KNOWLEDGE OF DISEASE AND DISABILITY.

Targets	Results	4-Year History
• **Achieve 80 percent** progress towards development of one new treatment for post-traumatic stress disorder (PTSD) (Key Measure)	• **80 percent** (G)	**4-Year Performance History** Year | Targets | Results FY 2007 | 67% | 67% FY 2006 | 60% | 47% FY 2005 | Baselined | 40% FY 2004 | N/A | 33% N/A = Measure did not exist prior to FY 2005. In 2005, measure was baselined.

Strategic Objective 4.3 – Academic Partnerships

ENHANCE THE QUALITY OF CARE TO VETERANS AND PROVIDE HIGH-QUALITY EDUCATIONAL EXPERIENCES FOR HEALTH PROFESSION TRAINEES, CREATED INTERNALLY IN VA AND VIA PARTNERSHIPS WITH THE ACADEMIC COMMUNITY.

Targets	Results	4-Year History
• **Achieve XX percent** of VHA clinical healthcare professionals who had VA training prior to employment (Supporting Measure)	• **N/A**	VA undertook a reassessment of its partnerships to increase emphasis on recruiting trainees as part of its succession and workforce planning initiatives. Trainees form an important recruitment pool from which to draw new VA employees. This new measure will identify the percent of VHA healthcare professionals who have had VA training prior to employment. The previous measure, "Medical residents' and other trainees' scores on a VHA survey assessing their clinical training experience," was dropped at the end of FY 2007. The new measure is being **baselined** in 2008; results reporting will begin in **2009**.

Strategic Objective 4.4 – Socioeconomic Well-Being of Veterans

ENHANCE THE SOCIOECONOMIC WELL-BEING OF VETERANS, AND THEREBY THE NATION AND LOCAL COMMUNITIES, THROUGH VETERANS BENEFITS; ASSISTANCE PROGRAMS FOR SMALL, DISADVANTAGED, AND VETERAN-OWNED BUSINESSES; AND OTHER COMMUNITY INITIATIVES.

Targets	Results	4-Year History
Attain the statutory minimum goal of 3.00 percent for awarding contracts to service-disabled veteran-owned small businesses expressed as a percent of total VA procurement (Supporting Measure)	• **12.35 percent** (G) Actual data through September 2008. Data will not be final until September 2009.	**4-Year Performance History** Year | Targets | Results FY 2007 | 3.00% | 6.94% FY 2006 | 3.00% | 3.58% FY 2005 | 3.00% | 2.15% FY 2004 | 3.00% | 1.25%

Strategic Goal 4, *cont'd.*
Contributing to the Nation's Well-Being

Objective 4.5 – Maintaining National Cemeteries as Shrines

ENSURE THAT NATIONAL CEMETERIES ARE MAINTAINED AS SHRINES DEDICATED TO PRESERVING OUR NATION'S HISTORY, NURTURING PATRIOTISM, AND HONORING THE SERVICE AND SACRIFICE VETERANS HAVE MADE.

Targets	Results	4-Year History		
• **Achieve 99 percent** of survey respondents rating the appearance of the national cemeteries as excellent (Key Measure)	• **98 percent** (Y)	**4-Year History**		
		Year	**Targets**	**Results**
		FY 2007	99%	97%
		FY 2006	99%	97%
		FY 2005	98%	98%
		FY 2004	98%	98%

ENABLING GOAL
Applying Sound Business Principles

Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes, and financial resources.

Public Benefit

VA's enabling goal is different from the four strategic goals. The enabling goal and its corresponding objectives encompass cross-cutting activities such as information technology management, supply management, human capital planning, and budgeting that enable all organizational units of VA to carry out the Department's mission efficiently. The following examples demonstrate how VA is applying sound business principles to save time and money:

- **Advanced Clinic Access (ACA)** is a set of principles and tools for identifying and managing supply and demand to reduce waits and delays. The aim of ACA is to improve access and timeliness of services by redesigning systems to eliminate delays and enhance process flow, while maintaining and/or improving quality, outcomes, and satisfaction.
- Conducting **efficiency reviews** of VA **supply chain** processes to maximize standardization of supplies, equipment, and services, and to standardize policy and guidance for pharmacy, prosthetics, and fee basis management.
- **Advancing VA/DoD collaboration** through various processes and systems such as the Joint Executive Council and its sub-councils, the Health Executive Council and the Benefits Executive Council, the Senior Oversight Committee (SOC), the VA/DoD Joint Incentive Fund, and the Interagency Program Office.
- Providing state of the art **protections** to make VA data and systems **secure** so that they preserve the confidentiality, integrity, and availability of veterans' private

information and to protect these systems from fraud, waste, and abuse.

- Implementing **VA's E-Gov** (Electronic Government) initiatives focused on using information technology to improve service to veterans. A major objective is to have **Web-based information readily and easily available for veterans** to reduce the time required to identify services and benefits for which they may qualify.
- Transferring **all of VA's employee personnel records** contained in the Official Personnel Folder to an **electronic format**. This will eliminate the need for paper records and enable the electronic transfer of employee information among Federal agencies. It will also improve access and **increase the security** of VA's personnel records.
- Creating a secure **Intranet Web** portal to house employee-specific information regarding background investigations in-process or completed. This effort, the Electronic Questionnaire for Investigations Processing (e-QIP), will speed up processing and enable VA managers to make hiring decisions for critical and sensitive jobs more quickly.
- Through an aggressive **real property management program**, VA seeks to reduce underutilized and vacant space, improve facility condition, decrease operating costs, and reduce non-mission dependent assets. A key element of VA's real property program is its 5-year Capital Plan, which is updated each year. The next plan is due to be published as part of the FY 2010 Congressional Budget Submission.

Making a Difference for the Veteran

VA Improves Transition for the Combat Wounded

The Department of Veterans Affairs (VA) is pleased to announce the implementation of the **Veterans Tracking Application (VTA)**, a modified version of the Department of Defense (DoD) Joint Patient Tracking Application. **VTA is a Web-based patient tracking tool** that assists in managing and tracking seriously injured servicemembers from the **battlefield** through Landstuhl, Germany to military **treatment** facilities in the United States, and on to VA medical facilities and regional offices.

The Veterans Tracking Application provides near real-time tracking and in some cases medical information on active duty servicemembers as they move through the medical evacuation and care system and transition to veteran status.

VTA provides near **real-time** tracking and in some cases medical information along with the ability of Veterans Health Administration (VHA) and Veterans Benefits Administration (VBA) staff to input data on active duty servicemembers as they move through the medical evacuation and care system and transition to veteran status. This additional information, direct from the battlefield, assists VA staff in coordinating the transition of healthcare to VA facilities and in processing claims for benefits.

VA's goal continues to be to provide the best care for our wounded heroes. VTA helps us ensure that combat veterans receive coordinated transition services and benefits and enables us to bring data from three sources -- DoD, VHA, and VBA -- together for display on one platform creating the beginning of a truly veteran-centric record.

FY 2008 Performance and Resource Summary Table – *by Goal and Objective*

The following table highlights important achievements related to the enabling goal and its supporting objectives. Also shown are estimates of the resources devoted to each objective as well as a total for the strategic goal.

Enabling Goal Applying Sound Business Principles		
Resource Allocations by Objective		
	Obligations ($ in Millions)	Pct of Total VA Resources
E-1- Development and Retention of a Competent Workforce	179	0.2
E-2 – Outreach and Communications	89	0.1
E-3 – Reliable and Secure Information Technology	1,052	1.1
E-4 – Sound Business Principles	4,449	4.6
Total for Enabling Goal	**$5,769**	**6.0%**

Enabling Goal, *cont'd.*
Applying Sound Business Principles

Performance Summary by Objective
(Representative Measures)

Targets	Results	4-Year History

Enabling Objective E-1 – Development and Retention of a Competent Workforce

RECRUIT, DEVELOP, AND RETAIN A COMPETENT, COMMITTED, AND DIVERSE WORKFORCE THAT PROVIDES HIGH-QUALITY SERVICE TO VETERANS AND THEIR FAMILIES.

- **Attain 33 percent** of VA employees who are veterans
(Supporting Measure)

- **30 percent**   Y

4-Year Performance History		
Year	Targets	Results
FY 2007	32%	31%
FY 2006	30%	31%
FY 2005	28%	28%
FY 2004	26%	26%

Enabling Objective E-2 – Outreach and Communications

IMPROVE COMMUNICATION WITH VETERANS, EMPLOYEES, AND STAKEHOLDERS ABOUT VA'S MISSION, GOALS, AND CURRENT PERFORMANCE, AS WELL AS BENEFITS AND SERVICES THAT THE DEPARTMENT PROVIDES.

- **Submit 45 percent** of responses to pre- and post-hearing questions within the required timeframe
(Supporting Measure)

- **57 percent**   G

4-Year Performance History		
Year	Targets	Results
FY 2007	35%	27%
FY 2006	35%	15%
FY 2005	Baselined	21%
FY 2004	N/A	N/A

N/A = Measure did not exist prior to FY 2005. In 2005, measure was baselined.

- **Submit 50 percent** of title 38 reports to Congress by the due date
(Supporting Measure)

- **59 percent**   G

4-Year Performance History		
Year	Targets	Results
FY 2007	45%	40%
FY 2006	35%	13%
FY 2005	100%	21%
FY 2004	80% w/i 15 days of due date	54% w/i 15 days of due date

Enabling Goal, *cont'd.*
Applying Sound Business Principles

Targets	Results	4-Year History

Enabling Objective E-3 – Reliable and Secure Information Technology

IMPLEMENT A ONE-VA INFORMATION TECHNOLOGY FRAMEWORK THAT ENABLES THE CONSOLIDATION OF IT SOLUTIONS AND THE CREATION OF CROSS-CUTTING COMMON SERVICES TO SUPPORT THE INTEGRATION OF INFORMATION ACROSS BUSINESS LINES AND PROVIDES SECURE, CONSISTENT, RELIABLE, AND ACCURATE INFORMATION TO ALL INTERESTED PARTIES.

Targets	Results	4-Year History
Receive a grade of XX on the Federal Information Security Management Act report (Supporting Measure)	• **N/A**	VA's IT function and underlying activities underwent significant reorganization in FY 2007 and 2008. This resulted in revisions of IT-related measures.
Achieve an XX overall EVM portfolio performance as measured by Cost and Schedule Performance Variances (Supporting Measure)	• N/A	**FY 2008** was a "transition year" where VA's new measures were developed and **baselined**. VA's FY 2009 budget submission included the new measures together with FY 2009 targets. Results achieved against these targets will be reported in the Department's FY 2009 PAR.

Enabling Objective E-4 – Sound Business Principles

IMPROVE THE OVERALL GOVERNANCE AND PERFORMANCE OF VA BY APPLYING SOUND BUSINESS PRINCIPLES; ENSURING ACCOUNTABILITY; EMPLOYING RESOURCES EFFECTIVELY THROUGH ENHANCED CAPITAL ASSET MANAGEMENT, ACQUISITION PRACTICES, AND COMPETITIVE SOURCING; AND LINKING STRATEGIC PLANNING TO BUDGETING AND PERFORMANCE.

Targets	Results	4-Year History
• **Achieve $190 million** of joint VA/DoD procurement contracts for high-cost medical equipment and supplies (Supporting Measure)	• **$188 million** (Y) (1) 2006 and 2007 results are corrected. (2) Beginning in 2007, medical supplies were added to this measure. (3) Actual data through 07/2008. Final data are expected in 12/2008.	**4-Year Performance History** | Year	Targets	Results
FY 2007	$170 million	$328 million
FY 2006	$150 million	$236 million
FY 2005	-Baselined-	
FY 2004	N/A	N/A | N/A = Measure did not exist prior to FY 2005. In 2005, measure was baselined.

Enabling Goal, *cont'd.*
Applying Sound Business Principles

Targets	Results	4-Year History

Enabling Objective E-4 – Sound Business Principles, *cont'd.*

IMPROVE THE OVERALL GOVERNANCE AND PERFORMANCE OF VA BY APPLYING SOUND BUSINESS PRINCIPLES; ENSURING ACCOUNTABILITY; EMPLOYING RESOURCES EFFECTIVELY THROUGH ENHANCED CAPITAL ASSET MANAGEMENT, ACQUISITION PRACTICES, AND COMPETITIVE SOURCING; AND LINKING STRATEGIC PLANNING TO BUDGETING AND PERFORMANCE.

- **Fully utilize 95 percent** of space as compared to overall space (owned and direct-leased) (Supporting Measure)

- **113 percent** (G)

  FY 2008 Estimate

  4-Year Performance History

Year	Targets	Results
FY 2007	95%	112%
FY 2006	95%	104%
FY 2005	95%	98%
FY 2004	Baselined*	80%

  *Measure did not exist prior to FY 2004. In 2004, measure was baselined.

- **Achieve a 9 percent cumulative decrease** in "facility traditional" energy consumption per gross square foot from the 2003 baseline (Supporting Measure)

- **4 percent** (Y)

  Actual data through 08/2008. Final data are expected in 01/2009.

  4-Year Performance History

Year	Targets	Results
FY 2007	6%	6%
FY 2006	2%	4%
FY 2005	N/A	N/A
FY 2004	N/A	N/A

  N/A = Measure did not exist prior to FY 2006.

- **Achieve 3.0 percent** of total facility electricity consumption that is renewable (Supporting Measure)

- **3.0 percent** (G)

  Actual data through 08/2008. Final data are expected in 01/2009.

  4-Year Performance History

Year	Targets	Results
FY 2007	Baseline*	3%
FY 2006	N/A	3%
FY 2005	N/A	N/A
FY 2004	N/A	N/A

  *Measure did not exist prior to FY 2006. In 2007, measure was baselined.

Most Important Achievements and Current Challenges
By Strategic Goal

The Department's most important FY 2008 achievements as well as its current challenges are summarized as follows by strategic goal.

Strategic Goal 1
RESTORATION AND IMPROVED QUALITY OF LIFE FOR DISABLED VETERANS
Most Important Achievements

TRAUMATIC BRAIN INJURY (TBI): In collaboration with the Department of Defense, VA developed the first **evidence-based guideline** on the management of **traumatic brain injury** in primary care settings. This will form the basis of caring for this challenging population throughout the VA healthcare system.

DEVELOPED SURGICAL QUALITY AND OPERATIVE COMPLEXITY INFRASTRUCTURE MODEL: As surgical procedures and perioperative care become more complex, it is increasingly important to understand their nature, and to quantify and qualify the extent of processes and personnel involved in the **pre-operative assessment**, the operative intervention, and the post-operative care of the surgical patient. The model **quantifies optimal levels** of pre-operative, intra-operative, and post-operative support in order to assure quality, safety, and efficiency.

SUICIDE PREVENTION HOTLINE: VA continued operating a **national suicide prevention hotline** to ensure that veterans in emotional crisis have free, **24/7 access** to trained counselors. Veterans can call the Lifeline number, 1-800-273-TALK (8255), and press "1" and they are immediately connected to VA suicide prevention and mental health professionals.

UNIFORM MENTAL HEALTH SERVICES PROGRAM HANDBOOK: This Handbook establishes **minimum clinical requirements for VA Mental Health Services**. It delineates the essential components of the mental health program that are to be implemented nationally to ensure that all veterans, wherever they obtain care in VA, have access to needed mental health services.

36 PERCENT INCREASE IN SPECIALLY ADAPTED HOUSING (SAH) GRANTS AWARDED: VA assisted 985 severely **disabled veterans** in building a new or adapting an existing dwelling to meet their adaptive **housing needs** enabling them to live more independently. This is a **36 percent increase** from 2007.

BEGAN PILOTING NEW DISABILITY EVALUATION SYSTEM (DES): Starting in the National Capital Region in **cooperation with DoD,** VA began testing a pilot project that involves administering a single DoD medical examination and a single VA disability evaluation for active duty persons entering the Physical Evaluation Board (PEB) process. The goal of the pilot program is to reduce the overall time it takes a servicemember to progress through DES from time of referral to the Medical Examination Board to receipt of VA benefits.

PAPERLESS PROCESSING OF CLAIMS: Benefits Delivery at Discharge (BDD) claims are now being processed electronically -- in a **paperless**, fully **automated environment**. On average, VA processes 28,500 BDD claims per year. Veterans will receive benefits more quickly after separation from service.

INCREASED EFFICIENCY AND EFFECTIVENESS THROUGH SPECIALIZATION: VA consolidated all customer service calls into nine **National Call Centers**, created a **fiduciary hub pilot** consolidating oversight of fiduciary activities from several sites into one site, and centralized processing of original pension claims to three **Pension Management Centers**.

UPGRADING WORKFORCE SKILLS AND CAPABILITIES: VA has embarked on an **aggressive training program** for new and seasoned **employment** and **rehabilitation counselors** to ensure that all veterans receive the high quality care they deserve. Training focus areas include the following: leading people, new counselor training, new manager training, employment coordinator training, and contract management training.

Strategic Goal 1
RESTORATION AND IMPROVED QUALITY OF LIFE FOR DISABLED VETERANS

Challenges

MAKING CULTURAL CHANGES AT VA'S COMMUNITY LIVING CENTERS (CLCS): **Cultural transformation** at VA's CLCs means transforming the way we think about how we deliver care to our veterans in these facilities. The purpose of cultural transformation is to transform our CLCs from the institutional care model to **vibrant communities** where the focus is on resident-centered care and a homelike environment. Cultural transformation will take time.

INCREASED SPECIAL ADAPTED HOUSING (SAH) WORKLOAD: The SAH program's **workload increased** 84 percent from 2006 levels as a result of changes in Public Laws 109-233 and 110-289. These changes included **increased grant amounts**, multiple use provisions, and yearly adjustments to the grant maximums based on a cost-of-construction index.

ADAPTING TO NEW WAYS OF DOING BUSINESS: **(1)** The **DES Pilot** has required significant changes to business processes and extensive, **complex coordination** between VA and DoD. For example, service treatment records are transferred to VA in hard copy because the infrastructure to transfer the records electronically has yet to be built. **(2)** Adoption of **paperless processing** beyond just BDD will require a **robust electronic infrastructure** that builds on the efficiencies VA has achieved through its paperless processing pilots. **(3)** Consolidation of pension claims processing requires ongoing dedication to **training** of newly hired staff before improvements in efficiency are realized.

DETERMINING WHAT VETERANS NEED FOR ENHANCED INDEPENDENT LIVING: VA is conducting a study of **independent living services** and **outcomes** by reviewing a random sample of counseling files for veterans who entered independent living programs between February 2005 and December 2007. Through this analysis, VA will develop ways to enhance service delivery for veterans with independent living needs.

Strategic Goal 2
SMOOTH TRANSITION TO CIVILIAN LIFE

Most Important Achievements

OUTREACH TO DEMOBILIZED TROOPS: VA initiated a **pilot demobilization program** with the Army to inform demobilizing reserve component (RC) combat veterans of their enhanced **5 years of free VA health care** and 180 days for dental care at VA during their mandatory demobilization separation briefings. VA offered assistance to demobilizing RC soldiers with completion of the enrollment form, collected completed forms, and submitted them to the VA medical center of the veteran's choosing.

RESTORING VISION FOR HOMELESS VETERANS: More than **550 homeless veterans** received vision care and eye glasses through donations from faith-based and community organizations (FBCO) and private sector foundations.

CREATED THE VETSUCCESS PILOT: In this pilot program, VA's Vocational Rehabilitation and Employment Service developed **partnerships** with **150 new FBCOs**. As a result, approximately **1,600 veterans** with service-connected disabilities have been **employed** by FBCOs.

MEETING EDUCATIONAL NEEDS OF VETERANS: VA provided benefits to approximately **539,000 total students** in 2008. Coupled with this increased demand, **operational improvements** were realized as new staff became more experienced. Compared to FY 2007, **claims** were completed more **quickly** and **accurately**. For example, **payment accuracy** improved by 1 percentage point from **95** percent in FY 2007 to **96** percent in FY 2008 – and for original education claims, timeliness improved from **32 days** to **19 days** to process a claim.

Challenges

MANAGING THE EXPANSION OF EDUCATION BENEFITS: VA faces the challenge of implementing provisions of Public Law 110-252, the Supplemental Appropriations Act, 2008. The new law expands education benefits and creates the need to establish a **new** payment and claims **processing system**. There will be a significant increase in **workload,** which will make it increasingly difficult to ensure performance targets continue to be met.

Strategic Goal 3
HONORING, SERVING, AND MEMORIALIZING VETERANS

Most Important Achievements

VA HOSPITAL REPORT CARD ISSUED TO CONGRESS: VA issued its first comprehensive **Hospital Report Card** to Congress, including **analysis of disparities** in **quality of care** and **satisfaction**, demonstrating VA's commitment to **transparency** and **accountability** in health system performance.

STRENGTHENED HEALTH CARE CREDENTIALING AND PRIVILEGING REQUIREMENTS: VA strengthened its requirements for **credentialing** and **privileging** licensed **independent health care practitioners** to ensure **safe care** to veterans is delivered by appropriately qualified clinicians.

HIGH CUSTOMER SATISFACTION WITH NATIONAL CEMETERIES: VA's National Cemetery Administration once again received the **highest rating** awarded for customer satisfaction on the American Customer Satisfaction Index (ACSI). NCA scored 95 out of a possible 100 points, **scoring higher** than all 200-plus **Federal agencies** and **private corporations** and matching NCA's top ranked score on the 2004 survey.

FUNDING NEW STATE VETERANS CEMETERIES: In 2008, **4 new State veterans cemeteries** funded by VA's State Cemetery Grants Program began interment operations. These new cemeteries in Glennville, Georgia; Anderson, South Carolina; Des Moines, Iowa; and Williamstown, Kentucky will provide a burial option for approximately **200,000 veterans**.

TIMELY HEADSTONE AND MARKER PROCESSING: VA annually processes approximately **220,000 applications** for headstones and markers that mark the graves of veterans in cemeteries other than VA national cemeteries worldwide. In 2008, VA processed **95 percent of headstone and marker applications** within 20 days of the date of receipt. This is a dramatic **improvement** over 2007, when VA processed **38 percent** of applications within 20 days of receipt.

COST EFFECTIVE FORECLOSURE AVOIDANCE: VA achieved an "Efficiency-Foreclosure Avoidance Through Servicing (E-FATS)" ratio of 5.8. This means VA **avoided $5.80** in potential claim payments **for every dollar spent** on assisting veterans who were at risk of losing their homes because of foreclosure. This figure has been impacted by the conversion of VA loan servicing to a new business environment and system.

HELPING SEVERELY WOUNDED VETERANS: In 2008, the **Traumatic Injury Protection Program**, which is designed to provide short-term financial assistance to severely injured members, paid **$303 million** to more than **4,900** severely wounded servicemembers and veterans. VA also provided $1.4 billion in life insurance coverage and benefits to severely injured veterans who have recently separated from service.

Challenges

MEETING SERVICE EXPECTATIONS DURING EXPANSION: VA has established **5 new national cemeteries** since 2005 with plans underway to establish **6 more in 2009**. This is the **largest expansion** of VA's system of national cemeteries **since the Civil War**. As VA opens these new cemeteries, it must continue to provide high-quality service in all of its contacts with veterans and their families -- particularly with respect to scheduling committal services, arranging and conducting interments, and providing cemetery information.

IMPACT OF AN ECONOMIC DOWNTURN: Any significant **downturn** in the national or local economies will likely **increase** the number of defaults and **foreclosures** of VA-guaranteed loans. The levels of **defaults**, foreclosures, and property acquisitions are related to **interest rates** and the economy in general, and are particularly sensitive to regional downturns.

IMPROVING PROGRAM IMPLEMENTATION: In 2008, VA completed a "**Year One Review**" of the Servicemembers' Group Life Insurance Traumatic Injury Protection Program (TSGLI) to assess how well it is fulfilling its Congressional intent of providing short-term financial assistance to severely injured members. Over the next year or so, as recommended by the review, program **enhancements** providing for expanded benefits such as payments for limb salvage, uniplegia, and facial reconstruction along with administrative efficiencies and improved claims assistance must be **implemented**.

Strategic Goal 4
CONTRIBUTING TO THE NATION'S WELL-BEING

Most Important Achievements

VA RESEARCH SHOWS HOW EARLIER INTERVENTION COULD BENEFIT HIV PATIENTS: Highly Active Antiretroviral Therapy (HAART) is the standard treatment for HIV infection. VA investigators identified human genes that may inform the decision of when to initiate HAART treatment for each patient. VA's research has shown that patients with a CCL3L1-CCR5 genotype would **benefit** from **earlier initiation** of therapy.

ENABLING GAINFUL EMPLOYMENT AMONG THE SPINAL-CORD INJURED: Using a comprehensive, innovative, intensive vocational intervention technique, VA has succeeded in **assisting veterans** with **spinal cord injury** to return to **gainful employmen**t. The program is being implemented in **five VA hospitals** throughout the Nation.

PROVIDING RELIEF FOR PATIENTS WITH STABLE CORONARY DISEASE: VA's Cooperative Studies Program conducted the **COURAGE** trial, which showed that patients with chronic coronary disease can obtain relief from angina if they are treated with Percutaneous Coronary Intervention (PCI) plus optimal medical therapy or with optimal medical therapy alone. PCI plus optimal medical therapy relieved angina and improved health status better than optimal medical therapy alone for about 24 months. PCI's benefit was greater in patients with more severe and frequent angina.

INCREASING VA'S MEDICAL RESIDENTS COHORT: VA's Graduate Medical Education (GME) Enhancement aims to increase VA's share of U.S. resident positions from its low of 8.5% to the range of 10-11%. The 5-year plan is designed to add approximately 2,000 positions to VA's pre-existing physician resident positions. In the first three years, VA added 967 residency positions to the base allocations of 72 VA facilities in 66 different specialty training programs.

COMPLETED PROGRAM EVALUATION OF BURIAL PROGRAM: An **independent** evaluation was completed to **assess** the extent to which VA's program of **burial benefits** has reached its stated **goals** and the **impact** that this program has had on the lives of veterans and their families. The information received from this evaluation, which included a nation-wide **survey** sent to more than **38,000** veterans, will help to guide future policy decisions for improving the ways in which VA serves the burial needs of veterans.

NEW HUMAN RESOURCES CENTER ESTABLISHED: In June 2008, VA established a new **centralized** Human Resources Center (HRC) devoted to meet the **staffing requirements** of VA's 131 national cemeteries, 5 Memorial Service Networks, and NCA's National Training Center. Previously, the burial program's field staffing needs were supported by local VHA and VBA field sites. Through the HRC, NCA has implemented new **automated** HR **procedures** and other process **improvements** that have increased the efficiency and cost effectiveness of NCA recruitment and workers compensation processes.

HIGH SATISFACTION WITH CEMETERY APPEARANCE: Ninety-eight percent of respondents to NCA's annual Survey of Satisfaction with National Cemeteries rated the appearance of national cemeteries as excellent. This is the **seventh consecutive year** that VA's national cemeteries have been rated at or above 97 percent in overall appearance by funeral home directors and family members of veterans interred in a national cemetery.

SUPPORTING VETERAN-OWNED SMALL BUSINESSES: In January 2008, pursuant to P.L. 109-46, the Veterans Benefits, Health Care, and Information Technology Act of 2006, the Secretary established first-ever procurement targets for **contracting** with Service-Disabled Veteran-Owned Small Businesses (SDVOSB) and Veteran-Owned Small Businesses (VOSB), respectively. The targets are **ambitious** with **5 percent** and **10 percent** of **procurement dollars** to be directed towards these entities. VA is **committed** to **supporting** veteran **entrepreneurs**.

ENCOURAGING AND PROMOTING VETERAN ENTREPRENEURSHIP: Since 2002, through *VetFran*, VA's Partnership with the **International Franchise Association**, more than 350 franchisors have created discounted franchise opportunities for more than 1,100 veterans. Leading the charge is Mike Ilitch, owner of **Little Caesar's Pizza,** who **waives the franchise fee** completely for disabled veterans and adds unique training support and other credits to encourage disabled veterans to operate his stores, a **$68,000 savings** to the veteran.

Strategic Goal 4, *cont'd.*
CONTRIBUTING TO THE NATION'S WELL-BEING

Most Important Achievements

CREATING PUBLIC-PRIVATE PARTNERSHIPS TO PROMOTE VETERANS EMPLOYMENT: VA and Monster Government Solutions, Inc., began a partnership in July 2008 to help **veteran-owned businesses** quickly **locate** honorably-discharged **veterans** seeking employment by **matching data** from VA's **VetBiz.gov** Vendor Information Pages and Monster's database as an information conduit. VA executed a partnership with **Schneider National** to help veterans become **independent business owners**.

APPLYING LESSONS LEARNED TO IMPROVE EMERGENCY RESPONSE: As a result of **lessons learned** from **Hurricane Katrina** and numerous organizational changes in the area of emergency preparedness, the Department's **planning, response, and recovery** from **Hurricanes Gustav**, **Hanna**, and **Ike** was more effective. Specifically, VA deployed liaison officers to the National Operations Center, the National Response Coordination Center, and the Department of Health and Human Services.

Challenges

MAINTAINING CEMETERY APPEARANCE: VA must ensure that the appearance of national cemeteries meets the standards our Nation expects of its national shrines. To meet these standards and fulfill the National Shrine Commitment, VA needs to make **improvements** in the **appearance** of burial grounds and historic structures as well as conduct regular **maintenance** and **repair** projects at more than 800 facilities on over 17,000 acres of land contained within 156 cemeterial installations.

FULLY IMPLEMENT NCA BUSINESS OFFICE: Implementation of an **NCA Business Office** to provide **centralized** contracting, procurement, finance, and accounting support to national cemeteries will require coordination and involve numerous offices and functions.

MONITOR USE OF VA'S VETBIZ.GOV VERIFICATION PROGRAM: Examines ownership and control of v**eteran-owned small businesses**, including service-disabled veteran-owned small businesses seeking Federal contracts at the prime or subcontract level. This program launched in May 2008. The challenge is to ensure that only eligible business concerns benefit from VA's unique **"Veterans First" buying authority**. A second principal objective is to ensure that government and corporate teams have a supplier base of competent, mission-ready businesses who meet their performance and pricing criteria.

Enabling Goal
APPLYING SOUND BUSINESS PRINCIPLES

Most Important Achievements

INCREASE IN COLLECTIONS: Total 2008 collections of **$2.4B** through August 2008 represent a **42 percent increase in total collections from $1.7B in FY 2004.** VA improved revenues by engaging leaders and stakeholders in collection planning, incorporating private-sector best practices, and using strategic and tactical initiatives for process improvement. Staff experts provided **direct intervention** with lower performing medical centers to develop plans and assist them in achieving their collection goals and establishing a data-driven approach to determining collections potential and improvements.

PURCHASED (NON-VA) CARE: Improved claims processing for processing claims from non-VA health care providers from **79 percent processed within 30 days** to **90 percent processed within 30 days** – meeting the national goal.

DECREASED IMPROPER PAYMENTS: VA's error rate for accounts payables decreased from **5.00** percent in 2007 to a rate of **1.28** percent in 2008.

NATIONAL SUMMIT ON WOMEN VETERANS ISSUES: Attended by women veterans, active duty military personnel, Reserve and Guard members, and Federal, State, and local officials, the summit informed attendees of VA's initiatives on behalf of women veterans and women servicemembers. Participants had access to more than 45 exhibits, a health expo featuring health screenings and information, as well as a town hall forum with VA experts.

Enabling Goal, *cont'd.*
APPLYING SOUND BUSINESS PRINCIPLES

Most Important Achievements

CERTIFICATION AND ACCREDITATION OF INFORMATION SYSTEMS: VA certified and accredited more than **600 major information systems**. Accreditation involves extensive testing to determine whether an information system should be allowed to operate. During this process, managers determine if sufficient controls are present or if identified vulnerabilities have been or will be reduced to acceptable levels to ensure that the confidentiality, integrity, and availability of veterans' data are adequately protected.

SOCIAL SECURITY NUMBER (SSN) REDUCTION EFFORT: Completion of this initiative brings VA into compliance with the Office of Management and Budget (OMB) mandate to reduce the use of SSNs in agencies' day-to-day management to **eliminate** the possibility of SSN data being used for **malicious** or **fraudulent purposes**.

INCREASED NUMBER OF CERTIFIED PROJECT MANAGERS: Increased the number of Level III certified project managers by 50 or 13 percent; about half of these managers obtained the **Professional Certification** from the Project Management Institute.

ESTABLISHED CENTER FOR ACQUISITION INNOVATION (CAI) AND VA ACQUISITION ACADEMY: In October 2007, VA established the CAI to be a center of excellence for acquisition operations. The CAI will house both an operational support center and the **VA Acquisition Academy.** CAI will provide training for acquisition interns to learn the federal acquisition process to prepare them for a career in the federal acquisition field.

EXPEDITED INTAKE OF LEGAL RECONSIDERATIONS: Developed a new standard operating procedure (SOP) to expedite the processing of new requests for legal reconsideration. The new SOP facilitates in-office tracking of claims by using scanner technology. The average amount of time spent in classifying and then assigning these reconsiderations decreased from 30 days to 10 days.

INCREASING AWARENESS AND APPRECIATION OF VETERANS ACROSS AMERICA: VA, through various public affairs and outreach activities, designed Veterans Day educational resources and distributed them to principals at up to **118,000 schools nationwide**. These tools will help educators teach students about veterans and their role in shaping our Nation's history. In addition, VA supported 33 regional Veterans Day observances scheduled to take place in 20 different states in November 2008. Additionally, VA planned and coordinated the 2008 National Veterans Day Observance at Arlington National Cemetery.

Challenges

REMEDIATION OF INFORMATION TECHNOLOGY SECURITY CONTROLS MATERIAL WEAKNESS: For several years, Office of Inspector General (OIG) audits have identified Information Technology (IT) security controls as a material weakness – primarily due to the lack of a centralized IT infrastructure. VA has now centralized its IT operations and management and has established an enterprise-wide information security program to help ensure timely and successful remediation of this material weakness.

IMPLEMENT A ROBUST EARNED VALUE MANAGEMENT SYSTEM (EVMS): VA is working to achieve full American National Standards Institute compliance on 100 percent of its systems development projects. EVMS allows leadership to track cost and scheduling variances, providing snapshots and trends that are valuable in determining whether a project is or is not within tolerable boundaries.

UPCOMING ATTORNEY RETIREMENTS: Five of the six senior attorneys in the torts group are currently **eligible for retirement**. Given the difficulty finding experienced attorneys with extensive medical legal knowledge, negotiating skills, and ability to successfully interact with a variety of clients and customers, these departures will challenge both overall productivity and unit cohesion.

The President's Management Agenda

The President's Management Agenda (PMA), which was announced in 2001, is an aggressive strategy for improving the management of the Federal government. It focuses on key areas of management weakness across the government. Information on the PMA can be found at the following *Web* site: http://www.whitehouse.gov/results/agenda/index.html

OMB issues reports quarterly and uses a "stoplight" scorecard to show ***status*** and ***progress*** made by each Federal agency. These are defined below.

Symbol	Status Definitions	Progress Definitions
🟢	Success; meets standards	Implementation is proceeding according to plan
🟡	Mixed results	Some slippage requiring adjustment
🔴	Unsatisfactory; one or more serious flaws	Unlikely to meet objectives absent significant management intervention

VA is working closely with OMB to address weaknesses identified in each of the areas. The table below summarizes VA's progress and status as of September 30, 2008.

VA's Status and Progress on the President's Management Agenda
As of September 30, 2008

Initiative	Status	Progress	Status Change from September 30, 2007
Human Capital *(g-wide)*	G	G	⟺
Commercial Services Management *(g-wide)*	Y	G	⇧
Financial Performance *(g-wide)*	R	Y	⟺
E-Government *(g-wide)*	R	R	⟺
Performance Improvement *(g-wide)*	G	G	⇧
Real Property	G	G	⟺
VA/DoD Coordination	R	G	⇩
Research and Development	-- not rated --		
Improper Payments	Y	G	⟺
Faith-Based and Community Initiative	G	G	⟺
Credit Management	R	G	⟺
Health Information	R	G	⟺

The tables on the following pages recap for each PMA initiative VA's progress during FY 2008 to address issues that OMB identified as needing attention.

G Status	HUMAN CAPITAL	Progress G

FY 2008 Open Items	FY 2008 Actions and Progress
Comprehensive Human Capital (HC) plan	• VA updated its Strategic HC Plan to cover 2009-2020. • The Plan was developed with the concurrence and input from all Administrations and many Staff Offices. • The 2009-2020 Strategic Human Capital Plan was delivered to the U.S. Office of Personnel Management in September 2008.
Organizational Restructuring	• VA's Delegated Examining Units (DEUs) were consolidated from 19 to 8 components. • The DEUs are using a hub and spoke approach to service the entire country in a more efficient manner. • In FY 2008 the implementation of the new DEU model realized multiple efficiencies both in process as well as monies saved.
Leadership/Knowledge Management	• Thirty-four candidates were selected for the 2010 class of the Senior Executive Service Candidate Development program; this is a 2-year training program for high-potential employees wishing to gain a Senior Executive Service position.
Results-Oriented Performance Culture	• This initiative provides guidance to supervisors on dealing with staff having performance problems and demonstrates how to take appropriate actions to resolve such problems.
Talent Management	• In FY 2008, VA initiated a program requiring all warranted contracting officers to achieve certification based on their experience and education. VA's goal is to achieve 100 percent certification for its warranted contracting officers by November 26, 2008. The long-term impact of this certification is a more highly qualified contracting officer workforce with the requisite expertise to serve as future leaders as well as agency experts in all aspects of acquisition.

Y Status	COMMERCIAL SERVICES MANAGEMENT Progress G
FY 2008 Open Items	**FY 2008 Actions and Progress**
Secure an approved competition plan **Begin standard competitions** **Begin standard and streamlined competitions**	• VA's Office of General Counsel (OGC) issued an opinion in April 2003, ruling that Section 8110 of Title 38 U.S.C. prohibits VA from conducting cost comparisons on VHA positions unless Congress provides specific funding for the competitions. All competitive sourcing addressed in VA's OMB-approved plan was halted as a result of the ruling. • If VA receives legislative relief in the future, VA will expand management analysis/business process reengineering (MA/BPR) studies to include all forms of commercial services management studies.
Streamlined competitions completed in 90 days or less **Announced standard & streamlined competitions** **Achieve Cost Savings**	• Although VA is prohibited from conducting cost comparisons, VA completed 98 percent of the Laundry and Food Services MA/BPR pilot studies. • A full assessment of the pilot studies and lessons learned estimates a net savings of $75.5 million in laundry production and food service over 5 years. • VA believes the MA/BPR project plan will achieve the goals of the current PMA with respect to significant savings and noticeable performance improvements after studying over 7,000 FTE across 22 VISNs within two major support functions (laundry production and food services) within the Veterans Health Administration. • VA held a kickoff meeting to begin the MA/BPR studies on plant operations and grounds maintenance. • As a result of MA/BPR achievements to-date in achieving the PMA goals of noticeable improvements and significant savings, OMB has raised VA's Competitive Sourcing progress score from "Red" to "Yellow."

ⓡ Status	FINANCIAL PERFORMANCE	Progress Ⓨ

FY 2008 Open Items	FY 2008 Actions and Progress
Meets all yellow standards	• VA continues to meet 4 of the 6 yellow standards (clean audit opinion, meets reporting deadlines, has no chronic significant Anti-Deficiency Act violations, and has no material non-compliance with laws or regulations).
Uses financial information to drive results in key areas	• Monthly performance reviews, chaired by the Deputy Secretary, focus on financial and program performance against plans. • Administration and staff office leadership brief Department leadership on mission-critical issues.
Eliminate auditor-reported material weaknesses	• VA continued remediation efforts on its four auditor-reported material weaknesses, each involving corrective actions over several years.
No repeat material weaknesses per Federal Managers Financial Integrity Act of 1982 Sec. 2 OFR and Sec. 4	• VA has three repeat material weaknesses – Financial Management Oversight, IT Security Controls, and Financial Management System Functionality. • VA has corrective action plans for remediating these weaknesses.
Achieve compliance with the Federal Financial Management Improvement Act	• IT Security Controls and the Financial Management Oversight weaknesses are estimated for completion in 2009, while the Financial Management System Functionality weakness is estimated for completion in 2014. o A key element in resolving the Financial Management System Functionality weakness was the FY 2008 implementation of an automated financial management reporting system to produce VA's quarterly and annual consolidated financial statements.
No more than one repeat material auditor-reported internal control weakness	• VA has three repeat material weaknesses – one for Section 2 (Financial Management Oversight) and two for Section 4 (IT Security Controls and Financial Management System Functionality). VA has corrective action plans for remediating these weaknesses.

R Status	E-GOV	Progress R

FY 2008 Open Items	FY 2008 Actions and Progress
Create Enterprise Architecture (EA) systems **-** Has 4 in completion and 3 in "Use" or "Results" section on date	• VA's EA V4.3, delivered in February 2008, was awarded a Capability Maturity Model score of 4.0 out of 5.0. • VA received an overall EA assessment rating of "Green" for 2008. For the past four (4) consecutive years, VA's EA has been "Green." • VA is developing EA, version 5.0, which will modernize the EA with a focus on increasing its utility within the Department and maintaining compliance with OMB requirements.
Develop acceptable business cases for major IT investments **-** Acceptable business cases developed for more than 50% of major IT investments **-** Acceptable business cases developed for all major IT investments	• Fifty-three business case justifications, representing VA's major IT investment projects, were prepared and delivered to OMB in support of the Department's FY 2009 IT budget request. • Exhibit 53 and Exhibit 300 documentation supporting the FY 2010 budget request is being prepared and will be submitted in the fall of 2008.
Develop and adhere to Cost/Schedule/Performance standards for the portfolio of IT investments - Cost and Schedule Performance within 30% - Installation of an Earned Value Management System (EVMS) and achieve Cost and Schedule Performance within 10%	• Established detailed procedures for conducting Milestone and Program Management reviews for development projects that describe firm criteria for Technical, Program Management, and Enterprise Architecture compliance. • Conducted three major Milestone reviews and one Test Readiness Review on four major development projects. • Published an EVM Guide for use by Program/Project Managers throughout the Office of Information & Technology. • Developed draft EVM Directive and Handbook, which is expected to be published in the coming year.

Security of all IT systems
 	
-IG Rated the C&A Program as "Satisfactory" in Meeting Applicable NIST Guidelines
	• All VA IT systems have undergone certification and accreditation (C&A).
	
	  o The Office of Inspector General evaluated the C&A program and determined that C&A processes "satisfactorily" identify system security risks in accordance with NIST 800-37, "Guide for Security Certification and Accreditation of Federal Information Systems."
	
	  o However, the IG also noted that much work remains to remediate numerous system security weaknesses identified during the C&A process and to correct system security deficiencies identified by the IG.

(G) Status	**PERFORMANCE IMPROVEMENT INITIATIVE**	Progress (G)
FY 2008 Open Items	**FY 2008 Actions and Progress**	

FY 2008 Open Items	**FY 2008 Actions and Progress**
Show cost of achieving performance goals - Marginal cost reported - Use marginal cost analysis to inform resource allocations	<u>Cost of Achieving Different Levels of Performance</u> Using a subset of performance measures, the Department demonstrated the ability to estimate the cost of achieving different levels of performance. On this basis, VA began discussions with OMB to include this type of analysis in future budget submissions to Congress. <u>Improved Program Performance</u> Robust performance measures in various areas have helped produce improved results; examples are shown below: • Increased percent of veterans served by a burial option: 83.4 percent in 2007 to 84.2 percent in 2008. • Increased percent of primary care appointments scheduled within 30 days of the desired date: 97.2 percent in 2007 to 98.7 percent in 2008. • Reduced average number of days to process original education claims from 32 days in 2007 to 19 days in 2008. <u>Adopting Best Practices</u> • Developed a monthly reporting process for identifying near-term and strategic performance issues requiring senior leadership attention. • Implemented more stringent data quality reporting requirements, which are documented in VA's 2008 PAR. <u>Significant Improvement Actions</u> • Implemented outcome and efficiency measures for each program (e.g., *Productivity Index* for compensation program; *home ownership rate* for loan guaranty program).

(R) Status	VA/DoD COLLABORATION	Progress (G)

FY 2008 Open Items	FY 2008 Actions and Progress

Create a Joint Proud To Be Initiative	• VA and DoD submitted to OMB a joint *Proud To Be* initiative for the period July 2008 through June 2010.
	
	• The joint initiative is focused on activities intended to institutionalize increased sharing and coordination between VA and DoD. There are three main areas of focus for these collaborative processes:
	   o Information Technology
	   o Joint Operations
	   o Benefits and Care Management

VA/DoD Military Personnel Data Sharing - VA and DoD will complete the replacement and decommission of all feasible legacy exchanges for personnel data from DoD to VA and from VA to DoD in favor of a single bi-directional solution.	• Implemented insurance data enhancements to the VA/DoD Data Sharing Schema. • Continued efforts towards developing a cross-departmental integrated master schedule. • Drafted a DoD/VA interoperability information plan. • Reduced the number of distinct data exchanges between VA and DoD to one from the DoD's Defense Manpower Data Center (DMDC) and one to DMDC.
Establish pilot sharing sites (National Defense Authorization Act) - DoD and VA provide the Joint Executive Council and OMB with a final report by December 2007 on the pilots; report includes recommendations to improve sharing	• Provided final report on potential pilot sharing sites to OMB in December 2007. Report included recommendations to improve sharing.
Separation Process/Exam - DoD and VA use a cooperative separation exam at 131 Benefits Delivery at Discharge (BDD) sites. By September 2008, 61 percent of all claims filed within first year of release will be filed at a BDD site prior to discharge.	• Provided participation rates for FY 2008 for claims filed through a BDD site within the first year of release from active duty (59 percent). • Reduced the number of distinct personnel data exchanges from the initial VA/DoD baseline to one from each Department.

R Status	VA/DoD COLLABORATION, *cont'd.*	Progress G

FY 2008 Open Items	FY 2008 Actions and Progress
Real-Time Bi-Directional Electronic Patient Medical Records - DoD and VA exchange health information for shared patients by one of two methods: Bidirectional Health Information Exchange or Clinical Health Data Repository. Bi-directional exchange of data elements will be implemented at 85 percent of DoD facilities, which will be viewable by all VA medical facilities.	• Completed sharing of radiology images for shared patients at the El Paso National Defense Authorization Act demonstration site allowing VA and DoD to share viewable ambulatory encounters/clinical notes, procedures, and problem lists in real-time and bidirectional for shared patients among all sites. • Now providing viewable patient health data from theaters of operation to VA and DoD providers on shared patients at fixed facilities to include theater inpatient notes, outpatient encounters, and ancillary clinical data. • Completed white paper on functional requirements that are common to both VA and DoD Web portals and recommended collaborative implementation of shared education content in TRICARE Online and My HealtheVet. • Completed developing requirements for in-theater medical imaging and began acquisition strategy for DoD to acquire the capability to support the transfer of images from combat theaters of operations to VA and DoD facilities in the continental United States. • At the end of June 2008, VA and DoD were able to share real-time and bi-directionally viewable vital signs data between all VA and DoD locations. • In December 2007, DoD began sharing viewable discharge summaries from Landstuhl Regional Medical Center, Germany with VA providers on shared patients.

Y Status	ELIMINATING IMPROPER PAYMENTS	Progress G

FY 2008 Open Items	FY 2008 Actions and Progress

Evidence that improper payment reduction and recovery targets are being met	• VA established a corrective action plan with OMB-approved improper payment reduction targets for all risk-susceptible programs.
	• VA met the improper payment reduction and recovery targets for the following programs: Education, Loan Guaranty, and Non-VA Care Fee Basis.
	• VA did not meet the reduction and recovery targets in the Compensation and Pension programs.
	   o Two new DoD programs, Combat Related Special Compensation and Concurrent Retirement and Disability Pay, were created to permit partial to total restoration of reduced benefits due to receipt of VA compensation for certain disabled retirees. These programs, which allow concurrent receipt of VA Compensation and DoD military retired pay, negatively affected the accuracy of the Compensation payments.
	• VA consolidated the processing of all pension maintenance workload to the Pension Management Centers.
	   o This consolidation improved the quality and timeliness of pension processing and reduced the size of erroneous pension payments through greater claims processing efficiencies and reduced cycle time. However, due to high turnover of claims examiners, mostly due to retirements, VA was not able to meet its improper payments targets.

G Status	REAL PROPERTY	Progress G

FY 2008 Focus Areas	FY 2008 Actions and Progress
Continued decrease of underutilized space	• VA's 5-year Disposal Plan puts in place plans and actions to achieve a 7.6 million square feet reduction from FY 2008-FY 2012. This represents a 35 percent reduction in underutilized space.

Created Real Property Working Group (RPWG) to evaluate VA's Facility Condition Assessment (FCA) process	• The RPWG took the following actions in FY 2008:
	• Began defining and clarifying roles, responsibilities, and accountability regarding the FCA process.
	   o Initiated an evaluation of occupancy and FCA evaluation, grading, and funding distribution options.
	   o Defined a regularly scheduled FCA progress reporting system.
	   o Completed a report assessing VA's FCA process.

Improved Inventory Reporting and Classification	• In response to a Government Accountability Office (GAO) audit, VA created reports identifying and quantifying reuse, enhanced use lease, sharing outlease, transfer, mothballing, and demolition inventory activities. o Reports, produced on a quarterly basis, provide management with accurate, quantifiable progress on reductions in vacant and underutilized space.

FAITH-BASED AND COMMUNITY INITIATIVES

G Status	Progress **G**

FY 2008 Open Items	**FY 2008 Actions and Progress**
Expanded Grassroots Participation - Implement aggressive strategy uses of all 5 best practices	• VA's Center for Faith-Based and Community Initiatives (CFBCI) implemented "FBCI New Best Practices" as follows: ○ Identified VA administrative programs where expansion of innovative grant strategies would have greatest impact. ○ Implemented technical assistance programs in selected key VA programs to encourage and facilitate the integration of grassroots faith-based and community-based organizations into State and local service delivery systems. ○ Developed plans for evaluating technical assistance programs and measuring their impact. ○ Prepared a strategic plan to improve grassroots strategies.
Equal Treatment Regulations - Provides education, develops mechanisms for assessing compliance uses of all nine best practices	• FBCI implemented two "equal treatment" best practices: ○ Identified replicable models of effective partnerships between federally funded State and local programs and adopted methods of packaging information on these models in a format that was easily accessible to State and local administrators. ○ Identified appropriate means of delivering information on regulations to relevant administrators and officials.
Outcome-based evaluations - Provide quarterly progress reports, interim data; incorporated into broader program of evaluations	• Quarterly evaluation reports for all pilot programs were submitted to the White House Office of Faith-Based and Community Initiatives. • All FBCO-expanded grassroots participation programs as well as pilot programs provided regular progress reports. • Expanded grassroots participation data were collected quarterly from all pilots and VA programs. The data were reported on the PMA Scorecard.

R Status	**IMPROVED CREDIT MANAGEMENT**	Progress G

FY 2008 Open Items	FY 2008 Actions and Progress
Establish or verify sound lending policies and procedures - Effective transaction approval processes - Effective loan portfolio management - Effective loss recovery processes	• Hired a financial analyst with expertise to evaluate current Credit program data and to use these data to assess the program's risk exposure. • Began work on needs assessment/gap analysis to identify what information the Loan Guaranty Program needs to adequately monitor risks. • Procured software and hardware required to build a risk model to be used to analyze various program data sources and evaluate risk.
Establish or verify sound collateral valuation process - Implemented policies and procedures	• Executing plans to procure an Automated Valuation Model/Appraisal Management System (AVM/AMS). • The AVM/AMS system will make the appraisal review process more efficient by providing an automated review of the appraisal reports for overt errors and nationwide property valuation information. • AMS/AVM will also improve VA's oversight capabilities by permitting more risk-based field reviews and management of fee appraisers and staff appraisal reviewers.
Maintain effective management information reporting - Identified and substantiated risk indicators - Implemented reporting	• Provided OMB with an update on the status of implementation of the VA Loan Electronic Reporting Interface (VALERI) project. o The update included schedule for testing, installation, and system customization. VALERI is on schedule to be fully implemented by the end of December 2008.
Control costs - Established current cost estimates - Established benchmarks and goals - Reaches goals	• VA built a module to provide reporting capability at the business-line level. Business-line reports were finalized in the fourth quarter of 2008 and delivered to the Housing Program for use in tracking program costs.

Customer Satisfaction
 	
-Meets or exceeds industry standards
	• OMB certified that VA meets requirements for this initiative.
	   o The Housing program conducts several customer satisfaction surveys each year.
	   o Neither VA nor OMB was able to provide appropriate and relevant or comparable benchmark statistics with which to compare VA's Housing Program data with private sector data.

Comply with Debt Collection Improvement Act (DCIA)	• Existing law prohibits VA from collecting debts on VA-guaranteed loans, except in instances of fraud, misrepresentation, or bad faith on the part of the individual obtaining the loan or in connection with the loan default. • Worked with U.S. Treasury Department to draft and finalize a Performance Expectations Agreement for Debt Collection Improvement Act compliance. o As part of the agreement, VA is working to establish a linkage to DebtCheck®, for use in reporting those debts that are eligible for collection.

R Status	**HEALTH IT INFORMATION**	Progress **G**

FY 2008 Open Items	**FY 2008 Actions and Progress**
Support National Health IT Goal for… - Health Data Standards - Health exchange and system inventory - *Development of a* Standards Implementation plan *that meets HHS*-accepted standards – including timeline, resource identification, and planned/potential health information exchanges	• VA led the effort on behalf of the Federal Health providers to form a consortium to build a Federal connection to the Nationwide Health Information Exchange. The Federal connection constitutes a planned set of standard specifications that each Federal provider will need to implement. • VA is working on Information Systems that are impacted by Interoperability Specifications 01 (lab results terminology components). o Interoperability Specifications 01 defines specific standards to support smooth operation between electronic health records and laboratory systems and secure access to laboratory results and interpretations. • At this time, due to the lack of recognized privacy and security constructs from Health Information Technology Standards Panel (HITSP), VA has halted the implementation plan for systems that are impacted by the recognized HITSP. • Work will resume when security and privacy constructs for the use cases are recognized by the Secretary of the U.S. Department of Health and Human Services (DHHS).
Support National Health IT Goal for… - Systems development - Accepted standards implemented on 25% of systems/processes - Accepted standards implemented on 50% of systems/processes - Department policy and standards language developed - Inclusion of HIT language for applicable contracts	• VA has implemented 18 percent of the health standards in its systems. • Plans are pending with Federal Health Architecture and OMB to change the methodology so that VA is given more credit for its work in building the Nationwide Health Information Exchange. Currently, the methodology does not cite the significant standards work required in building a Federal connection to the Nationwide Health Information Network.

R Status	**HEALTH IT INFORMATION,** *cont'd.*	Progress **G**

FY 2008 Open Items	**FY 2008 Actions and Progress**
Support National Health IT Goal for… **-** Certification - Plan to meet ambulatory care certification criteria - Independent validation of ambulatory care software	• VA created a workgroup to complete an analysis of its VistA computerized patient record system's likely performance against the Certification Commission for Health IT (CCHIT) inpatient and outpatient certification criteria. A team of subject matter experts did a gap analysis of the functionality of VistA and made a recommendation of code base changes that may need to be undertaken to receive CCHIT certification. The workgroup worked through the criteria and noted whether our systems meet the criteria for certification and what specific criteria will need enhancements. The functionality analysis is currently being reviewed for comprehensiveness before being submitted for further analysis to identify technical solutions, project sizing, and cost estimates.
Support National Health IT Goal for… Price and Quality Transparency - Price and Quality measurement inventory and timeline - Evidence to demonstrate collaborations and progress toward making additional price and quality measurements available to beneficiaries, with a timeline through FY 2009	• In an effort to provide transparency to our beneficiaries, data will be made available on clinical quality measures. These measures will be consistent with information on preventive care for our patient population. Currently this is a pilot project and is only available in six VISNs. • Pilot testing of methods of electronic data abstraction at individual medical center facilities will continue. Currently the data reported for quality measurement are a sample of the patients. The goal is for 100 percent electronic data for the quality measures reported. • Continue to identify opportunities for harmonization with DoD and Indian Health Service on reporting of clinical quality measures.

Program Assessment Rating Tool (PART) Reviews

Starting in 2002, OMB began to evaluate all Federal programs using a detailed questionnaire-driven methodology called the Program Assessment Rating Tool (PART). The PART contains 25 questions pertaining to a program's design and purpose, strategic planning capability, quality of performance measurements, financial oversight, and reporting of accurate and consistent performance data. Information on the PART can be found at the following *Web* site: www.ExpectMore.gov.

Once the review is completed, programs are given one of five ratings as follows:

Rating	Score Range
Effective ………………………………………	85-100%
Moderately Effective……………………………	70-84%
Adequate…………………………………………	50-69%
Ineffective………………………………………	0-49%
Results Not Demonstrated………………………...	- - - *

* Regardless of the Overall Score, programs that do not have acceptable performance measures or have not yet collected performance data generally receive a rating of Results Not Demonstrated.

All of VA's 10 programs have been reviewed at least once. Below is a chart summarizing VA's PART results by program:

VA PART Results Since 2002
By Program

Program	Score	Year
Voc. Rehab.	65%	CY 2006
Pension	57%	
Research (Reassessment)	81%	
Insurance	73%	CY 2005
General Administration	74%	
Housing	35%	CY 2004
Research	53%	
Education	56%	
Medical Care (Reassessment)	63%	CY 2003
Medical Care	47%	
Burial	79%	
Compensation	15%	CY 2002
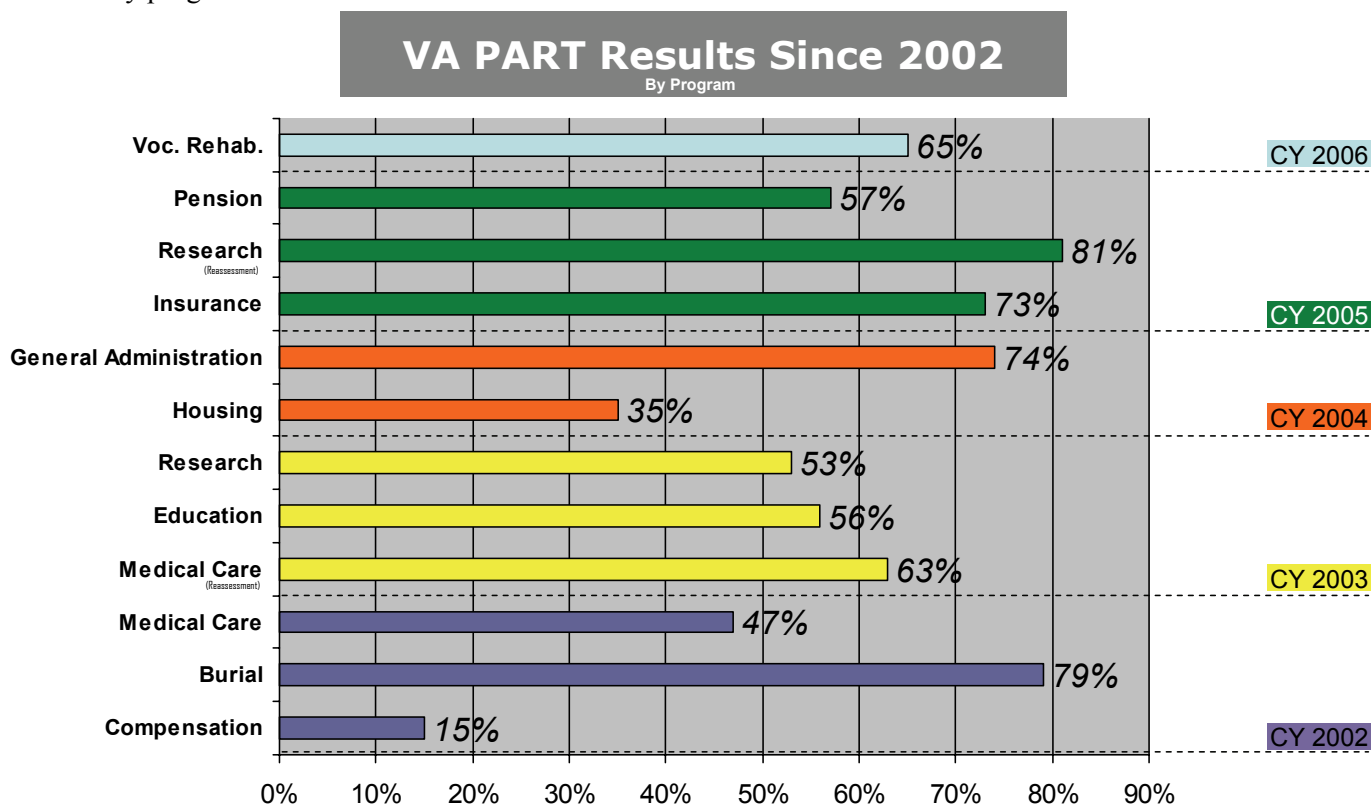
On the following pages are tables, sorted by strategic goal that show for each program, OMB's **improvement initiatives** and VA's 2008 **actions** in response to the initiatives.

Improvement Initiatives	FY 2008 Actions and Progress
Strategic Goal 1: Restoration and Improved Quality of Life for Disabled Veterans	
Disability Compensation Program (Reviewed in CY 2002 and Received a Rating of **"Results Not Demonstrated"**)	
Develop capability to begin reporting on five new performance measures. Status: Action Taken; Not Completed ECD: December 2008	• Capability to report on two outcome measures was previously developed. • Capability to report on remaining three outcome measures depends on Compensation Payment Structure Study resulting from the President's Commission on the Care for Returning Wounded Warriors and the Veterans' Disability Benefits Commission. The study began in February 2008 and was completed in August 2008. It reviewed quality-of-life, long-term transitional, and earnings loss payments.
Develop analyses of how results information from new measures is used and how this information impacts program performance. Status: Action Taken; Not Completed ECD: June 2009	• Initial results from two of the outcome measures showed improved customer service. A customer satisfaction survey was not done from 2006 to 2008. • Further analysis is pending the results of the next customer satisfaction survey. It is anticipated that customer service satisfaction surveys will commence in FY 2009. • The productivity index, an efficiency measure, is undergoing revision to improve the methodology.
Evaluate recommendations from the Veterans' Disability Benefits Commission. Status: Action Taken; Not Completed ECD: December 2008	• The Veterans' Disability Benefits Commission concluded its review and issued its report in October 2007. In response, VA initiated a Disability Evaluation System Pilot with DoD that allows servicemembers separating for disability to undergo a single exam, performed by VA physicians, contract physicians, and/or DoD physicians. The results of this exam are used by VA rating specialists to issue a rating decision and establish entitlement to compensation benefits. • VA has engaged a contractor to conduct a study and provide recommendations regarding long-term transition payments, quality of life payments, and earnings-loss payments in the compensation structure.
Develop a measure related to rating consistency. Status: Action Taken; Not Completed ECD: December 2008	• VA began regular assessments of the most frequently rated diagnostic codes in FY 2008 for routine monitoring to assess consistency of service connection determinations and degree of disability assigned for various disabilities across regional offices. Baseline results must be established before the measure can be developed.

Improvement Initiatives	FY 2008 Actions and Progress
Strategic Goal 1: Restoration and Improved Quality of Life for Disabled Veterans *cont'd.*	
Vocational Rehabilitation and Employment Program (Reviewed in CY 2006 and Received a Rating of **"Adequate"**)	
Collect data on both established and newly developed measures to evaluate performance and use these results to improve program performance. **Status** Action Taken; Not Completed **ECD** June 2009	• The program continues to collect data on established measures and is working with the Department of Labor to develop a method of collecting and verifying income from a single national source rather than from each state. • VA will begin receiving data in December 2008.
Work with the Department of Labor and Department of Defense to assess results of collaboration and use these results to enhance future efforts to coordinate services for veterans with disabilities. **Status** Action Taken; Not Completed **ECD** November 2008	• The Joint VA and Department of Labor Veterans Employment and Training Service Work Group drafted a long-range implementation plan, with both short- and long-term goals to coordinate services for veterans with disabilities. • A key part of the plan involved was the implementation of a pilot program at eight locations where both agencies work collaboratively in the delivery of services to veterans with disabilities. • Upon review of results, a determination will be made on whether to implement the program nationwide by December 2008.
Cooperate with GAO on an evaluation of the program to assess the effectiveness of recent program changes, including the implementation of the Five Tracks to Employment model. **Status** Completed **ECD** May 2008	• VA cooperated with GAO on an evaluation of the effectiveness of the recent changes to the Vocational Rehabilitation and Employment (VR&E) Program to include implementation of the Five Tracks to Employment Model. In October 2007, GAO released a final report on this study (GAO-07-1020). • In January 2008, VA implemented a procedure to capture data on usage of resource labs and activities of employment coordinators. • The first consolidated review of data gathered on usage of resource labs and activities of employment coordinators was completed in July 2008. VR&E will continue to perform these reviews on a monthly basis to gather data that can be analyzed and used to improve the program's performance.

Improvement Initiatives	FY 2008 Actions and Progress
Strategic Goal 2: Smooth Transition to Civilian Life	
Education Program (Reviewed in CY 2003 and Received a Rating of **"Results Not Demonstrated"**)	
Determine the optimum level of monthly benefits required to accomplish the military recruitment and retention goals. **Status** Action Taken; Not Completed **ECD** December 2011	• To date, VA has only been able to determine if DoD recruitment goals have been enhanced due to Montgomery GI Bill (MGIB) using DoD data. DoD surveys indicate education benefits rank in the top four reasons to enlist. Based on the surveys and the experiences of military recruiters, educational benefits are a valuable tool in meeting recruitment goals. • VA still cannot determine the impact of the MGIB on retention.
Create an outcome measure on veterans' readjustment to civilian life due to the benefit received in this program. **Status** Action Taken; Not Completed **ECD** December 2009	• VA awarded a contract in FY 2007 to provide degree attainment data to determine what percentage of those servicemembers and veterans who received education benefits obtained a degree or certificate. We anticipate having results by the end of calendar year 2009.
Reinstate a cost-effectiveness measure such as the Administrative Cost per Trainee measure. **Status** Action Taken; Not Completed **ECD** June 2011	• VA designed a model to assess cost-effectiveness. The model was tested with FY 2006 and FY 2007 data. VA determined the model has flaws. VA redesigned the model during FY 2008 and will test with FY 2008 results data to determine if the tool can be used to measure cost effectiveness. • VA plans to either modify this tool or replace it with another by the end of calendar year 2011.

Improvement Initiatives	FY 2008 Actions and Progress
Strategic Goal 3: Honoring, Serving, and Memorializing Veterans	
Housing Program (Reviewed in CY 2004 and Received a Rating of **"Results Not Demonstrated"**)	
Develop analyses of how results information from new measures is used and how this information impacts program performance. Status: Action Taken; Not Completed ECD: December 2008	• VA analyzed results data related to these new measures and integrated findings into program management as follows: ○ Examination of Specially Adapted Housing customer data revealed a need for legislation to increase the SAH Grant amount. VA prepared a legislative proposal to increase grant amounts and index grant amounts to annually adjusting construction costs. Public Law 110-289 implemented these provisions. ○ Examination of veteran and lender customer data revealed a need for increased outreach and education for real estate agents and appraisers. ▪ VA made efforts to increase the number of broadcasts and training programs for all program participants and has posted them publicly on the Internet for viewing. ▪ VA developed an informational flipbook and CD-ROM targeted to real estate agents; 250,000 copies of these materials are expected to be disseminated in calendar year 2008.
Develop the capability to report on mortgage delinquencies at a point earlier than the current requirement of '105 days delinquent.' Status: Action Taken; Not Completed ECD: December 2008	• In order to intervene at an earlier point in the delinquency cycle and consequently have the ability to assist veterans in avoiding foreclosure, VA undertook a business process review. • This review resulted in the development of the VA Loan Electronic Reporting Interface (VALERI). ○ This leading-edge, Web-based, rules-driven service will electronically connect loan servicers and VA. ○ With this real-time access, VALERI will enable VA to receive notification of default at a much earlier stage in the process, and will thereby expedite VA's ability to intervene on veterans' behalf when necessary. • Full implementation of VALERI will be completed by the end of the 2008 calendar year.

Improvement Initiatives	FY 2008 Actions and Progress
Strategic Goal 3: Honoring, Serving, and Memorializing Veterans, *continued*	
Medical Care Program (Reviewed in CY 2003 and Received a Rating of **"Adequate"**)	
Accelerate the collaborative activities with DoD and other Federal agencies, e.g., interoperable computerized patient health data, improved data on insurance coverage, and enrollment and eligibility information. Status | Action Taken; Not Completed ECD | December 2008	• VA and DoD now exchange key electronic health information, bidirectionally, in viewable format. Key health data include the following: outpatient pharmacy purchases, allergy information, laboratory and radiology reports, clinical notes, and problem lists. • VA now has access to theater-specific clinical data and various types of inpatient data, including discharge summaries from key military treatment facilities. • VA and DoD completed an information interoperability plan in the 4th quarter FY 2008. The plan documents strategies to achieve interoperability of essential data for health, administrative, and personnel data for processes, benefits, and treatment.

Work with Congressional staff to bring about approval for its approved budget structuring. In addition, continue to develop performance-based budgeting.
 	
Status | Not Enacted
ECD | February 2005
	• VA submitted its 2006 budget using the 3-appropriation account structure specified in P.L. 108-447, the consolidated appropriations act, 2005, with 2 changes:
	  o Major and minor construction and grants for construction of State extended-care facilities were combined under the medical facilities appropriation.
	  o Medical care research was moved from the 3-appropriation account structure (medical services, administration, and facilities) to the medical and prosthetic research business line.

Develop performance based budgets and clearer resource requests. Status | Not Enacted ECD | February 2008	• In the 2009 budget, VA's Medical Administration appropriation name changed to Medical Support and Compliance. Our proposal to consolidate the Medical Administration appropriation into the Medical Services appropriation was not approved. • Merging these two accounts would have improved the execution of our budget and would have allowed VA to respond more rapidly to unanticipated changes in the health care environment. The Medical Services appropriation finances the expenses of management, security, and administration of the VA health care system.

Improvement Initiatives	FY 2008 Actions and Progress
Strategic Goal 3: Honoring, Serving, and Memorializing Veterans, *continued*	
<u>**Medical Care Program,** *cont'd.*</u> (Reviewed in CY 2003 and Received a Rating of **"Adequate"**)	

Continue the enrollment policy for non-enrolled priority level 8 veterans (higher income, non-disabled), and implement additional programmatic and cost-sharing policies aimed at focusing resources on core veteran populations.
 	
Status Action Taken; Not Completed
ECD December 2013
	• The enrollment policy continues.
	
	• The 2009 budget proposed a tiered enrollment fee based on income and increasing prescription co-pay ($8 to $15 for priority 7 & priority 8).
	
	• The 2009 budget also proposed to eliminate the 3rd-party offset to 1st-party debt.
	  ○ 3rd-party offset to 1st party debt was not approved.
	  ○ Prescription co-pay proposal was not addressed.
	
	• The FY 2008 National Defense Authorization Act (NDAA) extended the eligibility period for OEF/OIF veterans to 5 years post-discharge.

<u>**Insurance Program**</u> (Reviewed in CY 2005 and Received a Rating of **"Moderately Effective"**)	
Develop first steps in aligning budget requests to performance. **Status** Action Taken; Not Completed **ECD** December 2008	• As a Performance Improvement Initiative PMA scorecard deliverable, VA demonstrated, using a subset of measures in the Burial, Medical Care, and Compensation/Pension Programs, its ability to estimate the cost of achieving different levels of performance. This is an important step towards linking budget requests with performance.
Conduct an independent evaluation of the conversion privilege from SGLI to VGLI. **Status** Action Taken; Not Completed **ECD** September 2009	• The ability to convert Servicemembers' Group Life Insurance (SGLI) to Veterans' Group Life Insurance (VGLI) is an important feature of the SGLI program, especially for disabled servicemembers leaving service who have difficulty obtaining life insurance from the private sector due to service-connected disabilities. • VA contracted with an outside evaluator to help identify the appropriate target audience for outreach and an appropriate strategic target, as well as to review outreach materials and special outreach efforts. • The evaluation is scheduled for completion in FY 2009.

Improvement Initiatives	FY 2008 Actions and Progress
Strategic Goal 3: Honoring, Serving, and Memorializing Veterans, *continued*	
Insurance Program, *cont'd* (Reviewed in CY 2005 and Received a Rating of **"Moderately Effective"**)	
Validate the results of Program's customer satisfaction survey using the American Customer Satisfaction Index (ACSI). **Status** | Action Taken; Not Completed **ECD** | September 2009	• Validation of customer satisfaction survey is scheduled for completion during FY 2009.
Pension Program (Reviewed in CY 2005 and Received a Rating of **"Adequate"**)	

The program will continue to develop steps to achieve strategic targets.
 	
 Status | Action Taken; Not Completed
 ECD | December 2008
	• Ambitious strategic targets were published in VA's FY 2006-2011 Strategic Plan. VA's Pension Program has taken aggressive steps to achieve these targets:
	   o Began consolidating original pension work to three Pension Management Centers (PMCs).
	   o Increased staffing levels by 105 percent (443 FTE in 2006 to 911.5 FTE in 2008) at the PMCs.
	   o Established a timeliness standard in the directors' performance standards thereby increasing accountability.

The program will provide initial steps in linking performance to budget. **Status** | Action Taken; Not Completed **ECD** | December 2008	• As a Performance Improvement Initiative PMA scorecard deliverable, VA demonstrated, using a subset of measures in the Burial, Medical Care, and Compensation/Pension Programs, its ability to estimate the cost of achieving different levels of performance. This is an important step towards linking budget requests with performance.
The program will use information derived from new performance measures to identify and make program improvements. **Status** | Action Taken; Not Completed **ECD** | September 2009	• The Pension program is using this information from its new measures to identify and make necessary ongoing program improvements. For example, beginning in May 2008, VA began the process of consolidating original pension claims to three PMCs. • This will improve the quality and timeliness of pension claims. Staffing has been increased at the PMCs, and a timeliness standard has been added to the directors' performance standards.

Improvement Initiatives	FY 2008 Actions and Progress
Strategic Goal 4: Contributing to the Nation's Well-Being	
Burial Program (Reviewed in CY 2002 and Received a Rating of **"Moderately Effective"**)	
Continue to strengthen methods to link performance, budget, and accountability. Status: Completed ECD: March 2008	• As a Performance Improvement Initiative PMA scorecard deliverable, VA demonstrated, using a subset of measures in the Burial Program, its ability to estimate the cost of achieving different levels of performance. This is an important step towards linking budget requests with performance.
Use performance data to increase managers' performance. Status: Action Taken; Not Completed ECD: September 2012	• NCA established an Organizational Assessment and Improvement (OAI) Program. OAI enhances program accountability through a one-NCA scorecard, provided to management at all levels, that combines cemetery self-assessments with independent assessments. • Through FY 2008, NCA has completed 45 site visits assessing 80 cemeteries as part of this initiative. NCA schedules 12 visits per year as part of this continuous improvement program.
Use data results from three new performance measures to drive improvements in program operations (National Shrine Commitment) Status: Action Taken; Not Completed ECD: September 2009	• NCA collected baseline data during 2004 for three new National Shrine Commitment measures. Data for these measures are regularly collected and reported and are helping to drive performance improvements. • In FY 2009, NCA will collect data to establish baseline performance on a new measure that assesses the condition of cemetery facilities.

Improvement Initiatives	FY 2008 Actions and Progress
Strategic Goal #4: Contributing to the Nation's Well-Being	
Medical Research and Development Program (Reviewed in CY 2005 and Received a Rating **"Moderately Effective"**)	

Continue to refine meaningful and useful performance measures to assist VA in management.
 	
 Status Action Taken; Not Completed
 ECD September 2009
	• Program-specific performance measures and assessment tools have been developed for Biomedical and Clinical Research Centers, Research Enhancement Award Programs, and the Research Career Scientist Program. Examples include the following:
	    o Progress reports for Research Enhancement Award Programs are evaluated according to scientific productivity, collaboration, new funding, and training.
	    o Research Career Scientists are rated according to their number of publications, number of trainees, amount of new funding, and involvement in local and national VA activities.
	 • Performance measures and assessment tools need to be developed for the Merit Review Program. This will be facilitated by the transition to an electronic project management system.
	 • The first phase of the transition will take place in September 2008. Full implementation is estimated to take a year.

Assess the physical condition of VA medical research infrastructure to determine its adequacy to support high-quality veteran-centric research. **Status** Action Taken; Not Completed **ECD** December 2010	• An initial report to Congress based on survey results is in concurrence. A contractor has been selected, and six sites are being surveyed per quarter. • To date, surveys of 25 sites in 15 VISNs have been conducted, with a goal of surveying space for 75 of the largest research programs over 3 years.
Increase the number of research projects related to OEF/OIF veterans. **Status** Action Taken; Not Completed **ECD** December 2008	• In FY 2008, there was approximately a 24 percent increase in the number of funded projects directly related to OEF/OIF compared to FY 2006.
Enabling Goal: Applying Sound Business Principles	
General Administration Program (Reviewed in CY 2004 and Received a Rating of **"Moderately Effective"**)	
Develop performance based budgets and clearer resource requests. **Status** Completed **ECD** September 2008	• Using a subset of performance measures, VA demonstrated to OMB the Department's ability to estimate the cost of achieving different levels of performance. On this basis, VA began discussions with OMB on including this type of analysis in future budget submissions to Congress.

Performance Shortfall Analysis

Shown below (sorted by strategic goal) are brief explanations of the reasons for significant deviations between actual and planned performance for those measures where there were significant performance shortfalls. Also provided are resolution strategies being implemented to ensure goal achievement in the future. These results are coded "red" in the measures tables beginning on page 237.

Strategic Goal 1 Restoration and Improved Quality of Life for Disabled Veterans		
Measure	**Target**	**Result**
Compensation and Pension rating-related actions – average days to process	**169**	**179** Ⓡ
Causes	• The number of claims received continues to increase. VA received 891,547 claims in 2008, over 53,000 more than the 838,141 received in 2007.	
Resolution Strategies	• VA hired nearly 2,000 additional employees to process claims in 2008. • In May 2008, VA began to consolidate original and reopened disability and death pension claims to the three existing Pension Management Centers and completed the consolidation in September 2008. • Through this consolidation, VA has already begun to realize efficiencies and greater effectiveness through specialization. The consolidation is expected to improve claims processing timeliness.	
Productivity Index	**90%**	**79%** Ⓡ
Causes	• Overall, the number of claims completed in FY 2008 increased by 9 percent. However, VA hired nearly 2,000 new employees to process claims in 2008. This significant increase in new employees decreased the output for VBA employees nationally. • New staff undergoes extensive, curriculum-based training that occurs over several months, and it can take several years to become proficient in claims processing.	
Resolution Strategies	• The additional staff hired in 2008 will become more proficient in claims processing in 2009, which will increase output as measured by the productivity index. • Completion of the consolidation of the Pension Management Centers and the soon-to-be complete migration from Benefits Delivery Network (BDN) to Veterans Services Network (VETSNET) will increase efficiency and productivity.	

	Strategic Goal 3 — Honoring, Serving, and Memorializing Veterans			
	Measure	**Target**	**Result**	
Non-rating pension actions – average days to process		84	119	R
Causes	• The Pension Management Centers (PMCs) received two releases of Income Verification Matches (IVMs) to process in 2007. The receipt of these two releases negatively affected cumulative processing timeliness in 2008.			
Resolution Strategies	• VA hired additional staff at the PMCs in 2007 and 2008, increasing this workforce from 443 in FY 2006 to 912 in FY 2008. • In May 2008, VA began to consolidate original and reopened disability and death pension claims to the three existing Pension Management Centers and completed the consolidation in September 2008. This consolidation improves efficiency and effectiveness through specialization and is expected to improve claims processing timeliness.			
Compensation and Pension rating-related actions – average days to process		169	179	R
Causes	• The number of claims received continues to increase. VA received 891,547 claims in 2008, over 53,000 more than the 838,141 received in 2007.			
Resolution Strategies	• VA hired nearly 2,000 additional employees to process claims in 2008. • In May 2008, VA began to consolidate original and reopened disability and death pension claims to the three existing Pension Management Centers and completed the consolidation in September 2008. • Through this consolidation, VA has already begun to realize efficiencies and greater effectiveness through specialization. The consolidation is expected to improve claims processing timeliness.			
National accuracy rate (core rating–related pension work)		93%	88%	R
Causes	• Accuracy declined because newly hired staff is not yet fully proficient in analyzing claims. New staff undergoes intensive, curriculum-based training that occurs over several months. • Once the training is completed, new staff is able to gain proficiency quickly. Accuracy will improve as more of the newly hired staff becomes fully trained.			
Resolution Strategies	• In May 2008, VA began to consolidate original and reopened disability and death pension claims to the three existing Pension Management Centers and completed the consolidation in September 2008. • This consolidation improves efficiency and effectiveness through specialization and is expected to improve claims processing accuracy.			

Strategic Goal 3, *cont'd.*
Honoring, Serving, and Memorializing Veterans

Measure	Target	Result
Productivity Index	90%	79% (R)

Causes	• Overall, the number of claims completed in FY 2008 increased by 9 percent. However, VA hired nearly 2,000 new employees to process claims in 2008. This significant increase in new employees decreased the output for VBA employees nationally. • New staff undergoes extensive, curriculum-based training that occurs over several months, and it can take several years to become proficient in claims processing.
Resolution Strategies	• The additional staff hired in 2008 will become more proficient in claims processing in 2009, which will increase output as measured by the productivity index. • Completion of the consolidation of the Pension Management Centers and the soon-to-be complete migration from BDN to VETSNET will increase efficiency and productivity.

Enabling Goal
Applying Sound Business Principles

Measure	Target	Result
Percentage of testimony submitted to Congress within the required timeframe	90%	58% (R)

Causes	• Late receipt of program office drafts and unanticipated delays in the clearance process account for most, if not all, instances of late testimony delivery. • VA's Office of Congressional and Legislative Affairs (OCLA) is responsible for coordinating requisite clearance for testimony among VA internal organizations and OMB prior to submission to Congress; however, OCLA does not have independent clearance authority.
Resolution Strategies	• Since August 2008, OCLA has employed an interim strategy designed to facilitate timeliness by providing each drafting, reviewing, and clearance authority with a complete timeline for action that culminates in the delivery of on-time testimony to Congress. • This approach is yielding favorable, short-term results, and it will be continued in 2009.

Financial Highlights

The principal financial statements have been prepared to report the financial position and results of operations of the Department of Veterans Affairs (VA), pursuant to the requirements of 31 U.S.C. 3515(b). VA is a component of the U.S. Government, a sovereign entity. While the statements have been prepared from the books and records of the Department in accordance with generally accepted accounting principles for Federal entities and the formats prescribed by OMB, they are, in addition to the financial reports, used to monitor and control budgetary resources that are prepared from the same books and records.

VA received an unqualified opinion on the Department's financial statements for 2008 and 2007 from the external auditors, Deloitte & Touche LLP. As a result of its audit work, Deloitte & Touche LLP reported three material weaknesses that are also repeat material weaknesses. In addition, the auditors reported 16 Significant Deficiencies, seven of which are not included in the material weaknesses.

VA programs operated at a net cost of $422.6 billion in 2008 compared with $51.1 billion in 2007. Again this year, the change in the actuarial liability for future years' veterans' compensation is primarily responsible for the significant variation in net cost from year to year. The actuarial liability increased by $339 billion during 2008 and decreased by $26.1 billion during 2007. The 2008 increase in actuarial liability was caused primarily by a change in the discount rates and changes in original compensation awards. Lower discount rates, which track the interest rates of Treasury securities, resulted in an increase in liability. Additionally, the liability increased significantly due to factoring in a considerable number of original compensation awards for Vietnam veterans suffering from diabetes and other diseases, the prevalence for which generally increases with age. Excluding the change in this actuarial liability from the net cost would result in an adjusted net cost for VA's programs of $82.5 billion and $76.2 billion for 2008 and 2007, respectively. Two VA programs, Medical Services and Compensation, accounted for the bulk of the increase in the adjusted net cost, $3 billion and $3 billion, respectively.

Assets and liabilities reported in VA's balance sheets do not show significant change from year to year with the exception of Fund Balance with Treasury, Public Accounts Payable, and Federal Employee and Veterans Benefits Liability. The majority of change in the Federal Employee and Veterans Benefits Liability, $339 billion, is driven by the actuarial estimate previously discussed. It should be noted that the future cash flows to liquidate the actuarial estimate liability are not supported by identifiable assets as they are anticipated to be funded from the future general revenues of the U.S. Government. Fund Balance with Treasury increased $4.1 billion primarily due to higher appropriations received as a result of providing improved healthcare to a higher number of patients and an increase in veterans' benefits as a result of the growth in compensation and pension claims. In FY 2008, VA received appropriations of $92.7 billion. This compares to $82.6 billion of appropriations received in 2007. In 2008 VA provided disability compensation, death compensation, and pensions to 3.7 million people. More than 5.5 million people received care in VA health care facilities in 2008.

Medical care collections continue to improve. In FY 2008, collections totaled $2.4 billion. MCCF exceeded the FY 2008 goal of $2.2 billion by $128.5 million (105.6 percent of the FY 2008 goal), which builds on the $2.1 billion collected in FY 2007. VA plans to continue to increase these collections, reaching $2.5 billion in FY 2009.

In the area of debt management, in 2008, VA referred $577 million (98.8 percent) of eligible debt to Treasury for offset under the Treasury Offset Program (TOP). Under the cross-servicing program, VA referred $108 million (96.9 percent) of eligible debt to Treasury for collection.

VA embarked on a Financial Policy Improvement Initiative project to assist in remediating two material weaknesses: "Financial Management Oversight" and "Financial Management System Functionality." This project entails developing a complete and comprehensive manual of all Departmental financial policies and procedures. The primary objective is to ensure that financial policy and procedural information are both accurate and used consistently across the Department. This project will also ensure that VA's financial policies comply with all Statements of Federal Financial Accounting Standards, financial management laws and regulations, and OMB and Treasury financial management guidance. The project is estimated to take 3 years to complete.

During 2008, the Department aggressively used the Governmentwide commercial purchase card program. Over 4.8 million transactions were processed, representing $3.0 billion in purchases. The electronic billing and payment process for centrally billed accounts earned VA over $49 million in credit card refunds compared to $42 million during 2007. These refunds are returned to VA entities for use in veterans programs.

Throughout 2008, VA continued to make operational enhancements, which resulted in improvements in interest paid, discounts earned, and audit recoveries. Interest improvements occurred largely because the Department centralized VHA-certified payments at the Financial Services Center (FSC) in Austin, Texas, while the percentage of discounts earned increased because of operational improvements implemented at the FSC and VA's National

Acquisition Center. Interest paid per million dollars disbursed improved almost 18 percent from $84 per million in 2007 to $69 per million in 2008, and VA earned nearly 93 percent ($6.4 million) of its available discounts.

During 2008, the FSC collected improper payments and recovered unapplied vendor statement credits totaling nearly $2.6 million. Since the program's inception in 2001, VA has recovered $23.9 million in improper payments and cancelled another $48.2 million in improper payments before making payment.

VA's audit recovery contract to review past payments by VA's Health Administration Center for hospital care resulted in the contractor's identification of 9,298 receivables totaling $39,843,062. Of that amount, VA has recovered $22,750,469.

VA continues to work diligently to address its three audit material weaknesses. Improvements were made in VA financial management throughout the year in providing additional and clarifying financial policies and procedures to VA's fiscal community, particularly in the area of internal controls. VHA's Business Process Improvement Committee (BPIC) continued to work toward improving VHA's internal controls and reforming VHA business processes to improve financial performance.

VHA also continues to monitor and improve reports, such as the Financial Indicators Report, that monitor facility operations on a monthly basis. In 2008 VHA began development of a quick reference Desk Guide pertaining to management and processing of refunds, offsets, overpayments, and underpayments that impact health care accounts receivables. A national conference to address the requirements and implementation of the Desk Guide released in 2007 was held in January 2008. In March 2009, VHA will conduct a national finance training conference targeted to fiscal staff to address areas that contributed to the material weakness.

Additionally, training modules in the areas of payroll, accounting, agent cashier, travel, budget, and funds control continue to be developed.

VHA continues to be actively engaged in addressing financial management at all levels of management and in all activities that have direct or indirect impact on financial records.

VBA implemented the Centralized Administrative Accounting System in 2008. This system allows the regional offices to process the majority of their accounting transactions online with a direct interface into the VA financial management system. This system has improved our business process by eliminating the need to create paper documents and fax them to VBA's Administrative and Loan Accounting Center for input into the financial management system. A joint VHA/VBA team has developed a plan and procedures for the transfer of finance functions related to automobile adaptive equipment to VHA. This concept is being pilot-tested with three VBA regional offices and VHA medical centers. In the second quarter of 2009, the joint team will make final recommendations to either move forward with implementation or stop the project based on the results of the pilot test.

NCA implemented the business office concept to establish a single site for each of the primary activities: finance, acquisition, and asset management. Currently, a good portion of the major acquisition and associated accounting is accomplished by the operations support center in Quantico, with general acquisition, finance, and asset management support being provided by a VA medical center or regional office. Centralization of activities began in 2007 with a limited number of sites and functions. During FY 2008, NCA began utilizing the Centralized Administrative Accounting System for the centralization effort. To date, the Memorial Service Network offices, NCA Human Resources Center, three fully operational cemeteries, and five new cemeteries are

centralized for finance and procurement. A full implementation is under way for the centralization of finance and acquisition.

Management Controls, Systems, and Compliance With Laws and Regulations

Federal Managers' Financial Integrity Act
The Federal Managers' Financial Integrity Act (FMFIA) requires agencies to establish management controls over their programs and financial systems. Throughout the year, VA managers monitor and improve the effectiveness of management controls associated with their programs and financial systems. The results of monitoring and conducting other periodic evaluations provide the basis for the Secretary's annual assessment of and report on management controls. VA managers are required to identify material weaknesses relating to their programs and operations pursuant to sections 2 and 4 of the FMFIA as defined:

- Section 2 requires agencies to assess internal controls necessary to ensure compliance with applicable laws and regulations; protect against loss from waste, fraud, and abuse; and ensure receivables and expenditures are properly recorded.
- Section 2 also requires management's assessment of internal control over financial reporting.
- Section 4 requires agencies to assess nonconformance with governmentwide financial systems requirements.

Management Assurances
Department managers continue to take responsibility for establishing and maintaining effective internal controls over financial integrity and financial reporting, including safeguarding assets and complying with applicable laws and regulations. During 2008, the Secretary of Veterans Affairs maintained his leadership role in stressing that strong internal controls will enhance the Department's stewardship of taxpayers' assets and programs.

Management conducted its assessment of the effectiveness of internal controls over operations and compliance with applicable laws and regulations in accordance with FMFIA and OMB Circular A-123, Management's Responsibility for Internal Control. After reviewing the results of the assessments outlined in the Statements of Written Assurance provided by the Under Secretaries, Assistant Secretaries, and other Key Officials, the Secretary of Veterans Affairs provided a statement of qualified assurance. The following three material weaknesses are identified under FMFIA: "Financial Management System Functionality," "Information Technology Security Controls," and "Financial Management Oversight."

VA assessed its internal control over financial reporting as of June 2008 for all 11 key business processes identified from FY 2006: Funds Management; Revenue Management; Property, Plant & Equipment; Budgetary Resources; Risk Management; Benefits Management (Part 1); Procurement Management; Benefits Management (Part 2); Financial Reporting; Grants Management; and Human Capital Management. Information Technology Management was also reviewed, as it relates to each of the key processes. During FY 2008, VA completed Benefits Management (Part 2); Financial Reporting; Grants Management; and Human Capital Management.

Management's assessment of internal control over financial reporting included an evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting and finance policies, and our overall control environment. Based on the results of VA's internal control assessment, no additional material weaknesses were identified in 2008.

November 17, 2008

Statement of Qualified Assurance

The Department of Veterans Affairs' (VA) management is responsible for establishing, maintaining, and assessing internal control to ensure the efficiency and effectiveness of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Based on the annual assessment of the Department's internal control program, VA provides a qualified statement of assurance, identifying three material weaknesses as they relate to internal control objectives of the Federal Managers' Financial Integrity Act (FMFIA), Sections 2 and 4, and the Federal Financial Management Improvement Act (FFMIA). The details of these material weaknesses and related corrective actions are provided within Part I, "Management Controls, Systems, and Compliance with Laws and Regulations," and the "Summary of Financial Statement Audit and Management Assurances" tables in the beginning of Part IV, "Other Accompanying Information," in this report. No new material weaknesses were identified during the fiscal year (FY).

In addition, VA conducted its assessment of the effectiveness of internal controls over financial reporting, which includes the safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A of revised OMB Circular A-123, "Management's Responsibility for Internal Control". Based on the results of the assessment of key business processes tested during FY 2008, VA's internal control over financial reporting is operating effectively and no new material weaknesses were identified as of June 30, 2008.

This evaluation was conducted in accordance with the revised OMB Circular A-123. As a result of this evaluation, the Department provides the following:

Effectiveness of Internal Control Over Operations (FMFIA § 2)
Based on information provided, VA provides reasonable assurance that internal control over operations is effective, with the exception of the known material weakness, Financial Management Oversight. No new material weaknesses were identified during FY 2008.
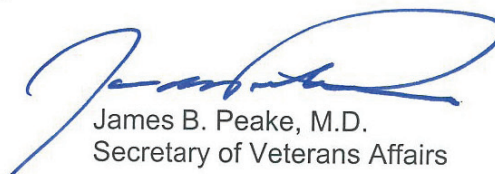
Effectiveness of Internal Control Over Financial Reporting (FMFIA § 2)
In accordance with the Department's OMB approved plan for Appendix A of revised OMB Circular A-123, our efforts focused on assessment of the remaining key business processes tested during FY 2008. Based on information provided for the processes assessed, VA provides reasonable assurance that internal control over financial reporting meets the objective. No new material weaknesses were identified during FY 2008.

Conformance with Financial Management System Requirements (FMFIA § 4)
The Department faces challenges in building and maintaining financial management systems that comply with FFMIA. Under FFMIA, VA is substantially compliant with applicable Federal accounting standards and the U.S. Standard General Ledger (SGL) at the transaction level. However, VA is not compliant with Federal financial management system requirements. Two non-conformances, which are also material weaknesses, were identified prior to FY 2008 -- IT Security Controls and Financial Management System Functionality. No new material weaknesses were identified in this area during FY 2008.

James B. Peake, M.D.
Secretary of Veterans Affairs

Summary of Auditor's Internal Control Assessment

The auditors' report on internal controls reported three material weaknesses: "Financial Management System Functionality," "Information Technology (IT) Security Controls," and "Financial Management Oversight." Under "Financial Management System Functionality," the auditors identified continuing difficulties with the legacy systems related to the reliable, timely, and consistent preparation, processing, and analysis of financial information for VA's consolidated financial statements. In the IT material weakness, the auditors noted progress in certain areas, but reported that legacy IT infrastructure and longstanding security control weaknesses due to the lack of effective implementation and enforcement of an agency-wide information security program continue to place VA's program and financial data at risk and possibly occurring without detection. The third material weakness, "Financial Management Oversight," identified the need for enhanced management oversight in the following areas:

- Accrued Services Payable and Undelivered Orders
- Property, Plant, and Equipment
- Environmental and Disposal Liabilities
- Accrual for Unbilled Receivables and Allowance for Contractual Adjustments
- Benefit Expense Reconciliation
- Outsourced Portfolio Loan Servicing
- Compensation and Pension Actuarial Liability Calculation
- VA Housing Model
- Software

The previously-identified fourth material weakness, "Retention of Computer Generated Detail Records in Benefits Delivery Network (BDN) System – VBA," was resolved during 2008.

To address the Department's material weakness, Financial Management System Functionality, VA is continuing to develop the Financial and Logistics Integrated Technology Enterprise (FLITE) program. The program has two primary components, a logistics and asset management component, referred to as the Strategic Asset Management (SAM) project, and a financial management component, referred to as the Integrated Financial Accounting System (IFAS). In 2008, VA completed initial planning and detailed business requirements for both components. Key foundational program management activities were also implemented, including a Risk Management Control Board; baselining the FLITE Program's life cycle cost estimate, schedule, and milestones; initiating organizational change management communications targeted toward stakeholders; and continued engagement of the FLITE Governance Structure to provide senior level oversight and guidance. Major accomplishments included awarding the contract for SAM hardware, issuing the request for proposals (RFP) for the SAM Pilot implementation and program management office support services, and conducting a site selection survey to determine pilot sites for IFAS and beta sites for SAM and IFAS. VA utilized guidelines by OMB's Financial Management Line of Business (FMLoB) to prepare the draft RFP for the IFAS pilot. In 2009, VA expects to award the SAM Pilot implementation contract, the Program Management Office Support Services contract, and the IFAS Implementation Contract. The Department also continued enhancement of the Hyperion Financial Management System to improve the preparation, processing, and analysis of financial information, adding additional reports and features, and continued implementation of a data warehouse to assist in financial reporting. In addition, through the Financial Reporting Data Warehouse System, VA analyzed and improved the major interfaces to and from its core financial system, the Financial Management System (FMS).

VA developed and implemented a detailed remediation action plan to address the resolution of the Financial Management Oversight material weakness. VA financial management made

improvements throughout the year in providing additional and clarifying financial policies and procedures to VA's fiscal community, particularly in the area of internal controls. VA's efforts include implementing standardized guidance for estimating and recording environmental liabilities; centralizing and developing a national methodology for estimating an allowance for bad debt for non-health care accounts receivable; and a 3-year Financial Policy Improvement Initiative to ensure that financial policy and procedural information is standardized, accurate, clear, and readily available across the Department. These as well a other numerous efforts are continuing into 2009 to resolve this material weakness.

The auditors' report on compliance with laws and regulations, also prepared as a result of the 2008 financial statement audit, determined that the Department's financial management systems did not substantially comply with the Federal Financial Management Improvement Act (FFMIA) requirements. The remediation of this non-compliance is being addressed through corrective actions identified for the material weaknesses "Financial Management System Functionality," and Information Technology (IT) Security Controls." VA was also noncompliant with the Debt Collection Improvement Act and with records maintenance on individuals as required by USC Title 5, 552A. In October 2008, the Secretary reported a violation of the Anti-Deficiency Act (ADA), 31 U.S.C. 1341(a) in connection with activity related to fiscal year 2007 at VBA. The Department reported that the violation occurred on September 28, 2007, when

redemption of debt payments to the Treasury exceeded the available unobligated budgetary resources, and the remaining budgetary resources were less than unpaid obligations at the end of the fiscal year. VA has identified a number of steps to be taken to prevent a recurrence of the violation.

Progress on Material Weaknesses

VA managers continue to make progress in correcting existing material weaknesses. The 2008 *Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based Upon the Audit Performed in Accordance With Government Accounting Standards* disclosed three material weaknesses. Management identified three of these same weaknesses: "Financial Management System Functionality," "Information Technology Security Controls," and "Financial Management Oversight," as weaknesses under FMFIA. At the end of 2008, three audit-related material weaknesses[1] -- Financial Management System Functionality, Information Technology Security Controls, and Financial Management Oversight -- were carried forward into 2009. (Note: Material weaknesses identified under FMFIA are the same as the audit-related material weaknesses and will be corrected using the same remediation plan.)

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[1] The use of the term "material weakness" should not be confused with use of the same term by government auditors to identify management control weaknesses, which, in their opinion, pose a risk or threat to the internal control systems of an audited entity, such as a program or operation. Auditors are required to identify and report those types of weaknesses at any level of operation or organization, even if management of the audited entity would not report the weaknesses outside the agency.

The three audit-related material weaknesses are shown in the table below, which provides the current status of the Department's material weaknesses.

Audit Material Weaknesses or Weaknesses Identified by Management

Description	Status as of September 30, 2008	Resolution Target Date
Financial Management System Functionality – (Audit/FMFIA Section 4 weakness)– Difficulties exist in the preparation, processing, and analysis of financial information to support the efficient and effective preparation of VA's consolidated financial statements. – Components of certain feeder systems and financial applications are not fully integrated with the core Financial Management System.	The Department made substantial planning progress toward closing the gap on the material weakness of the Financial Management System Functionality in 2008. As a top priority VA initiative, the Financial and Logistics Integrated Technology Enterprise (FLITE) program was established to integrate VA disparate systems, standardize functional processes, and modernize the information technology environment across all VA offices and departments. The FLITE Program is following a multiple-year phased approach that is comprised of two major components: the Strategic Asset Management (SAM) project, which refers to the logistics and asset management system, and the Integrated Financial Accounting System (IFAS), which focuses on the financial management component. In 2008, VA completed initial planning and detailed business requirements for SAM and IFAS. Key foundational program management activities were also implemented, including a Risk Management Control Board; baselining the FLITE Program's life cycle cost estimate, schedule, and milestones; initiating organizational change management communications targeted toward stakeholders; and continued engagement of the FLITE Governance Structure to provide senior level oversight and guidance. Major program accomplishments included completing the in-depth Milestone 1 review for the SAM project, awarding the contract for SAM hardware, issuing the request for proposals for the SAM Pilot implementation and program management office support services, and conducting a site selection survey to determine pilot sites for IFAS and beta sites for SAM and IFAS. In addition, VA utilized guidelines by the Office of Management and Budget's Financial Management Line of Business (FMLoB) to prepare the draft request for proposal for the IFAS pilot project. In 2009, VA expects to award the SAM Pilot implementation contract, the Program Management Office Support Services contract, and the IFAS Implementation Contract. A major challenge for the FLITE Program will be the initiation of the SAM pilot at the Milwaukee VA Medical Center campus. SAM pilot implementation will attain Initial Operating Capability of the SAM system, and incorporate both the VBA regional office and the NCA national cemetery co-located on the Milwaukee VAMC campus. As an interim initiative, the Financial Reporting Data Warehouse System (FRDWS), completed in FY 2008, enabled VA to capture transaction details from targeted interface systems and reconcile data interfacing to the VA legacy Financial Management System (FMS). As a result, an enhanced reconciliation process between FMS and	2014

Description	Status as of September 30, 2008	Resolution Target Date
	legacy subsidiary systems was established. Completion of the FRDWS initiative established a data warehouse that met its objective of providing a single view of detailed data to reconcile source data to summary data in FMS. The final five interfaces include the Loan Guarantee Program Interfaces for the Centralized Property Tracking System, Countrywide Home Loans, Funding Fee Payment System, VistA Account Receivable interface, and the VistA FEE interface. In 2008, the Department also continued operation of the Hyperion Financial Management System which has significantly improved the process of preparing the consolidated financial statements.	
Information Technology Security Controls (Audit/FMFIA Section 4 weakness)– VA's assets and financial data are vulnerable to error or fraud because of weaknesses in information security management, access to controls and monitoring, and physical access controls, segregation of duties, and service continuity.	The VA continued to make progress in addressing information technology (IT) security control weaknesses during 2008. The actions taken by the Office of Information and Technology (OI&T) to remediate elements of the IT Security Control material weakness included the following: • Began the process of performing access reviews of financial management system duties to ensure adequate separation of duties. • Performing Certification and Accreditation (C&A) of over 600 major applications and general support systems to assess the adequacy of management, operational, and technical controls of the Department's information systems. • Updating of financial management system contingency plans as part of the Department's C&A effort. In 2008, OI&T also revised information security directives and handbooks which included publication of Handbook 6500.2 regarding Incident Response and is in the process of developing other publications such as the VA IT Continuity of Operations Handbook. OI&T has also implemented Federal Information Processing Standards publication 140-2, encryption for specific storage devices, and has updated security awareness and privacy training. Additionally, OI&T is utilizing the Office of IT Oversight and Compliance to conduct IT security assessments across VA to assist in the centralized enforcement and remediation of IT security controls and deficiencies.	2009
Financial Management Oversight – (Audit/FMFIA Section 2 weakness)– Internal controls and reconciliation processes were not performed consistently or	In 2008, VA developed detailed remediation action plan to address the resolution of this material weakness. VA made improvements in financial management through the year in providing additional and clarifying financial policies and procedures to VA's fiscal community, particularly in the area of internal controls. VHA efforts to improve financial performance included the following: • Conducting a national conference to provide training and emphasize the important of proper management of non-health care accounts receivable; • Implementing standardized guidance for estimating and	2009

Description	Status as of September 30, 2008	Resolution Target Date
completely.	recording environmental liabilities; • Beginning development of a national training conference for FY 2009 to address operational oversight of all areas contributing to the material weakness; • Centralizing and developing a national methodology for estimating an allowance for bad debt for non-health care accounts receivable; • Developing, testing, and refining standardized reconciliation requirements and processes for financial reports; and • Developing a quick reference Desk Guide pertaining to management and processing of refunds, offsets, overpayments, and underpayments that impact health care accounts receivables. These, as well as other numerous efforts, are continuing into 2009 to resolve this material weakness.	

Summary of Management's Assessment of Internal Controls

Managers assessed the programs for which they are responsible to ensure internal controls are in place over the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with laws and regulations. As a result of their assessments, three material weaknesses are being reported and are shown in the "Summary of Auditors' Internal Control Assessment" section.

Management Control Weaknesses

One material weakness, "Financial Management Oversight," identified under Section 2 was carried forward from 2007 by management. As a result of management's 2008 assessment, remediation action continues in the correction of this material weakness. Remediation also continues in the correction of two material non-conformances under Section 4 of FMFIA, "IT Security Controls," and "Financial Management System Functionality." Management's assessment of internal controls for both Sections 2 and 4 identified no new material weaknesses.

OMB Circular A-123, Appendix A titled, Management's Responsibility for Internal Control, defines the requirements for conducting management's assessment of internal control over financial reporting in Federal agencies.

In 2006, VA identified 11 key business processes that impact the internal control over financial reporting. VA performed its assessment of these processes over a 3-year cycle. VA engaged an independent public accounting firm to assist in an internal control assessment pursuant to OMB Circular A-123 Appendix A, *Management's Responsibility for Internal Control*. As of June 30, 2008, VA completed its assessment of internal control for all 11 key business processes. During the final year (2008) of the 3-year cycle, VA tested the remaining four business processes: Benefits Management (Part 2); Financial Reporting; Grants Management; and Human Capital. Information Technology Management was also reviewed specifically as it relates to the four key business processes.

As a result of testing these four key business processes, the accounting firm identified approximately 33 findings in their seven "Findings and Recommendations for Internal Controls Improvements Reports" for each of the processes.

The findings regarding Grants Management, Medical Research, Environmental Liabilities, and quarterly user access reviews were identified as new significant deficiencies. These findings and the findings regarding Capitalized

equipment and Intra-governmental Transactions are further described in the chart below.

VA is currently working to resolve the six deficiencies shown in the following table.

Corrective actions have begun to address each finding. Verification work will commence once corrective action activities are completed.

FY 2008 Significant Deficiencies Identified in the Findings and Recommendations for Internal Controls Improvements Reports

Findings	Recommendations	Planned Corrective Action Date
Opportunities to improve financial oversight and standard procedures exist for the State Cemetery Grant Program and State Home Grant and Per Diem Programs.	Develop comprehensive policy, oversight, and procedural guidance tailored to the State Cemetery Grant Program and State Home Grants and Per Diem Programs for the financial administration of grant awards.	FY 2009
No comprehensive financial management guidance exists at the Medical Research Field Offices.	Update financial management guidance and send to Medical Research Field Offices.	FY 2009 System was developed and entered testing during 2008 and is scheduled for full implementation in the first quarter of 2009.
No consistent methodology exists for developing Environmental Liability estimates.	Develop policy, methodology, and guidance that address the requirements for developing an accurate estimate of the hazardous materials clean-up costs.	FY 2009
Quarterly user access appropriateness reviews are not being performed for major financial systems.	Communicate and enforce the existing user access appropriateness review policies and procedures to all regional office facilities and staff. Monitor and oversee the execution of quarterly user access appropriateness reviews.	FY 2009
Capitalized equipment could not be located.	Develop a process to monitor Property, Plant & Equipment at the medical centers to ensure it is being properly accounted for and inventoried. Provide training to end-users on the current and revised policies and procedures.	FY 2009; Completion date deferred from FY 2008 due to acquisition of a new asset management system.

Findings	Recommendations	Planned Corrective Action Date
Intra-governmental transactions	Take the appropriate measures to implement a process to extract trading partner data from VA's Financial Management System (FMS), including an improved query capability that enables meaningful analysis of VA's trading partner data. Also, VA needs to implement a process to sample its transactions to ensure trading partner "identifiers" are being entered into FMS correctly when a transaction originates, reducing the likelihood that trading partner variances are being caused by VA.	FY 2009; Completion date deferred from FY 2008

Federal Financial Management Improvement Act

The Federal Financial Management Improvement Act (FFMIA) requires agencies to have systems that generate timely, accurate, and useful information with which to make informed decisions and to ensure accountability on an ongoing basis. The Department faces challenges in building and maintaining financial management systems that comply with FFMIA. Under FFMIA, VA is substantially compliant -- with the exception of Federal financial management systems requirements. VA initiated a remediation program in 2005 to eliminate the existing material weakness-- Financial Management System Functionality. The FLITE goal is to correct financial and logistics deficiencies throughout the Department. In 2008, VA completed the prerequisite program planning, which included establishing and implementing the FLITE Risk Management Control Board, developing the FLITE program baseline cost estimates and integrated master schedule, documenting business requirements and processes, establishing an acquisition strategy, releasing the requests for proposal for the SAM Pilot implementation and Program Management Office Support services, and successfully exiting milestone 1 for the SAM project. In 2009, VA expects to award the SAM Pilot implementation, the Program Management Office Support service and IFAS implementation contracts, obtain milestone 1 approval for the IFAS

project, and start the SAM pilot at the Milwaukee VAMC campus. The pilot will attain Initial Operating Capability of the SAM system. In addition, IFAS (the financial component of the FLITE program) will follow the FMLoB guidance to award the IFAS contract and take steps to launch the IFAS pilot in FY 2009. The pilot will validate the business requirements, test any applicable interfaces, and ensure proper security and accessibility of data. This effort is being led by the Chief Financial Officer (business requirements) and the Chief Information Officer (technical solution). The multi-year initiative is highly complex and impacts VA-wide financial reporting systems.

In 2008, the FLITE program completed the FRDWS warehouse by implementing the last remaining interfaces into the production environment. These interfaces included the Loan Guarantee Program Interfaces for the Centralized Property Tracking System, Countrywide Home Loans, Funding Fee Payment System, VistA Account Receivable interface, and the VistA FEE interface.

In 2008, the Department also continued operation of the Hyperion Financial Management System, which has significantly improved the process of preparing the consolidated financial statements.

Federal Information Security Management Act (FISMA)

VA's FISMA performance and overall information security posture has improved during the last fiscal year. The Department has established organization elements to lay the foundation for strong FISMA and security program implementation well into the future. The Information Protection and Risk Management (IPRM) organization was formed to centralize security and privacy staff and business functions, increase accountability, and standardize security processes. Within VA IPRM, VA appointed a full time Chief Information Security Officer to improve security performance and oversight throughout the agency and nearly 70 VA Privacy Officers became certified in this field. VA continued to implement the comprehensive Data Security - Assessment and Strengthening of Controls Program to govern the multiple, concurrent security activities already underway including the remediation of material weaknesses.

Additionally, VA completed major security and privacy milestones such as the implementation of the Department's Information Technology (IT) Handbook 6500, titled Information Security Program, and 6502, titled VA Enterprise Privacy Program. Other achievements include the inventory of all VA IT assets and the certification and accreditation of over 600 VA operational systems including the testing of over 9,000 system security controls. As of September 2008, all of these systems have received full authorization to operate. Innovative technical solutions like secure remote access, port security and device control, portable device encryption, and enterprise network monitoring were implemented to enhance the protection of information and improve VA's overall information security posture.

VA's fiscal year 2009 initiatives include more standardized desktop configurations and additional tape and file system encryption technologies.

IG Act Amendments of 1988

The Inspector General Act requires reporting of all recommendations that have not been implemented within 1 year of the date of the Inspector General's final report. As of September 30, 2008, Departmentwide, 11 reports have been pending implementation for over 1 year, with a monetary value of the open recommendations of $22.0 million. (Source: Office of Inspector General)

Audit Follow-Up

VA is making progress towards improving and routinely assessing its programs, financial management, and financial systems. In addition, VA implemented a number of corrective actions during the fiscal year and continues to improve its efforts in resolution of findings and recommendations identified by VA management, Office of Business Oversight, Office of Inspector General (OIG), the Government Accountability Office, and other external auditors.

Accordingly, management at every level has been tasked to maintain the momentum in accomplishing Corrective Action Plans (CAPs) designed to resolve program and financial related weaknesses as well as implement sound solutions for all audit recommendations. While efforts were made in this regard, VA has considerably more work to do. Specifically, VA must provide timely and accurate performance that addresses the implementation of CAP schedules. VA must also effectively integrate the results of those actions more fully into management decision-making processes. To this end, VA has recently contracted with an Independent Public Accounting firm to provide audit support and financial improvement services designed to resolve material weaknesses and other significant findings. As part of this process, more precise cost estimates will be identified to accomplish varied missions and develop ways to improve overall performance. This will require communication and coordination with various VA Administrations and staff offices involved in strategic planning,

budget formulation, budget execution, performance, and financial management.

Prompt Payment Act

In 2008, VA Financial Services Center (FSC) continued to serve as VHA's centralized payment office for certified and matched invoices for purchased goods and services as well as construction payments. Performance results reflect improvements in payment processing timeliness, accuracy, and cost savings. Continued reductions in interest penalties for late payments were realized along with consistently strong performance in maximizing vendor discounts earned.

VA improved its vendor payment processes throughout 2008. Interest payments VA-wide improved by $48,300 (from $833,100 to $784,800) – a 6 percent improvement over 2007 levels, largely attributable to the centralization of VHA payments at the VA Financial Services Center (FSC) in Austin, Texas. Further, 2008 interest paid per million dollars disbursed improved almost 18 percent from $84 per million in 2007 to $69 per million in 2008. At the same time, VA earned nearly 93 percent ($6.4 million) of its available discounts. VA also continued to gain efficiencies and improve performance through an initiative started in 2004 to centralize VHA vendor payment activities at the FSC. At the end of 2008, 99 percent of invoices were centralized to the FSC. Through this centralization, VA strengthened its focus on identifying and preventing vendor payment errors. The FSC also enhanced audit recovery efforts over improper/duplicate vendor payments. The FSC reviews VA vendor payments daily to systematically identify, prevent, and recover improper payments made to commercial vendors. Current payment files are matched to identify and, where possible, prevent duplicates prior to payment. Also, payments from prior fiscal years are matched to identify potential duplicate payments for further analysis, assessment, and, as appropriate, collection.

The FSC staff also reviews vendor payments to identify and collect improper payments resulting from duplicate incentive award payments, erroneous interest penalties, service charges, and sales taxes. This initiative recovered over $55,000 during 2008 for reuse by VA entities. Overall, collections of improper payments and the recovery of unapplied vendor statement credits totaled nearly $2.6 million. Improved payment oversight also enabled VA to identify and cancel nearly $15.3 million in potential improper payments prior to disbursement. Since inception of the FSC audit recovery effort in 2001, VA has recovered $23.9 million in improper payments and prevented the improper payment of another $48.2 million.

The FSC successfully implemented a technological solution to facilitate the transition from paper to electronic invoice submission using the e-Invoice format. The FSC e-Invoicing initiative is being performed in partnership with A&T Systems, Inc., and OB10 Inc. (OB10). The FSC e-Invoicing initiative goes beyond traditional electronic data interchange methods by offering a solution that does not require vendors to purchase any additional software or hardware. Additionally, all vendors can easily participate without changing existing invoicing formats. OB10 has the capability to accept any invoice format or layout directly from the vendor's existing billing system and utilize the electronic communication method of the vendor's choice. The electronic invoice data are then passed to the FSC to automatically populate the appropriate payment applications. The errors, expense, and time delays associated with traditional paper invoice submission are eliminated, resulting in improved cost effectiveness, payment accuracy, and timeliness for VA and the vendor. FSC has initially targeted 2,700 vendors representing approximately 70 percent of the FSC's total payments. There are over 700 vendors currently participating in e-Invoicing.

During 2008, the Department aggressively used the governmentwide commercial purchase card

program. Over 4.3 million transactions were processed, representing $2.8 billion in purchases. As a result of VA's daily electronic billing and payment process for centrally billed accounts, VA earned over $49 million in refunds, compared to $42 million during 2007. These refunds are returned to VA entities for use in veterans programs.

VA's Fee Basis purchase card program automates Health Care Fee Basis payments, eliminates processing of paper checks, and earns VA additional purchase card refunds. In FY 2008, VA's Fee Basis credit card processed over 420,000 transactions representing over $130 million in payments and generated over $2.1 million in refunds. The growth of this program was attributed to additional Fee Basis medical providers agreeing to receive payment via the Fee Basis Purchase Card and more VA medical centers joining the program.

VA's Prime Vendor Payment System automates payments under a nationwide prime vendor centralized purchasing contract. During 2008, 135 VA medical centers used the Prime Vendor Payment System to electronically process over 445,000 transactions worth over $3.4 billion. The FSC ensures vendors who participate in VA's multi-billion dollar Prime Vendor procurement program are paid on time. These vendors provide VA medical centers with an efficient way to order supplies at low, negotiated contract prices and guarantee delivery within 24 hours, eliminating the need for warehousing large volumes of supplies.

VA's Travel Management Centers (TMC) serve veterans and employees who travel frequently. The billings are transmitted electronically from each TMC, and payment is sent daily through the Department of the Treasury's Electronic Certification System. During 2008, the travel management program processed over 261,000 transactions, disbursed payments of over $44 million, and earned over $536,000 in refunds.

The FSC staff continued to provide vendor payment history on the Internet. The Vendor Inquiry System (VIS) Internet application stores over 4 years of information. Once vendors complete an authentication process, they can access a secure Web site to view payment information for their company. Currently there are over 17,520 active registered vendors who made over 552,115 requests in 2008 and over 2.3 million requests since VIS's inception in April 2003. The VIS provides FSC vendors an easy-to-use tool for immediate access to their payment information 24 hours a day. The VIS has also improved customer service efficiency of FSC staff by handling many routine inquiries and freeing staff to work the more difficult issues for customers.

Registered users of VIS have the ability to submit electronic invoices directly to the FSC. Vendors complete easy-to-use forms to create their invoices and can manage and track them. This online system provides the vendors with a list of valid purchase orders, virtually eliminating the number one error that causes payment delays. Errors identified by the system are immediately returned to the VIS user, who can instantly correct them prior to submission. This prevents payment delays and results in quicker and more accurate vendor payments. In 2008, invoices submitted via VIS increased by 22,360 and $340 million from the previous year. Since our initial opening of VIS, 44,732 invoices totaling $895 million have been submitted via this system.

Improper Payments Information Act of 2002 (Summary of Implementation Efforts for FY 2008 and Agency Plans for FY 2009 through 2011)

Overview
VA reviewed the requirements of the Improper Payments Information Act (IPIA) of 2002 to identify those programs that are susceptible to significant erroneous payments. After completing the review, VA performed risk assessments for all

programs. Statistical samplings were performed on all required programs to estimate improper payments.

OMB Circular A-123, Appendix C, Requirements for Effective Measurement and Remediation of Improper Payments, requires agencies to report programs under the IPIA with annual erroneous payments exceeding both $10 million and 2.5 percent, as well as programs previously identified in the former Section 57 of OMB Circular A-11, Preparation and Submission of Budget Estimates. Four VA programs are included under Section 57 of OMB Circular A-11, and they are the Compensation, Dependency and Indemnity Compensation (DIC), Pension, and Insurance Programs. DIC is included in the Compensation Program. Although the Insurance and Vocational Rehabilitation & Employment (VR&E) programs were reported under the IPIA, the risk assessments for the programs were low. Because the Insurance and VR&E programs did not meet the $10 million threshold in annual erroneous payments for two consecutive years, OMB granted VA's requests for relief from annual improper payment reporting in the PAR for the Insurance program until 2009 and the VR&E program until 2010. In 2008, VA is reporting 6 programs under the IPIA which include the Compensation, Pension, Education, Loan Guaranty, Non-VA Care Fee, and Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA). This is CHAMPVA's first reporting year. Further details are provided in Part IV of this report.

Accomplishments

VA's Assistant Secretary for Management/Chief Financial Officer (CFO) is the designated senior official responsible for implementing IPIA. The CFO is responsible for establishing policies and procedures to assess VA program risks of improper payments, taking actions to reduce those payments, and reporting the results of those actions to VA management. Managers of all programs identified for review are aware of the importance of the IPIA.

All programs identified for review completed the risk assessment and/or completed statistical samplings in 2008 for 2007 data in accordance with VA's IPIA plan. VA also identified under- and over-payments by program, and provided program assessments and corresponding steps to prevent future erroneous payments in accordance with the IPIA.

VA met the improper payment reduction and recovery targets for Education, Loan Guaranty, and Non-VA Care Fee programs. VA did not meet the reduction and recovery targets for the Compensation and Pension programs.

Plans to Accomplish

VA aims to reduce the amount of erroneous payments in all programs. In early 2009, the Pension program will complete the consolidation of the pension review process from its 57 regional offices to 3 Pension Management Centers. The consolidation will improve the accuracy and timeliness of pension processing.

The National Defense Authorization Acts (NDAA) of 2003, 2004, and 2008 mandated retroactive benefit payments to certain Military retirees. As a result of the NDAA, two new DoD programs, Combat Related Special Compensation (CRSC), and Concurrent Retirement and Disability Pay (CRDP), were created to permit partial to total restoration of reduced benefits due to receipt of VA compensation for certain disabled retirees. These programs, which allow concurrent receipt of VA Compensation and DoD military retired pay, have negatively affected the accuracy of VA's Compensation payments. The Compensation program is in transition from the Benefits Delivery Network (BDN) information system to Veterans Service Network (VETSNET). VETSNET allows enhanced reporting capability, eliminates batch processing, and substantially reduces errors with a single entry for rating decisions. Programming modifications to VETSNET are planned to allow automatic calculations of CRDP and CRSC

payments. Real time processing through VETSNET will enable VA to discontinue incorrect payments as late as the day before payment issue, which will greatly improve the accuracy of our payments.

The Loan Guaranty (LGY) program will continue to conduct 100 percent post-payment reviews of all Specially Adapted Housing (SAH) grant payments. In addition, LGY has developed a statistical quality control schedule for the SAH process, which will provide additional opportunity for review of the grant process, including grant payments.

Education Service is implementing the Training Performance Support System (TPSS) in phases. TPSS is a new online delivery and record keeping system for training, which will help improve claims processors' performance. To help reduce payment errors, Education Service is implementing the Education Expert System (TEES), a new automated claims processing system. TEES is scheduled to be fully implemented in 2012.

In 2009, the Non-VA Card Fee program will staff a financial specialist to prepare risk mitigation guidance and direction to reduce improper payments and increase collection actions for improper Fee payments.

VHA will implement the Medicare Crossover by 2009, which will enable its Denver Health Administration Center to receive electronic claim submissions through the Centers for Medicare and Medicaid contractor for reimbursement to the medical provider for CHAMPVA's payment responsibility as a secondary payer. This will significantly reduce the requirement for manual input of claim data and, as a result, reduce the potential for error in CHAMPVA payments.

Financial Management Systems Framework

Overview
The Department's strategy, defined about 13 years ago, is based on goals to replace outdated and noncompliant systems with more modern, commercial off-the-shelf (COTS) systems which meet Office of Federal Financial Management core financial system requirements. This strategy was enhanced to incorporate business process reengineering in the requirements, acquisition, and development and implementation phases of projects.

The Office of Business Oversight's Internal Controls Service (ICS) provides the CFO with independent review and advisory services designed to add value and improve the acquisition, development, maintenance, and management of VA financial systems. The Department's scope of work is to oversee the compliance with regulatory requirements such as those prescribed by OMB Circular A-123, Appendix A and OMB Circular A-127.

ICS has the responsibility for planning and conducting the Department-wide reviews of internal controls over financial reporting in accordance with OMB Circular A-123, Appendix A and financial management system reviews in accordance with OMB Circular A-127 requirements. ICS also engages in management-directed program activities and system management reviews of project management processes and results, and monitors corrective action to address deficiencies identified in reviews.

In 2008, ICS completed nine A-127 limited compliance reviews in conjunction with the Department's OMB Circular A-123, Appendix A program. VA is addressing findings and implementing recommendations from these reviews.

VA's updated financial systems inventory provides details on all major financial and mixed systems. The major financial system initiatives

funded by the Department over the last 14 years to achieve VA's strategic goals have included the following:

- The Financial Management System (FMS) was designed to replace VA's 1970's central accounting system. In the FMS initiative, completed in 1995, VA successfully met its stated objectives and implemented FMS as its single, core accounting system based on a certified COTS, Joint Financial Management Improvement Program (JFMIP)-compliant system with interfaces to all other VA payment and accounting systems. In the succeeding, post-implementation years, VA completed several studies and determined there were remaining inefficiencies in the overall financial management processes, areas of noncompliance in our mixed systems, and new mission business requirements that could not be supported economically in the current systems.

- VA continued its multi-year initiative to eliminate the material weakness—Financial Management System Functionality. Referred to as FLITE, the program goal is to implement an agency-wide integrated financial management system (core and mixed feeders) and to correct financial and logistics deficiencies throughout the Department.
- VA continues to move forward in the consolidation of payroll services to the Defense Finance Accounting Service (DFAS), which is included in the President's Management Agenda for Improving Internal Efficiencies and Effectiveness. Following the success of the first migration of Title 5 employees to DFAS in August 2006, the second migration occurred in October 2007 and included additional Title 5 employees. Extensive system changes were made to VA's legacy system as well as DFAS' in preparation for additional migrations

to accommodate the special pay provisions that apply only to Title 38 employees. During 2008, the first group of Title 38 employees was successfully migrated to DFAS. Complete migration of VA's payroll services to DFAS is scheduled for September 2009.

VA's financial system recent accomplishments as well as plans for the next 5 years are detailed as follows.

Financial Management System (FMS) Accomplishments and Plans
VA continued production support and maintenance of FMS during 2008. VA will need to continue operation of FMS as the core accounting system until a suitable replacement is available.

In 2008, the Department also continued operation of the Hyperion Financial Management System which has significantly improved the process of preparing the consolidated financial statements. Additionally, VA continues to analyze and improve the major interfaces to and from FMS in an effort to improve integration among the various financial and mixed systems. This effort will assist with the remediation of Financial Management System Functionality material weakness, as well as improve the overall system architecture in preparation for the next generation financial system being planned for in the FLITE effort.

FLITE Accomplishments and Plans
Addressing the Department's material weakness, Financial Management System Functionality, VA established the FLITE program. FLITE will integrate many disparate systems, standardize functional processes and modernize the information technology environment supporting financial and logistics management within VA. The program has two primary components, a logistics and asset management component referred to as the SAM project, and a financial

management system component, referred to as the IFAS.

In 2008, VA completed the prerequisite program planning, which included establishing and implementing the FLITE Risk Management Control Board, developing the FLITE program baseline cost estimates and integrated master schedule, documenting business requirements and processes, establishing an acquisition strategy, releasing the requests for proposal for the SAM Pilot implementation and the Program Management Office Support services, and successfully exiting milestone 1 for the SAM project. In 2009, VA expects to award the SAM Pilot implementation and the Program Management Office Support services contracts, obtain milestone 1 approval for the IFAS project, and start the SAM pilot at the Milwaukee VAMC. The pilot will attain Initial Operating Capability of the SAM system. In addition, IFAS (the financial component of the FLITE program) will follow the FMLoB guidance to award the IFAS implementation contract and take steps to initiate the IFAS pilot in FY 2009.

VA implemented FRDWS as an interim initiative to mitigate the material weakness by capturing transaction details from selected interfacing systems throughout the Department and the corresponding core FMS transactions. This resulted in an enhanced process by which financial transactions interfacing with FMS could be reconciled. In 2008, the FRDWS successfully completed implementing the last five interfacing systems into a production environment for the data warehouse.

PAID Accomplishments and Plans
VA continued production support and maintenance of PAID during 2007 in support of Federal-wide programs such as Health Savings Allotments, and changing child support payments from paper to electronic payments.

VA will continue production support and maintenance of PAID during the Department's

migration to the new payroll provider, DFAS, and the eHR Line of Business providers and systems.

e-Payroll Accomplishments and Plans
VA continues to make system changes needed to support VA's migration to DFAS. System changes were tested internally and externally by completing payroll cycles in both VA and DFAS and comparing results. The first group of VA employees was successfully migrated to DFAS in 2006. The second group, which included additional Title 5 employees, migrated in October 2007. During 2008, the first group of Title 38 employees was successfully migrated to DFAS. The remaining VA payroll facilities began migration in 2008 with the last migration scheduled for September 2009.

E-Gov Travel Accomplishments and Plans
The FSC, VA's E-Government Travel Service (ETS) Project Office, led VA's implementation of ETS. In the first quarter of 2008, VA met its December 2007 deadline for agency-wide implementation, fulfilling a mandate of the President's Management Agenda. The VA ETS, also known as FedTraveler.com, gives approximately 70,000 VA frequent travelers as well as VA managers a much more efficient and accountable way to plan, book, and track travel arrangements as well as request and approve expense reimbursement. The new service eliminated four separate older travel systems with its one-stop, self-service, Web-based site. One of the key performance measurements the General Services Administration (GSA) monitors is the online adoption rate, which measures the percentage of travel plans with air reservations made using the online booking engine. VA's online adoption rate through the fourth quarter of 2008 averaged 82 percent, above VA's 75 percent goal, and leads all of the Electronic Data System's government deployments.

The FSC will continue to provide VA-wide support for the VA E-Gov Travel initiative. The FSC will provide the following services for

program sustainment: Global System Administration; support for Local System Administrators; sponsor for Super User conference calls; user acceptance testing of new software releases; training on new software releases; serving as Contracting Officer's Technical Representative; and participation in meetings hosted by GSA such as EDS User Group meetings, Program Change Control Board meetings, and Executive Change Control Board meetings.

Other Systems Accomplishments and Plans
Electronic Commerce (EC)/Electronic Data Interchange (EDI). Using COTS software and national standards, the FSC moves mission-critical information between VA and each of its trading partners, which includes vendors, mortgage service providers, and health care entities. EC/EDI also provides for internal exchange of information among VA application systems. Electronic data transfers enable program offices to restructure their work processes, take advantage of the accuracy and timeliness of electronic data, and concentrate on service objectives. The FSC will continue to support VA's efforts to increase cost savings and program efficiencies through the expansion of electronic data transfers in VA applications. The FSC will also continue to support VHA's efforts to comply with EC/EDI mandates identified in the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

In addition to providing EC/EDI to VHA, the FSC provides these services to VA's Denver Acquisition and Logistics Center for invoices and payment vouchers. Commercial invoices, Financial Management System payments, and the subsistence prime vendor program services are also provided to VA nationwide. VBA benefits from EC services in FSC's accepting and processing status of loan default transactions. EDI services are also provided by the FSC to assist the Veterans Canteen Service in receiving and processing invoices.

The FSC continues to provide support to the U.S. Department of Agriculture (USDA). Under a franchise agreement, the FSC accepts invoices from USDA Utility and Telecommunications providers, translates them to a USDA-approved file format, and transfers these invoices to USDA via a secure connection. USDA inputs these invoices into its legacy systems for processing and payment. This processing takes place using FSC-owned translator software rather than the mainframe translator, which ensures license compliancy and reduces processing costs for USDA.

The FSC provides the Department of Homeland Security's Division of Immigration Health Services (DIHS) with an integrated, end-to-end medical claims payment-processing application in conjunction with document processing through an Optical Character Recognition and Electronic Data Interchange (EDI) technology. This application is Web-enabled to support managed care remotely. This application truly represents a full life-cycle, automated service from the time an invoice reaches FSC through generation of payment and is in full compliance with the "Prompt Payment Act" (PPA) and HIPAA.

The Customer Support Help Desk (CSHD) offers a comprehensive one-stop response team to support inquiries from VA stations and vendors. CSHD is organized to provide timely and accurate responses to questions ranging from how to navigate in FMS to assisting a veteran with benefits information. The e-Travel Help Desk assists travelers and stations in processing travel requirements in the new ETS system.

The FSC will continue to support VA's efforts to increase cost savings and program efficiencies through the expansion of electronic data transfers in VA applications. The FSC will also continue to support VHA's efforts to comply with EC/EDI mandates identified in the Health Insurance Portability and Accountability Act (HIPAA) of 1996 and improve VHA's revenue

cycle. The FSC continues to use the latest versions of software to electronically ensure the validity of data with regard to HIPAA electronic transaction requirements.

In our efforts to provide VHA with e-Claims reports, the FSC has created a portal for management reports. This portal allows managers to access up-to-date statistics of their data. The portal will be updated to include new reports as requested.

Electronic Commerce (EC)/Electronic Data Interchange (EDI) Planned Improvement Initiatives

Tasks	Target Dates
Migrate customers to server-based translation software.	2009-2010
Support MCCR lockbox receipt of payments.	2009-2013
Support (by providing both development and production support services) VHA's revenue cycle and HIPAA compliance efforts.	2009-2013
Support EDI production projects on a continuing basis.	2009-2013
Support reports portal.	2009-2013

On Line Certification System (OLCS) (payment certification). The FSC's OLCS application allows certifying officials to view and certify invoices electronically. Vendors send invoices directly to the FSC where they are scanned into the FSC's document management optical imaging system and electronically stored with the information required to process the invoice. Field stations can elect to certify all invoices via OLCS or allow automatic payment for those invoices under $2,500 with appropriate post-payment audits. For invoices to be certified online, the OLCS system sends an e-mail notification to certifying officials with information on how to access and certify the pending invoice(s) online. Over 10,000 employees currently use the OLCS within VA.

OLCS was an essential enabler in centralizing VHA certified invoice payment processing to the FSC. Certified invoices sent to the FSC for processing are managed by certifying officials through the OLCS and paid by the FSC. As a result, VA has realized a tremendous increase in the efficiency of the payment process. At the same time, the OLCS and centralization have substantially reduced interest penalties and increased discounts earned.

The FSC's certified payments process represents a full life cycle of services performed from receipt of the invoice until the Department of the Treasury (Treasury) renders payment. The services include processing cancelled checks, check tracers, vendor re-certifications, rejects and adjustments, inquiries, vendor reclaims, bills of collection, Treasury offsets, and tax levies that comply with applicable VA regulations and directives and the Prompt Payment Act.

Document Management System (DMS). The FSC uses a document imaging system, referred to as DMS, to provide a paperless work environment, reduce physical storage needs, and process high volumes of documents. Documents are stored on electronic media, with backups stored offsite, and can be retrieved in seconds.

Initially, DMS was used to process commercial payments and inquiries. Subsequently, the FSC's use of DMS has been expanded to include other functions such as vendorizing requests, Federal accounts, preparation of the Standard Form-224 report, storing grant and schedule documents for other government agency customers, storing payroll folder data for VA employees who receive local payroll services from the FSC, and the storage of fee basis medical claims.

Planned DMS Expansion and Support

Tasks	Target Dates
Provide program support for DMS.	FY 2009-FY 2013

Snapshot

Cleveland Regional Office Staff Working to
***Sack* Homelessness**

The City of Cleveland's first Veterans Stand Down provided homeless veterans a day of safety and security, along with food, haircuts, and blankets. VA representatives provided benefits counseling and distributed almost 200 donated backpacks filled with socks, clothing, food, bus passes, and personal hygiene items. The backpack drive, known as "Pack a Sack," was the first organized effort of the Cleveland VA Regional Office's new Outreach Committee. Comprised of Cleveland Veterans Service Center employees, the group aims to meet the needs of local veterans. "Two vans were so filled with these backpacks that when opened, they literally began falling out," said regional office Public Contact Coach Todd Weber. "Representatives of other agencies came up to compliment our efforts. And the veterans carried our backpacks with a sense of deep appreciation and even joy."

A wide variety of services and assistance from many veterans' advocacy groups was also available. Over 400 homeless veterans attended the event.

Snapshot

Joanne Compagna:
Going Above and Beyond the Call of Duty

Joanne Compagna, vocational rehabilitation specialist in Compensated Work Therapy (CWT) program at the Bedford, Massachusetts, VA Medical Center, was worried about her trip home from work during an intense New England snow storm when other priorities intervened. As she was ready to leave for the day, she heard that the center's CWT van driver was stuck in nearby Wakefield and unable to pick up four veterans working in Waltham. She immediately took a VA minivan to retrieve them. It took her more than an hour to get out of Bedford, and then she faced gridlock on the highway to her destination. Knowing the veterans at the worksite would be distressed, she persuaded a state snow plow to escort her on the shoulder lane past the accident holding up traffic. When she reached Waltham, she found herself stuck behind abandoned vehicles. She parked the van and walked a quarter mile to where the veterans were waiting in a half-foot of snow. She escorted them back to the van and made the return trip. Her work day did not end until well after 8 p.m., and she did not leave the hospital grounds until she was sure the veterans had beds for the night.