



**THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON**

November 15, 2012

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) 2012 Performance and Accountability Report*. This report highlights our accomplishments in improving the timeliness, accessibility, and quality of health care and benefits service delivery that our Veterans have earned through their sacrifice and service.

This past year VA has made progress for Veterans and the American people. On the path to ending Veteran homelessness by 2015, we assisted more than 37,000 homeless Veterans in acquiring permanent housing through our collaborative partnership with the Department of Housing and Urban Development. We processed more than 1 million disability claims for the third year in a row in a concerted effort to eliminate the claims processing backlog by 2015, and increased the national accuracy rate for pension maintenance claims to 98 percent. VA's provision of telehealth-based clinical services has grown by 66 percent in the last two years increasing access to care for rural Veteran patients. Veterans continue to increase their use of eBenefits to access VA information and services with over 2 million Veterans using the tool. We also continued to increase access to burial benefits through funding the establishment of four new State Veterans Cemeteries. VA continued to make progress in improving information security, resulting in a more comprehensive security program to better protect sensitive information.

VA's major initiatives are successfully transitioning to sustainment and have been a part of our core programs since 2009, and we received our 14<sup>th</sup> consecutive unqualified (clean) audit opinion on our consolidated financial statements. As stated in my "Statement of Assurance" and Part I, VA has assessed the reliability and completeness of financial data and actions the agency is taking to resolve its one material weakness. Within Part II, performance reliability is reported on each key measure individually in the section prior to the performance measures tables.

Our work continues on the key challenges facing the Department and our strategies to address them. We will continue to improve the quality of our programs and service delivery, optimize our efficiency, and exceed the expectations of Veterans, their families, and survivors.

We are focused on transforming VA into a 21<sup>st</sup> century organization focused on increasing Veterans' access to VA healthcare and services, ending the backlog in compensation claims, and ending Veteran homelessness—both in 2015—to fulfill our Nation's enduring commitment to Veterans. We hold ourselves to the same high standards of performance that the Nation and its Veterans do. The linkage between our goals, objectives, strategies, and programs has never been clearer, and our employees' performance is evaluated carefully against the Department's plans.

Every VA employee is charged to be an advocate for Veterans. We are all committed to providing Veterans and their families with the very best healthcare and services. The Nation has depended on our Veterans, and VA's employees want Veterans to know they can depend on VA.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric K. Shinseki", is positioned above the printed name.

Eric K. Shinseki



## Executive Summary

### Introduction

In 2012, with more than \$138 billion in obligations and approximately 294,087 full-time equivalent employees, VA took numerous actions that helped improve the quality of life for America's Veterans and their families. Our major achievements are summarized below.

### Implementing Agency Priority Goals (APG)

VA has three Agency Priority Goals (APGs) that continue to serve as a platform to transform VA into a 21<sup>st</sup> century organization that is people-centric, results-driven, and forward-looking. Each APG is designed to solve a key problem facing the Department and/or the Veterans we serve. Information on how well VA is doing on specific APG's begins on page I-69.

### Medical Services: *Delivering High-Quality Health Care*

In 2012, VA maintained the largest integrated health care system in America. Throughout the year, VA implemented new innovative practices to improve Veterans' access to health care, such as telemedicine and mobile clinics, to provide care to more than 6 million unique patients. Our commitment to delivering timely, high-quality health care to America's Veterans while controlling costs, remains a top priority.

Key performance results for 2012 include:

- Patient Access: 95 percent of primary care appointments were completed within 14 days of desired appointment date.
- Quality of Health Care: VA continues to improve performance on nationally recognized industry standards such as the Clinical Practice Guidelines Index (CPGI) and the Prevention Index (PI). Compared to last

year's ratings, the CPGI increased from 91 percent to 94 percent and PI increased from 92 percent to 94 percent.

- Rural Health: In addition to continuing to support new rural sites of care, VA supported telehealth demonstration projects, expansion of rural home based primary care, rural Veteran outreach, Project Access Received Closer to Home (ARCH), rural clergy training and a new interdisciplinary program to develop rural provider training and education sites for residents, nursing and allied health students.
- Suicide Hotline and Suicide Prevention: As a result of further expansion and development of the Veterans Crisis Line, more than 650,000 people have called the crisis line and over 440,000 of these callers identified themselves as Veterans or family members or friends of Veterans. There have been more than 23,000 rescues of actively suicidal Veterans, and local community rescue services were dispatched to assist them. An online chat service was initiated in July 2009. Since then, over 65,000 "chatters" have worked with VA counselors on a one-on-one basis. The Veterans Health Administration (VHA) has over 54,000 Facebook fans and more than 15,000 Twitter followers. VA monitors Facebook for Veterans who express suicidal thoughts, and we reach out and contact them directly to get help when needed.
- Homeless Veterans: Program enhancements under the Eliminate Veteran Homelessness Initiative will ensure the provision of housing, health care, benefits, employment, and residential stability with the goal of reducing the number of homeless Veterans to functional zero by



2015. The intent is for every Veteran to have access to a safe, stable environment, and that capacity will be sufficient so that no Veteran should be unsheltered. In FY 2012, 119,878 Veterans were served by VA Health Care for Homeless Veterans outreach initiatives, an increase of more than 21 percent from fiscal year 2011. In partnership with the Department of Housing and Urban Development (HUD), a total of 37,350 Veterans had permanent housing through the HUD-VA Supportive Housing (HUD-VASH) Program as of September 30, 2012. These Veterans were also provided with dedicated case managers and access to high-quality VA health care. This fiscal year, the total number of Veterans who obtained housing as of September 30 in HUD-VASH was 14,313 while 17,136 additional Veterans obtained housing with assistance from our other homeless programs during that same time period.

Telehealth Programs: VA's Telehealth programs continue to be the largest and most sophisticated in the Nation. In 2012, VA specific telehealth applications: clinical video telehealth (CVT), home telehealth (HT) and store and forward telehealth (SFT) provided care from 150 VA Medical Centers (VAMCs) and 750 Community Based Outpatient Clinics (CBOCs) to 497,342 patients, care that amounted to 1,429,424 telehealth-based episodes of care. VA achieved a 31 percent expansion in the HT services it provides in support of non-institutional care, chronic management, acute care management and health promotion/disease prevention, services delivered to 119,535 Veterans with medical and mental health conditions, enabling these Veterans to live independently in their own homes and local communities. VA has seen a 39 percent expansion in 2012 in the number of Veteran patients receiving care via CVT-based telemental health services that supported 76,817 Veterans who received 217,975 telemental health consultations that took place

between 146 VA Medical Centers and 531 Community Based Outpatient Clinics. Telemental health enables Veteran patients to receive services in their local communities, reducing the need for both patients and clinicians to travel, with travel-associated cost savings of \$34.45 per consultation. VA's provisions of Telehealth-based clinic services have grown by 42 percent, thereby increasing access to care for rural Veteran patients and reducing avoidable travel. Telehealth services for the care of Veterans continue to expand in size and scope supporting new services that provide teleradiology, teledermatology, telepathology, audiology clinic support, tele-intensive care and women's health services.

#### Graduate Medical Education (GME)

Enhancement: In 2012, the National Academic Affiliations Advisory Council held its inaugural meeting. This federally chartered advisory committee will advise the Secretary of Veterans Affairs and the Under Secretary for Health on matters affecting VA academic affiliations and will recommend methods for enhancement of these critical relationships.

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

In 2011, VA received over 1.3 million claims for disability benefits and processed more than 1,032,000 of these claims. As of September 2012, VA received 1,080,342 claims for disability benefits and processed 1,044,207 claims. Throughout 2012, VA achieved a number of significant positive performance results in the benefits delivery area:

- Agent Orange/Nehmer Claims Processed: Since the publication of the regulation establishing three new presumptive conditions in 2010, the Veterans Benefits Administration (VBA) has completed nearly 250,000 claims.



- Joint VA/Department of Defense (DoD) Integrated Disability Evaluation System (IDES) Program: VA and DoD worked together to increase the number of IDES sites from 48 to 139 in 2011, expanding IDES worldwide for 100 percent of Servicemembers referred for evaluation for medical discharge or retirement. IDES simplifies the process for disabled Servicemembers transitioning to Veteran status, improves the consistency of disability ratings, and improves customer satisfaction. An IDES claim is completed in an average of 397 days— compared to 540 days in the legacy system. Since the inception of the IDES pilot in 2007, more than 56,000 Service members have been referred into the program, and more than 28,000 Service members are currently enrolled. VA and DoD continue to work together to improve IDES processing and timeliness.
- Seamless Transition: VA received more than 61,000 pre-discharge claims in 2011 through the Benefits Delivery at Discharge (BDD) and the Quick Start (QS) programs. Through July 2012, VA received nearly 42,000 pre-discharge claims. BDD and QS allow Servicemembers to apply for VA disability benefits while still on active duty.
- Quality: VA improved national compensation entitlement (rating) accuracy from 83 percent to 86 percent in 2012 on a 12 month cumulative basis. Accuracy for the first 7 months of 2012 is 87 percent.
- Insurance: VA issued life insurance policies to over 44,000 Veterans and separating Servicemembers, many of whom are disabled and would not have been able to purchase life insurance in the commercial insurance industry due to their impaired insurability resulting from military service.
- Education: VA provided education benefits to approximately 944,300 students in 2012. The number of students receiving education benefits continues to increase since the

implementation of the Post-9/11 GI Bill, with claims completed increasing 7 percent over the 2011 level to approximately 3.85 million in 2012.

- Vocational Rehabilitation and Employment: VA rehabilitated over 9,800 Veterans in 2012, providing more than 7,900 of them with the required tools and skills needed to obtain and maintain career employment. More than 1,800 Veterans were provided with assistance in gaining independence in daily living.
- Housing: In 2012, VA guaranteed approximately 539,884 loans to Veterans. Of these, 201,866 were for the purchase of a home and 338,018 were for the refinance of a home loan. In 2012, VA also provided 1,205 Specially Adapted Housing grants to severely disabled Veterans and Servicemembers to construct an adapted dwelling or modify an existing one to meet their special needs.

### **Burials and Memorials: *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, State, and, Tribal cemeteries as national shrines, by furnishing headstones, markers and medallions for the graves of Veterans buried in private cemeteries, and providing Presidential Memorial Certificates (PMCs) to honor the service of deceased American Veterans.

Key performance results for 2012 are as follows:

More Veterans Served by Burial Option: 89.6 percent of Veterans are served by a burial option within a reasonable distance (75 miles) of their residence - up from 89.0 percent in 2011. This increase resulted from the opening



of four new State Veterans cemeteries funded through the VA Veterans Cemetery Grants Program, which now serve Veterans in the areas of Corpus Christi, Texas; Fort Polk, Louisiana; Charleston, West Virginia; and Birdeye, Arkansas.

- **Timeliness:** VA achieved an 89 percent threshold of the proportion of graves in national cemeteries marked within 60 days of interment.
- **Quality:** 99 percent of survey respondents rated national cemetery appearance as "excellent." 91 percent of survey respondents also rated the quality of headstones or markers received from VA as "excellent."

### **Finance: Ensuring Proper Stewardship of Taxpayer Dollars**

VA is extremely proud to have obtained an unqualified audit opinion on its financial statements for the 14<sup>th</sup> consecutive year. VA has worked diligently on remediating its one remaining material weakness, "Information Technology (IT) Security Controls," and has made significant progress; however, this will remain a material weakness in 2013. The auditor also reported one significant deficiency, "Undelivered Orders" as a partial repeat condition and re-titled it from "Accrued Operating Expenses." The Department has taken corrective actions sufficient to address the reasonable estimation of the accrued operating expenses portion of unpaid obligations and therefore accrued operating expenses have been removed from the significant deficiency for this year. The Department has also taken corrective actions sufficient to eliminate one other significant deficiency, "Loan Guaranty Reporting," previously cited last year.

In 2012, VA continued to use Recovery Act funds to improve its medical facilities and national cemeteries, as well as to provide grants

for State nursing homes and domiciliary facilities. Following the successful obligation in July 2010 of 100 percent of VA's Recovery Act funds (totaling \$1.8 billion, including one time payments to Veterans), VA concentrated efforts during 2012 to increase outlays. As of September 2012, VA has made outlays totaling \$1.7 billion (96 percent) of Recovery Act funds.

Executive Order 13589 dated November 15, 2011 directed agencies to cut waste in administrative spending by 20 percent and identify opportunities to promote efficient and effective spending in specific areas; travel, IT devices (inventories, usage, and controls,) printing, executive fleet, supplies and materials, and promotional item use and purchases. With the exception of Management Support Contracts, the Administrations and Staff Offices have the flexibility to take reductions across the categories of Travel, Supplies and Materials, and Printing, as determined best for their organization. VA developed and executed a plan to reduce the cost associated with activities covered in the order. VA monitors spending monthly and reports status 30 days after the close of each quarter to OMB. In 2012, VA exceeded its spending reduction target of \$173.4 million by an additional \$69 million.

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activities covered in the order. The reduction to be taken in these areas was defined as 20 percent below VA's 2012 budget request, to be accomplished in 2012 and 2013. VA monitors spending monthly and reports status 30 days after the close of each quarter to OMB. In 2012, VA exceeded its spending reduction target of \$173.4 million by an additional \$69 million.



## Major Accomplishments

### Homelessness

According to *The 2011 Point-in-Time Estimates of Homelessness: Supplement to the Annual Homeless Assessment Report*, 67,495 Veterans were homeless in the United States on a single night in January 2011. This is a decline in homelessness among Veterans by nearly 12 percent since the January 2010 Point-in-Time (PIT) count. VA's goal is to reduce the homeless Veteran population to less than 59,000 to be counted in the January 2012 PIT, 47,000 to be counted in the January 2013 PIT, and 35,000 to be counted in the January 2014 PIT. The PIT estimate offers a snapshot of homelessness on a single night of both sheltered and unsheltered homeless populations. Sheltered Veterans are most often found in emergency shelters or transitional housing, while unsheltered Veterans are most often living on the streets, in cars, or in abandoned buildings.

### Integrated Electronic Health Record

The integrated Electronic Health Record (iEHR) program is a collaborative partnership between VA and DoD to develop a joint, common, modern health care information system. In 2012, a clinical and business-focused governance process was established under the Informatics Clinical Advisory Board to identify and sequence the 50+ planned iEHR capabilities. By doing so, VA and DoD are able to establish a schedule, identify, and request support for developing iEHR from top subject matter experts in their respective fields. This ensures informed clinical presence in key decision making. Additionally, six iEHR capabilities have begun development. Hampton Roads and San Antonio have been identified as pilot sites for several infrastructure, user interface, laboratory and immunizations capabilities with the James A. Lovell Federal Health Care Center selected for pharmacy capability.

### Support for Caregivers

VA has continued its successful implementation of the Caregiver Support Program. As of August 2012, 5,645 Family Caregivers received stipends and additional benefits, including health insurance coverage and mental health treatment. VA has also expanded services and programming to Family Caregivers of Veterans of all eras including a Web site dedicated to Family Caregivers ([www.caregiver.va.gov](http://www.caregiver.va.gov)) that continues to receive more than 1,000 hits a day, a Caregiver Support Line that has received more than 47,000 calls since it opened on February 1, 2011, a Peer Support Mentoring Program, and additional training and education programs for Family Caregivers.

### Rural Health

VA expended \$250 million to support projects designed to increase access and quality of care for rural and highly rural Veterans. These projects included rural expansion of Home Based Primary Care and Mental Health Services; provider support in new rural clinics; telehealth projects; contract care through Project ARCH, and new outreach efforts to contact, enroll and educate rural Veterans about their VA benefits. VA partnered with Academic Affiliations to develop and issue a RFP to develop and implement interdisciplinary rural health training and education programs at five VA sites for residents, nursing, and allied health students.

### Telehealth and Videoconferencing

VA's Telehealth programs continue to be the largest and most sophisticated in the Nation. In 2012 497,342 Veteran patients received 1,429,424 telehealth-based episodes of care delivered from 150 VA Medical Centers (VAMCs) and 750 Community Based Outpatient Clinics (CBOCs). VA has achieved a 31 percent expansion in home telehealth services; 42 percent expansion in clinic-based telehealth



services; 39 percent expansion in the number of Veterans (76,817) receiving clinical video telemental health from 146 VA Medical Centers and 531 Community Based Outpatient Clinics. These services support Veteran patients in their local communities and reduce the need for both patients and clinicians to travel. Telehealth services for the care of Veterans continue to expand in size and scope supporting new services that provide teleradiology, teledermatology, telepathology, audiology clinic support, tele-intensive care and women's health services.

#### **Blue Button®**

VHA made Blue Button® available to Veterans who choose to get care outside of VA by actively engaging in the "Blue Button® for All Americans" contest, reaching out to health plans, and collaborating with other federal agencies including Medicare and Tricare. Over 100 million Americans, including Veterans and their families, can now access their health data through Blue Button®. What started on My HealtheVet now appears on the patient portals of nearly a third of all physicians in America and the Web sites of more than half of the country's acute care hospitals. Major health plans have added Blue Button® to their Web sites, including Aetna, Blue Cross and United Health.

#### **How VA is using IT to Improve Access and Claims Processing**

VBA has embarked on a wide-scale Transformation Plan to achieve new efficiencies, greater effectiveness, improved quality and consistency through a series of initiatives that incorporate an integrated approach to people, process, and technology solutions.

One major initiative, Disability Benefits Questionnaires (DBQ), involves streamlined forms designed to capture medical information that Veterans can provide to private doctors as

an evidence gathering tool to expedite their claims decisions. This resulted in more timely rating decisions, fewer duplicated examinations, a reduced need for VA examinations, and a potential to improve rating accuracy.

The Veterans Benefits Management System (VBMS) is working to reduce the touch time for Veterans Service Representatives processing claims as well as automating some of the process, eventually leading to a reduction in processing times. eFolders in VBMS will increase business processing flexibility which will reduce the claims processing times by facilitating a better distribution of work.

VBMS is live in 10 VBA Regional Offices with two being pilot offices. VBMS successfully released enhanced functionality including paperless processing, rating, and development sections of the application. VBMS continues to progress on future functionality for automatic letter generation and rating calculators.

VONAPP Direct Connect (VDC) is making improvements with VA Form 21-686c Application for Dependency and VA Form 21-674 School Attendance Report. The applications for dependency, VA Forms 21-686c and 21-674, were made available electronically with an online guided interview process that automatically completes the forms, establishes a claim, allows the veteran to upload evidence and save the claim information in VA corporate records.

The application for compensation, VA form 21-526EZ, was replaced with a guided online interview process that automatically completes the form, establishes the claim, allows the Veteran to upload evidence and create disability contentions in our development system. It also saves all claim information in the VA system of records.





The Veterans Relationship Management (VRM) Initiative embodies a robust Customer Relationship Management (CRM) to include a Unified Desktop, Identity, and Access Management, Knowledge Management, VONAPP Direct Connect, Self Service, and Member Service. VRM CRM is currently in pilot phases in VBA National Call Centers as well as Pension Centers. CRM tools provide an integrated view of Veterans' benefits and beneficiaries' claims and payment, and personal information.

VA implemented the second phase of the pilot study for the Private Medical Records (PMR) initiative. The PMR initiative utilizes the services of a contractor to obtain private medical records associated with Veterans Compensation and/or Pension claims. The private medical records obtained are scanned into VBA's Virtual VA document repository (VVA). To date, there have been more than 2.1 million pages scanned.

The Compensation and Pension Records Interchange (CAPRI) has disabled the print functionality for VBA Regional Office personnel. CAPRI records are now incorporated into the VVA. To date, over 52 million pages have been stored into VVA from this effort.

### **Veterans Benefits Management System (VBMS)**

VA is using IT to improve claims processing by replacing current, paper-intensive processes with a Web-based, electronic claims processing system complemented by improved business processes. VA is implementing a 21st Century electronic claims processing system—the Veterans Benefits Management System (VBMS) as part of the overall VBA Claims Transformation Plan.

The following progress was made during 2012 on VBMS:

- Expanded VBMS to additional Regional Offices (ROs): Deployed to Fort Harrison and Wichita ROs to align with VBA's transformation efforts.
- Developed and Deployed New Functionality: Delivered additional claim establishment, development and rating functionality.
- Developed Robust Training, Change Management, and Communications Capabilities: Developed resources to support national deployment.

### **Veterans Relationship Management (VRM)**

VRM is improving the customer service experience as well as increasing access to information via eBenefits to both Veterans and Veterans Service Officers. Improvements made to the eBenefits portal allow the Veteran to easily obtain the status of submitted claims, identify required claims information, and update personal information.

The VRM initiative is using information technology to enhance secure access points for Veterans and stakeholders and to improve customer service, accuracy and transparency of data. Key accomplishments include:

- Expanding self-service features available via the eBenefits portal
- Piloting the ability to apply for compensation by answering guided interview questions via VONAPP Direct Connect
- Piloting Customer Relationship Management (CRM) in seven VBA Call Centers and at the Pension Call Center
- Improving telephone services when communicating with VA including National and Skills routing, Call Recording, etc., across VBA Call Centers.
- September 2012– over 3.2 million visits
- Used by Servicemembers & Veterans in over 25 countries



- Servicemembers are now required to get eBenefits account shortly after accession
- 12 Consecutive Quarterly Releases since October 2009 with over 47 self service features
- Over 1,937,021 million registered users since October 2009
- As of September 30, 2012 there are over 2 million registered users

Major milestones:

- OMPF (DD214) – 164,305 generated to date - Released December 2009
- Claim Status Views – Over 11.6 million views to date - released April 2010
- Home Loan COE – 145,555 generated to date - released April 2010
- Letter Generator – 1,211,868 generated to date - released January 2011

### GI Bill

VBA's long-term strategy to implement the Post-9/11 GI Bill is the development of an end-to-end information technology solution that utilizes rules-based, industry standard technologies to modernize the delivery of education benefits. Through July 2012, six phases of the Long Term Solution (LTS) have been deployed, including several releases of functionality required to implement changes to the Post-9/11 GI Bill. On September 24, 2012, end-to-end automation of selected Post-9/11 GI Bill supplemental claims was activated in the LTS. This new automation has processed 2,500 or more claims each day. We expect end-to-end automation will give us efficiencies in increasing claims processing volume which will improve our overall claims processing timeliness.

### Veterans Retraining Assistance Program (VRAP)

On July 1, 2012, VA successfully implemented Section 211 of Public Law 112-56, the VOW to Hire Heroes Act of 2011 Veterans Retraining Assistance Program (VRAP), which provides retraining assistance to eligible unemployed Veterans. Eligible Veterans will receive the Montgomery GI Bill-Active Duty (chapter 30) full-time benefit rate for up to 12 months.

### Housing

Despite challenges in the nationwide mortgage industry, the VA Home Loan program continued to maintain the foreclosure and seriously delinquent rates in the mortgage industry (for the last 17 and 14 quarters, respectively) through the last quarter of data available (Q2 CY 2012). In these categories, VA-guaranteed loans achieved lower rates than even prime loans. This strong performance can be attributed to VA's practice of making contact with borrowers early in the default process to ensure they have every possible chance to save their home. Through August 2012, VA helped 81.4 percent of borrowers in serious default to retain their home or avoid foreclosure (over 57,000 borrowers total).

### Insurance

The right 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 may have difficulty obtaining life insurance from the private sector. VA established a specialized work unit devoted to outreach to recently separated disabled Servicemembers who are uninsurable due to their service-connected disabilities. In 2012, new technology and streamlined case review techniques were implemented, resulting in an average 147 percent increase in the number of cases processed per month.



### **Integrated Disability Evaluation System (IDES)**

IDES is a collaborative VA and DoD program designed to improve the process for Servicemembers who face potential medical separation or medical retirement. IDES provides wounded, ill or injured Servicemembers fair determinations on their fitness for continued military service and, if separated, expeditious payment of VA benefits. By using a single set of physical examinations, and a single-source disability evaluation, IDES eliminates much of the duplication of the legacy system, which required Veterans who received medical discharges to undergo a separate process with VA after leaving service. To reach more of the Servicemembers participating in the IDES program, VA has expanded its presence from 21 to 139 sites worldwide. In 2011, VBA dedicated 4 times more FTE than typical to process “regular” claims -- decreasing the VA-managed wait times from 186 to 104 days.

In February 2012, VA and DoD signed a memorandum of understanding for the purpose of providing Vocational Rehabilitation and Employment (VR&E) services at the earliest opportunity to active duty Servicemembers. These services include a comprehensive evaluation to determine abilities, skills, and interests for employment; development of a rehabilitation plan of training and other needed assistance and case management. By physically placing VR&E counselors at IDES locations, quality and timeliness of benefits delivery will improve by beginning the process of developing a new career that is uniquely appropriate for each individual’s desires and abilities during the transition process.

### **VetSuccess on Campus**

The “VetSuccess on Campus” program provides on-campus support to student-Veterans to assist in the pursuit and successful completion

of educational and career goals. The program currently is located on 32 college campuses, serving approximately 32,000 Veteran students. Services include career and academic counseling, adjustment counseling to resolve problems interfering with completion of education programs, referrals for medical and mental health treatment, benefits assistance, job readiness, and placement assistance.

### **VOW to Hire Heroes Act of 2011**

In 2012, VA implemented the provisions of Public Law 112-56, the VOW to Hire Heroes Act of 2011, that extended, and expanded eligibility for certain services under Chapter 31. In January 2012, policy was issued and training provided to increase job prospects for Veterans who need assistance with direct job placement. VA may now pay an incentive to employers to hire or train Veterans participating in a VR&E program even when the Veteran has not yet completed a training program under Chapter 31. In February 2012, policy was issued and training provided to assist VR&E staff to serve severely injured active duty military members earlier in their transition to civilian life. Under the law, these individuals will have automatic eligibility to VR&E services until December 31, 2014. In May 2012, policy was issued and training provided to allow unemployed Veterans who previously completed a Chapter 31 program and have exhausted unemployment benefits to receive an additional 12 months of vocational rehabilitation services. These additional benefits will increase employment opportunities for these Veterans.

VA has conducted extensive outreach to inform Veterans, Servicemembers and other stakeholders of the provisions of the new law and the availability of these expanded benefits. VA has established a Web page dedicated to providing the most current information and directions for how to apply for these services. (<http://www.benefits.va.gov/VOW/>)



### **VetSuccess.gov**

VetSuccess.gov is a one-stop shop for employment and transition resources for all Veterans. The Web site has been integrated with eBenefits, allowing Veterans receiving other VA benefits to access employment information through VetSuccess.gov seamlessly. At the close of FY 2012, a total of 170,889 Veterans and 4,686 employers have registered on VetSuccess.gov. The new users added in 2012 represent an 87 percent increase in Veteran registrants and a 125 percent increase in employer registrants since 2011. A total of 30,992 jobs have been posted to the site to-date. The new jobs added to the site in 2012 are a 106 percent increase over 2011.

### **Increasing Access**

In 2012 the National Cemetery Administration (NCA) continued working to increase and improve Veterans' access to a burial option in a national, State, or Tribal Veterans cemetery through various strategies:

Developing five new national cemeteries that will serve more than 500,000 currently unserved Veterans in the areas of Central East Florida; Tallahassee, Florida; Western New York; Omaha, Nebraska; and, Southern Colorado. Establishing columbaria cemetery facilities close to the Veteran population in large urban areas where the existing national cemetery is located has proven to be a barrier to burial and visitation. These Urban Initiative facilities will be located in New York, New York; Los Angeles, California; San Francisco, California; Chicago, Illinois; and Indianapolis, Indiana.

Establishing National Veterans Burial Grounds through a Rural Veterans Burial Initiative to improve access to a burial option for Veterans who reside in sparsely populated areas where access to a national or State Veterans cemetery does not exist. New National Veterans Burial Grounds will be located within existing public or

private cemeteries and operated by NCA in Maine, Wisconsin, North Dakota, Montana, Wyoming, Nevada, Idaho and Utah.

### **Tribal Cemeteries**

VA approved its fourth grant to establish a Veterans cemetery on tribal trust lands in 2012, as authorized in P. L. 109-461. The \$6 million grant was awarded to the Oglala Sioux Tribe for construction of a Veterans cemetery on the Pine Ridge Reservation in Kyle, South Dakota. Of the initial three grants for Tribal Veteran cemeteries awarded in 2011, two began construction and one was dedicated in 2012. In total, five new Veterans cemeteries were dedicated in 2012, four State and one Tribal.

### **Assisting Homeless Veterans**

NCA has implemented a Homeless Veterans Apprentice Program in collaboration with the Veterans Health Administration and the VA Learning University. This program will create paid employment positions as Cemetery Caretakers for up to 20 homeless Veterans each year who are enrolled in VA's Homeless Veterans Initiative Programs around the country. Apprentices who successfully complete 12 months of competency based training will be offered permanent full time employment at a national cemetery. Successful participants will receive a Certificate of Competency which can also be used to support employment applications in the private sector.

### **VLER**

Virtual Lifetime Electronic Record (VLER) is a multi-faceted business and technology initiative that includes a portfolio of health benefits, personnel, and administrative information sharing capabilities. It provides Veterans, Servicemembers, their families, care givers, and service providers with a single source of information for health and benefits in a way that is secure and is authorized by the Veteran or Servicemember. VLER has impacted



thousands of Veterans and Servicemembers, including our most severely wounded, ill, and injured, by:

- Piloting health information exchange through Nationwide Health Information Network (NWHIN) at 13 sites nationwide
- Sharing over 3 million Veteran and service member medical records through Bidirectional Health Information Exchange (BHIE) and Clinical Health Data Repository (CHDR)
- Allowing Veterans to authorize and direct VA to share personal information through Veterans Authorizations and Preferences (VAP)
- Automating collection of medical information in Disability Benefits Questionnaires (DBQs) to facilitate disability claims processing
- Automating information management and sharing between DoD and VA to support the Federal Recovery Coordinator Program and Integrated Disability Evaluation System
- Enabling information sharing between VA and HUD to serve homeless Veterans.

#### **Data Security**

VA continued to make progress in improving its information security posture in 2012. This has resulted in a more comprehensive security program that better protects sensitive information. In 2012, VA aggressively implemented the Continuous Readiness in Information Security Program (CRISP) program which has resulted in significant improvement in remediation of many of the information security deficiencies associated with its information security program with special emphasis on those which contributed to its material weakness in information technology security controls. In 2012, VA has either initiated or completed enterprise-wide actions addressing security management, segregation

of duties, access controls, contingency planning, and configuration management. VA has also completed implementation of its Visibility to the Desktop and Visibility to the Server Initiatives which will assist in the timely identification and remediation of new vulnerabilities which all systems face daily.

#### **Outreach through Social Media (Facebook, Twitter, and VA's Blog)**

VA is a leader in social media. Over the past year, VA implemented Facebook pages for every VA medical center, where VA reaches over 109,000 Veterans, their family members, and dependents at a local level. The Department also uses Twitter to reach over 121,000 Vets every day. VA also provides photos and videos to Veterans, highlighting issues and events important to Veterans. Flickr and YouTube has been accessed a combined 2.5 million times since its adoption at VA in 2009. VA also reaches Veterans in new and unprecedented ways; The VA Office of Public and Intergovernmental Affairs staff writers have been featured in Time, the New York Times, and the Atlantic drawing attention to important issues facing Veterans today including mental health, the GI Bill and employment. VA also uses its blog VAntage Point to communicate key issues that the Department addresses for Veterans. VA continues to lean forward to be more transparent and communicative with our nation's Veterans and their families.

#### **National Veterans Small Business Conference**

The centerpiece of the National Veterans Small Business Conference was planned to connect small business owners with procurement decision makers from federal agencies and private industries. Over 400 training and business requirement sessions were held and direct and on-line networking opportunities were provided with senior government procurement decision makers from across the country. It was also an opportunity to meet,



dine, network, share ideas, discuss business requirements, forecast contract needs and vision for contracting with the VA, other federal agencies, and private agencies within a particular industry.

Results of this successful event included:

- Over 3,700 attendees took advantage of 115 Small Business training sessions
- 1605 Veteran owned small business representatives were able to discuss their capabilities with more than 800 government participants at 1876 networking roundtable sessions
- Government procurement decision makers provided their business requirements in 283 sessions with Veteran Owned Small Business Owners. 49 Senior VA leaders participated in roundtables with Veteran owned small businesses.
- Participants made more than 49,400 digital contacts using technology that enabled them to collect profile data to facilitate future connections.

### **Pro-Veteran Legislation**

Throughout 2012, the Office of Congressional and Legislative Affairs (OCLA) pro-actively supported the development of pro-Veteran legislation.

OCLA coordinated and prepared VA leadership and subject matter experts to participate in over 72 hearings on matters of concern to Congress. OCLA also coordinated and supported over 688 information briefs to Congress and 66 congressional oversight visits to VA facilities throughout the country.

As VA's liaison with the Government Accountability Office (GAO), OCLA coordinated over 43 entrance and 41 exit conferences and VA's review of over 65 GAO draft reports.

### **Construction Review Council**

In April 2012, Secretary Shinseki established the Construction Review Council (CRC) to oversee the Department's development and execution of its real property capital asset programs. The CRC reviewed briefings on the current processes for major construction, minor construction, leases and the non-recurring maintenance programs. Actual projects are presented as case studies to review the effectiveness and efficiency of the processes and procedures on VA's most visible projects. VA has undertaken substantial initiatives to advance timely delivery of first-rate facilities to better serve our Nation's Veterans.

### **Supplier Relationship Transformation Initiative**

OALC held Industry Day Forums and Supplier Relationship Transformation Forums in order to attain facilitated feedback on VA acquisition processes from suppliers, vendors and contractors in addition to awareness of the acquisition process and new projects. As part of the VA enterprise transformation, this initiative strives to transform its supply chain management process by achieving an environment of Perfect Order Fulfillment.

### **Transformation Twenty-One Total Technology**

The Transformation Twenty-One Total Technology (T4) multiple award, indefinite delivery, indefinite quantity (IDIQ) contracts are composed of fifteen 5-year IDIQ contracts with a program ceiling of \$12 billion. T4 initiative provides VA by leveraging VA's buying power for a broad range of information technology and telecommunication services. T4 significantly contributed toward mitigating GAO high-risk areas.

### **Strategic Acquisition Center**

The Strategic Acquisition Center (SAC) was established as part of the implementation of the Acquisition Transformation Model to consolidate and integrate acquisition functions throughout the Department. To support this



initiative, an integrated product team with several of our major internal customers, including the Veterans Health Administration (VHA), has been established to review current processes and utilizing spend analysis and market research methodology to identify and facilitate strategic sourcing initiatives and opportunities during the acquisition process. In support of its customers Department-wide, the SAC is putting into place enterprise-wide, multiple-award requirements contract vehicles further mitigating GAO high-risk areas.

#### **Warriors to Workforce (W2W) Program**

OALC implemented the Warriors to Workforce (W2W) Program. The W2W is a 3-year program designed to prepare wounded Veterans for a successful transition into a career as a contract specialist. At program completion, these Veterans are infused into the Federal workforce as GS-1102-11 contract specialists.

#### **Program Management (PM) Fellows Program**

OALC also implemented the Program Management (PM) Fellows Program, an accelerated professional development initiative for aspiring mission critical program managers. The program is designed to enhance PM performance within VA by accelerating the development of technical PM, general business, and leadership skills within a specific career field. The program utilizes five on-the-job-training periods throughout its duration. Reinforcement of classroom training through on-the-job training accelerates PM Fellows through the learning curve, more rapidly developing their PM skill-sets.

#### **Hiring Veterans**

The Office of Human Resources and Administration at VA established the Veterans Employment Services Office (VESO) to focus on the recruitment, retention, and reintegration of qualified Veterans into VA's workforce. VA employs over 102,000 Veterans. Its VA for VETs

provides online tools, and career coaches to facilitate Veteran career readiness. VESO developed a hiring model that combines established special hiring authorities with Veteran career readiness activities and shortens the federal hiring process from several months to several days. Currently, VESO sponsors large-scale hiring events that connect hundreds of public and private sector employers with thousands of Veteran job seekers.

#### **Telework**

VA considers telework to be an effective alternative work arrangement that benefits managers, employees, the Department, and, ultimately, the Nation's Veterans. The total number of teleworkers rose from 4,669 documented teleworkers in 2009 to over 35,000 in 2012. Teleworking allows over 11 percent (35,000) of VA employees to work from an approved alternative workplace setting for all or part of their regular tour of duty and/or work week. Subject to position suitability, employee eligibility, and supervisory permission, telework is a voluntary, mutually agreed-upon option for VA employees. As a human capital management tool, telework may be used to attract, recruit, and retain the best employees. Teleworking at alternate facilities usually equates to less in-office interruptions, resulting in increased productivity and faster service to the Veteran customers. Additionally, telework may be used as a reasonable accommodation for individuals having disabilities that affect mobility or pose related challenges. It also helps employers retain top-performing employees who are seeking work-life balance of a reduced commute, decreased stress level, and increased job satisfaction. Overall, telework within VA facilitates a smooth and continuous transition of institutional knowledge, technical competencies, and employment of the "best of the best" employees to better serve the Nation's Veterans.



### **Exercise, Training and Evaluation**

In April 2012, VA published Directive 0324 Test, Training, Exercise, and Evaluation (TTE &E) Program. This directive establishes Department-wide policy and responsibilities for the VA TTE &E Program, in accordance with National Security Presidential Directive 51/Homeland Security Presidential Directive 20 Presidential Policy Directive 8 and the National Preparedness Goal's established interagency exercise and evaluation guidance under the National Exercise Program (NEP). The TTE&E Program enhances VA emergency management programs by identifying gaps and risks, developing training capabilities, and improving organizational coordination and communications.

#### **Exercise**

In June 2012, the Office of Operations, Security and Preparedness (OSP) led the Department in two NEP exercises, National Level Exercise (NLE) 2012 and Eagle Horizon (EH) 2012, with a planning scenario of a cyber attack. VA exercised NLE 12 at VA Central Office (VACO) with the Integrated Operations Center (as the fusion point), the VA Network Security Operations Center and VA's Administrations and Staff Offices emergency management personnel. During the EH 2012 exercise, VA employed its Emergency Relocation Group (ERG) to its Continuity of Operations site, on the basis of VACO being uninhabitable, to continue the Department's Primary Mission Essential Function and Mission Essential Functions at the headquarters level. VA senior leadership fully participated and helped to identify areas of improvement from each exercise.

As a result of the EH 2012 External Evaluation, VA's Continuity Preparedness increased by 25 percent since EH 2010. Every other year (even years), the Department of Homeland Security (DHS) conducts an evaluation of Departments and Agencies continuity programs, and reports the results to the White House National

Security Staff through the Readiness Reporting System (RRS), utilizing the DHS developed Continuity Evaluation Tool (CET) criteria. Within the CET, there are 14 continuity elements to evaluate. During EH 2012, and DHS's evaluation of VA Continuity, 14 elements (or 202 task questions) were evaluated. VA scored 100 percent in the upper range and 84 percent fully achieved the stated continuity element.

#### **Training**

In August 2012, VA increased training completion from 30 percent (October 2011) to 73 percent for the Emergency Relocation Group (ERG), which contains approximately 200 VA Central Office (VACO) employees. OSP accomplished many notable achievements in the realm of training by instituting this training system. Additionally, OSP highlights the following accomplishments:

- Partnered with the Federal Emergency Management Agency to assist in the development of IS-450 Emergency Preparedness for Federal Employees. OSP used this course to educate and train VA Senior Leaders of emergency management principles.
- In April 2012, the VA National Incident Management System Implementation Plan signed and implemented, in accordance with Homeland Security Presidential Directive (HSPD) 5, Management of Domestic Incidents, Federal Continuity Directive 1, Federal Executive Branch National Continuity Program and Requirements; and other related directives and guidance.

#### **Issuance of Personal Identity Verification (PIV) Credentials and Compliance with Homeland Security Presidential Directive 12 (HSPD-12)**

VA achieved steady state in the issuance of Personal Identity Verification (PIV) credentials to VA employees, contractors, and affiliates.





During 2012, VA achieved full compliance with HSPD-12 for PIV credential issuance.

In accordance with direction from the Office of Management and Budget (OMB), VA began using the VA PIV credential to authenticate access to the VA information technology network. The use of the PIV credential to access the VA network will enable VA to enhance the security of Veterans and VA data, reduce the potential for identity fraud, and assist in protecting personal privacy.

VA completed assessment and accreditation of 100% of VA PIV credential issuance facilities in 2012. All 204 of the VA PIV credential issuance facilities received authority to operate or interim authority to operate in accordance with Federal Information Processing Standards (FIPS) and guidelines published by the National Institute for Security and Technology (NIST).

**VA/DoD Collaboration** In 2012, the Office of Policy and Planning successfully planned and coordinated the merging of the VA/DoD Senior Oversight Committee (SOC) with the VA/DoD Joint Executive Committee (JEC) to provide for the more effective oversight of VA/DoD collaboration and cooperation issues.

#### **VA Center for Faith-based and Neighborhood Partnerships (CFBNP)**

The Center for Faith-Based and Neighborhood Partnership's achieved significant accomplishments via collaborative events with the White House Office of Faith-based and Neighborhood Partnerships conferences entitled "Connecting Communities for the Common Good Conferences" (CCCGC) along with the Centers at 12 other Federal Agencies. For fiscal years 2011 and 2012, CFBNP participated in five White House CCCGC. Local VA Staff presents VA's program and services information to faith-based and community organizations at these conferences. The

objective is for the organizations to disseminate this information to Veterans, their families, survivors and caregivers, and collaborate with local VA staff to assist Veterans to obtain their benefits.

#### **Women Veterans Task Force**

Secretary Shinseki called for a Women Veterans Task Force to develop a comprehensive VA action plan that will focus on resolving critical issues facing women Veterans. A 2012 report —*Strategies for Serving Our Women Veterans*— was drafted and addresses specific cross-departmental activities in support of women Veterans' programs. The report addresses gaps in services to women Veterans in four areas: (1) VA's capacity to provide consistent coordinated access to comprehensive services and benefits; (2) personal privacy, dignity, security, and respect; (3) collaboration within VA and among external resources in employment and career development; and (4) ensuring sufficient and actionable data to deliver quality benefits and services.

#### **Women Veterans Health**

VA trained nearly 1,500 providers through its flagship National Women's Health Mini-Residency Program, one of many training opportunities for VA clinicians to sharpen their women's health skills. The training ranges from traditional lectures with direct instruction to online and audio courses. Several courses target physicians, physician assistants, and nurse practitioners; other courses have sections geared toward wider audiences, including nurses, pharmacists, social workers, and psychologists. VA's Employee Education System and VHA's Simulation Learning Education and Research Network partnered closely with Women's Health Education to develop the courses.



### **Going Green**

By year's end, over 90 megawatts of renewable power for VA facilities (including solar, wind, geothermal and combined heat and power systems) were operating, under construction, or awarded, an increase of 28 percent from 2011. About 52 percent of VA's fleet of over 16,500 vehicles is now alternatively fueled. Nine VA facilities are operating and evaluating a total of 26 new plug-in electric vehicles delivered this year under GSA's electric vehicle pilot program. VA completed a field pilot of the "Green Routine" initiative, designed to engage facility-level VA employees in greening activities. These and other green accomplishments lead to operational efficiencies that allow VA to better care for our Nation's Veterans and their families.

Initiative on AAPI and VA will continue on-going dialogue with stakeholders from the AAPI communities.

### **The Office of Survivors Assistance (OSA)**

OSA continued to expand upon previously established relationships and develop new collaborative partnerships to include the U.S. Navy, the U.S. Marine Corps, faith-based and community organizations, and Veterans Service Organizations. OSA also took on the responsibility of preparing condolence letters for survivors of the fallen.

### **Center for Minority Veterans**

#### **Asian American and Pacific Islanders (AAPI)**

**Roundtable.** On January 31, 2012, the Center for Minority Veterans provided key assistance to the Office of the Secretary in conducting this outreach activity. This roundtable was a concerted effort to make clear that issues affecting the over 300,000 AAPI Veterans are of great importance. Hosted by the Secretary of Veterans Affairs, the roundtable gathered high-level VA officials, other federal leaders, and community advocates in discussions on the subjects of access to health care, access to benefits, data collection, and outreach. As a direct result of this meeting, key relationships were established. Staff from the White House



## VA Online: *Fast and Easy Access to Information*

The table below provides links to several Web sites that provide information for and about Veterans.

<b><i>What Information Do You Need?</i></b>	<b><i>Web Site</i></b>
<b><i>VA's Home Page</i></b>	<a href="http://www.va.gov/">http://www.va.gov/</a>
<b><i>VA's PAR Submission and Strategic Plans</i></b>	<a href="http://www.va.gov/performance">www.va.gov/performance</a>
<b><i>VA's Budget Submission</i></b>	<a href="http://www.va.gov/budget/products.asp">http://www.va.gov/budget/products.asp</a>
<b><i>Health Care in VA</i></b>	<a href="http://www1.va.gov/health/index.asp">www1.va.gov/health/index.asp</a>
<b><i>Managing My Health as a Veteran</i></b>	<a href="http://www.myhealth.va.gov">www.myhealth.va.gov</a>
<b><i>Medical Research in VA</i></b>	<a href="http://www.research.va.gov">www.research.va.gov</a>
<b><i>Clinical Training Opportunities and Education Affiliates</i></b>	<a href="http://www.va.gov/oaa">www.va.gov/oaa</a>
<b><i>Employment</i></b>	<a href="http://www.vetsuccess.gov">www.vetsuccess.gov</a>
<b><i>My Benefits</i></b>	<a href="http://www.ebenefits.va.gov">www.ebenefits.va.gov</a>
<b><i>Vow to Hire Heroes</i></b>	<a href="http://www.benefits.va.gov/vow">www.benefits.va.gov/vow</a>
<b><i>Burial and Memorial Benefits for Veterans</i></b>	<a href="http://www.cem.va.gov">www.cem.va.gov</a>
<b><i>Opportunities for Veteran-Owned Small Businesses</i></b>	<a href="http://www.vetbiz.gov">www.vetbiz.gov</a>
<b><i>Minority Veterans</i></b>	<a href="http://www.va.gov/centerforminorityVeterans/">www.va.gov/centerforminorityVeterans/</a>
<b><i>Women Veterans</i></b>	<a href="http://www.va.gov/womenvet">www.va.gov/womenvet</a>
<b><i>Survivors Assistance</i></b>	<a href="http://www.va.gov/survivors">www.va.gov/survivors</a>
<b><i>Operations, Security and Preparedness</i></b>	<a href="http://www.osp.va.gov">www.osp.va.gov</a>
<b><i>Recently Published VA Regulations</i></b>	<a href="http://www.va.gov/VA_Regulations">www.va.gov/VA_Regulations</a>
<b><i>Federal Legislation Concerning Veterans</i></b>	<a href="http://www.va.gov/oca/Vet_Legis.asp">www.va.gov/oca/Vet_Legis.asp</a>



<b><i>What Information Do You Need?</i></b>	<b><i>Web Site</i></b>
<b><i>VA's Social Media Sites</i></b>	<a href="http://www.va.gov/opa/SocialMedia.asp">http://www.va.gov/opa/SocialMedia.asp</a>
<b><i>Human Resources and Administration</i></b>	<a href="http://vacareers.va.gov/veterans">http://vacareers.va.gov/veterans</a>
<b><i>Reports, Surveys, or Statistics Regarding the Veteran Population</i></b>	<a href="http://www.va.gov/vetdata/">www.va.gov/vetdata/</a>
<b><i>Freedom of Information Act</i></b>	<a href="http://www.foia.va.gov/">http://www.foia.va.gov/</a>
<b><i>Privacy Policy Information</i></b>	<a href="http://www.va.gov/privacy/">http://www.va.gov/privacy/</a>
<b><i>VA Directives and Handbooks</i></b>	<a href="http://www.va.gov/vapubs/">http://www.va.gov/vapubs/</a>
<b><i>Green VA</i></b>	<a href="http://www.green.va.gov">www.green.va.gov</a>
<b><i>Center for Faith-based and Neighborhood Partnerships</i></b>	<a href="http://www.va.gov/cfbnpartnerships/">http://www.va.gov/cfbnpartnerships/</a>
<b><i>Homelessness Info</i></b>	<a href="http://www.va.gov/homeless/">http://www.va.gov/homeless/</a>



# 2012 Performance and Accountability Report

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**Notes:** <sup>(1)</sup> In this report, with the exception of table and chart titles, references to years (e.g., 2008, 2012) are fiscal years unless stated otherwise. <sup>(2)</sup> Questions about the report should be directed to VA’s Office of Performance Management at **202-461-7389**.



Performance Scorecard							
Key Performance Measures (page references)	2011 Recap		2012 Recap				
	Targets	Results	Targets	Results	Target Achieved?		Improved From 2011? Yes/No/Same
					Yes	No	
<b>Veterans Health Administration</b>							
Prevention Index V	93%	92%	93%	94%	Yes		Yes
Clinical Practice Guidelines Index IV	92%	91%	92%	94%	Yes		Yes
Non-institutional, long-term care average daily census	109,256	95,092	113,254	*103,757		No	Yes
Percent of new primary care appointments completed within 14 days of the desired date for the appointment	N/Av	N/Av	83%	*90%	Yes		Not applicable
Percent of established primary care appointments completed within 14 days of the desired date for the appointment	N/Av	N/Av	94%	*95%	Yes		Not applicable
Percent of new specialty care appointments completed within 14 days of the desired date for the appointment	N/Av	N/Av	84%	*90%	Yes		Not applicable
Percent of established specialty care appointments completed within 14 days of the desired date for the appointment	N/Av	N/Av	95%	*96%	Yes		Not applicable
Percent of patients rating VA health care as 9 or 10 (on a scale from 0 to 10):						No	Same Same
	- Inpatient	65%	64%	65%	*64%		
- Outpatient	57%	55%	58%	*55%		No	
Percent of milestones completed leading to the use of genomic testing to inform the course of care (prevention, diagnosis, or treatment) of patients with mental illness (including PTSD, schizophrenia, and mood disorders)	35%	35%	45%	43%		No	Yes

Color coding for 2012 Results  
 ● Target Achieved  
 ● Target Missed - Small Extent  
 ● Target Missed - Great Extent

Notes: \* Indicates partial or estimated actual data.



## Performance Scorecard

Color coding for 2012 Results  
 ● Target Achieved  
 ● Target Missed - Small Extent  
 ● Target Missed - Great Extent

Key Performance Measures (page references)	2011 Recap		2012 Recap			
	Targets	Results	Targets	Results	Target Achieved?	Improved From 2011?
<b>Veterans Benefits Administration</b>						
National accuracy rate – pension maintenance claims	95%	97%	97%	*98%	Yes	Yes
National accuracy rate – compensation entitlement claims	90%	84%	87%	*86%	No	Yes
Percent of Compensation & Pension pending inventory that is more than 125 days old	60%	60%	60%	*66%	No	Yes
Percentage of pension maintenance claims pending inventory that is more than 90 days old	N/Av	N/Av	Baseline	*68%		Not applicable
Average days to complete Education claims						
Original claims	23	24	23	31	No	No
Supplemental claims	12	12	12	17	No	No
Rehabilitation Rate (General)	77%	77%*	77%	77%	Yes	same
Default Resolution Rate	73.0%	83.0%	81.0%	80.9%	No	No
Rate of high client satisfaction ratings on Insurance services delivered	95%	95%	95%	95%	Yes	same





Performance Scorecard							
Key Performance Measures (page references)	2011 Recap		2012 Recap				
	Targets	Results	Targets	Results	Target Achieved?		Improved From 2011? Yes/No/Same
					Yes	No	
	Color coding for 2012 Results: <span style="color: green;">●</span> Target Achieved <span style="color: yellow;">●</span> Target Missed - Small Extent <span style="color: pink;">●</span> Target Missed - Great Extent						
<b>National Cemetery Administration</b>							
Percent of graves in national cemeteries marked within 60 days of interment	95%	93%	95%	89%		No	No
Percent of applications for headstones and markers that are processed within 20 days for the graves of Veterans who are not buried in national cemeteries	90%	93%	90%	88%		No	No
Percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence (pp.	89%	89%	90%	90%	Yes		Yes
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	97%	95%	98%	96%		No	Yes
Percent of respondents who rate national cemetery appearance as excellent	99%	98%	99%	99%	Yes		Yes

Notes: \* Indicates partial or estimated actual data.



## 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 (VA). We care for Veterans, their families, and survivors – 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 all VA employees who are committed to providing the best medical care, benefits, social support, and lasting memorials that Veterans and their dependents deserve 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 physician 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 Veteran-Centered 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/](http://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/](http://www.vba.va.gov/bln/21/pension/)

### Providing Fiduciary Services

Fiduciary services are provided to Veterans and beneficiaries, who, because of injury, disease, infirmities of age, or they are minor children, are unable to manage their financial affairs. This program provides for a selected fiduciary, normally a family member or caregiver, to manage the beneficiary's financial affairs to ensure all of his or her debts are paid.

Additionally, through the fiduciary program, periodic visits are conducted with beneficiaries to ensure they are being properly cared for.

**Web:**

<http://www.vba.va.gov/bln/21/Fiduciary/>

### 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 readjusting 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, the Post-9/11 GI Bill, and a new education program, the Veterans Retraining Assistance Program (VRAP), which provides financial support to individuals between 35 and 60 years old, to Veterans who are unemployed and are not eligible for other VA education benefits. VRAP training programs must begin on or after July 1, 2012, and the authority to make payments ends on March 31, 2014.

**Web:** [www.gibill.va.gov](http://www.gibill.va.gov)

### Delivering Vocational Rehabilitation and Employment Services

VA's Vocational Rehabilitation and Employment program provides services to Servicemembers and Veterans with service-connected disabilities to assist them with obtaining suitable career employment, maintaining employment, and/or achieving independence in daily living.

This program offers services that include vocational and personal adjustment counseling, financial aid, job assistance, job readiness and placement services, and referrals for medical and dental treatment to help each eligible



Servicemember or Veteran reach his or her vocational rehabilitation goal.

This program also provides services to enhance an individual's opportunity to obtain career employment through training. VA pays the costs of tuition, fees, books, supplies, equipment, and, if needed, special services. VA also provides a monthly benefit allowance to help with living expenses.

**Web:** <http://www.vba.va.gov/bln/vre/index.htm>

#### **Providing Educational and Vocational Counseling (Chapter 36)**

VA's Vocational Rehabilitation and Employment program administers the Educational and Vocational Counseling (Chapter 36) benefit to transitioning Servicemembers and current beneficiaries and new Veterans eligible under all Education chapters. The counseling services may include career decision making for civilian and military occupations, assistance with choosing an appropriate civilian occupation and developing a training program, selection of an academic facility, and academic and adjustment counseling to resolve barriers that impede success in training and/or employment.

#### **Promoting Home Ownership**

VA's Loan Guaranty program helps eligible Veterans, active duty personnel, surviving spouses, and members of the Reserves and National Guard in purchasing homes. VA also assists these borrowers in retaining their homes through joint servicing efforts with VA-guaranteed loan servicers via foreclosure avoidance services. In addition, VA offers Specially Adaptive Housing grants to Veterans and Servicemembers who have certain service-connected disabilities for the purpose of constructing an adapted dwelling or modifying an existing one to meet their special 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 VA as a result of foreclosure.

**Web:** <http://www.homeloans.va.gov>

#### **Meeting Insurance Needs**

VA's 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 the option for the continuation of insurance coverage after a Servicemember's separation from service. The program continues to provide life insurance coverage to WWII and Korean War-era Veterans, and to Veterans who have lost or impaired insurability resulting from military service and therefore cannot obtain commercial insurance at standard (healthy) rates. In total, the program insures 6.9 million Veterans, Servicemembers, and their families.

Insurance coverage is made available in reasonable amounts and at premium rates 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 and their families with final resting places in national shrine cemeteries and with lasting tributes that commemorate their service and sacrifice to our Nation.

**Web:** <http://www.cem.va.gov>

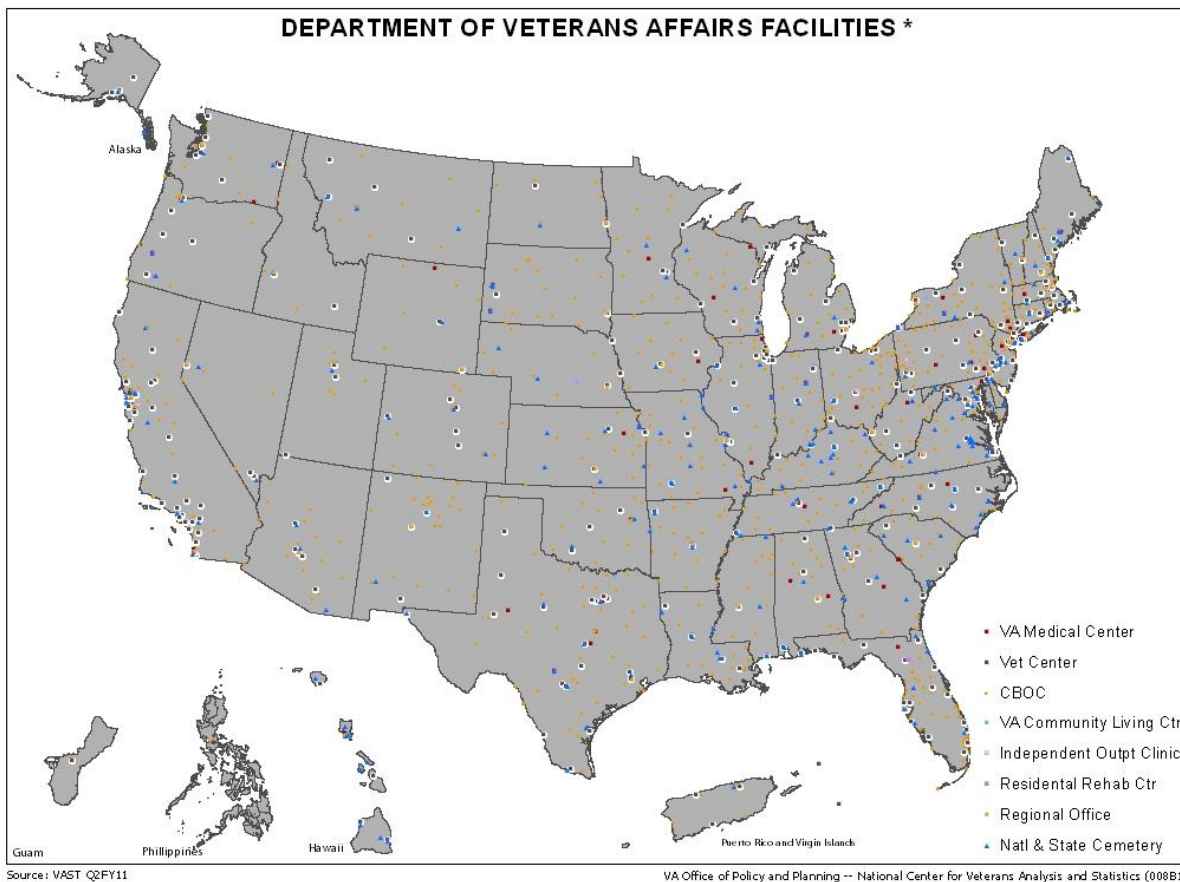
### **Staff Offices**

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: *Where We Are Located*

VA provides medical care, benefits, and burial services throughout the Nation. Shown below is a depiction of VA's geographical locations as of March 30, 2012. The map identifies 152 Medical Centers, 300 Vet Centers, 817 Community-based Outpatient Clinics (CBOC), 133 VA Community Living Centers, 6 Independent Output Clinics, 98 Residential Rehabilitation Centers, 222 National and State Cemeteries, and 56 Regional Offices.



\* Although State Veterans Cemeteries are included on the above map, they are not VA facilities per se. VA provides grants for the establishment of State-operated cemeteries, which provide a burial and memorial benefit to Veterans.



## 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. VA's commitment to those who have "borne the battle" continues. The chart below describes how many participants are being served by VA.

Program	Year-to-Year Comparison		
	2011 Participants <sup>(1)</sup>	2012 Participants <sup>(1)</sup>	Percent Change
<b>Medical Care</b>			
Unique Patients	6,166,200	*6,333,100	2.7%
<b>Compensation</b>			
Veterans	3,354,700	3,534,457	4%
Survivors/Children	355,500	365,220	3%
<b>Pension</b>			
Veterans	313,700	313,870	.054%
Survivors	202,000	206,688	2.32%
<b>Education<sup>(2)(3)</sup></b>			
Veterans/Servicemembers	663,000	660,800	-0.3%
Reservists	92,500	79,400	-14.2%
Survivors/Dependents	168,400	204,000	21.1%
<b>Vocational Rehabilitation<sup>(2)</sup></b>			
Program Participants	106,300	114,281	7.5%
<b>Housing</b>			
Loans Guaranteed	357,600	539,900	51.0%
Specially Adapted Housing (SAH) Grants Approved	1,235	1,205	-2.4%
<b>Insurance</b>			
Veterans	1,367,800	1,328,696	-2.9%
Servicemembers/Reservists	2,417,500	2,387,500	-1.2%
Spouses/Dependent Children	3,284,000	3,202,000	-2.5%
<b>Burial</b>			
Interments	117,400	118,200	0.7%
Graves Maintained	3,147,400	3,226,500	2.5%
Headstones/Markers (Processed)	372,700	354,600	-4.9%
Presidential Memorial Certificates	779,700	719,100	-7.8%

<sup>(1)</sup> Whole numbers, rounded to nearest hundred.

<sup>(2)</sup> Figures represent 12-month rolling data through September.

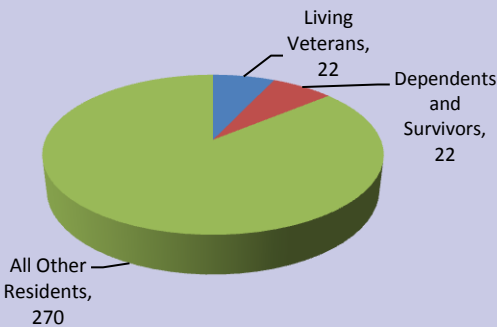
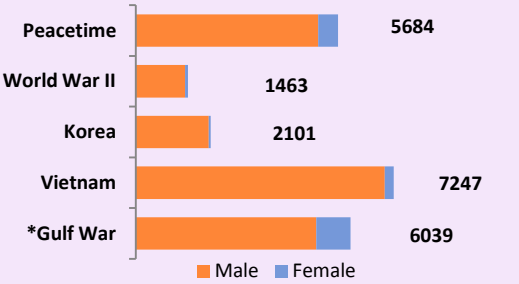
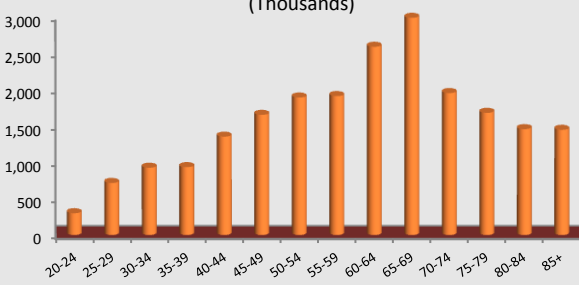
<sup>(3)</sup> Does not represent unique participants. Some participants trained under more than one education program.

\*VHA's 2012 number is an estimate.



## America's Veterans: A Demographic Profile

Beginning with our Nation's struggle for freedom more than 2 centuries ago, approximately 45 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																														
<p><b>Veteran Population Compared to Total U.S. Population</b> (Millions)</p>  <table border="1"> <caption>Veteran Population Compared to Total U.S. Population (Millions)</caption> <thead> <tr> <th>Category</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>All Other Residents</td> <td>270</td> </tr> <tr> <td>Living Veterans</td> <td>22</td> </tr> <tr> <td>Dependents and Survivors</td> <td>22</td> </tr> </tbody> </table>	Category	Value	All Other Residents	270	Living Veterans	22	Dependents and Survivors	22	<ul style="list-style-type: none"> <li>There are about 21.8* million living U.S. Veterans, 9 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.</li> <li>There are an estimated 22 million dependents (spouses and dependent children) of living Veterans and survivors of deceased Veterans.</li> <li>Together, Veterans, dependents, and survivors make up about 14 percent of America's population.</li> </ul> <p>* Pie chart shows number of Veterans living in the United States proper.</p>																						
Category	Value																														
All Other Residents	270																														
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<p><b>Veteran Population by Period of Service*</b> (Thousands)</p>  <table border="1"> <caption>Veteran Population by Period of Service (Thousands)</caption> <thead> <tr> <th>Period</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Peacetime</td> <td>5684</td> </tr> <tr> <td>World War II</td> <td>1463</td> </tr> <tr> <td>Korea</td> <td>2101</td> </tr> <tr> <td>Vietnam</td> <td>7247</td> </tr> <tr> <td>*Gulf War</td> <td>6039</td> </tr> </tbody> </table> <p>*The Gulf War figures include Veterans who have served in Operation Iraqi Freedom and/or Operation Enduring Freedom.</p>	Period	Total	Peacetime	5684	World War II	1463	Korea	2101	Vietnam	7247	*Gulf War	6039	<ul style="list-style-type: none"> <li>Over 16 million (74 percent) of America's Veterans served during at least one wartime period. *(The sum of period of service will exceed number of all Veterans because Veterans who served in multiple periods are shown in each period.)</li> <li>Vietnam Era Veterans account for the largest segment of the Veteran population.</li> <li>About 78 percent of all women Veterans served during the post-Vietnam Era compared to 40 percent of men.</li> <li>By 2021, the number of women Veterans enrolled in VA's health care system is expected to increase by 45 percent to 854,775 compared to an estimated 588,600 in 2012. (Enrollment projections for women Veterans have been revised to reflect gender-specific adjustments to modeling factors. VA still expects significant growth in the enrollment of women Veterans.)</li> </ul>																		
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<p><b>Age Distribution of the Veteran Population By 5-Year Age Groups</b> (Thousands)</p>  <table border="1"> <caption>Age Distribution of the Veteran Population (Thousands)</caption> <thead> <tr> <th>Age Group</th> <th>Approximate Value</th> </tr> </thead> <tbody> <tr><td>20-24</td><td>400</td></tr> <tr><td>25-29</td><td>800</td></tr> <tr><td>30-34</td><td>1000</td></tr> <tr><td>35-39</td><td>1000</td></tr> <tr><td>40-44</td><td>1400</td></tr> <tr><td>45-49</td><td>1700</td></tr> <tr><td>50-54</td><td>2000</td></tr> <tr><td>55-59</td><td>2000</td></tr> <tr><td>60-64</td><td>2600</td></tr> <tr><td>65-69</td><td>3000</td></tr> <tr><td>70-74</td><td>2000</td></tr> <tr><td>75-79</td><td>1700</td></tr> <tr><td>80-84</td><td>1500</td></tr> <tr><td>85+</td><td>1500</td></tr> </tbody> </table>	Age Group	Approximate Value	20-24	400	25-29	800	30-34	1000	35-39	1000	40-44	1400	45-49	1700	50-54	2000	55-59	2000	60-64	2600	65-69	3000	70-74	2000	75-79	1700	80-84	1500	85+	1500	<ul style="list-style-type: none"> <li>As of September 2012, the median age of all living Veterans was 62 years.</li> <li>Men's median age was 63; women's 49.</li> <li>The number of Veterans 85 and older totaled about 1,447,000, compared to 164,000 in 1990.</li> <li>By 2021, the number of Veterans 65 and older enrolled in VA's health care system is expected to increase by 22 percent to 4,212,000 compared to an estimated 3,462,000 in 2012.</li> </ul>
Age Group	Approximate Value																														
20-24	400																														
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## Data

See Annex #1 for Graphic

## 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 Pennsylvania, New York, and Ohio. These States account for over 12 percent of the total number of Veterans living in the U.S.
- Together, these six States account for about 36 percent of the total Veteran population.
- Between April 1, 2000 and September 30, 2012, the total Veteran population decreased by 18 percent. The Veteran population increased in Alaska, Virginia, Nevada and Georgia while decreasing by more than 30 percent in Connecticut, Massachusetts, New York, Rhode Island and New Jersey.

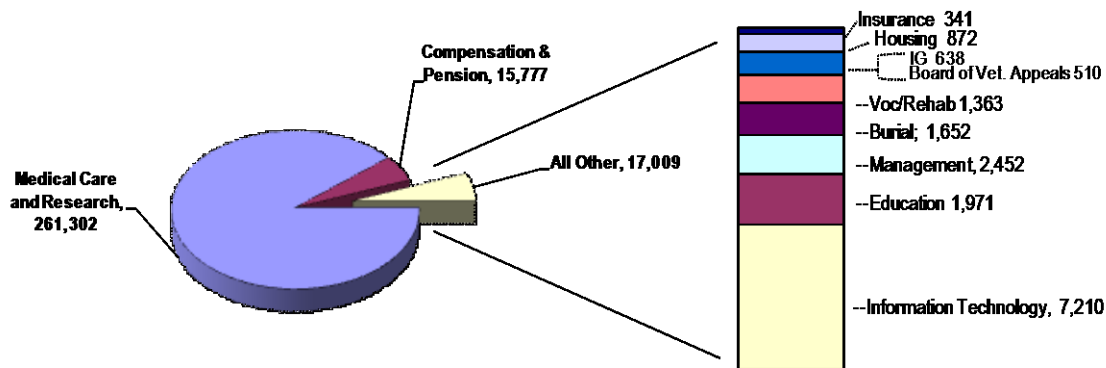


## Resources: Our People

As of September 30, 2012 the Department employed about 294,087 full-time equivalent (FTE) employees nationwide. The charts below show the distribution of full-time equivalent employees by program area.

As shown below, more than 264,000 FTE support VA's health care system, one of the largest in the world. Of the remaining FTE, approximately 20,351 are involved with providing compensation and pension as well as other benefits to Veterans and their families. About 1700 provide burial and memorial services for Veterans and their eligible spouses and children, and about 10,820, located primarily in the Washington, DC area, provide policy, administrative, information technology, and management support to the programs.

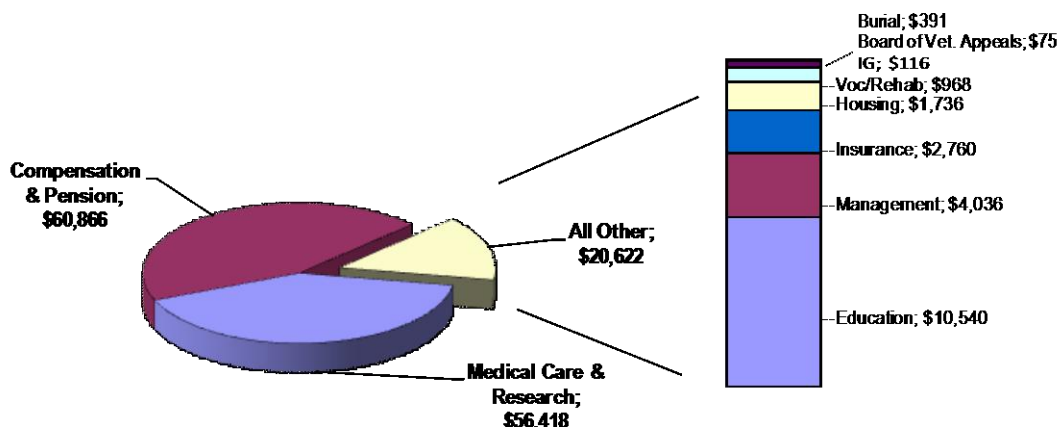
**Number of Full-Time Equivalent Employees**  
as of September 30, 2012



## Resources: Our Budget

In 2012 VA obligated approximately \$138 billion.\* Approximately 97percent 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 2012 Obligations**  
(\$ Millions)

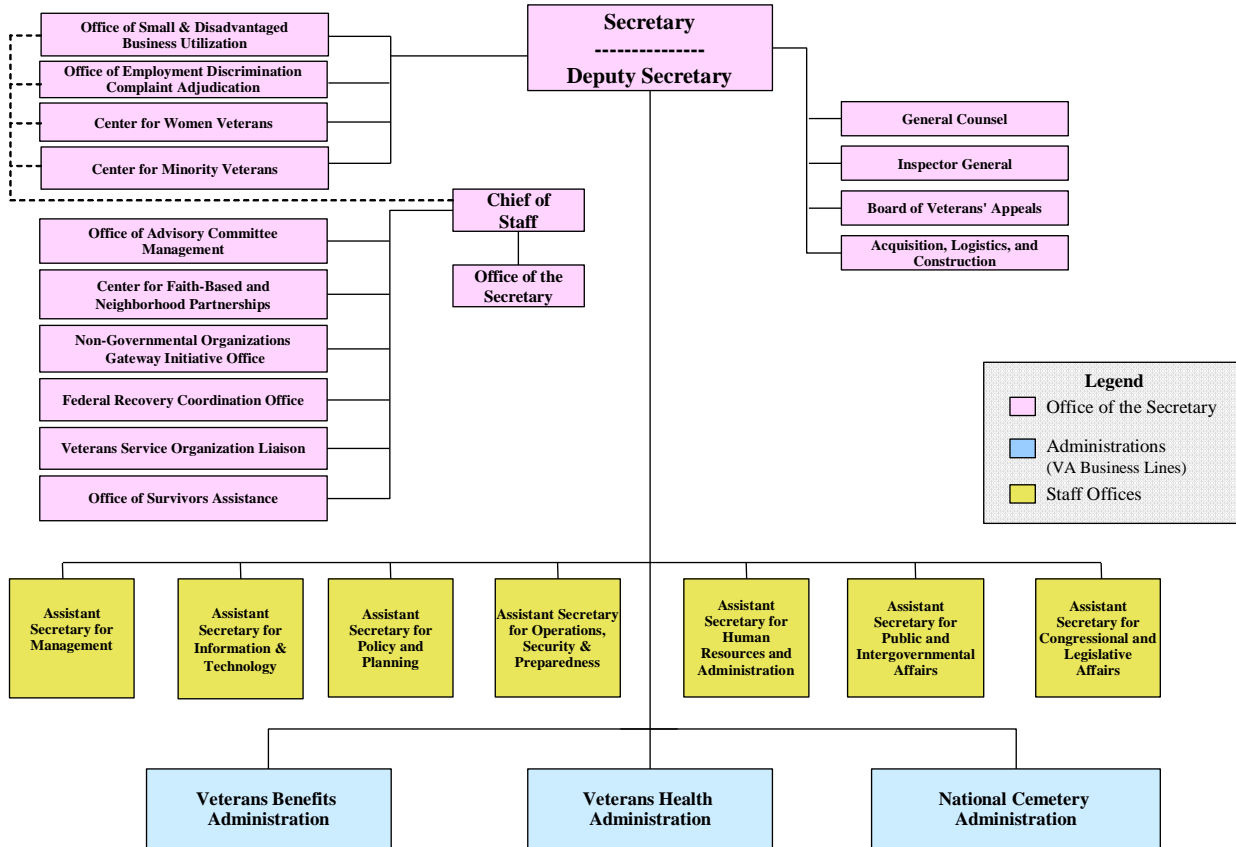


\* The obligation information shown above does not tie to the Obligations Incurred amounts shown in the Financial Statements of Part III. The difference includes but is not limited to the fact that adjustments to prior-year expired funds are netted with Obligations Incurred in the Financial Statements.



# Our Organization

## Department of Veterans Affairs





## Leadership and Governance

VA senior leadership makes policy decisions through various internal governing bodies. Four of the most critical are described below together with key actions they undertook in 2012.

Governance	Major 2012 Actions
<b>VA Executive Board</b>	
<p style="text-align: center;"><b><u>Membership</u></b></p> <p>The VA Executive Board (VAEB) is chaired by the Secretary and includes VA’s Deputy Secretary; Chief of Staff; Under Secretaries for Health, Benefits, and Memorial Affairs; Assistant Secretaries; General Counsel; and the Chair of the Board of Veterans’ Appeals.</p> <p style="text-align: center;"><b><u>Purpose</u></b></p> <p>The VAEB is the Department’s most senior management decisionmaking forum. VAEB reviews, discusses, and, through the decisions of the Secretary, provides direction on Departmental policy, strategic direction, resource allocation, and performance in key areas.</p>	<p>The VAEB reviewed the following:</p> <ul style="list-style-type: none"> <li>• VA Quadrennial Strategic Planning Cycle</li> <li>• Center for Innovation at VA</li> <li>• Enterprise Risk Management in VA</li> <li>• 2014 Internal Budget</li> </ul> <p>*Members of the VAEB also review briefings through the Executive Leadership Board and one-on-one meetings with VA’s Deputy Secretary and Chief of Staff.</p>
<b>Strategic Management Council</b>	
<p style="text-align: center;"><b><u>Membership</u></b></p> <p>The Strategic Management Council (SMC) is chaired by the Deputy Secretary and includes VA’s Assistant Secretaries; the Deputy Under Secretaries for Health, Benefits, and Memorial Affairs; the General Counsel; Chair of the Board of Veterans’ Appeals; and the Chief of Staff.</p> <p style="text-align: center;"><b><u>Purpose</u></b></p> <p>The SMC serves as a collaborative and deliberative body that provides oversight and guidance on key strategic and operational issues that are likely to require action by VA decision-makers.</p>	<p>The SMC reviewed the following:</p> <ul style="list-style-type: none"> <li>• VA Quadrennial Strategic Planning Cycle</li> <li>• Center for Innovation at VA</li> <li>• Enterprise Risk Management in VA</li> <li>• 2014 Internal Budget</li> </ul>



Governance	Major 2012 Actions
<b>Senior Review Group</b>	
<p data-bbox="370 422 513 447" style="text-align: center;"><b><u>Membership</u></b></p> <p data-bbox="203 464 662 680">The Senior Review Group (SRG) is chaired by the VA Chief of Staff and includes VA's Principal Deputy Assistant Secretaries; the Chiefs of Staff for Health, Benefits, and Memorial Affairs; the Deputy General Counsel; and the Vice Chair for the Board of Veterans' Appeals.</p> <p data-bbox="396 737 487 762" style="text-align: center;"><b><u>Purpose</u></b></p> <p data-bbox="203 779 669 1058">The SRG serves as a collaborative and deliberative body that provides oversight and guidance on key strategic and operational issues, and makes recommendations on issues that should be considered as part of VA's governance process. Some governance meetings were conducted jointly in 2012 as SRG/SMC meetings.</p>	<p data-bbox="704 464 1057 489">The SRG reviewed the following:</p> <ul data-bbox="753 512 1393 1108" style="list-style-type: none"><li>• VA Telework Program</li><li>• 2013 Strategic Capital Investment Planning (SCIP)</li><li>• VBA Transformation Plan</li><li>• VA Green Management Program</li><li>• Developing VA Leaders – Leadership VA</li><li>• Corporate Executive Development Board Task Force</li><li>• Asset Management Compliance Audit</li><li>• Senior Executive Performance Management</li><li>• Enterprise Risk Management in VA</li><li>• Continuous Readiness in Information Security Program</li><li>• Women Veterans Task Force</li><li>• VA Functional Organizational Manual Task Force</li><li>• VetPop</li><li>• 2014 Internal Budget</li></ul>



Governance	Major 2012 Actions
<b>Operational Management Review</b>	
<p style="text-align: center;"><b><u>Membership</u></b></p> <p>The Operational Management Review (OMR) is chaired by the Deputy Secretary. Attendees include the Executive Sponsor and Senior Program Managers for the Department’s Major Initiatives and represent the key supporting organizations, the Assistant Secretaries for the Offices of Information Technology (OIT), Human Resources and Administration (HRA), and Acquisition, Logistics, and Coordination (OALC).</p> <p style="text-align: center;"><b><u>Purpose</u></b></p> <p>The OMR is a performance management process that oversees the execution of the Department’s Major Initiatives. The Executive Sponsor and Senior Program Managers for the Department’s Major Initiatives present their actual vs. planned status in regards to Cost, Schedule and Performance. The focus is on issue resolution. In addition, an overarching purpose of this monthly forum is to build VA’s capabilities and cross-Departmental coordination to promote and sustain long-term, effective execution.</p>	<p>Major actions achieved during 2012 included the following:</p> <ul style="list-style-type: none"> <li>• Developed and approved Sustainment and Transition Plans for all Major Initiatives. The plans will ensure that the capabilities developed by the major initiatives are incorporated into and sustained into ongoing VA operations. Eleven of the sixteen Major Initiatives were approved to transition to sustainment by the end of 2012.</li> <li>• Organized 16 major initiatives into Health, Benefits, and Corporate Portfolios to enable improved integration and decision-making between related work efforts. Implemented the Integrated Health Operating Plan as a pilot of a business capability focused portfolio.</li> <li>• Implemented a configuration management process for ensuring coordination of changes in procurement actions between OALC and OIT.</li> <li>• Streamlined performance reporting to allow more focus on problem solving and risk and issue management.</li> <li>• Through the collaboration of ePMO, VHA and OIT, VA implemented a prioritization process to inform budget decision making for the 2013 and 2014 IT budgets.</li> <li>• Through the collective efforts of the Department’s Enterprise Program Management Office (ePMO) and the Office of Acquisition, Logistics, and Construction (OALC), there was coordinated collaboration to support the Major Initiatives with the timely development of actionable acquisition packages, all of which were actionable by the required deadline.</li> <li>• Held a Major Initiative Summit that promoted integration across all Major Initiatives and established framework for identifying common services for VA-wide development.</li> </ul>



## Performance Overview

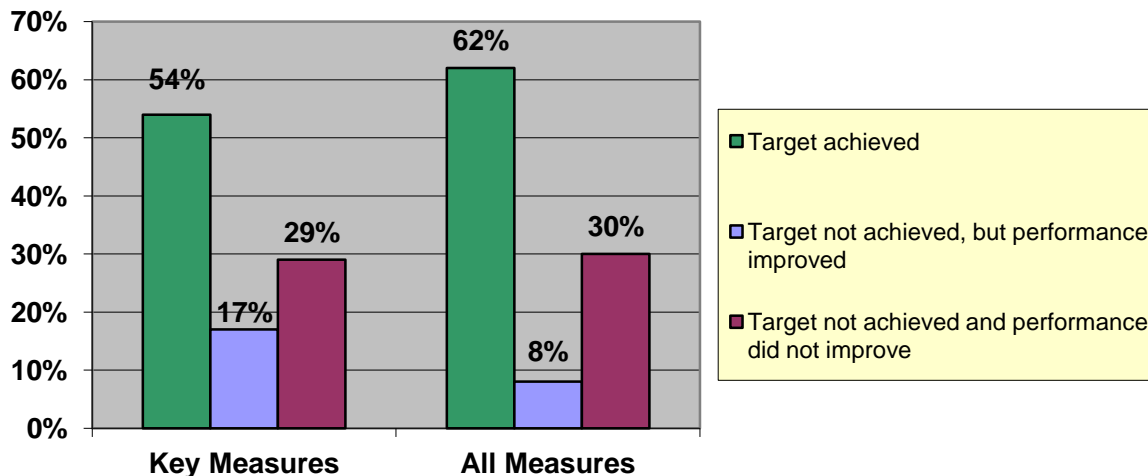
### Purpose of This Report

VA's 2012 Performance and Accountability Report (PAR) describes VA's accomplishments and progress during 2012 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.

### 2012 Performance — A Department-Level Summary

**Key Measures — Continuity and Type:** Key measures are those that measure mission-critical activities. As of 2012, 17 of VA's 24 key measures have been in place for at least 5 years. This provides the Department's leadership with the ability to track significant performance trends over time and to make strategic adjustments when necessary.

**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 54 percent of its key measures and 62 percent of all measures. In addition, for key measures, 17 percent of the targets were not achieved, but performance improved. For all measures, 8 percent of the targets were not achieved, but performance improved. Further details on performance are provided in Part II.





### Cost to Achieve Performance Goals – For 9 Selected Measures

The following tables provide an estimate of costs devoted to achieve performance goals. However, as a continuing part of the Department’s overall effort to better identify resources required to achieve a certain level of performance, we also show estimated costs to achieve a level of performance (i.e., a result) for nine *measures*.

Measure	Fiscal Year 2012		
	Performance		Estimated Cost (Obligations) (\$ in Millions)
	Target	Result	
<b>Non-Institutional, Long-term Care Average Daily Census (ADC)</b>	113,254	104,445	\$1,509.3
<b>Impact of Result on the Veteran</b>	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 and enables Veterans to remain in their own homes and communities for as long as possible.		
<b>How VA Uses Performance Data</b>	VA uses the data to project the need for services, evaluate existing services, identify specific services* that may need to be added or expanded to meet identified needs and promote access to required services. In addition, the data are used to establish VISN targets and evaluate VISN performance in meeting their respective ADC targets. ADC targets were added as a mandatory measure in the Network Directors Performance Plan in 2012.  *Services currently available include the following: Home Based Primary Care, Purchased Skilled Home Care, Homemaker/Home Health Aide, Community Adult Day Health care, VA Adult Day Health care, Home Respite, Home Hospice, Care Coordination/Home Telehealth, and, where present, Spinal Cord Home Health care and Medical Foster Home Care.		
<b>2012 Program and Cost Efficiencies Implemented</b>	Mindful of our need to control costs, VA has embarked on a number of activities to minimize costs and efficiently utilize resources to include: using Medicare benchmark rates as maximum rates for home health care services, improved communication between Non-Institutional Care (NIC) Programs and business office staff to ensure accurate billing and payments, and the incorporation of VA NIC programs into the Enrollee Health Care Projection Model (EHCPM).		





Measure	Fiscal Year 2012		
	Performance		Estimated Cost (Obligations) (\$ in Millions)
	Target	Result	
Percent of milestones completed leading to the use of genomic testing to inform the course of care (prevention, diagnosis, or treatment) of patients with mental illness (including PTS, schizophrenia, and mood disorders)	45%	43%	\$6.2
<b>Impact of Result on the Veteran</b>	As of 2012, more than 30 percent of the Veterans needed for the study have been enrolled. Blood sample analysis is scheduled to begin at the end of 2012. Additionally, data analyses are completed. The plan will be to characterize functional impairments related to the blood-based genetic analyses, and determine clinical implications as a result. This type of new information will provide important details to better understand both disorders.		
<b>How VA Uses Performance Data</b>	Once the study is completed, genetic variants that contribute to functional disability associated with bipolar illness and schizophrenia can be identified. In addition, the study will assess the relationship between the characteristics of functional disability and the genetics that influence the likelihood of succumbing to mental illness. The impact of the information to be generated in this study may provide details that could identify new treatments. For example, if a particular impairment were related to a genetic difference, then a specific drug might be found to be helpful for that impairment. Alternatively, the functional impairment might be used to assess progress towards recovery via different treatment methods.		
<b>2012 Program and Cost Efficiencies Implemented</b>	As of the end of FY 2012, more than 30 percent of the Veteran participants needed for this innovative multi-site study have been enrolled. Blood sample analysis is scheduled to begin at the end of calendar year 2012. Additionally, data analyses are planned to begin after blood analyses are completed. The goal is to characterize functional impairments related to the blood-based genetic analyses, and determine clinical implications as a result. This type of new information will provide important details to better understand schizophrenia and bipolar illness.		



Measure	Fiscal Year 2012		
	Performance		Estimated Cost (Obligations) (\$ in Millions)
	Target	Result	
Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	71%	69%	\$34.0
Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	83%	82%	
Percent of gravesites that have grades that are level and blend with adjacent grade levels	90%	93%	
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.		
2012 Program and Cost Efficiencies Implemented	VA has implemented an analytical approach that quantitatively determines the performance of each national cemetery with respect to these measures and the number of gravesite repairs required to improve performance. This approach has been instrumental in ensuring that funding for national shrine projects is targeted to those cemeteries with the great need for improvement.		
Percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence	89.6%	89.6%	\$15.0
Impact of Result on the Veteran	<p>By the end of 2012, over 19 million Veterans and their families had reasonable access to a burial option.</p> <p>One of VA's primary objectives is to ensure that the burial needs of Veterans and eligible family members are met. Having reasonable access to this benefit is integral to realizing this objective.</p>		



Measure	Fiscal Year 2012		
	Performance		Estimated Cost (Obligations) (\$ in Millions)
	Target	Result	
<b>How VA Uses Performance Data</b> <i>(Veterans served...cont'd)</i>	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 life of existing national cemeteries, as well as in prioritizing funding requests for State and Tribal Veterans Cemetery grants.		
<b>2012 Program and Cost Efficiencies Implemented</b>	VA locates new national cemeteries in areas of the country with the largest concentration of unserved Veterans. Grants for new national 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.		
<b>Vocational Rehabilitation Rate (General)</b>	77%	77%	\$118.6
<b>Impact of Result on the Veteran</b>	A "rehabilitated" Veteran is one who successfully completes the rehabilitation program plan and is equipped with the required skills and tools needed to obtain and maintain suitable employment or gain independence in daily living.		



Measure	Fiscal Year 2012		
	Performance		Estimated Cost (Obligations) (\$ in Millions)
	Target	Result	
<p><b>How VA Uses Performance Data</b></p> <p>VA leadership uses the rehabilitation rate to assess the performance of vocational rehabilitation counselors, counseling psychologists, VR&amp;E officers, and regional office directors as well as the overall effectiveness of the program and services provided.</p> <p>To improve performance in this area, VA leadership continues to place an increased emphasis on developing a culture that is forward looking, results driven, and Veteran-centric.</p> <p>Therefore, within the context of the above-cited tenets, VBA leadership has identified several areas of emphasis:</p> <ul style="list-style-type: none"> <li>• Providing services to enable Veterans to continue to complete the program and become career employed.</li> <li>• Enhance the VetSuccess.gov Web site because it provides Veterans with a VA employment portal that employers can use to match skilled Veterans with employer staffing needs.</li> <li>• Continue to sponsor career fairs geared toward today's Veteran to provide exposure to employers seeking to hire Veterans.</li> <li>• Train Vocational Rehabilitation Counselors and Employment Coordinators in the best methods for preparing and placing Veterans in careers.</li> </ul> <p>For detailed information on how this measure is calculated, please see the definitions section in Part IV.</p>			
<p><b>2012 Program and Cost Efficiencies Implemented</b></p> <p>Despite the high unemployment rate, the rehabilitation rate improved to 77 percent in 2012. VR&amp;E has been able to assist Veterans with service-connected disabilities obtain and maintain employment by increasing automation to replace paper processes and implementing business process reengineering practices. This reduced the administrative burden on Vocational Rehabilitation Counselors. In 2012, the average Veteran was rehabilitated in a technical, managerial, or professional job, averaging a starting salary of approximately \$39,000 per year.</p>			
<p><b>Number of Disbursements/FTE (Insurance)</b></p>	1,750	1,775	\$8.3
<p><b>Impact of Result on the Veteran</b></p>	An increased number of disbursements per full-time equivalent (FTE) indicates efficiency in processing, resulting in lower administrative program cost, which is paid for primarily by policy holder premiums.		
<p><b>How VA Uses Performance Data</b></p>	VA leadership uses the number of disbursements per FTE to assess the efficiency of processing Insurance disbursements and to adjust the number of FTE for processing disbursements as necessary to meet performance targets.		



Measure	Fiscal Year 2012		
	Performance		Estimated Cost (Obligations) (\$ in Millions)
	Target	Result	
<b>2012 Program and Cost Efficiencies Implemented</b>	Disbursements, which are loans, cash surrenders, and death claims awards, are considered the most important service provided by the Insurance Program to Veterans and their beneficiaries. The most significant factor impacting the efficiency in processing disbursements is the continued utilization of a paperless electronic workflow system. This allows employees to process work in a timely and efficient manner. In 2012, Insurance monitored workload fluctuations and adjusted the number of FTE dedicated to processing disbursements.		
<b>National Accuracy Rate – Pension Maintenance Claims</b>	<b>97%</b>	<b>98%</b>	<b>\$66.1</b>
<b>Impact of Result on the Veteran</b>	<p>Despite increased workload, VA has continued to improve its accuracy rate in pension maintenance work, thereby ensuring that those Veterans and survivors most in need of financial resources receive the correct benefit.</p> <p>The importance of making timely payments to Veterans for pension claims is critical to helping them meet their financial need in order to maintain their standard of living.</p>		
<b>How VA Uses Performance Data</b>	<p>VA leadership is committed to increasing the accuracy of rating decisions. Based on 2012 performance results, VA expanded the four-tiered quality assurance program to improve its accuracy rate for compensation and pension claims:</p> <ul style="list-style-type: none"> <li>• <u>Tier One</u> - Accuracy; expanding the STAR staff to increase review sampling.</li> <li>• <u>Tier Two</u> - Oversight; expanding site visit staff and review of internal controls.</li> <li>• <u>Tier Three</u> - Special focus reviews; review of Appeals Management Center decisions, and providing review of administrative error decisions over \$25,000</li> <li>• <u>Tier Four</u> - Consistency; expanding rating data analyses and increasing the focus on disability decision consistency reviews.</li> </ul> <p>Additionally, VA continues to implement its skill certification testing program. In 2012, VA certified an additional 2,464 claims processors as fully proficient in their positions. From its inception in 2004, more than 7,900 employees have been certified.</p>		



Measure	Fiscal Year 2012		
	Performance		Estimated Cost (Obligations) (\$ in Millions)
	Target	Result	
2012 Program and Cost Efficiencies Implemented	VA has successfully maintained the accuracy of pension maintenance claims at 98 percent for 2012. The Pension Management Centers (PMCs) accomplished this despite increases in both maintenance workload and survivors' claims. Contributing to the sustained rate of high quality, the PMCs have improved the quality and consistency of their training as a way to ensure that employees possess the unique skills required to process maintenance claims.		



## Performance Summaries by Program

The Department's most important 2012 achievements as well as its current challenges are summarized below.

### Most Important Achievements

**VHA Advances Skills of Mental Health Providers** – VHA Trained over 4,000 of its VHA mental health providers in one or more evidence-based psychotherapies for PTSD and/or other mental health conditions to assure that Veterans are offered evidence-based care from highly-skilled mental health providers. In addition, due to VHA's expansion of Telemental health for mental health conditions, Veterans can receive the same level of excellent, evidence-based care regardless of location or proximity to a VA Medical Center.

**VA is Leading the Way in Polytrauma Treatment** – VA revamped and expanded Polytrauma care for severely injured Veterans and Servicemembers by signing a \$52 million construction contract for a new polytrauma center in Tampa, Florida; building a new facility in San Antonio, Texas, and continuing to operate state-of-the-art major polytrauma centers in Minneapolis, Minnesota, Richmond, Virginia; and Palo Alto, California, with 97 related facilities to care for Veterans and Servicemembers closer to their homes.

**VA OEF/OIF Care Management Team** – Under VA's Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF) Care Management Program, each VA Medical Center has an OEF/OIF Care Management team in place to coordinate patient care activities and ensure that Service members and Veterans are receiving patient-centered, integrated care and benefits. Over 49,000 OEF/OIF Servicemembers and Veterans are receiving case management services, including over 6,000 severely injured.

### **Veteran's Retraining Assistance Program (VRAP)**

VA successfully implemented the Veterans Retraining Assistance Program for certain unemployed Veterans effective July 1, 2012, as required by the law.

A 90-day pilot e-mail campaign was conducted to raise awareness about the Veterans Retraining Assistance Program (VRAP). E-mails went to individuals who previously contacted VA about the GI Bill and to those who signed up to receive notifications. Those whose email address we had on record or signed-up for the campaign received up to four emails. The campaign directed the individuals to the VRAP website, provided information about the program, and encouraged individuals to apply. Approximately 800,000 e-mails were sent with an open rate of 25.74 percent, double the average rate for similar campaigns.

### **GI Bill Implementation**

VA deployed additional releases of VA's new IT system. This new automation feature has processed 2,500 or more claims each day, which equates to about 25 percent of all supplemental claims.



Additionally, approximately 30 percent of supplemental claims are partially automated, reducing the time required to complete them. We expect end-to-end automation will give us efficiencies in increasing claims processing volume, which will improve our overall claims processing timeliness.

### **Integrated Disability Evaluation System (IDES)**

In February 2012, VA and DoD signed a memorandum of understanding for the purpose of providing Vocational Rehabilitation and Employment (VR&E) services at the earliest opportunity to active duty Servicemembers. These services include a comprehensive evaluation to determine abilities, skills, and interests for employment; development of a rehabilitation plan of training and other needed assistance, and case management. By physically placing VR&E counselors at IDES locations, quality and timeliness of benefits delivery will improve by beginning the process of developing a new career that is uniquely appropriate for each individual's desires and abilities during the transition process. The 110 FTE budgeted for 2012 was based on more than 12,000 Servicemembers that would process through the Physical Evaluation Board, and would provide VR&E services to Servicemembers at IDES sites with 200 or more participants per year. Three key impact performance measures targeted by this initiative are:

- 100% of all Servicemembers referred to Physical Evaluation Board (PEB) phase of IDES meet with a Vocational Rehabilitation Counselor (VRC) prior to discharge
- 67% of Servicemembers in PEB seen by a VRC apply for Chapter 31 benefits
- VR&E staff and services available at every IDES site on a full or itinerant basis

### **VetSuccess on Campus**

The "VetSuccess on Campus" program provides on-campus support to student-Veterans to assist in the pursuit and successful completion of educational and career goals. The Department of Education indicates beneficiaries that utilized VA education benefits in 2011 numbered a little over 90,000. Those Veterans, dependents and active duty Servicemembers are the potential client base for VetSuccess on Campus. The program helps ensure Veteran students can overcome barriers, adjust to campus life after combat, overcome academic deficiencies, and build confidence to succeed in academic studies. The program currently is located at 32 college campuses, serving approximately 32,000 Veteran students. Services provided include career and academic counseling, adjustment counseling to resolve problems interfering with completion of education programs, referrals for medical and mental health treatment, benefits assistance, and job readiness, and placement assistance. The program is expected to serve approximately 80,000 Student-Veterans in 2013.

### **VetSuccess.gov**

VetSuccess.gov is a one-stop shop for employment and transition resources for all Veterans. The website has been integrated with eBenefits, allowing Veterans receiving other VA benefits to access employment information through VetSuccess.gov seamlessly. At the close of the third quarter 2012, a total of 146,670 Veterans and 3,917 employers have registered on VetSuccess.gov. The new users added in 2012 represent a 40 percent increase in Veteran registrants and a 71 percent increase in employer registrants since 2011. A total of 24,091 jobs have been posted to the site to date. The new jobs added to the site in 2012 are an 81percent increase over 2011.





### **VBA Claims Transformation**

- VA implemented VA Form 21-526 EZ, Veterans Application for Compensation, through VONAPP Direct Connect (VDC). This enhancement gives Veterans the ability to file claims through the eBenefits Website and releases automatic notification letters and email reminders.
- In 2012, VBA continued the transformation of the training curriculum for new claims processors. Students are immersed in the practical application of procedures while in a centralized training environment. Subject matter experts from across the country provide guidance to the students and ensure the quality of the work produced. Students return to their home office with the ability to work more than one case a day unassisted at a quality level of 94 percent or more.

### **Servicemembers' Group Life Insurance Improvements**

The right 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 may have difficulty obtaining life insurance from the private sector due to service-connected disabilities. VA established a specialized work unit devoted to outreach to those recently separated disabled Servicemembers who are uninsurable due to their service-connected disabilities. In 2012, VBA implemented new technology and streamlined case review techniques, resulting in an average 147 percent increase in the number of cases processed per month.

### **Increasing Access to a Burial Option**

NCA began implementation of its Rural Veterans Burial Initiative to establish National Veterans Burial Grounds to improve access to a burial option for Veterans who reside in sparsely populated areas where access to a national or state Veterans cemetery does not exist. New National Veterans Burial Grounds will be located within existing public or private cemeteries and operated by the National Cemetery Administration and will provide a burial option to nearly 144,000 Veterans in Maine, Wisconsin, North Dakota, Montana, Wyoming, Nevada, Idaho and Utah.

### **Eliminating Veteran Homelessness**

NCA has implemented a Homeless Veterans Apprentice Program in collaboration with the Veterans Health Administration and the VA Learning University. This program will create paid employment positions as Cemetery Caretakers for up to 20 homeless Veterans each year who are enrolled in VA's Homeless Veterans Initiative Programs around the country. Apprentices who successfully complete 12 months of competency based training will be offered permanent full time employment at a national cemetery. Successful participants will receive a Certificate of Competency which can also be used to support employment applications in the private sector.

### **Enterprise Program Management Transition Initiatives**

OPP's Enterprise Program Management Office transitioned eleven Major Initiatives into the operations of the Department for long-term viability and service delivery to Veterans, including:

- Systems to Drive Performance (STDP)
- Improve Veteran Mental Health (IVMH)
- Research and Development (R&D)
- Enhance Veteran Experience and Access to Healthcare (EVEAH)



- Healthcare Efficiency (HCE)
- Health Informatics (Hi2)
- GI Bill
- Human Capital Improvement Plan (HCIP)
- Preparedness (PREP)
- Strategic Capital Improvement Plan (SCIP)
- New Models of Care (NMOC)

### **VA/DoD Collaboration**

The Office of Policy and Planning's Office of VA/DoD Collaboration coordinated the implementation and execution of the Integrated Disability Evaluation System (IDES), developed and lead 23 program reviews of VA IDES performance metrics with VA Chief of Staff, participated in 8 joint IDES performance metric reviews with Army Vice Chief of Staff and VA Chief of Staff, and participated in 8 joint IDES performance metric reviews with Navy Bureau of Medicine and Surgery. Additionally, the office lead weekly telephone conferences with OSD and the Military Departments discussing IDES performance, accompanied OSD P&R on 5 IDES Site Reviews, and accompanied Army Inspector General on 2 IDES Site Reviews.

### **Updated VetPop Model**

OPP's Office of Data Governance and Analysis completed a newly re-designed VetPop model for 2010 – 2040 to project Veteran population by county to be used as input to Veterans Health Administration's Health Care Projection Model and estimates Veteran deaths for National Cemetery Administration planning activities.

### **Personnel Security and Identity Management**

The following accomplishments were achieved in 2012:

- VA achieved steady state in the issuance of Personal Identity Verification (PIV) credentials to VA employees, contractors, and affiliates. During FY12, VA achieved full compliance with HSPD-12 for PIV credential issuance.
- In accordance with direction from the Office of Management and Budget (OMB), VA began using the VA PIV credential to authenticate access to the VA information technology network. The use of the PIV credential to access the VA network will enable VA to enhance the security of Veterans and VA data, reduce the potential for identity fraud, and assist in protecting personal privacy.
- VA completed assessment and accreditation of 100% of VA PIV credential issuance facilities in FY12. All 204 of the VA PIV credential issuance facilities received authority to operate or interim authority to operate in accordance with Federal Information Processing Standards (FIPS) and guidelines published by the National Institute for Security and Technology (NIST).

### **Emergency Management**

The Office of Operations, Security, and Preparedness Geospatial Information System (GIS) team collaboratively working with Office of Information and Technology, is taking VA to a new level of data performance, with geography recognized as integral to gaining a full understanding of issues



and to developing solutions in the delivery of health care, benefits and services to America's Veterans. The use of GIS will create the dawning of location intelligence, within the VA, thus vastly improving its ability to look at the "what, when, where, why and how" in the story of its operations and management. This location intelligence will give the VA new opportunities to make improvements in its delivery of health care, benefits and services to America's Veterans.

- In 2012, OSP led VA in the design and implementation of the enterprise GIS (eGIS) architecture and framework known as the geospatial business intelligence service line (GeoBISL). OSP GIS team, in partnership with the Corporate Data Warehouse (CDW) created and implemented the enterprise GIS. The VA corporate level Geospatial Databases (VA GeoDATA) is based on facility location and cover assets and people. The product uses geospatial analysis as a business intelligence tool to analyze and report of VA data. OSP designed, built, and put into production VA's Integrated Operations Center IOC Common Operating Picture COP Interactive map, VAIOC MAP. VAIOC MAP is a web mapping platform available to VA leadership for situational awareness of current VA status, threats, and incidents affecting VA operational status. Additionally, the GIS team developed the VA (Intranet) GeoPortal ([maps.va.gov](http://maps.va.gov)) allowing discovery and access to all enterprise GIS data, services, products and interactive viewers, including a GeoCoding service that enables VA data owners to GeoReference their data, which enables them to place that data on the map.
- In July 2012, OSP increased IOC staffing of Watch Officers by 25 percent. The increase of staff enhances VA's capability for fusions, predictive analysis, and timely recommendations to VA Senior leadership.
- In September 2012, the construction of VA's Senior Management Center (SMC) was 90% complete. This center is VA's Reconstitution Planning Site. This site is approximately 8,000 square feet of Continuity of Operations, workspace and communications capability. Within 24 hours of an infrastructure-related emergency at VA Central Office, the Reconstitution Planning Team will initiate and coordinate operations to salvage, restore, and recover essential headquarter functions.

#### **Veteran-Owned Small Business Conference**

VA hosted the National Veterans Small Business Conference in Detroit, Michigan in June. Over 400 training and business requirement sessions were held and direct and on-line networking opportunities were provided with senior government procurement decision makers from across the country. It was also an opportunity to meet, network, share ideas, discuss business requirements, forecast contract needs and vision for contracting with VA, other federal agencies, and private agencies within a particular industry.

#### **Congressional and Legislative Affairs**

VA achieved the following during 2012:

- Improved relations with Congress by improving responsiveness and communicating more effectively.



- Sustained transformational reorganization that balanced work portfolios and improved communications and responsiveness with Congress. This resulted in a reduced office personnel turnover during the year.
- Supported more than 72 hearings and conducted over 688 congressional briefings, including educational seminars.
- Supported over 66 congressional oversight visits to VA facilities throughout the Nation.
- Supported an average of 50 ongoing Government Accountability Office (GAO) analyses and coordinated 43 entrance conferences, 41 exit conferences, and the Department’s responses to 65 GAO draft reports.
- Fielded over 11,210 telephone inquiries and processed over 6,267 letters in support of constituent casework.
- Supported over 52 Advisory Committee meetings.

VA achieved full operational capability of its congressional knowledge management system that provides a database to catalog the Department’s congressional activities.

**The Office of Information and Technology (OIT):**

VA achieved the following in 2012:

- **Most Wired and Most Wired for Small and Rural Healthcare Systems**  
Regions 3 and 4 consisting of all VA medical facilities in VISNs 1 through 11 and V21 were recently named “Most Wired” in the July 2012 issue of “Hospitals and Health Networks” magazine. This designation highlights the leveraging of Information Technology in the delivery of care. Also mentioned were specific VA sites such as Asheville, Battle Creek, Beckley, Detroit, Hampton, Indianapolis, Palo Alto, Richmond, Saginaw, Salem, San Francisco, Washington, DC, and White River Junction. The Charleston VA Medical Center has also been recognized as the nation’s Most Wired for Small and Rural healthcare systems.
- **National Service Desk**  
OIT established the National Service Desk (NSD) to increase Tier One customer support efficiencies across the agency. This effort establishes a Single Point of Contact with the goal of assisting our customers in getting back to the business of supporting the Veteran. The NSD has realigned 15 out of 19 known Service Desks into this unified Service Desk. The NSD has acquired an enterprise IT Service Management toolset which will be rolled out in 2013, replacing 12 existing systems. They are also rolling out a single Automated Call Distributor, adding to the enhancement of the customer experience through the use of a SINGLE phone number. The single process for Tier 1 support has been developed and trained to the Service Desk Technicians. The NSD has been actively involved in the PIV Only Access Enforcement pilot and project, Visibility to Everything, on-boarded over 60 sites which has increased call volume, and the NSD continues to support more customers with limited resources.
- **Service Line Regional Model**  
The Service Delivery and Engineering service implemented and began staffing the Regional Service Line Model structure in IT Regions 1 – 4 to provide more advanced technical solutions and improved support. Specific outcomes include the ability to provide service and support elite virtual teams of IT specialists, independent of geographical location. By providing all sites in a



given region, positive outcomes in service are attainable such as higher system availability and strengthened disaster recovery postures for mission critical systems such as Exchange, WAN, and Vista Systems. The technical challenges we face are complex and the problems that crop up can be daunting; the new service line structure helps overcome these challenges, and the increased standardization of processes and equipment has resulted in improved operational efficiencies. Service Lines will enable Service Delivery and Engineering to achieve a fully functional service support and delivery model that is responsive to customer requirements and leverages technology in the delivery of service to our Nation's Veterans.

- **Continuous Readiness in Information Security Program (CRISP)**

CRISP was founded in 2012 to serve as the new operating model for protecting VA sensitive information. Increased cyber threats as well as those seeking to exploit sensitive VA information could lead to Veterans suffering consequences such as exposure or loss of Personal Identifying Information (PII). In Q2 2012, CRISP efforts covered 5 major areas, to include Security Management, Contingency Planning, Configuration Management, Segregation of Duties and Access Controls. To better strengthen and govern the practices safeguarding VA information systems, each of the areas had underlying milestones to resolve or remediate long standing issues or vulnerabilities. The overall plan for CRISP was comprised of 2000+ discrete tasks and was fully achieved at the end of a 60-day sprint schedule.

- Virtual Lifetime Electronic Record (VLER) provides standards based information sharing capability for Veterans and Servicemembers. VLER has implemented key enabling technology in 2011 and 2012 that has impacted thousands including our most severely wounded, ill, and injured by:

- Allowing Veterans to authorize and direct VA to release specific medical information through the use of the Veterans Authorization and Preference (VAP) core service.
- Automating the collection of medical information in Disability Benefits Questionnaires DBQs to facilitate disability claims processing time and errors.

- In October 2011, the Office of Information and Technology (OIT) established the Project Management Accountability System (PMAS) Business Office (PBO) which supports the Department of Veterans Affairs' (VA's) implementation of PMAS. PMAS is VA's disciplined approach to information technology (IT) development and capability delivery. It establishes a discipline that ensures the customer, IT project team, vendors and all stakeholders engaged in a project are focused on a single mission – delivering functionality on time. PMAS radically improves access to key information in accurate and close-to-real-time manner and enhances effective service delivery and cost savings for VA, Veterans, and taxpayers. Ultimately, PMAS improves VA's ability to expediently deliver benefits to Veterans and places vital tools into the hands of those who serve them.

- In May 2012, a Working Integrated Project Team (WIPT), composed of government and contract subject matter experts, continued to strengthen the PMAS Dashboard. This WIPT will guide future PMAS Dashboard enhancements including the ability to interface with multiple VA financial and contracting systems to capture project obligations and



expenditures. This past year PBO began utilizing the data in the PMAS Dashboard to conduct predictive analysis to determine whether Product Development had sufficient project managers to run its projects in 2013.

- A more disciplined approach of program/project monitoring was established and expanded this year. In addition to Integrated Baseline Reviews (IBR) conducted by the CIO for all major programs and investments: 1) OIT conducts OMB standard TechStats for projects that miss schedule or scope objectives; 2) OIT's PBO conducts an automated review of all projects schedule performance weekly; and, 3) OIT's PBO conducts ad hoc surveys to determine performance trends, indicating future requirements such as resource requirements. The PBO also defined and depicted the end-to end PMAS Life Cycle. In addition, in order to add definition to its risk management process, the PBO created and implemented the concepts for Green Flags and Yellow Flags.
- To mandate the use of PMAS across VA, OIT's PBO created and submitted the inaugural version of the PMAS Directive, which is in its final review cycle before formal approval. In addition, to improved its use as an enterprise resource, the PBO published the PMAS Guide 4.0.
- In a move to standardize project naming and numbering, PBO extended the Enterprise Project Structure (EPS) numbering convention from Product Development (PD) to all of OIT. The EPS serves as the authoritative source for both numbering and naming within OIT.
- This past year PMAS received an Honorable Mention for the Government Computer News (GCN) Award for Outstanding Information Technology Achievement in government for 2012.
- OIT has developed and deployed more than 300 hundred IT application increments. Some of the most significant include:
  - Homeless Management Information System (HMIS): HMIS receives homeless Veteran data from various systems around the country and aids the VA Homeless Program Office by providing a complete picture of benefits provided to homeless Veterans which is key in attaining the Secretary's objective of ending Veteran homelessness in 5 years.
  - Veteran Benefits Management System (VBMS): VBMS has deployed 27 releases since 2010. The latest release, VBMS 3.0, integrates VBMS Core, VBMS-Rating, and VBMS-Correspondence. VBMS now provides more accurate rating decisions, brokers workflow capability among Regional Offices, integrates correspondence generation, and grants Veterans Service Organizations (VSOs) that currently have VA access the ability to view and search VBMS.
  - Automation of the GI Bill Chapter 33 Long Term Solution: Delivered an increasingly capable GI Bill Chapter 33 Long Term Solution to speed up the processing of Chapter 33 claims. Veterans Relationship Management: Released eBenefits 4.0, which expanded existing self-service features such as providing the Veterans the ability to view the status of their benefit requests by logging in with their DS Logon through their smart phone, access their Post-9/11 GI Bill Enrollment Status and enhanced Claims Status features, and view their VA Payment



- History, as well as increased Web access. Expanded eBenefits usage adding 1.74 million users since October 2009.
- Veterans Relationship Management: VA and DOD successfully linked 13 million VA identities so that interoperability between the two agencies is facilitated at the Veteran and beneficiary record level, key to successful electronic interactions between the two agencies.
  - Virtual Lifetime Electronic Record: Deployed Nationwide Health Information (NwHIN) Increment 1, as well as NwHIN Adapter 4.1, which enables secure sharing of Veteran electronic health information between VA, Department of Defense, and private partners, ensuring up-to-date health information for Veterans wherever they receive care.
  - Transform Human Capital Investment Plan: Launched VA for Vets Website portal, case management system, and career center to assist Veterans seeking employment at VA. VA for Vets includes a Resume Builder, Job Search, Assessment Tools, and Military Skills Translator, and is integrated with VA Careers, USAJOBS and eBenefits.

### **Information Security**

- Embarked on a cultural transformation with respect to protecting VA's information, through the Continuous Readiness in Information Security Program (CRISP) - a new operating model for protecting VA information and systems.
- Eliminated the threat of data breaches from stolen or lost laptops through encryption. Was proactive against threats to all Windows-based, networked systems, allowing for VA visibility into 380,000 end-user machines and ultimately ensuring that the information systems used in outreach and advocacy efforts run seamlessly without interruption.
- Provided continuous around-the-clock monitoring of VA's network through the VA Network and Security Operations Center (VA-NSOC) – protecting, responding to, and reporting threats. VA-NSOC examines more than 1.29 billion Web requests per day and prevents 1.7 million viruses a year from infecting the VA network.
- Increased outreach to VA employees and contractors to enhance the level of information security awareness throughout VA through mandatory training, monthly security brown bag lunches, the annual Information Protection Awareness Week during which OIT interacted with more than 3,000 VA staff members at more than 200 locations, and through VA's identity theft prevention campaign—More Than a Number—which raised awareness among VA employees of the threat posed by identity theft.

### **Enhanced-Use Lease Agreements:**

VA continues to make aggressive use of its enhance-use leasing (EUL) authority to support the Department's initiative to eliminate Veteran homelessness by 2015 and to repurpose and divest underutilized and vacant buildings and land through innovative, long-term public/private partnerships. This effort, under the auspices of the building Utilization Review and Repurposing (BURR) initiative, identifies buildings and land suitable for repurposing as affordable supportive housing with priority placement for Veterans. VA executed 40 EULs between September and December 2011 – many as a direct result of the BURR initiative. Together, these 40 EULs resulted in the repurposing of more than 600 acres and more than 200 buildings worth of underutilized VA capital assets – in addition to the more than 4,000 units of affordable housing with priority preference for Veterans thereby created.



VA also executed a lease amendment in July 2012 to expand the Battle Creek, Michigan EUL project by an additional 100 units of homeless housing.

### **Real Property Management**

VA's real property and capital infrastructure plays an integral role in delivering services and benefits to Veterans. The ability to effectively manage our portfolio of capital assets allows VA to provide care and benefits in a safe and secure environment, in the right locations to meet Veterans' needs.

VA took the following actions in regards to real property management during 2012. While many of these are back office process enhancements, they result in improving VA's ability to effectively manage its robust portfolio in support of delivering benefits and service to Veterans:

- Completed disposal or reuse actions for approximately 275 assets, accounting for more than 2.2 million Square Feet and over 580 acres of vacant and underutilized property.
- Enhanced the Capital Asset Inventory (CAI) system to include improved data validation, cleaner data entry screens, and enhanced reporting features to assist field users in maintaining their real property inventory.
- Provided system upgrades to CAI, the Capital Asset Management System Business Intelligence (CAMS-BI) system, and the Strategic Capital Investment Planning (SCIP) Automation Tool (SAT) to enhance functionality and improve analysis capabilities, including better integration between systems.
- Executed full space analysis for the Veterans Health Administration, using updated workload projections and current inventory as of the end of 2011, in support of the annual SCIP process.
- Implemented an electronic collaboration tool for managing compliance of EULs in the steady state (operational) phase of their lifecycle. Collaboration tool will be used in support of new Handbook and Directive 7454, Enhanced-Use Leasing Post Transaction, with improved controls and processes for monitoring compliance of EULs.

### **Strategic Capital Investment Planning (SCIP)**

The Strategic Capital Investment Planning (SCIP) process is an innovative Department-wide process designed to improve the delivery of services and benefits to Veterans, their families, and their survivors, within the safest and most secure infrastructure possible by addressing VA's most critical needs first; investing wisely in VA's future; and significantly improving the efficiency of VA's far reaching and wide-range of activities.

VA took the following actions in support of capital investment planning:

- Completed its second full SCIP process with results published in the 2013 budget process. This process helps to ensure critical infrastructure issues are being addressed.
- Implemented enhancements to the SCIP Automation Tool (SAT), consisting of a fully integrated action plan, business case, and scoring modules, and implemented numerous process improvements resulting from lessons learned in the initial SCIP cycle.





The 2014 SCIP process scored over 1,300 business cases, resulting in a prioritized list of capital projects and a preliminary long-range action plan to support the development of the 2014 capital budget.

### **Green Management Program**

VA's Green Management activities result in careful stewardship of energy, environmental, and fleet resources reduce the Department's costs and thereby allowing more of VA resources to be provided for direct service to Veterans.

VA continues to invest in projects that improve our internal capacity to serve Veterans, enhance security and emergency response, and prove good stewardship of taxpayer resources through:

- Increasing the number of alternatively fueled stations at VA Medical Centers
- Pioneering the use of 26 electric vehicles
- Increasing renewably generated electricity to 85 megawatts
- Piloting Green Routine programs to reduce the environmental footprint at three locations, and continuing to add sustainable certifications to buildings in the VA portfolio.

### **Electronic Contract Management System (eCMS)**

The Electronic Contract Management System (eCMS) manages all VA acquisitions anticipated to exceed \$25,000 improving VA's capability to assess strategic sourcing opportunities and better leveraging its purchasing power. Its use is mandated. Since OALC's Enterprise Acquisition Service implemented compliance audits in 2012, usage compliance rate improved month to month. The compliance rate for contracting personnel use of eCMS has improved from an initial 17 percent in 2008 to 77percent in 2012.

To more quickly identify strengths and weaknesses in VA Federal Procurement Data System (FPDS) data capture and reporting, an independent verification and validation (IV&V) contractor began providing monthly reports of FPDS accuracy metrics in 2012. The 2012 FPDS accuracy trend points to improved data quality for this year compared to last year. The final accuracy figure for 2012 will be available at the conclusion of September; however, the current cumulative FPDS accuracy value is 88percent which indicates a positive trend for data quality.

OALC has worked closely with the Office of Small and Disadvantaged Business utilization to improve contracting officer's documentation of offeror representation and certification of Veteran-owned small business status.

### **VA Facilities Management Transformation Initiative**

The VA Facilities Management Transformation Initiative, in part, resulted in the development and implementation of an integrated master schedule (IMS) for all major constructions projects, which integrated all phases of the project design and construction. Moreover, projects that received funding in prior years will have benefit of a truncated IMS based on where it is in the planning, design, or construction process to produce state-of-the-art facilities.

Major construction of the new Medical Center in Las Vegas, Nevada was completed, and the facility was dedicated on August 6, 2012, and opened to serve Veterans on August 14, 2012.



OALC acquired approximately 250 acres of land in Tallahassee, Florida, to establish a new National Cemetery, on August 14, 2012. The project will support VA's goal to reduce the unserved Veterans in a 75 mile radius from 170,000 to 80,000 Veterans.

### **Video Teleconferencing**

Video Teleconference (VTC) Hearings: BVA increased the percentage of hearings conducted by VTC to 40 percent in 2012, as compared with 29.5 percent in 2011, and BVA further expanded its VTC capabilities to remote sites, including Guam. BVA also created an informational flyer to advertise the advantages of VTC, which is available online and include VBA mailings to appellants. In addition, the Board completed its migration to a Digital Audio Recording System which has eliminated the reliance on audio cassette recordings for BVA hearings and has improved the timeliness of hearing transcription.

### **Homeless Veterans Initiative**

According to *The 2011 Point-in-Time Estimates of Homelessness: Supplement to the Annual Homeless Assessment Report*, 67,495 Veterans were homeless in the United States on a single night in January 2011. This is a decline in homelessness among Veterans by nearly 12 percent since the January 2010 Point-in-Time count.

- The total number of Department of Housing and Urban Development –VA Supportive Housing (HUD-VASH) vouchers provided to house homeless Veterans and their families increased by approximately 10,500 in Fiscal Year 2012. As of September 30, 2012, 37,350 previously homeless Veterans were housed through a HUD-VASH Housing Choice voucher.
- -VA funded over 400 additional positions in 2012 to provide the needed supportive case management services in HUD-VASH to assist Veterans in securing and maintaining permanent housing.
- The Supportive Services for Veterans Families (SSVF) Program provided services to over 35,000 participants, including 21,300 Veterans and 13,700 family members by the end of September 2012. Of the 21,300 Veterans served by the SSVF Program, 15 percent were women, and 16 percent were OIF/OEF/OND Veterans. This represents a more than 62 percent increase over the total number of Veterans (22,000) the SSVF Program was projected to serve for all of 2012.
- In October 2011, VA launched a national outreach initiative to increase awareness of VA services for Veterans who are homeless or at risk of homelessness. Calls to the National Call Center for Homeless Veterans (NCCHV), 1-877-4AID-VET, increased dramatically as a result of the outreach initiative. As of September 2012, 129,437 calls were received by the NCCHV. An online chat service for homeless Veterans was also implemented in March 2010, and as of September 2012, 11,639 chats occurred.

### **National Veterans Sports Programs and Special Events:**

- Provided a monthly assistance allowance to 98 Veterans training for the U.S. Paralympic Team with 16 Veterans competing in the 2012 Paralympics Games in London, as well as activating all Paralympic sport categories.
- Awarded \$7.5 million in grants to the U.S. Olympic Committee (USOC) and its partners to provide more than 16,000 Veterans with the opportunity to engage in adaptive sports in their communities.
- Developed new adaptive sports Web site and on-line outreach and training capabilities providing new tools and resources to Veterans, clinicians and family members.



- With the USOC, co-hosted the first-ever Rehabilitative Adaptive Sports Training Conference which trained 50 VA officials and clinicians from every VISN to establish rehabilitative adaptive sport programs.
- Awarded \$300,000 in grants to the USOC to co-sponsor the 2012 Warrior Games, along with DOD, and co-sponsor the Paralympic Leadership Conference, which also trained an additional 30 VA clinicians to enable Paralympic and adaptive sport initiatives.
- Conducted VA's six national rehabilitative programs – including hosting the largest number of Veterans (800) to ever participate in the National Veterans Golden Age Games.
- Partnered with national Paralympic sports authorities, such as BlazeSports America (Boccia), USA Fencing, National Wheelchair Basketball Association, U.S. Association of Blind Athletes (Goalball), and U.S. Tennis Association, to encompass Paralympic grant and allowance, special event, and other VA rehabilitative sport programs.
- Conducted innovative outreach activities and events supporting further rehabilitative sport partnerships, such as the January 2012 event with USA Hockey and the Buffalo VAMC.
- Implemented comprehensive planning and review procedures with DOD counterparts to synergize Paralympic and adaptive sport programs and maximize rehabilitative opportunities for disabled Veterans and Servicemembers, enhancing DOD/VA Recovery Care Continuum.
- Created and implemented comprehensive VA and USOC Paralympic grant and allowance management and monitoring programs and tools including on-line systems, to vastly improve processes and meet program mandates.

### **Intergovernmental Affairs**

- The Secretary of Veterans Affairs signed a Memorandum of Understanding (MOU) with the National Association of State Directors of Veterans Affairs in order to recognize and enhance the partnership between these 2 entities. Both organizations share a common mission to serve America's Veterans, their families, and survivors. State, local and tribal governments provide billions of dollars annually for benefits and services to Veterans. State and tribal governments provide complementary services to benefits provided by VA through the State and Tribal Cemetery Grant Program and the State Veterans Home Program. The Secretary also signed an MOU with the US Chamber of Commerce's Hiring Our Heroes to raise awareness of the value of hiring Veterans and ensuring Veterans and transitioning Servicemembers obtain meaningful civilian employment. The MOUs coordinated outreach activities with VA to provide services, benefits, job opportunities, and other assistance for Veterans and their dependents.
- Intergovernmental Affairs continues to work with and to form and improve relationships and communications with associations representing state and local governments, elected officials, and tribal governments. This ensures these governing entities are aware of services and benefits VA provides to Veterans. The state and local governments assist VA in ensuring the Veterans in their jurisdiction are also aware of the services and benefits they are entitled to.
- In order to increase access to health care, promote economic sustainability through access to benefits, scholarship and program opportunities, and implement the VA tribal consultation plan, the Office of Tribal Government Relations facilitated listening sessions, consultations, and training sessions with tribal government officials. OTGR participated in Indian Health Service/VA MOU work



groups to focus on increasing collaboration between the two agencies to increase access for American Indians to VA services and benefits.

### **Tribal Government Relations**

In January 2011 the Director of the Office of Tribal Government Relations was hired. In September 2011, VA recruited, selected and hired 4 Tribal Government Relations Specialist assigned to work with 565 federally recognized tribal governments located in 4 regions in order to increase access to health care, promote economic sustainability through access to benefits, scholarship and program opportunities, and implement the VA tribal consultation policy plan. These actions were taken to ensure Veterans in Indian Country will continue to receive VA benefits to services and remain a visible Veteran population.

- Facilitated listening sessions, consultations, and training sessions
- Participated in Indian Health Service/VA Memorandum of Understanding work groups which focused on increasing collaboration between the two agencies to increase access
- Engaged in a series of interagency and intergovernmental dialogue sessions with tribal officials, state, federal and non-profit entities focusing on identifying challenges facing American Indian and Alaska Native Veterans living in Indian Country.
- Completed request for proposal scope of work for strategic outreach plan designed to reach Veterans in rural Alaska.

### **Regulations Management:**

- VA completed regulations in a timely manner: completing proposed and final rules in less than 22.4 months, and final rules not subject to public comment in less than 10.8 months, with actual performance averaging 19.9 months and 7.3 months, respectively.
- VA published some important regulations for America's Veterans and their families, including regulations that improved VA's ability to share medical information with DoD; improved health care services for women Veterans; secured total disability for Veterans suffering with the progressive and fatal disease amyotrophic lateral sclerosis (ALS); provided mortgage holders with more options to avoid foreclosures by Veterans; extended the period for recognizing disabilities associated with undiagnosed illnesses and medically unexplained chronic multi-symptom illnesses; implemented new authority to provide grants for Tribal Organizations' Veterans cemeteries, and for certain parents of Veterans who died in training or combat to be buried with their Veteran; provided in-home video telehealth care without copayments; and extended small business certifications for Veterans.

VA Continued to make substantial progress on VA's Regulation Rewrite Project by consolidating 20 previously published proposed rules into a comprehensive rule for final public comment. Obtaining final public comments on VA's new regulations will constitute a major step toward completing this major 10-year effort to reorganize and rewrite all of VA's compensation and pension regulations so that Veterans and VA adjudicators can more easily find them, read and understand them, and apply them to their circumstances. The reorganized regulations are arranged more logically, are more suitable for automated processing, incorporate over 100 statutory changes and court decisions, and will clarify over 400 ambiguities found in the current regulations.



### **Employing Veterans and Telework**

In 2012, the Office of Human Resources and Administration (HRA) of the Department of Veterans Affairs was able to track two major important achievements relating to our Hiring Veterans and Telework programs. These major achievements are listed in the bulleted statements immediately below.

Additional HRA accomplishments can be found at this site:

<http://www.va.gov/OHRM/docs/PAR-HRA-Accomplishments.doc>.

- VA reached a milestone of employing over 102,000 Veterans by July 2012
- VA has reached a mark of about 11 percent of its employee population eligible to telework due to vigorous efforts to enhance eligibility to participate in this program

### **Center for Minority Veterans**

The Center for Minority Veterans (CMV) and the Advisory Committee on Minority Veterans advocated for a VHA Office of Minority Health for the past two years. In 2012, the Director of the CMV served as a VA representative on the Department of Health and Human Services interagency work group for the National Partnership for Action Plan to End Health Disparities. Ongoing collaboration facilitated in the establishment of the Office of Health Equity.

In January 2012, VA hosted an Asian Americans and Pacific Islanders (AAPI) roundtable. This roundtable was a concerted effort to make clear that the issues affecting the over 300,000 AAPI Veterans are of great importance. Hosted by the Secretary of Veterans Affairs and coordinated by the CMV and the Office of Diversity and Inclusion ODI, the roundtable gathered high-level Veterans Affairs officials, other federal leaders, and community advocates in discussions on the subjects of access to health care, access to benefits, data collection, and outreach. The CMV has maintained contact with the staff of the White House Initiative on Asian Americans and Pacific Islanders (WHIAAPI) since the conclusion of the January roundtable. This continued collaboration is focused on providing information on VA benefits and services to AAPI community stakeholders.

### **Center for Women's Veterans**

The Director, Center for Women Veterans (CWV) served as Vice-chair of the Women Veterans Task Force. Implementation of the Task Force's recommended strategies and internal Operating Plan will set VA's course for serving women Veterans--for the next four years—from planning to programming, to budgeting, to education and training. The CWV will serve as the lead office for the Department-wide Women Veterans Program Initiative.

The CWV hosted and provided support to two meetings and one site visit of VA's Advisory Committee on Women Veterans--an expert panel that significantly advises and guides VA's efforts to identify and address the ever changing needs of women Veterans.

The CWV, in partnership with the VA Learning University, developed a training module, "Serving Women Veterans e-Learning Course" for VA employee new hires and current VA employees, to raise awareness of their responsibility to treat women Veterans with dignity and respect.



The CWV staff led or participated in over 100 collaborative meetings and outreach events, and had over 250,000 hits to its Web site.

#### **Office of Survivors Assistance**

The Office of Survivors Assistance (OSA) serves as a resource regarding benefits and services provided by VA to Survivors and their dependents. OSA also ensures that surviving spouses, children and parents have knowledge of and access to benefits and services for which they may be eligible under the law.

- OSA participated in 60 outreach events with other Federal agencies, State and local governments, VSOs, faith-based and community organizations, nonprofit and private sector organizations, and other stakeholders to achieve common goals and facilitates the delivery of information and services about survivor benefits in 2012, up from 36 in 2011.
- OSA provided outreach materials to 66 organizations, up from 32 in 2011.
- Included as part of its outreach efforts, OSA distributed 18,400 Quick Series and 12,825 Outreach Brochures to internal and external organizations.
- OSA continued leveraging technology and had positive results from 2011 to include: Unique visits = 14.39% to 228,859 (2011 - 200,859); Page visits = 9.73% to 347,144 (2011 - 316,144); and Email Contacts = 26.71% to 2,457 (2011 - 1,939)
- OSA provided a briefing to Senate and House Veterans Affairs Committee Staffers in 2012.

#### **Center for Faith-Based And Neighborhood Partnerships**

The VA Center for Faith-based and Neighborhood Partnerships (CFBNP) develops partnerships with and provides relevant information to faith, nonprofit and community organizations to expand their participation in VA programs and increase their knowledge of VA services, in order to meet the needs of our Veterans, their families, survivors, and caregivers.

- Annually, the VA CFBNP in collaboration with the VBA VR&E Service and the Regional Office (RO) of the host city, co-hosts four regional Veterans Roundtables for faith-based, nonprofit, and community leaders, and organizations. In 2012, the first Rural Roundtable was hosted in Daleville, Alabama, a rural city outside of Montgomery, Alabama.
- VA CFBNP participated in 89 outreach events in 2012 with faith-based, non-profit, and community organizations and leaders.
- VA CFBNP presented and provided outreach materials at seven faith-based denominational conferences, conventions, and convocations in 2012.
- VA CFBNP participated in five outreach events convened by the White House Faith-based and Neighborhood Partnerships events entitled "Connecting Communities for the Common Good Conferences". Twelve other Federal Agency CFBNP participated also.
- VA CFBNP along with several other VACO program and staff offices collaborated with Douglass Memorial United Methodist Church to organize and stand up Veterans Women Resource Centers in the District of Columbia, Maryland and Virginia.



- VA CFBNP participated in five training conferences with faith-based, community and academic partners from across the nation. These training conferences provided information, knowledge on the following topics: bridging Chaplaincy and mental health, reducing community reintegration barriers for returning Servicemembers and their families, and Chaplaincy and ethics.

## Challenges

### Improve Timely Access to Mental Health Care

- While VHA continues to excel in screening individuals for PTSD, depression and substance abuse, VHA has recognized the need to improve timely access to care for Veterans who seek mental health treatment. To assist in improving access, VHA has committed to hiring an additional 1,600 mental health professionals by June 30, 2013 to further address the patient demand for mental health care. Specifically, VHA anticipates that the additional 1,600 mental health professionals will improve access to psychotherapy for OEF/OIF Veterans with PTSD and access to timely mental health appointments for new and established mental health patients. VHA's commitment to improve mental health access will be reflected through improved performance on these access measures.
- There are many different methods of treating PTSD and Mental Health (MH) has made significant strides in providing quality care to Veterans with PTSD. With the recognition that almost a third of new OEF/OIF/OND Veterans seeking treatment in the VA meet diagnostic criteria for PTSD, MH has worked to meet this demand by increasing its mental health care budget by 39% since 2009 and hiring more than 3,500 mental health professionals. In addition to rollout trainings in evidence-based psychotherapies for PTSD that have reached over 4,500 VA staff, MH has worked to put systems in place that provide the necessary administrative support to deliver these treatments. MH tracks a variety of measures related to PTSD care for OEF/OIF/OND Veterans. One such measure is the "percent of OEF/OIF Veterans with a primary diagnosis of PTSD who receive a minimum of 8 psychotherapy sessions within a 14-week period." This measure applies to the approximate 1/3 of Veterans who are offered evidence based psychotherapy for PTSD that actually begin such therapy. It is important to note that not all Veterans will initially engage in a full course of evidence based psychotherapy, sometimes for appropriate or understandable reasons. For example, some Veterans may not be psychologically ready to engage in a full course of exposure-based psychotherapy for PTSD and may start out with a briefer course of psychotherapy to build coping skills. Other Veterans may initially receive evidence-based pharmacotherapies. Veterans may also receive adjunctive therapies such as therapies to improve sleep (such as Cognitive Behavioral Therapy for Insomnia), Complementary and Alternative Medicine (CAM) therapies, or family therapy as part of the their treatment plan. Additionally, some Veterans may choose to receive care in the Vet Centers rather than at the medical centers. Since Vet Centers do not keep encounter data or enter records in an electronic record system, such treatment – while very appropriate – cannot be captured in the numerator or denominator of this measure.



### **Disability Claims Processing**

VA continues to explore new ways to ensure the accuracy of the benefit decisions it makes for Veterans and claimants. Looking forward, VA will review quality on an individual issue basis, while comparing the accuracy of decisions to that of the current claim-based review process. This change in the evaluation process will provide drill-down information to identify training needs and specific areas where guidance from VA Central Office is needed. While advantages to this new process are great, more consistent guidance to national and local reviewers will be needed to ensure uniformity of quality reviews.

VA has also continued to experience challenges with regards to the volume of work and complexity of conditions claimed.

Additionally, the claims received are more complex and include a larger number of issues claimed. This has increased the level of effort required for each case, thus increasing the number of hours spent processing each claim.

Since 2001, the demand for benefits and services from Veterans, dependents and survivors has steadily increased. The growth in the number of Veterans filing for and receiving benefits results in increased follow-on work. This includes award adjustments due to dependency changes; requests for ancillary benefits such as automobile grants, clothing allowances and specially adapted housing grants; requests for eligibility certifications for use in determining entitlement to benefits and services from other agencies; program reviews; and appeals when a Veteran disagrees with one or more parts of VA's determination.

VA is forecasting that the growth in disability claims volume will likely occur over the next several years. Over the next few years, VA expects new and subsequent claims from Servicemembers returning from war, and Veterans seeking service connection for complications of serious injuries characteristic of the recent mid-east conflicts, such as traumatic brain injury. There are also known new requirements which currently include "Nehmer II" claims in 2013 and claims for Peripheral Neuropathy in 2014.

### **The VA Insurance Program**

In order to address anticipated retirements of senior staff and potential loss of institutional knowledge, VA is proactively developing a systematic approach in order to ensure that in the future, there will be a sufficient number of individuals who are highly trained in all the fundamental aspects of the Insurance Program. This approach includes utilizing a succession planning model that identifies mission critical positions and future needs for these positions. We are developing enhanced training for these positions that addresses existing knowledge gaps and incorporates institutional knowledge.

### **Land Acquisition for New Cemeteries:**

In August 2008, VA completed an independent and comprehensive program evaluation of the full array of burial benefits and services that the Department provides to Veterans and their families in accordance with 38 U.S.C. 527. The evaluation was performed by ICF International to provide VA with an objective assessment of 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.





VA has used this study as a starting point to develop new burial policies. Based on the new policies, five new national cemeteries will be built, thus increasing the percent of Veterans served by a burial option. VA will also build five "Urban Initiative" sites, which will provide improved access to a burial option for Veterans in several densely populated areas where travel time to an existing national cemetery has been shown to be a barrier.

VA has also implemented a Rural Veterans Burial Initiative to improve access to Veterans in rural areas of the country in which it is unlikely that a new national or State Veterans cemetery will be built. Under this initiative, VA will build eight new National Veterans Burial Grounds. These will be located on small lots within existing public or private cemeteries and operated by the National Cemetery Administration. National Burial Veterans Grounds will serve Veterans in Maine, Wisconsin, North Dakota, Montana, Wyoming, Nevada, Idaho and Utah.

Finding suitable land for these new cemeteries, urban facilities, and rural burial grounds is a challenge. Potential sites must be large enough to meet current and future burial needs of Veterans and their families. Location, liens and encumbrances, and environmental concerns are other important factors. NCA has identified potentially suitable properties for all five new national cemeteries and all five Urban Initiative sites and is working to identify suitable sites for National Veterans Burial Grounds.

#### **Gravesite Accountability**

In October 2011, NCA directed a system-wide audit of the entire inventory of gravesites within the national cemetery system, following the discovery of markers that were offset one gravesite in a burial section of Fort Sam Houston National Cemetery in San Antonio, Texas. The error resulted during contractor work to raise, realign, and reset headstones, a frequent practice at national cemeteries. Phase I of the audit, which addressed 1.5 million gravesites and was completed in 2012, confirmed that the vast majority of work accomplished during "raise and realign" projects at 92 VA national cemeteries was accomplished accurately and according to contract. NCA is taking corrective actions when errors are identified.

This self-initiated and comprehensive audit of all 3.1 million gravesites in VA's 131 national cemeteries will confirm the proper location of all headstones and markers. NCA anticipates completing Phase II of the audit, which will encompass the remaining 1.6 million gravesites, by the end of calendar year 2012.

#### **Capital Asset Management and Investment**

- Significant progress has been made over the last five years in reducing VA's vacant inventory (23% reduction); however what remains in VA's inventory to be disposed of present challenges. Many remaining assets are either in such poor condition that environmental remediation must be completed before the asset can be demolished or are designated historical such that while we have no mission need for the asset. However, VA remains committed to ensuring the appropriate management of existing assets and disposing assets when possible.
- Real Property remains a GAO high risk area across federal government and multiple initiatives aimed at reducing costs and footprint associated with real property have been launched. As of



the end of Quarter 3 of 2012, VA has realized over \$82 million in cost savings and avoidance through real property disposal, space management, sustainability, and innovation initiatives.

- VA's capital infrastructure is large and aging, with over 160 M Square Feet and an average building age of roughly 57 years. SCIP allows VA to better understand and communicate the key gap areas and provides a data driven, long-term plan to meet established performance goals in order to modernize and right-size the VA inventory; however, the scope of the problem remains a challenge.

#### **Integrating The Electronic Contract Management System (eCMS) with Other Enterprise Financial Systems**

VA expends \$10 billion annually on supplies and services. To increase managerial visibility, transparency, and more effective stewardship of acquisitions nationwide, OALC mandated the use of the Electronic Contract Management System (eCMS) to track procurement processes. Moreover, OALC has begun the process of integrating eCMS with other enterprise financial systems to minimize and where possible, eliminate duplicative data entry while streamlining the procurement process. The process is divided in three phases with full roll-out expected in early 2014, contingent upon the success of prior phases.

#### **Meeting Small Business Goals on Major Construction and Leasing Projects**

Due to the size and complexity of the projects, OALC's major construction and lease programs have challenges meeting small business goals. OALC establishes small business goals for all major construction program awards and will continue to work with the prime contractors to meet those goals.

#### **Improving Requirements Development and Budget Formulation in the Major Construction Projects**

Currently, developing requirements and formulating budgets for construction occurs too early in the process before significant information affecting project requirements, scope, and budget has been assembled. Therefore, OALC will need to revise the planning/design/construction model to facilitate project planning and 35 percent design completion prior to budget submission. The new process will integrate planning, acquisition, design management and construction management into a matrix, project-focused team utilizing standardized, repeatable processes and procedures to increase the speed to delivery and quality of major construction projects.

#### **Homeless Veterans Challenges**

- Because of the aggressive recruitment of mental health professionals through the Department of Veterans Affairs (VA), recruiting and the desired number of HUD-VASH case managers for the HUD-VASH program may be challenging in some parts of the United States.
- As a result of the challenging US economy, it may be difficult for VA staff to assist homeless Veterans in identifying full-time employment opportunities.
- The Point in Time (PIT) estimate of homelessness provides a snapshot of homelessness on a single night of both sheltered and unsheltered homeless persons. It is typically undertaken during the last week of January of each year. The PIT estimate is one of the primary resources for monitoring the effectiveness of VA's efforts to end homelessness among Veterans; however, it is imperfect. First, counting people who are not always easy to identify as homeless has inherent challenges. Second



processing data from the PIT is time consuming which results in a lag between the time when data is collected and published. Third, counts of unsheltered persons are only required in odd numbered years, so the unsheltered counts are imputed for many locations every other year. This results in data reliability concerns in even numbered years. As a result of those challenges, the PIT alone cannot be used to gauge the effectiveness of this initiative. Therefore, to continuously monitor and improve the effectiveness of VA's efforts to end homelessness among Veterans VA must use the PIT in conjunction with internal data sources.

**Office of National Veterans Sports Programs and Special Events:**

- As a new program, the U.S. Paralympics Integrated Adaptive Sport Program achieved many objectives at National, Regional, and Community-Based levels, but the grant programs still had deficiencies identified such as high personnel costs, insufficient outreach development, and deficiencies in grant program monitoring at the VA and USOC levels. During the year, extensive efforts were accomplished in new grant management and monitoring processes and automation, increased efficiency as highlighted through a reduction of USOC personnel costs by 47 percent and a 73 percent increase in Olympic Opportunity Fund grant funds between the FY2011 and FY2012 grants, and creation of a wide range of outreach programs to Veterans, the Paralympic and adaptive sport communities, VA clinicians, and the general public. However, the Government Accountability Office conducted an assessment of the Paralympic program, identified significant deficiencies, and provided recommendations for improvement in 2013. Further work remains in comprehensive reengineering of grant implementation and monitoring programs to meet GAO recommendations.

**Regulation Rewrite Project**

The Office of the General Counsel is responsible for completing the reorganization and redrafting of VA's compensation and pension regulations, and will be assisting the Veterans Benefit Administration (VBA) in their effort to rewrite all of VA's Schedule for Rating Disabilities. Both projects require substantial time and resources dedicated to researching, updating, rewriting, and coordinating policy issues. Implementation of the new compensation regulations will necessitate changes to VA manuals and training materials and will require instruction for both VA employees and Veteran Service Organizations (VSOs). In order to preclude massive remands of claims in progress, VA will need to continue to apply the old regulations to existing claims until they are completed. Implementation of both projects will need to be integrated with VA's Claims Transformation Initiative in order to avoid conflicts that could increase, rather than reduce, VA's claims backlog.

**Telework**

Many positions within the VA are more direct-service related and are not suitable for telework. Barriers to success of maintenance and/or progressive employee participation in this program are:

- Meeting expectations of in-office participation while at an off-site locale
- Gaining access to agency resources from an off-site locale
- Establishing right balance of on-site and telework schedule on a long-standing basis

**Enhanced Veteran Demographic Data**

Enhanced demographic data on individual/unique Veteran users of VA benefits and services is being developed to meet the needs of a more diverse Veteran population. Currently, VA databases can only



identify race/ethnicity data on approximately 45% of current unique users. Only approximately one-third of the Veterans population utilizes VA benefits.

- Targeted outreach to minority Veterans is needed to address lack of awareness of VA programs
- Inability to validate concerns expressed by minority Veterans due to lack of demographic data.

#### **Develop Innovative Outreach Strategies**

The Office of Survivors Assistance sees the opportunity to work with the Office of Policy and Planning to implement internal capacities to collect and analyze demographic information on Survivors and dependents to develop data-driven decisions in developing innovative and targeted outreach efforts strategies.

#### **Increase Follow-up with Faith- Based and Community Organizations**

VA's Center for Faith-Based and Neighborhood Partnership's (CFBNPs) challenge is to increase follow-up and engagement with faith-based and community organizations to post outreach events. Post outreach engagement with faith-based and community organizations is essential in order to establish a process that will ensure transformational engagement to provide continuous support to Veterans, their families, survivors and caregivers. If CFBNP had VA human resources (staff) at VA regional offices, medical centers and CBOCs across the nation, then a transformational engagement process would provide the faith-based and community organizations across the Nations with designated VA subject matter experts to provide transformational engagement to faith-based and community organizations. Adding this dimension in the outreach process will provide assurance that Veterans, their families, survivors and caregiver will receive information on VA programs and services to assist with their respective needs.



## HOMELESSNESS (AGENCY PRIORITY GOAL)

### Problem Being Addressed

### 2012 Actions and Progress

In 2011, homeless population estimates noted that approximately 67,495 Veterans were homeless in the United States on a single night.

Single male Veterans are disproportionately represented among the homeless population. Based on the most recent data available, at any given time approximately 14 percent of the homeless adult population are Veterans. Veterans comprise roughly 9.6 percent of the total adult population of the United States.

VA is the Nation's largest single provider of homeless treatment and benefits assistance services to homeless Veterans and Veterans at risk of homelessness. In 2012, approximately 176,641 unique Veterans were served in VA's continuum of homeless programs. VA's plan to eliminate homelessness among Veterans focuses on the prevention of homelessness, permanent supportive housing, mental health and substance use treatment, and education and employment assistance.

- The total number of Department of Housing and Urban Development –VA Supportive Housing (HUD-VASH) vouchers provided to house homeless Veterans and their families increased by approximately 10,500 in fiscal year 2012. As of September 30, 2012, 37,350 previously homeless Veterans were housed through use of HUD-VASH Housing Choice vouchers. This fiscal year, the total number of Veterans who obtained housing as of September 30, 2012, in HUD-VASH was 13,157, while 17, 136 additional Veterans obtained housing with assistance from other VA Homeless Programs during the same time period.
- VA funded over 400 additional positions in 2012 to provide the needed supportive case management services in HUD-VASH to assist Veterans in securing and maintaining permanent housing.
- The Supportive Services for Veteran Families (SSVF) Program awards grants to private non-profit organizations and consumer cooperatives to enable them to prevent Veterans from becoming homeless and rapidly re-house those Veterans who become homeless. SSVF provided services to over 28,000 participants, including 16,600 Veterans and 12,000 family members by the end of July 2012. Of the 16,600 Veterans served by the SSVF Program, 15 percent were women, and 16 percent were OIF/OEF/OND Veterans. This represents a more than 27 percent increase over the total number of Veterans (22,000) the SSVF Program was projected to serve for all of 2012.
- VA continues to foster interagency collaboration with the U.S. Interagency Council on Homelessness; the Departments of Housing and Urban Development, Labor, Education, Health and Human Services, and Justice; and others.
- In October 2011, VA launched a national outreach initiative to increase awareness of VA services for Veterans who are homeless and at risk of homelessness. Calls to the National Call Center for Homeless Veterans (NCCHV), 1-877-4AID-VET, increased dramatically as a result of the outreach initiative. As of July 2012, 107,750 calls were received by the NCCHV, a 107 percent increase since July 2011. A chat line was also implemented in March 2010, and as of July 2012, 9,345 chats occurred.
- Through public/private ventures using VA's enhanced-use leasing authority and underutilized real property, non-VA organizations will build and operate on VA property permanent and transitional housing for homeless Veterans and Veterans at risk of homelessness.



<b>VBA ACCESS (AGENCY PRIORITY GOAL)</b>	
<b>Problem Being Addressed</b>	<b>2012 Actions and Progress</b>
<ul style="list-style-type: none"> <li>• Improved awareness of Department of Veterans Affairs (VA) services and benefits by Veterans, Servicemembers, and eligible beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>• Both performance measures which support the 2012 Access Agency Priority Goal of increasing eBenefits registered user base have been exceeded. These measures are:                             <ul style="list-style-type: none"> <li>○ Increasing the number of letters generated by clients via eBenefits</li> <li>○ Increasing the number of page views (per quarter) of Compensation and Pension claims status accessed by clients via eBenefits</li> </ul> </li> <li>• Single sign-on technology has been deployed allowing seamless access between eBenefits, MyHeatheVet and TRICARE Online.</li> <li>• 11 consecutive quarterly releases since October 2009 have produced over 45 self-service features within the eBenefits portal</li> <li>• Servicemembers are now required to get an account shortly after accession</li> <li>• Over 1.8 million registered users since launch in October 2009</li> <li>• Used by Servicemembers &amp; Veterans in over 25 countries</li> <li>• Over 2 million visits in June 2012</li> <li>• Over 110,000 users given access to eBenefits in July 2012 -the most successful month in 2012</li> </ul>



### VBA BACKLOG (AGENCY PRIORITY GOAL)

Problem Being Addressed	2012 Actions and Progress
<p>Reducing the length of time it takes to process compensation and pension rating-related claims is an integral part of VA's mission to serve Veterans by providing all possible benefits under the law to eligible claimants in a timely, accurate, and compassionate manner.</p> <p>VA seeks to eliminate the disability claims backlog in 2015 and ensure that no Veteran has to wait more than 125 days for a high quality decision.</p>	<ul style="list-style-type: none"> <li>• To achieve processing efficiencies that will enable VA to reduce the claims backlog and improve decision quality, VA is employing a synchronized and integrated transformation strategy that incorporates people, processes, and technology initiatives.</li> <li>• VA is organizing its work force into segmented processing lanes and "case management" teams, managing work in the most efficient, effective ways possible and leveraging proven automated workflow tools. This new "process model" was deployed to 16 Regional Offices during 2012.</li> <li>• VBA is implementing the Veterans Benefits Management System (VBMS), a paperless IT claims processing system. VBMS is currently deployed as a pilot in four Regional Offices, and full deployment is planned for the first quarter of 2014.</li> <li>• VBA implemented Quality Review Teams in all Regional Offices in 2012, in order to improve the accuracy of VBA rating decisions.</li> <li>• Standardized VA examination questionnaires were deployed to all Regional Offices to ensure that accurate medical evidence necessary in the disability evaluation process is obtained from both VA and private medical examiners.</li> <li>• VA is coordinating a major interagency effort to simplify data exchange with our counterparts in the Defense Finance and Accounting Service, the Department of Defense, the Social Security Administration, the Internal Revenue Service, and the Department of Labor to ensure simplified and seamless sharing of digital information.</li> </ul>



## Performance Shortfall Analysis

Shown below (sorted by Program) are brief explanations of the reasons for significant deviations between actual and planned performance for those measures where there were significant shortfalls. Also provided are resolution strategies that are being implemented to ensure goal achievement in the future. These results are coded "red" in the measures tables beginning on page II-65

Veterans Health Administration		
Measure	Target	Result
Percent of OEF/OIF Veterans with a primary diagnosis of PTSD who receive a minimum of 8 psychotherapy sessions within a 14-week period	20%	15% (R)
<b>Causes</b>	<ul style="list-style-type: none"> <li>• This metric involves a highly complex set of rules. Work on the rules and the resulting formal definitions for this metric were not completed until late in November 2011 and there was also a delay in capturing and posting the initial data. Facilities did not obtain performance results until close to the end of the 2<sup>nd</sup> quarter of 2012. As the facilities were unaware of their performance on this metric for almost two full quarters of the fiscal year, they were at a disadvantage to address changes needed to overcome less than optimal performance.</li> <li>• Facilities identified the need for a case finder to assist them in locating Veterans requiring psychotherapy sessions under the metric. A preliminary case finder was developed and tested by the field, but was not available to all for use until the middle of the 3<sup>rd</sup> quarter of 2012.</li> <li>• In 2012, this metric was changed to a rolling 12-month metric whereby Veterans qualify for the numerator 12 months prior to the reporting period. Sites were often not able to provide services to Veterans who fell into the denominator 12 months prior to the month in which the numerator was captured. In these cases, the window of opportunity for treatment under the metric had either already passed or was very near completion.</li> </ul>	





<b>Veterans Health Administration.</b>			
	Measure	Target	Result
<b>Resolution Strategies</b> (1st Quarter, 2013)	<ul style="list-style-type: none"> <li>• VHA facilities all have the current definitions of this metric. The definition of the numerator and denominator of the metric will not be significantly different in 2013. VA Central Office (VACO) will communicate final definitions of the metric for 2013 by the end of the 4<sup>th</sup> quarter of 2012.</li> <li>• VACO notified all VISNs regarding a case-finder that can be used by the facilities to better track Veterans who fall into this measure. VACO will remind facilities of this case finder during monthly mental health (MH) performance measure calls. While initial education will be complete by the end of the 1<sup>st</sup> quarter of 2013, ongoing education will continue throughout the fiscal year and the case finder will continue to be updated.</li> <li>• VHA will continue to have monthly conference calls about the MH performance measures. VHA will have one call per quarter focused on this metric. Calls will address both technical aspects of the metric, as well as best practices. Prior to the end of the 1<sup>st</sup> quarter of 2013, an initial call will provide details regarding the metric, including definitions, intent, scoring, etc. There will also be ongoing educational conference calls provided on a regular basis throughout the year.</li> <li>• VACO will continue to monitor performance on this metric. Sites remaining significantly below the target at the end of the 1<sup>st</sup> quarter of 2013 will be expected to provide a specific action plan related to this metric and technical assistance will be provided.</li> </ul>		



Veterans Health Administration.		
Measure	Target	Result
Percent of clinic “no shows” and “after appointment cancellations” for OEF/OIF Veterans	12%	21% (R)
<b>Causes</b>	<ul style="list-style-type: none"> <li>The 2010 OEF/OIF Missed Opportunity (MO) data is no longer accessible, therefore inhibiting the ability to further examine that data and the data methodology used. Historical results are only available back to October 1, 2010.</li> <li>However, we know that MO rates for OEF/OIF Veterans are now nearly 22percent, and that this is almost double the national average for all Veterans (just under 13 percent now).</li> </ul>	
<b>Resolution Strategies</b> (1st Quarter, 2013)	<p>In response to this, the VA Pittsburgh Healthcare System Veterans Engineering Resource Center has undertaken a gap analysis study to focus on determining the causes of this higher MO rate among OEF/OIF Veterans using funding from the Office of Systems Redesign and Improvement as part of the National Initiative to Reduce Missed Opportunities.</p> <p>The data gathering phase of this study is underway using a methodology to:</p> <ol style="list-style-type: none"> <li>1) Identify Veteran expectations</li> <li>2) Identify Veteran experiences</li> <li>3) Identify management perceptions</li> <li>4) Evaluate service standards</li> <li>5) Evaluate Veteran communications</li> <li>6) Evaluate reasons for no-shows among this group of Veterans. This information will then be used to develop targeted missed opportunity reduction strategies for OEF/OIF Veterans.</li> </ol> <p>Since the discovery that OEF/OIF Veterans have a missed opportunity rate nearly twice the national average for all Veterans, it is clear that they are a group that will require special focus and extra effort on the part of VHA to make an improvement in this area. Once the population-specific factors can be discovered and analyzed, we will better know how to target strategies to this group to reduce the MO rate.</p>	



Veterans Health Administration		
Measure	Target	Result
Percent of NonVA claims paid in 30 days	95%	80% (R)
Causes	<ul style="list-style-type: none"> <li>• VAMC and VISN Claims Processing Units focused on processing new incoming claims in order to address customer service issues while allowing the volume of the inventory aged over 30 days (backlog) to grow. The processing of aged inventory has a direct negative impact on facilities' ability to meet the performance metric.</li> <li>• Due to implementation of Medicare Pricing methodology, and since VHA did not have the software solution available to assign Medicare pricing, VAMC and VISN Claims Processing Units were required to manually print and mail claims to the contracted Medicare pricing agent. Eventually, sites were able to manually input data into a web-based portal. This process added several days to the time needed to process a claim. The printing and mailing process took up to 10 additional days per claim.</li> <li>• VAMC and VISN Claims Processing Units do not utilize a standardized approach to utilizing the Fee Basis Claims System (FBCS) software in the most efficient fashion. Some facilities were not processing all required claims in FBCS since FBCS does not have the capability to process all types of Non-VA claims, such as bowel and bladder claims, contract nursing home claims, some types of handwritten claims, etc. Those claims not processed in FBCS tend to take longer due to the manual processes required.</li> </ul>	



Veterans Health Administration.		
Measure	Target	Result
<p><b>Resolution Strategies</b> (1st Quarter, 2013)</p>	<ul style="list-style-type: none"> <li>• The National Non-VA Care Program Office and Program Oversight and Integrity have begun to monitor the volume of aged inventory for each facility on a weekly basis. This measure is monitored by both the facility and CBO pre and post site visit or training event. This metric is also used as a factor for determining new site visit schedules.</li> <li>• Finalization of Patch 12 in FBCS and continuous updates with the FBCS Medicare Pricing Accuracy has eliminated the need for a third party Medicare pricing agent. VAMC and VISN Claims Processing Units are no longer required to mail claims for pricing or manually enter any information in a web-based portal. All Medicare pricing can be completed within FBCS.</li> <li>• In order to adopt proven best practices within FBCS and to take advantage of economies of scale, the National Non-VA Care Program Office has partnered with VA-CASE in a nationwide effort to train and implement FBCS Optimized Processes. Lowest performing VISNs will be targeted for earlier deployment. A “champion” facility will be identified in each VISN and will serve as the focal point for a “train the trainer” approach.</li> <li>• Based on Percent of Non-VA Claims Paid in 30 days, the Aged Inventory, and VSSC claims payment timeliness, the bottom performing 30 facilities were identified. The National Non-VA Care Program Office will provide a Performance Improvement Team Site Assessment Visit to identify deficiencies and will work with the facility to complete corrective action plans and implement best practices. The goal is for all 30 sites to have been assessed within the first six months of FY 2013.</li> </ul>	<p>The National Non-VA Care Program Office is continually creating and updating procedure guides and fee facts to distribute written process information and best practices. Additionally, learning curriculum has been developed and is currently being developed to become more step-by step process oriented (Course 4 and Desktop Procedures)</p>



Veterans Health Administration.		
Measure	Target	Result
Progress toward researching, developing, and implementing innovations in clinical practice that ensure improved access to health care for Veterans, especially in rural areas	63%	55% (R)
<b>Causes</b>	<ul style="list-style-type: none"> <li>Recruitment for a study of video teleconference cognitive processing therapy was not completed.</li> <li>The findings on a study to compare telehealth team care to standard care at CBOCs have not been submitted for publication.</li> </ul>	
<b>Resolution Strategies</b> (4th Quarter, 2013)	<ul style="list-style-type: none"> <li>Recruitment for a study of video teleconference cognitive processing therapy was expanded to September 30, 2013, to increase the number of Veteran participants. This milestone should be completed in the 4<sup>th</sup> quarter of 2013.</li> <li>The findings on a study to compare telehealth team care to standard care at CBOCs have been presented, and a paper will be submitted for publication by the end of the 1<sup>st</sup> quarter of 2013.</li> </ul>	



Veterans Benefits Administration		
Measure	Target	Result
Average Days to Complete Original Education Claims	23	31 (R)
<b>Causes</b>	<ul style="list-style-type: none"> <li>Total claims volume increased in 2012.</li> <li>Overtime for claims processing was limited.</li> <li>Implementation of the VRAP program further increased claims volume.</li> </ul>	
<b>Resolution Strategies</b> (Estimated Completion Quarter)	<ul style="list-style-type: none"> <li>Realignment of Ohio and West Virginia from Buffalo Regional Processing Office (RPO) to St Louis RPO to better balance workload. (Q4)</li> <li>FTE redirected from supplemental claims processing to process original claims. (Q2)</li> </ul>	

Veterans Benefits Administration		
Measure	Target	Result
Average Days to Complete Supplemental Education Claims	12	17 (R)
<b>Causes</b>	<ul style="list-style-type: none"> <li>Total claims volume increased in 2012.</li> <li>Overtime for processing was limited.</li> <li>Implementation of the VRAP program further increased claims volume.</li> </ul>	
<b>Resolution Strategies</b> (Estimated Completion Quarter)	<ul style="list-style-type: none"> <li>Realignment of Ohio and West Virginia from Buffalo RPO to St Louis RPO to better balance RPO workload. (Q1)</li> <li>End-to-end automation of Post-9/11 GI bill supplemental claims. (Q1)</li> </ul>	



Veterans Benefits Administration		
Measure	Target	Result
Education Call Center – Abandoned Call Rate	15	26 <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">R</span>
<b>Causes</b>	<ul style="list-style-type: none"> <li>VA implemented a new telephone system in February 2011 called Genesys Call Routing. While the new system has reduced the number of blocked calls, it has resulted in more calls being received which contributed to the abandoned call rate in 2012.</li> <li>The largest contributors to the abandoned call rate were legislative changes to the Post-9/11 GI Bill in 2011 which became effective in 2012, which resulted in Veterans calling about payment of benefits. The key change which generated additional calls was the suspension of interval pay.</li> </ul>	
<b>Resolution Strategies</b> (Estimated Completion Quarter)	<p>VA is taking the following actions:</p> <ul style="list-style-type: none"> <li>Implementation of end-to-end automation of chapter 33 claims to improve processing times for chapter 33 enrollments. (Q4 FY12-Q1 FY13)</li> <li>VA will continue to conduct outreach to Veterans to proactively provide information on benefit changes. (Q1 FY13)</li> <li>VA will promote outreach to raise awareness through multiple venues such as Facebook and the Internet Inquiry System which Veterans can use to ask questions. (Q1 FY13)</li> </ul>	



Veterans Benefits Administration		
Measure	Target	Result
Percent of Compensation and Pension pending inventory that is more than 125 days old	60%	66% (R)
Compensation and Pension entitlement claims – average days to complete	230	262 (R)
Appeals resolution time (From NOD to Final Decision) (Average Number of Days) (Joint BVA-VBA Compensation and Pension measure)	675	866 (R)
Burial claims processed - average days to complete (Pension & Fiduciary)	70	178 (R)
Compensation maintenance claims - average days to complete	85	128 (R)

<b>Causes</b>	<ul style="list-style-type: none"> <li>• VA established three new presumptive conditions (<i>Nehmer</i>) related to herbicide exposure in 2009, and began processing these additional claims on October 30, 2010. To date, almost 270,000 of these claims have been received, resulting in the payment of \$3.8 billion in retroactive benefits. The completion of these complex claims required the diversion of significant claims processing resources throughout 2011 and the beginning of 2012. While most of these resources have transitioned back to processing VBA’s traditional rating workload, this influx of claims has had a residual impact on the VBA backlog and processing timeliness throughout 2012.</li> <li>• Since the beginning of 2011 through June 2012, VBA has trained over 2,600 claims processors. This required the utilization of experienced personnel to conduct training, perform quality reviews, and mentor new employees.</li> <li>• Claims receipts up 50% since 2008 – backlog grew from 180K to 576K in three years.</li> <li>• VBA has invested in nationwide initiatives, such as training 600 employees for Quality Review Teams (QRTs), which represents a short-term loss of production in productivity but is expected to result in increased productivity in the long-term. Additionally 300 employees working Integrated Disability Evaluation System (IDES) claims, which required further shifting of resources toward training and overall implementation.</li> </ul>
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**Resolution Strategies**

(Estimated Completion Quarter)

- To achieve processing efficiencies that will enable VA to reduce the claims backlog and improve decision quality, VA is employing a synchronized and integrated transformation strategy that incorporates people, processes, and technology initiatives. (Q1 – ongoing)
- VA is organizing its work force into segmented processing lanes and “case management” teams, managing work in the most efficient, effective ways possible and leveraging proven automated workflow tools. This new “process model” was deployed to 18 Regional Offices during 2012. (Q4)
- VBA is implementing the Veterans Benefits Management System (VBMS), a paperless IT claims processing system. VBMS is currently being tested in four Regional Offices. (Q4)
- Claims processors hired and trained in 2011 and 2012 will continue to gain experience and contribute to VBA’s efforts of reducing claims processing timeliness and the backlog. (Q1 – ongoing)
- VBA’s “Resource Centers” previously used exclusively for Nehmer claims, have transitioned back to individual missions and processing VBA’s traditional rating workload; this conversion of these resources will directly affect VBA’s production and timeliness capacity. (Q1)



Office of Information Technology		
Measure	Target	Result
Percent of VA IT systems that automatically reuse all redundant client information in other systems	25%	9.5% <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">R</span>
<b>Causes</b>	<ul style="list-style-type: none"> <li>This measure as written is too broad in scope for appropriate data to be collected and reported. "Redundant client data" is not defined and the measure implies that data should be collected from every VA IT system across the enterprise.</li> <li>VA established this metric in response to feedback from multiple Veteran Service Organizations about delays in Veterans receiving services and benefits due to personal information (such as name and address changes) not replicating across all VA information systems. Examples cited include Veterans updating their addresses at a VAMC yet not receiving their disability checks because the checks continue to be mailed to the former address.</li> <li>In 2010, the measure was defined as VA IT systems in planning/development that used Veteran personally identifiable information. The 9.5% metric was calculated by dividing the number of systems deployed at fiscal year end by the number of IT systems planned or in development. This definition was accepted initially but soon became obsolete as the IT systems initially identified merged with other projects were dropped, or were transferred to other organizations. New calculation methodologies have been developed and this measure will be replaced by two new ones (one related to producers of data and one related to consumers of data) slated to commence in 2014.</li> </ul>	
<b>Resolution Strategies</b> (4 <sup>th</sup> Quarter 2014)	<ul style="list-style-type: none"> <li>Virtual Lifetime Electronic Record (VLER) is developing the VLER Data Access Service (DAS) in 2013 which enables data to exchange. By using DAS, producers of data will make data sets available, reducing the need to replicate data in multiple systems. In 2012 and 2013, VLER is working with business owners to identify producers and consumers and the "owners" of each. Once identified, this information will be used as the basis for measuring activities in 2014.</li> </ul>	



Office of Congressional Affairs and Legislative Affairs		
Measure	Target	Result
Percent of title 38 reports that are submitted to Congress within the required timeframe.	85%	68%
<b>Causes</b>	<ul style="list-style-type: none"> <li>Responsible offices have not allotted sufficient time for the concurrence process when staffing congressionally mandated reports. This has resulted in reports being submitted late to Congress.</li> </ul>	
<b>Resolution Strategies</b> (1 <sup>st</sup> QTR FY13)	<ul style="list-style-type: none"> <li>Reports must be submitted for concurrence a minimum of 30 days prior to the due date to allow sufficient time for review and necessary actions. While significant improvement was made during 2012, performance is still below the targeted goal. OCLA continues to coordinate with responsible offices to improve performance. (Q1, 2013)</li> </ul>	

Office of Congressional Affairs and Legislative Affairs		
Measure	Target	Result
Percent of responses to pre- and post-hearing questions that are submitted to Congress within the required timeframe.	85%	75% (R)
<b>Causes</b>	<ul style="list-style-type: none"> <li>A large number of sets of questions/large volume of questions and higher number of pass-backs during concurrence process, combined with additional review requirements, overwhelmed the QFR process and slowed responses.</li> </ul>	
<b>Resolution Strategies</b> (1 <sup>st</sup> QTR FY13)	<ul style="list-style-type: none"> <li>VA offices will make a concerted effort by all offices to provide thorough and complete responses in accordance with the QFR, timeline and active participation by all stakeholders in the collaborative review sessions will reduce concurrence time and pass-backs. (Q1, 2013)</li> </ul>	



Office of Acquisition, Logistics, and Construction		
Measure	Target	Result
Percent of annual major construction operating plan executed	90%	44% <sup>(R)</sup>
<b>Causes</b>	VA made a business decision not to award several contracts for design because it didn't appear the funding outlook for their associated construction funding would be available for several years. Thus the design would likely have to be redone.	
<b>Resolution Strategies</b> (Estimated Completion Quarter)	1. Future operating plans for final design documents will not include projects for which construction funding is not anticipated to be received within 2 years. 2. OALC will continue to coordinate with medical centers to improve design efforts by achieving 35 percent design completion prior to requesting construction funding and projecting construction contract awards. (Completed: 1st Quarter 2013)	



## 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). While the statements have been prepared from the books and records of VA in accordance with generally accepted accounting principles for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The financial statements should be read with the realization that VA is a component of the U.S. Government, a sovereign entity.

VA received an unqualified (“clean”) opinion on the Department’s financial statements for 2012 and 2011 from the external auditing firm of CliftonLarsonAllen LLP (CLA). As a result of its audit work, CLA reported one material weakness in internal controls. The sole material weakness was for “Information Technology (IT) Security Controls,” a repeat condition. CLA also reported one significant deficiency, “Undelivered Orders” as a partial repeat condition and re-titled it from “Accrued Operating Expenses.” The Department has taken corrective actions sufficient to address the reasonable estimation of the accrued operating expenses portion of unpaid obligations and therefore accrued operating expenses have been removed from the significant deficiency for this year. The Department has also taken corrective actions sufficient to eliminate one other significant deficiency, “Loan Guaranty Reporting,” previously cited last year.

Through its leadership and guidance, VA’s Office of Financial Process Improvement and Audit Readiness’ (FPIAR) has significantly aided VA’s audit remediation efforts. The FPIAR office

continues to provide guidance in the remediation of audit findings and improvements to internal controls. VA’s financial improvement successes in 2012 reflect the dedication and hard work of staff throughout VA’s Administrations and staff offices. In 2013, VA will focus on continuing progress toward remediating the remaining material weakness and the significant deficiency identified by the external auditors and management’s assessment process.

VA programs operated at a net cost of \$355.9 billion in 2012 compared to a net cost of \$180.9 billion in 2011 or an overall increase in net cost of \$175.0 billion or 92 percent. The increase is due to an increase in the Changes in Actuarial Liability Assumptions for Veterans’ compensation and burial costs of \$93.4 billion and an increase of \$81.6 billion in Net Program Costs by Administration before Changes in Veterans Benefits Actuarial Liability Assumptions. The increase in the Changes in Actuarial Liability Assumptions included in net cost was primarily attributable to higher disability claims rates and a lower discount rate resulting in a higher present value of discounted expected future cash payments partially offset by a lower COLA rate which slowed the rate of growth in future costs.

The higher disability claims rates are based on emerging experience from initial and reopened claims for the three new presumptive conditions related to Agent Orange which accounted for a \$123.4 billion increase in net cost. VA has prioritized the processing of the claims backlog related to Agent Orange which is forecasted to take through 2015 to complete, thereby resulting in the large increase in the assumption costs for 2012. The decrease in the discount rate accounted for a \$14.5 billion increase in net costs. The single average discount rate declined from 4.53 percent to 4.31 percent at September 30, 2011 and 2012,



respectively, resulting in a higher present value of expected future cash outflows at 2012 than at 2011.

The change in the COLA rate assumptions accounted for a \$44.5 billion decrease in net costs. The decrease resulted from the combined effect of lower future COLA rates and a significantly lower inflation assumption for 2012 compared with the prior year. COLA rate assumptions reflect estimated future inflation and are based on and consistent with the decline in the 10-year average historical interest rate yield curve on Treasury securities. The COLA rates declined to 2.61 percent in 2012 from 2.78 percent in 2011 and the rate is applied to future periods. In addition, the inflation rate assumed for 2012 was 1.54 percent compared to the 3.66 percent assumed for the prior year. See Note 13 to the financial statements for more information.

Net Program Costs by Administration before Changes in Veterans Benefits Actuarial Liability Assumptions in the Consolidated Statements of Net Cost totaled \$206.6 billion and \$125 billion for 2012 and 2011, respectively. Of this \$81.6 billion increase in net costs, approximately \$80.7 billion is related to Veterans Benefits Administration (VBA) and approximately \$0.9 billion is related to Veterans Health Administration (VHA).

The VBA increase in net costs was primarily a result of the \$75.6 increase in Experience Changes in Veterans Benefits Actuarial Liability. The 2012 increase was caused by the unprecedented number of disability cases processed in 2012 and exceeded the forecasted claims estimated in the actuarial model assumptions for future periods. VBA's efforts to reduce the backlog of pending claims, including the large number of claims from eligible Veterans with preexisting conditions that were recently added to the list of presumptive

conditions contributed to the increase in experience loss.

The balance of the VBA net increase in program costs totaled \$5.1 billion and related to increased compensation payments of \$5.2 billion and increased costs from participation in the new Post-9/11 GI Bill of \$0.6 billion, partially offset by a \$0.7 billion reduction in subsidy and re-estimate costs related to the housing program. The increased compensation costs are attributable to an increase in the number of payments to Veterans and survivors by 2.0 million or 3.5 percent compared to 2011 and increased compensation payments for Agent Orange claims which have totaled \$4.0 billion since inception. The increased claims relate to disability claims filed and processed for presumptive disability benefits associated with Vietnam Veterans who have any of three specific illnesses from an association with herbicides used in Vietnam, including Agent Orange.

The increased costs related to the new Post-9/11 GI Bill are attributable to an increase of more than 1.4 million payments received by Veterans for education benefits over 2011 or an increase of 20 percent over 2011.

The decreased costs in the housing program are attributable to a significant reduction in subsidy expense due to a one-time estimation method adjustment in 2011 that did recur in 2012. The one-time upward re-estimate adjustment to loan years 1992 through 2006 of approximately \$0.7 billion was required in 2011 since VA had actual experience data to adjust for a lack of accurate cash flow data prior to 2006.

The VHA increase in net costs relates primarily to the increased number of Veterans receiving medical care at Veterans' hospitals and medical facilities and increased costs associated with additional staff hired to meet Veteran medical demands.



Assets and liabilities reported in VA's balance sheets do not show significant change from year to year with the exception of Federal Employee and Veterans Benefits Liabilities, Public Accounts Payable and General Property, Plant and Equipment, Net.

Substantially all the \$228.0 billion increase in the Federal Employee and Veterans Benefits Liabilities in 2012 relates to changes in experience and changes in actuarial liability assumptions. The changes in experience relate primarily to increased disability claims filed and processed for presumptive disability benefits associated with Vietnam Veterans, including Agent Orange. The changes in actuarial liability assumptions relate primarily to: decreases in the average discount rate used to compute the actuarial balance of Veterans Benefits Liability; decreases in the COLA rates used to project future cash flows; and, increased costs from updated actual disability claims data used to project future cash flows. It should be noted that the future cash flows to liquidate the actuarial estimated liability are not supported by identifiable assets as they are anticipated to be funded from the future general revenues of the U.S. Government.

Approximately \$4 billion of the \$4.7 billion increase in Public Accounts Payable is attributable to the timing of payment related to recurring Veterans compensation and pension benefit payments due October 1 each year. In 2011, the October 1 payment was paid in September 2011 since the date fell on a weekend. In 2012, the October 1 payment was made in October 2012. As a result, the 2011 Public Accounts Payable balance was significantly lower than the 2012 balance payable at September 30, 2012.

General Property, Plant and Equipment, Net increased approximately \$1.9 billion due to a

\$3.0 billion increase in new and renovated medical facilities placed in service over the preceding twelve months, a \$0.5 billion increase in construction work in progress and a \$0.4 billion increase in software acquired and developed. The new facilities and construction provide the necessary infrastructure to support increasing patient loads and to provide optimal care for veterans. The increased costs were partially offset by \$1.9 billion of depreciation expense and the disposition of approximately \$0.3 billion of General Property, Plant and Equipment at a loss of \$0.1 billion.

Medical care collections in 2012 totaled \$2.74 billion, slightly over the 2012 goal of \$2.67 billion. Medical care collections in 2011 totaled \$2.7 billion, slightly below the 2011 goal of \$2.8 billion.

For FY 2012, 82 percent of eligible debt was sent to Treasury for either offset or cross-servicing. VA referred \$1.01 billion of eligible debt to Treasury for offset under the Treasury Offset Program (TOP). Under the cross-servicing program, VA referred \$148 million of eligible debt to Treasury for collection.

Through September 2012, the Department has collected \$1.1 billion in delinquent benefit debt. In addition, we have collected \$48.2 million through administrative offset on delinquent first party medical debt during 2012.

In 2010 VA developed a set of 11 financial management initiatives. Seven of these were completed in 2011. In 2012 VA continued work on the four remaining initiatives. The Systems to Drive Performance initiative was completed, delivering 17 dashboards that provide cost and workload program data to management. VA made significant progress on its Web-based Time and Attendance initiative. The final increment, system testing and implementation will be completed in 2013. In 2013 we also



expect to complete a final rule implementing electronic invoicing requirements. Significant progress is expected on the multi-year initiative to modernize Fee Basis payment capabilities. These financial management priorities drove our efforts during 2012, and continue to help us meet our financial management goals of: Reducing Operating Costs, Eliminating Improper Payments, Strengthening Internal Controls, and Enhancing Data and Analysis.

In 2012, VA continued to ensure that all Recovery Act transparency, reporting, and accountability goals were met. By September 30, 2012, VA had made outlays totaling over \$1.7 billion (96 percent) of Recovery Act funds. For USAspending.gov, VA reported 100 percent of all required contract, grant, loan, and other assistance program spending, totaling \$96 billion.

During 2012, the Department continued the aggressive use of the Governmentwide purchase card program, processing over 5.5 million transactions representing \$3.4 billion in purchases. This generated over \$75 million in refunds for VA compared to approximately \$73 million during 2011. VA's daily electronic billing and payment process for centrally billed accounts, along with a higher negotiated refund rate, allow VA to maximize refunds that are returned to VA entities for use in Veterans programs.

Throughout 2012, VA continued to make operational enhancements which resulted in improvements in interest paid, discounts earned, and improper payment collections. Interest improvements occurred largely because the Department centralized payment of VHA-certified payments at the Financial Services Center (FSC) in Austin, Texas, while the percentage of discounts earned increased because of ongoing operational improvements implemented at the FSC. Interest penalties paid

per million dollars disbursed improved 15 percent from \$45 per million in 2011 to \$38 per million in 2012. At the same time, VA earned over 97 percent (\$5.2 million) of its available discounts.

Additionally, the FSC reviews VA vendor payments daily to systematically identify, prevent, and recover improper payments made to commercial vendors. FSC also reviews vendor payments to identify and collect improper payments resulting from payment processing errors such as erroneous interest penalties, service charges, and sales taxes. Overall, during 2012, collections of improper payments totaled \$2.4 million from payment recapture audits and \$16.2 million from post-payment reviews and other sources. Improved payment oversight enabled VA to identify and cancel over \$11.1 million in potential improper payments prior to disbursement.

The FSC also leveraged technology to expedite payment of commercial invoices. At the end of 2012, FSC helped VA pay 95 percent of small businesses within 15 days of receipt of proper payment documentation. Additionally, during FY 2012 VA paid 99.8 percent of all commercial vendor payments within the Prompt Payment Act timeliness standard.

Improvements were made in VHA financial management throughout the year in providing additional and clarifying financial policies and procedures to VHA's fiscal community, particularly in the area of internal controls. VHA continues to monitor and improve its financial reporting and oversight process. During 2012, multiple national financial training episodes were conducted through live-meeting for Engineering, Finance, and Logistics staff to address audit findings related to Property, Plant, and Equipment and Environmental Liabilities and Deferred Maintenance. Multiple training episodes were also conducted for





Finance and Pharmacy staff to address internal controls issues related to reconciliation of Pharmacy Prime Vendor account activity.

During 2012, the financial oversight assistance program that was initiated in 2011, provided on-site assistance and training in researching and correcting accounting errors, as well as providing customized financial management systems and accounting transactions training to fiscal staff at 13 VHA facilities.

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

During 2012, VBA's Office of Resource Management addressed its prior year financial audit significant deficiencies and developed corrective action plans as part of its financial process improvement program. The following improvements were made to address the quality of financial reporting:

- Developed a corrective action plan and gained contractor support to do an independent review of the credit reform models. The report is being evaluated to determine what, if any changes should be made to the models.
- Implemented corrective action to close two notices of findings and recommendations from the financial statement auditors dealing with the Loan Guarantee program.
- Identified root causes of trading partner differences for Education programs and submitted project requests to have payments systems recoded to include correct trading partner data when interfacing into the VA core financial management system.

- Conducted a full review of VBA's Improper Payment and Elimination program and developed a corrective action plan to address deficiencies identified in the review.



## Management Controls, Systems, and Compliance With Laws and Regulations

VA management is required to comply with various laws and regulations in establishing, maintaining and monitoring internal controls over operations, financial reporting and financial management systems as discussed below. VA is required to provide assurances related to the Federal Managers' Financial Integrity Act and the Federal Financial Management Improvement Act in the section entitled "Management Assurances."

### **Federal Managers' Financial Integrity Act**

The Federal Managers' Financial Integrity Act (FMFIA) requires agencies to establish management controls over their programs and financial systems. VA managers monitor and improve the effectiveness of management controls associated with their programs and financial systems throughout the year. 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 Government-wide financial systems requirements.

### **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 applicable federal accounting standards and the U.S. Standard General Ledger at the transaction level but VA has a repeat material weakness (MW) for Information Technology (IT) Security Controls. This MW results in VA's financial management systems not being in compliance with the Federal financial management systems requirements as required by FFMIA Section 803(a). VA continues to work to remediate this remaining material weakness.

In 2012, the Department also continued operation of the Hyperion Financial Management System (MinX), which provided controls and significantly improved the process of preparing the consolidated financial statements.

### **Management Assurances**

During 2012, the Secretary of Veterans Affairs emphasized the importance of managers implementing strong internal controls that will enhance the Department's diligent stewardship and wise application of taxpayers' assets and



programs to deliver timely and high quality benefits.

OMB Circular A-123, Appendix A, *Management's Responsibility for Internal Control*, defines the requirements for conducting management's assessment of internal control over financial reporting in Federal agencies. In 2012, VA completed a comprehensive assessment of internal controls over financial reporting that covered approximately 19 key business processes that directly affect specific financial management statement accounts and impact the internal control over financial reporting. 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. VA engaged an independent public accounting firm to assist in an internal control assessment pursuant to OMB Circular A-123 Appendix A.

VA used a risk-based approach for identifying key internal controls over financial reporting for material financial statement accounts. VA tested all internal controls rated high risk and one-third of controls rated moderate risk. Low risk controls are evaluated on a 3-year cycle through self-assessment procedures conducted by Department managers.

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 qualified statement of assurance. One material weakness was identified under FMFIA, "Information Technology (IT) Security Controls," which was carried forward from 2011 into 2012 and will be carried forward into 2013. This is discussed in more detail below.

Based on the results of VA's internal control assessment, no additional material weaknesses were identified in 2012. As the internal control programs mature, VA is increasingly able to improve its internal control environment and assessment of risk.



November 15, 2012

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 one material weakness as it relates to internal control objectives of the Federal Managers' Financial Integrity Act (FMFIA), Section 4. The details of the material weakness and related corrective actions are discussed in Part I, "Management Controls, Systems, and Compliance with Laws and Regulations," under the sections titled "Audit Material Weaknesses Identified by Management," and Part IV, "Other Accompanying Information" under the section titled "Summary of Financial Statement Audit and Management Assurances." No other material weaknesses were found in the design or operation of the internal controls for the fiscal year ended September 30, 2012.

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 2012, VA's internal control over financial reporting is operating effectively and no new material weaknesses were identified as of June 30, 2012.

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. No new material weaknesses were identified during FY 2012.

**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 key business processes and financial statement accounts during 2012. Based on information provided for the processes and financial statement accounts assessed, VA provides reasonable assurance that internal control over financial reporting meets the objective. No new material weaknesses were identified during FY 2012.

**Conformance with Financial Management System Requirements (FMFIA § 4)**

The Department faces challenges in building and maintaining financial management systems that comply with the Federal Financial Management Improvement Act (FFMIA). Under FFMIA, VA is substantially compliant with applicable Federal accounting standards and the U.S. Standard General Ledger at the transaction level. However, VA is not compliant with Federal financial management system requirements as a result of the material weakness identified prior to FY 2012 related to Information Technology (IT) Security Controls.

  
Eric K. Shinseki  
Secretary of Veterans Affairs



**Summary of Auditor’s Internal Control Assessment**

Although not a material weakness, VA was also noncompliant with the Debt Collection Improvement Act. The auditors’ report on internal controls reported one material weakness: "Information Technology (IT) Security Controls." In the "Information Technology (IT) Security Controls," material weakness, the auditors noted progress and improvement in the IT controls environment but also observed several areas which continue to need enhancements.

**Progress on Material Weakness**

The 2012 *Independent Auditor’s Report on Internal Control Over Financial Reporting* disclosed one material weakness, "Information Technology Security Controls," as a weakness under FMFIA. VA managers continue to make progress in correcting this material weakness.

During 2012, VA OIT developed new policy and procedures as well as continued in the formulation of an enterprise-wide remediation plan.

The auditors’ report on compliance with laws and regulations, also prepared as a result of the 2012 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 weakness, "Information Technology (IT) Security Controls."



The one audit-related material weakness reported at the end of 2012 is shown in the table below, which provides the current status of the Department’s material weaknesses.

**Audit Material Weakness Identified by Management**

Description	Status as of September 30, 2012	Resolution Target Date
<p><b>Information Technology (IT) Security Controls</b> (Audit/FMFA Section 4 weakness) – VA’s assets and financial data are vulnerable to error or fraud because of weaknesses in information security management, access controls, segregation of duties, configuration management and contingency planning.</p>	<p>VA continues to implement the remediation plan defined in FY 2012 to address the IT Security Controls material weakness and will reassess its approach in response to feedback as a result of the recent audit. The approach will include prioritization of remediation efforts to focus on areas of highest risk. Additional financial, systems and personnel resources have been requested both to further support the corrective action plan and to sustain the program long-term.</p> <p>The Continuous Readiness in Information Security Program (CRISP) team is responsible for implementation of the corrective action plan. The team is actively developing its FY 2013 program and will have a timeline and project plan completed in January 2013.</p> <p>Improvements to systems, procedures and controls in the specific areas cited in the finding are on-going:</p> <ul style="list-style-type: none"> <li>• VA has improved its controls over remote access to its systems and information by continuing to eliminate the use of the One VA Virtual Private Network (VPN). Only about 1,000 remote users (down from 45,000) continue to access VA networks via One VA VPN. Remote users are now required to use VA’s Remote Enterprise Security Compliance Update Environment (RESCUE) and the Citrix Access Gateway (CAG) to connect to its network. The use of RESCUE and CAG corrects system configurations and scans for malware upon connection.</li> <li>• A Baseline Configuration Management Program Office will be established in FY 2013 to further analyze systems to determine where a baseline is needed, initiate and oversee actions to modify/maintain, implement baselines, establish</li> </ul>	<p>2014</p>



Description	Status as of September 30, 2012	Resolution Target Date
	<p>baseline review schedules, review/modify/update existing baselines, review baseline compliance and oversee the baseline configurations for the VA in its entirety.</p> <ul style="list-style-type: none"> <li>● In FY 2013, VA will establish an Audit Compliance Event Sustainment (ACES) Program Office. ACES will be responsible for agency-wide, standardized knowledge management, audit and event log management system (collection, business intelligence, trends, reporting and knowledge management) to monitor.</li> <li>● Vulnerability scanning was also performed in FY 2012 to allow VA to address, in real time, the continual and ever-changing threats to its information systems. VA is in the process of improving its patch and vulnerability processes to continue protecting VA Systems and Information. A Patch Vulnerability Team is being established to analyze existing scanning, patching, remediation, and compliance-reporting tools, processes and dependencies and implement a standard patch management and compliance-reporting program.</li> <li>● VA's Visibility to Everything (V2E) initiative improved upon the Visibility to Desktop (V2D) and Visibility to Server (V2S) and provided visibility into 100% of its systems allowing VA to proactively eliminate several of its security vulnerabilities.</li> <li>● Specialized, role-based training for system administrators has been put in place to improve the proficiency of VA operations staff.</li> </ul>	



## Financial Management Systems Framework

### Overview

The Department's strategy 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 management, acquisition, development, and maintenance of VA financial systems. The Department's scope of work is to ensure its compliance with regulatory requirements such as those prescribed by OMB Circular A-123, Appendix A and the Open Government Directive.

ICS is responsible for planning and conducting the Departmentwide reviews of internal controls over financial reporting in accordance with OMB Circular A-123, Appendix A. 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. For example, in 2011 ICS evaluated and tested the quality of VA data reported to the USAspending.gov website.

VA's financial systems inventory provides details on all major financial and mixed systems. The major financial system initiative funded by the Department over the last 15 years to achieve VA's strategic goals has 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 Commercial Off the Shelf (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 its mixed systems, and new mission business requirements that could not be supported economically in the current systems.

Recent accomplishments in VA's financial systems, 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 2012. VA will continue to operate FMS as the core financial system in the foreseeable future.

VA's current financial system framework consists of FMS as the core financial system and a variety of subsidiary and feeder systems which process transactions of various types. Transactions that have a financial impact are sent to the core financial system. Systems such as payroll, benefit systems, procurement, and other systems send data to the core system for budget execution, monitoring, and reporting.

VA will begin planning for a limited scope replacement for its 26-year-old legacy FMS in 2013, as well as enhance the legacy system in several areas where cost effective.





### **PAID Accomplishments and Plans**

VA continued production support and maintenance of PAID during 2012 in support of programs such as modifying PAID in support of changes in Thrift Savings Plan enhancements including the new Roth Thrift Savings Plan, changes in order to support reporting of telework, and the redesign of how Uniform Allowances are processed. Production support and maintenance continues for PAID while plans are underway to replace the system with a new Human Resources (HR) Line of Business solution. Primary support and maintenance of PAID relates to HR processing and, as required, enhancements that impacts how data flows over to VA's payroll provider, the Defense Finance and Accounting Service (DFAS).

### **Payroll Modernization Accomplishments and Plans**

VA continued efforts to replace its legacy Enhanced Time and Attendance system (ETA) with a Web-based time and attendance system known as VATAS (VA Time and Attendance System). Development of this system continued during the year, meeting all milestones and successfully completing all planned development. During 2013, the new system will be piloted at several VA facilities, followed by full VA-wide deployment.

### **Federal Information Security Management Act (FISMA)**

VA continues to work on remediation of the IT Security Controls Material Weakness by developing and executing the Continuous Readiness in Information Security Program (CRISP). In addition to developing enterprise wide plans for remediation of its material weakness in IT Security Controls, VA has implemented enterprise-wide initiatives such as the Visibility to the Desktop Program, which allows visibility of all end user computers connected to the VA network. This visibility has helped VA to transition over to continuous

monitoring to provide a real time view of its security posture which has already yielded positive results in configuration management, specifically, in the area of Federal Desktop Core Configuration compliance.

VA has also improved its controls over remote access to its systems and information by continuing to eliminate the use of the One VA Virtual Private Network (VPN). Only about 1,000 remote users (down from 45,000) continue to access VA networks via One VA VPN. Remote users are now required to use VA's Remote Enterprise Security Compliance Update Environment (RESCUE) and the Citrix Access Gateway (CAG) to connect to its network. The use of RESCUE and CAG corrects system configurations and scans for malware upon connection. CAG allows users to access VA systems remotely, but utilizes a Citrix Gateway that prevents data from residing on the system being used to remotely access VA systems.

Vulnerability scanning was also performed in 2012 to allow VA to address, in real time, the continual and ever-changing threats to its information systems. VA is in the process of improving its patch and vulnerability processes to continue protecting VA Systems and Information.

In 2012, VA's Visibility to Everything (V2E) initiative improved upon the Visibility to Desktop (V2D) and Visibility to Server (V2S) and provided visibility into 100 percent of its systems allowing VA to proactively eliminate several of its security vulnerabilities.

To improve access controls, VA has enabled 98 percent of its computers with Smartcard capabilities. VA also issued more than 239,000 Personal Identity Verification (PIV) cards to its employees, which is 74 percent of its employee population. In many facilities, network access



can be achieved by a PIV card and Personal Identification Number (PIN) combination or with a login identification and password. The Department put specialized, role-based training for system administrators in place to improve the proficiency of VA operations staff.

In 2013, VA plans to aggressively execute the enterprise remediation plans developed in 2012 for remediation of its material weakness by empowering and holding accountable, individuals with the responsibility to implement solutions at their respective sites or locations

### **IG Act Amendments of 1988**

The *Inspector General Act of 1978*, as amended, requires the Office of Inspector General (OIG) to identify recommendations pending implementation over 1 year in its Semiannual Report to Congress until final action is completed. As of September 30, 2012, OIG reports that 33 reports with 93 recommendations remain unimplemented over 1 year from issuance with a total monetary value of nearly \$4 billion. (Source: Office of Inspector General)

### **Audit Follow-Up**

VA continues to make improvements and routinely assesses its programs, financial management, and financial systems. In addition, VA is making progress in resolving findings and remediating significant deficiencies. VA is implementing recommendations to improve business processes and internal controls identified by the FPIAR office, VA management, Office of Business Oversight, OIG, the Government Accountability Office, and other external auditors.

FPIAR's primary responsibility is to define and support a strategy to identify root causes of deficiencies identified in the audit report and to improve financial management and other

control deficiencies. The FPIAR office is responsible for audit follow-up and takes the lead in addressing deficiencies identified in the annual independent auditor's report. FPIAR coordinates the development of corrective action plans, monitors remediation progress, and provides support to the Administrations and staff offices. The status of remediation efforts are reported monthly to VA's Senior Assessment Team.

Accordingly, VA management at every level has been tasked to sustain the effort in resolving program and financial-related weaknesses as well as implement sound solutions for all audit recommendations. In order to ensure continued success in remediating audit findings, VA has contracted with an Independent Public Accounting firm to provide audit support and financial improvement services designed to resolve VA's material weakness and other significant findings. VA has enhanced its communication and coordination with VA Administrations and staff offices involved in strategic planning, budget formulation, budget execution, performance, and financial management.

### **Prompt Payment Act**

In 2012, VA's 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.

VA enhanced its vendor payment processes throughout 2012. Interest penalties paid per million dollars disbursed improved 15 percent from \$45 per million in 2011 to \$38 per million in 2012. At the same time, VA earned over 97 percent (\$5.2 million) of its available discounts. The FSC staff also reviews vendor payments to



identify and collect improper payments resulting from duplicate incentive award payments, erroneous interest penalties, and unclaimed properties. Overall, during 2012, collections of improper payments totaled \$2.4 million from payment recapture audits and \$16.2 million from post-payment reviews and other sources. Improved payment oversight enabled VA to identify and cancel over \$11.1 million in potential improper payments prior to disbursement.

The FSC continued its expansion of 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). This 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 submissions are eliminated, resulting in improved cost effectiveness, payment accuracy, and timeliness for VA and the vendor.

During 2012, the Department continued the aggressive use of the Governmentwide purchase card program, processing over 5.5 million transactions representing \$3.4 billion in purchases. This generated over \$75 million in refunds for VA compared to approximately \$73 million during 2011. VA's daily electronic billing and payment process for centrally billed

accounts along with a higher negotiated refund rate allow VA to maximize refunds that 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 purchase card refunds. In 2012, VA's Fee Basis credit card processed over 768,000 transactions representing over \$214 million in payments, and generated over \$4.2 million in refunds. The growth of this program was attributed to educational awareness of the program's efficiencies, a reduction in the backlog of claims, and additional Fee Basis medical providers agreeing to receive payment via the Fee Basis Purchase Card.

VA's Prime Vendor Payment System (Power Track) automates payments under a nationwide pharmaceutical prime vendor centralized purchasing contract. During 2012, VA medical centers used the Prime Vendor Payment System to electronically process over 632,000 transactions worth over \$4.3 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-wide TDY Travel Accomplishments and Plans**

The VA-wide TDY travel system, also known as FedTraveler.com, gives approximately 100,000 VA frequent travelers and VA managers an efficient and accountable way to plan, book, and track travel arrangements as well as request and approve expense reimbursement. This system which is operating at a steady state, eliminated four separate legacy 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 in 2012 averaged 72 percent. For 2012, VA travelers processed approximately 202,136 vouchers in Fed Traveler.com.

The FSC will continue to provide support for VA-wide travel. The FSC provides 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 the General Services Administration (GSA) such as EDS User Group meetings, Program Change Control Board meetings, and Executive Change Control Board meetings.

FSC will also provide support for VA's transition from the existing contract to the next contract for the VA-wide TDY travel system.

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 2012, the travel management program processed over 676,000 transactions, disbursed payments of over \$82 million, and earned over \$1.5 million in refunds.

The FSC staff continued to provide vendor payment history on the Internet. The Vendor Inquiry System (VIS) Internet application stores over 7 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 approximately 45,000 active registered vendors. VIS provides FSC vendors an easy-to-use tool for immediate access to their payment information 24 hours a day. VIS has also improved customer service efficiency of FSC staff by handling many routine inquiries and freeing staff to work customers' more difficult issues.

Registered VIS users 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.

### **Improper Payments Elimination and Recovery Act (IPERA) of 2010 (Summary of Implementation Efforts for 2012 and Agency Plans for 2012 through 2013)**

#### **Overview**

The President signed Executive Order 13520, "Reducing Improper Payments." On March 22, 2010, OMB issued the Governmentwide guidance on the implementation of the Executive Order. The guidance is under Part III, Appendix C of OMB Circular A-123. This guidance requires agencies with programs susceptible to significant improper payments to submit to the agency's Inspector General (IG) and the Council of Inspectors General on Integrity and Efficiency (CIGIE), and make available to the public, a quarterly report on any high-dollar overpayments identified by the agency. In accordance with OMB's guidance, VBA is required to report five programs. These programs include Compensation, Pension, Education, Insurance, and Vocational Rehabilitation & Employment (VR&E). VHA has



five programs that are deemed susceptible to significant improper payments and are required to be reported. These programs include: Beneficiary Travel, Non-VA Care Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA), Non-VA Care Fee, State Home Per Diem Grants, and Supplies and Materials.

### **Accomplishments**

VA's Executive in Charge, Office of Management, and Chief Financial Officer (CFO) is the designated senior official responsible for implementing IPERA. 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 IPERA.

All programs identified for review completed the risk assessment and/or completed statistical samplings in 2012 for 2011 data in accordance with VA's IPERA 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 IPERA.

### **Plans to Accomplish**

For the Compensation program, VBA continues to improve training programs in an attempt to reduce processing and other types of errors. Centralized training materials are periodically updated.

For both Compensation and Pension programs, VBA analyzes necessary improvements through the work group's effort during 2012 and plans to seek assistance from an outside contractor to analyze processes and design needed controls to mitigate future improper payments. Also, VBA analyzes the results of Quality Assurance (QA) reviews and provides detailed feedback to

Regional Offices through a variety of methods including monthly Systemic Technical Accuracy Review error reporting, which requires follow-up and corrective action. VBA also updates training materials regularly to address error trends.

For the Education program, VBA analyzes necessary improvements through the work group's effort during 2012 and plans to seek assistance from an outside contractor to analyze processes and design needed controls to mitigate future improper payments.

For the Non-VA Care Fee program, VHA is developing a one claims processing solution with centralized management. Because this is a long-term solution, interim enhancements have been developed, using software products that positively impact payment accuracy, as well as claims process improvements and staff training. The VHA Chief Business Office (CBO) has developed a full set of business requirements to replace the VistA Fee Application Software under the Health Care Efficiency transformational initiative. This initiative will address more timely claims processing, elimination of duplicate payments, and reduction of manual entry and data entry errors.

VHA continues to refine and revise training topics in response to issues identified by the field and national program management, formal audits, and field assistance observations.

For the State Home Per Diem Grants, Purchased Care staff is conducting a training analysis with VA Medical Center field staff to determine education and training needs. Based on the results of this analysis, training content will be developed and training modules sent to the field. The training modules will emphasize correct processes for administering the State Home Per Diem Grants program.



Development of a State Home Per Diem Grants program standard operating procedures, desk procedures, fact sheets and a “Quick Reference Guide” will be completed in the first quarter of 2013.

In conjunction with the Veterans Integrated Service Network (VISN) Financial Quality Assurance Manager audits, Purchased Care staff will conduct focused audits to monitor, assess, and report payment activities and provide recommendations for additional corrective action initiatives.

For VHA’s Supplies and Materials, VHA is currently reviewing the national purchase card regulations to revise receiving report processing for expendable items. The VHA’s National Purchase Card Manager is preparing an inquiry to the National VA Inquiry System for VHA Financial Policy. This change would not preclude the tracking of expendable items as the purchase cardholder will have to account for the purchases, certify, and reconcile charges in the VA’s Integrated Funds Distribution, Control Point Activity, Accounting, and Procurement (IFCAP) system.

For Beneficiary Travel, CBO coordinates with field and program office representatives to create a robust standardized audit process that supports national collection of results covering all aspects of program operations and payments. VHA develops comprehensive standard operating procedures for use in the management and appropriate staff throughout the organization. Comprehensive training programs for all levels of staff members are under development. Enhanced test-based training will incorporate more detailed policy and operational guidance. Information will be provided to the field via a series of announcements on national calls, electronic messaging, and national teleconferences. Documentation will be distributed using various

electronic methodologies and stored on a SharePoint site to facilitate access by facility and VISN staff. VHA will also revise policies and procedures to ensure requests for information and responses regarding agency-wide systems are coordinated and vetted through appropriate national program offices. CBO had identified areas for improvement and has been developing enhanced internal controls and guidance for improved local administration of the Beneficiary Travel program to reduce risk for improper provision of benefits.

For CHAMPVA, Voucher Examiners who have completed Accurate Data Transfer training, and all Voucher Examiners are in the process of completing E-Learning specifically focused on entering and calculating patient responsibility. Focused training is provided to staff to address enhancements to the Claims Processing system to improve vendor selection accuracy. Internal audits are conducted on a regular basis by the Health Administration Center to identify opportunities to improve processes that reduce improper payments. Existing VHA capability will be leveraged to establish interfaces for accurate and timely data matches with Centers for Medicare & Medicaid Services, Department of Defense, and VBA. Automated business rules will be implemented to reduce the amount of manual input. Medicare Crossover was implemented the first quarter of 2011, which increased electronic claims data receipt by more than 50 percent.