



THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

November 15, 2011

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) 2011 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 to our country.

This past year VA has made progress in areas of significance for Veterans and the American people. On the path to ending Veteran homelessness by 2015, more than 26,000 homeless Veterans were provided with permanent housing through our voucher program. We processed more than 1 million disability claims for the second year in a row in a concerted effort to eliminate the claims processing backlog and increased the national accuracy rate for pension maintenance claims to 97 percent. While last year 99 percent of primary health care appointments were completed within 30 days of the patient's desired date, that goal has been pushed to just 14 days, and VA achieved that window 94 percent of the time. We continued to increase access to burial benefits through funding the establishment of four new State Veterans Cemeteries. VA also continued to make progress in improving its information security posture. This has resulted in a more comprehensive security program that better protects sensitive information. VA continued to excel in financial stewardship of VA resources as demonstrated by receiving our 13th consecutive unqualified (clean) audit opinion on our consolidated financial statements.

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 21st century organization that is people-centric, results-driven, and forward-looking while fulfilling our Nation's enduring commitment to Veterans. We continue to implement our strategies so that Veterans receive the services and benefits they deserve. 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 on the basis of success 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 health care and services. The Nation has depended on our Veterans, and VA's employees want Veterans to know they can depend on us whenever, and wherever, they need the care and services VA provides.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric K. Shinseki".

Eric K. Shinseki



Executive Summary

Introduction

In 2011, with more than \$132 billion in obligations and approximately 291,000 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 Major Initiatives

VA has 16 major initiatives that continue to serve as a platform to transform VA into a 21st century organization that is people-centric, results-driven, and forward-looking. Each major initiative 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 initiatives begins on page I-68.

Medical Services: *Delivering High-Quality Health Care*

In 2011, 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 2011 include:

- **Patient Access:** 94 percent of primary care appointments were completed within 14 days of desired appointment date.
- **Quality of Health Care:** VA continues to maintain high 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 remained high at 91 percent, and the PI improved to 92 percent.

- **Rural Health:** Since its inception in 2007, the Veterans Health Administration's Office of Rural Health (ORH) has significantly expanded health care access to Veterans residing in rural and highly rural areas by supporting over 500 projects/programs across the country and in every VISN. From October 1, 2009, to December 31, 2010, more than 416,000 rural Veterans were impacted by ORH projects. ORH has supported the rural expansion of mental health programs, the home-based primary care program and transportation programs, health literacy projects, and rural provider education and training programs. In addition, ORH has supported the opening of new VA health care facilities in rural areas and has increased access to specialty care by supporting innovative models of care that utilize telehealth technologies.
- **Suicide Hotline and Suicide Prevention:** In 2011, the National Veterans Suicide Prevention Hotline was renamed the Veterans Crisis Line to encourage Veterans and their families and friends to place calls at the first signs of crisis. People who know a Veteran best may be the first to recognize emotional distress and reach out for support well before a Veteran is at risk of suicide.

To make sure all Veterans and their loved ones are aware of the Veterans Crisis Line, VA is coordinating with communities and partners nationwide to let Veterans and their loved ones know that support is available whenever they need it.

Through July 2011, 81,355 Veterans had called the Veterans Crisis Line. Over 9,400



callers identified themselves as family or friends of Veterans, and 1,824 were identified as active duty Servicemembers. There have been more than 5,526 rescues of actively suicidal Veterans, and local community rescue services were dispatched to assist them.

In addition to these calls, 20,000 "chatters" worked with VA counselors on a one-on-one basis via the Online Chat Service.

- National Caregiver Support Line Opened: The VA Caregiver Support Line opened February 1, 2011, at the Canandaigua VA Medical Center campus. This support line serves as a resource/referral center for caregivers, Veterans, and others seeking caregiver information; provides referrals to local VA Medical Center Caregiver Support Coordinators and VA/community resources; and provides immediate access to emotional support resources. The Support Line is also available to respond to inquiries about the new caregiver benefits associated with Public Law 111-163, Caregivers and Veterans Omnibus Health Services Act of 2010.
- Homeless Veterans: Program enhancements under VA's Plan to Eliminate Homelessness Among Veterans are projected to annually provide housing, health care, benefits, employment, and residential stability to more than 300,000 Veterans and their families through 2015. In 2011, more than 97,000 Veterans are projected to be served by VA outreach initiatives (based on VA Monthly Homeless Report), a 7 percent increase from the previous year. Through the Supportive Services for Veteran Families, \$59.5 million in grants were distributed to 85 community agencies in 2011 to prevent Veterans and their families from falling into homelessness. In partnership with the Department of Housing and Urban

Development, VA currently has more than 25,000 Veterans actively housed in permanent housing as of August 2011. These Veterans were also provided with dedicated case managers and access to high quality VA health care.

- Telehealth Programs: VA's telehealth programs are the largest and most sophisticated in the Nation. These programs' dedicated mission is to make care accessible to Veterans. Every day in 2011, home telehealth services supported 60,000 Veterans—helping people with chronic medical and mental health conditions to live independently in their own homes and local communities. This number represents a 30 percent increase over 2010. VA's Clinical Enterprise Videoconferencing Network (CEVN) interconnects 2,500 care settings in VA (clinician's offices, ambulatory care clinics, and VET Centers) and through the third quarter of 2011, CEVN provided telemental health care to 44,548 Veterans, a growth of 18 percent in the current year. Telemental health delivers services to these Veterans in non-stigmatizing settings. Over the same time, telehealth-based services to rural areas increased by 23 percent making VA services more convenient and accessible to rural Veteran patients by lessening their need to travel to care. Additional telehealth initiatives include: Internet protocol (IP) video into the home, telepathology, teledermatology, tele-intensive care, interactive voice response (as a mobile application), and ongoing expansion of all telehealth services as part of VA's Transformation Agenda.
- Graduate Medical Education (GME) Enhancement: VHA conducts education and training programs to enhance the quality of care provided to Veterans within the VA health care system. Through its partnerships with affiliated academic



institutions, VA conducts the largest education and training effort for health professionals in the Nation. In 2011, 36,747 medical residents, 20,516 medical students, 239 Advanced Fellows, and 1,267 dental residents and dental students received some or all of their clinical training in VA. Despite predicted shortages in the U.S. physician workforce, VA is currently the only Federal agency that is expanding funded resident positions.

Benefits: Ensuring a High Quality of Life After Military Service

VA is providing compensation and pension benefits to over 4.1 million Veterans and beneficiaries. In 2011, VA received over 1.3 million claims for disability benefits and processed more than 1,032,000 of these claims.

Despite the 10 percent increase in workload from 1,192,346 in 2010 to 1,311,091 in 2011, VA achieved a number of significant positive performance results in the benefits delivery area:

- Agent Orange/Nehmer Claims Processed: VA completed almost 158,000 of the more than 220,000 Agent Orange claims. Since the publication of the new regulation establishing the presumptive conditions on August 31, 2010, the Veterans Benefits Administration (VBA) has granted approximately 89,000 claims for the three new presumptive conditions for a total of \$2.21 billion dollars in retroactive payments.
- Joint VA/Department of Defense (DoD) Integrated Disability Evaluation System (IDES) Program: VA and DoD worked together to increase the number of sites for the IDES program from 27 to 115 within the United States and Puerto Rico in 2011. IDES simplifies the process for disabled Servicemembers transitioning to Veteran

status, improves the consistency of disability ratings, and improves customer satisfaction. Currently, VA's portion of the integrated process was reduced from 182 days to 118 days.

- Seamless Transition: VA received 61,168 pre-discharge claims in 2011. VA received 30,893 claims through the Benefits Delivery at Discharge (BDD) program and 30,275 claims through the Quick Start program. Both programs provide expedited claims processing, facilitating faster receipt of benefits.
- Quality: VA improved to a 97 percent national accuracy rate for compensation maintenance claims in 2011.
- Pension and Fiduciary Service: To increase oversight and delivery of benefits to our Veterans and beneficiaries most in need and most vulnerable, VA created a new Pension and Fiduciary Service.
- Insurance: VA issued life insurance policies to over 38,000 Veterans, 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 924,000 students in 2011. The number of students receiving education benefits continues to increase since the implementation of the Post-9/11 GI Bill, with claims completed increasing 20 percent over the 2010 level to approximately 3.4 million in 2011.
- Vocational Rehabilitation and Employment: VA rehabilitated over 7,748 Veterans in 2011, providing nearly 6,300 of them with the required tools and skills needed to obtain and maintain employment. Nearly 1,500 Veterans were provided with assistance in gaining independence in daily living.
- Housing: In 2011, VA guaranteed approximately 357,600 loans to Veterans.



Of these loans, 186,600 were for the purchase of a home and 171,000 were for the refinance of a mortgage on a home loan. In 2011, VA also provided 1,235 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.

Cemeteries: Honoring Veterans for Sacrifices on Behalf of the Nation

VA honors the service and sacrifices of America's Veterans through the construction and maintenance of national cemeteries as national shrines. In 2011, VA maintained more than 3.1 million gravesites at 164 properties, including 131 national cemeteries and 33 other cemetery installations.

Key performance results for 2011 are as follows:

- **More Veterans Served by Burial Option:** 89 percent of Veterans are served by a burial option within a reasonable distance (75 miles) of their residence—up from 88.1 percent in 2010. This increase resulted from the following:
 - **Opening of 4 New State Veterans Cemeteries:** VA funded the establishment of four new State Veterans Cemeteries to serve Veterans in the areas of Alliance, Nebraska; Dublin, Virginia; Greenup, Kentucky; and, Newton, Mississippi.
- **Timeliness:** VA achieved a 93 percent threshold of the proportion of graves in national cemeteries marked within 60 days of interment.
- **Quality:** 98 percent of survey respondents rated national cemetery appearance as "excellent."

Finance: Ensuring Proper Stewardship of Taxpayer Dollars

VA is extremely proud to have obtained an unqualified audit opinion on our financial statements for the 13th consecutive year. Over the past year, VA was also successful in remediating four out of five significant deficiencies. VA has made progress towards remediating the one remaining material weakness, "Information Technology (IT) Security Controls," and continues to aggressively implement changes to resolve the outstanding issues.

In 2011, VA successfully completed an important financial management priority initiative—1358 Obligations. New software functionality was implemented to enforce segregation of duties roles and mandatory population of data fields. It also defined specific approved uses for 1358s. These enhancements met a Congressional mandate for strengthening internal controls over the authorization and purchase of goods and services.

VA continued to make substantial progress on its implementation of the American Recovery and Reinvestment Act (Recovery Act) of 2009. More than 98 percent of all contract awards for Recovery Act projects were competitively bid. In addition, Veteran-owned small business and Service Disabled Veteran-owned small business awards totaled 76 percent of all Recovery Act-awarded contract dollars. In 2011, 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 of 100 percent of VA's Recovery Act funds (totaling \$1.8 billion, including one-time payments to Veterans) in July 2010, VA concentrated efforts during 2011 to increase outlays. As of September 2011, VA has made outlays totaling 85 percent.



Major Accomplishments

Homelessness

HUD-VASH: At the end of August 2011, the Department of Housing and Urban Development and VA's Supportive Housing Program (HUD-VASH) had 25,659 Veterans actively housed under the program, and staff hiring was at 91 percent of the 2008-2010 staffing level goal. Facilities are in the process of hiring or contracting for case manager positions. Additionally, grant awardees for the Project-Based Vouchers have been selected. Through a competitive process, HUD awarded 676 additional Project-Based Vouchers to 29 sites in June 2011.

SSVF: The new Supportive Services for Veteran Families (SSVF) program awarded \$59.5 million to 85 community agencies in 40 states and the District of Columbia. VA estimates that 22,000 Veterans will be provided much-needed homelessness prevention services in 2012.

HOMES: VA launched the Homeless Operations Management and Evaluation System (HOMES) in April 2011. HOMES is an online data collection and case management system that tracks homeless Veterans as they move through VA's system of care.

HVSEP: In 2011, VA provided funding to hire 407 homeless or formerly homeless Veterans as vocational rehabilitation specialists through the Homeless Veterans Supported Employment Program (HVSEP) using Schedule A hiring authority. To date, 355 (88 percent) have been hired and trained in Supported Employment (SE) service provision and are providing SE services to other homeless Veterans.

Community Resource and Referral Centers: In 2011, VA provided funding for 15 Community Resource and Referral Centers (CRRC) in urban

locations. The CRRCs will be co-located in partnership with services from local, community, and Federal entities. This unique community-based approach will allow for direct assistance as well as referral to permanent and transitional housing services to Veterans who are homeless or at-risk of homelessness. All CRRCs are expected to be fully operational by the beginning of 2012.

Support for Caregivers

With the backing and support of Congress in 2011, VA began implementing a comprehensive Family Caregiver program that provides a monthly stipend to help off-set the significant financial impact on families with severely injured post 9/11-eligible Veterans. VA partnered with Easter Seals to develop a required core curriculum, which is available in many formats (classroom, correspondence, and online), to train caregivers of severely injured Veterans on skills that will enhance their capabilities and help them provide better care and support to their loved one. Since May 2011, more than 2,000 families Nationwide have applied for the new services, and as of July 2011, over 1,148 caregivers had completed the required training and were receiving monthly payments from VA. Caregiver Support Coordinators are now located at every VA Medical Center, and support for all caregivers is available via the national Caregiver Support Line (855-260-3274) or Web site:

www.caregiver.va.gov.



Rural Health

In June 2011, the White House Rural Council (WHRC) was established through an Executive Order signed by President Barack Obama. The WHRC will provide a forum for representatives from more than 24 Federal agencies to develop policy recommendations 'to promote economic prosperity and quality of life in rural America,' and to increase the effectiveness of Federal engagement with rural stakeholders, such as health care providers. According to the White House press release, 2 of the top 10 priorities include, 'improving access to quality health care through expansion of health technology systems' and 'increasing broadband opportunities in rural America.' The effort to coordinate Federal programs for rural America is counting on health care technology and broadband Internet to help improve access to care and support economic development for people in rural areas. VA and VHA's ORH will be active participants in the Council and are recognized leaders in the use of telehealth technology and innovative models of care to increase access to primary and specialty care in rural areas.

Telehealth and Videoconferencing

Telehealth uses information and telecommunication technologies to provide health care services when the patient and practitioner are separated geographically. In 2011, VA spent \$158 million expanding telehealth to

- Increase access for Veterans, especially in rural and underserved areas.
- Support VA's patient-aligned care team model.
- Provide care to Veterans by expanding existing telehealth programs and implementing new telehealth services for specialty care and mental health and prevention.

- Transform health care delivery, making the home and local community the site of care when appropriate and the Veteran patient's preference.

Blue Button

In August 2010, President Barack Obama announced at the national Disabled American Veterans Conference that for the "first time ever, Veterans will be able to go to a VA Web site, click the Blue Button, and download or print their personal health records." The President added that this type of 21st century innovation provides Veterans and Servicemembers with access to their records when they need them and will allow them to share their records with doctors outside of VA.

VA's Blue Button became operational at the end of August 2010, and the initiative was made nationally available in October 2010. The Blue Button is easy to use and helps Veterans become active partners with their health care teams, which may potentially lead to better care coordination and use of time when visiting their health care provider. Patients can become more engaged in managing their health care and share in the decision-making process.

For VA patients who have completed the In-Person Authentication process on My HealthVet, accessible information includes their VA prescription history and VA Wellness Reminders. Other potential benefits of the Blue Button include increased satisfaction with health care services and improved patient/clinician communication.

"With the Blue Button, Veterans partner with their health care teams by becoming better informed and more involved," said VA Secretary Shinseki. "Sharing their personal health information leads to potentially safer care when the health care team knows all about the



Veterans' health and health history," he explained.

Claims Backlog

The VBA Claims Transformation Plan is a series of business process and technology-centered improvements designed to eliminate the claims backlog and achieve our goal of processing all claims within 125 days with 98 percent accuracy by 2015. The initiatives are helping VBA deliver more timely and accurate benefits and services. As VBA works toward a paperless claims processing system, it is also focused on improving customer service and greater access for Veterans to services.

- The Veterans Benefits Management System (VBMS) initiative is the cornerstone of VA's claims transformation strategy.
- The Veterans Relationship Management (VRM) initiative engages and empowers Veterans and other claimants with seamless, secure, and on-demand access to benefit and service information.
- VBA established a Design Team to leverage the experience of the most technically skilled subject matter experts across the organization. The team devotes its efforts on re-engineering a specific process to increase productivity and improve quality towards its goal of 98 percent accuracy.
- The Integration Lab (I-Lab), fielded in 2011 at the Indianapolis Regional Office, demonstrated efficiencies by organizing a regional office into integrated cross-functional teams that work claims from start to finish.
- Additional initiatives include standardized VA examination questionnaires to ensure that accurate medical evidence necessary in the disability evaluation process is obtained from both VA and private medical examiners. Disability Evaluation calculators are now used to guide claims processors in determining the proper evaluation to assign

to a disability per regulatory criteria. Also, rules-based automated processing of dependency and pension claims is evolving with personalized self-service functionality via eBenefits.

How VA is using IT to improve access and claims processing—VRM and VBMS

VRM

The VRM initiative provides Veterans, their families, and survivors with direct, easy, and secure access to the full range of VA programs through an efficient and responsive multi-channel program including phone and Web services. VRM provides VA employees with up-to-date tools to better serve VA clients and empowers clients through enhanced self-service capabilities.

During 2011, VRM accomplished the following:

- Implemented the VBA National Queue (call routing)—calls are now routed based on agent skills to the first available agent equipped to best answer the call type.
- Implemented Call Recording for the VBA National Call Centers (NCC)—all inbound calls are recorded for standardized quality assurance reviews.
- Completed a Customer Relationship Management (CRM) prototype to refine requirements for CRM that will enable the capture of caller history, streamline data access, facilitate first contact resolution, and provide personalized service to Veterans.
- Issued eBenefits releases (v2.5, v2.6, and v3.1), which enhanced self-service access to information and services through the Web. Examples of capabilities introduced included: providing access to the Post 9-11 GI Bill application, the ability to generate official VA letters; access to 10-10EZ form to apply for health benefits; the ability to apply for a Veteran's Group Life Insurance



(VGLI) policy or view and update information for an existing policy; and early notification of benefits based on business-defined life triggers.

VBMS

VBMS is VBA's business transformation initiative supported by technology that is designed to dramatically improve benefits delivery. The centerpiece of VBMS is a paperless claims processing system and workload management to eliminate the backlog and provide Veterans with timely and high quality decisions.

During 2011, VBMS was deployed to the Salt Lake and Providence regional offices (RO), with a focus on enhancing VBMS Establishment, Workflow, Rating, and e-Folder applications.

GI Bill

VA developed an end-to-end claims processing solution that uses rules-based, industry-standard technology for delivery of the Post-9/11 GI Bill. The Long-Term Solution (LTS) will be delivered in multiple phases, five of which have already deployed. Additional releases will deploy end-to-end processing capabilities and provide other automation support enhancements. With the deployment of the LTS and additional streamlining procedures, VBA has improved the average processing time from 39 to 24 days for original claims and from 16 to 12 days for supplemental claims in 2011.

In July 2011, VA launched an online campaign to highlight the changes made to the Post-9/11 GI Bill by Public Law (P.L.) 111-377. Changes included adding on-the-job and apprenticeship training, flight training, correspondence courses, and non-college degree programs as eligible under the Post-9/11 GI Bill. The Web-based advertising was targeted at states with high Post-9/11 Veteran unemployment rates.

Change in Burial Policy

VA has implemented a number of new burial policies targeting increased access and availability of burial options for our Nation's Veterans. These new policies include:

- Lowering the unserved Veteran population threshold to establish a new national cemetery to 80,000. This will result in 5 new national cemeteries and provide a burial option to an additional 500,000 Veterans and their families.
- Establishing "Urban Initiative" locations to improve travel time and access in densely populated metropolitan areas currently served by a national cemetery. Five locations have been identified for this initiative.

Tribal Organization Cemeteries

VA's first grant to establish a Veterans cemetery on tribal trust land, as authorized in P.L. 109-461, was approved in 2011. The nearly \$7 million grant was awarded to the Rosebud Sioux Tribe for the construction of a Veterans cemetery in White River, South Dakota. The project will develop approximately 14.4 acres on the Rosebud Indian Reservation. This cemetery will provide improved service for Veterans and their families of the Rosebud Sioux Tribe who currently live 169 miles from the nearest national cemetery, Hot Springs National Cemetery in Hot Springs, South Dakota, which is closed to first interments.

Assistance to Arlington National Cemetery

In 2011, the National Cemetery Administration (NCA) provided significant assistance to Arlington National Cemetery (ANC). In October 2010, NCA's Director of Field Programs Patrick K. Hallinan was named the superintendent of ANC. Other NCA staff, including cemetery directors, cemetery foremen, and office personnel, also provided assistance to ANC in 2011 through a series of temporary detail



assignments. In addition, NCA has entered into an agreement with ANC to provide training to ANC employees through NCA's National Training Center in St. Louis.

VLER

There were a number of accomplishments through Virtual Lifetime Electronic Record (VLER) in 2011. For example,

- The Nationwide Health Information Network (NwHIN) Direct v1.0 software release helped expand the service of NwHIN to allow for the delivery of simple, secure, scalable, standards-based encrypted health information directly to known trusted recipients over the Internet.
- The Clinical Health Data Repository (CHDR) 2.0 release incorporated features requested by VHA Identity Management, clinicians, and others. It enables improved information and resource sharing between the Department of Defense (DoD) Military Health System (MHS) and VHA.
- VLER's bidirectional health interchange improved the capability to view DoD patient information reducing the amount of time required to identify and treat Veterans and Servicemembers with traumatic head injuries and post-traumatic stress disorder.
- VLER's health information exchange pilot operated at 12 sites across the Nation at the end of fiscal year 2011, 2 more than originally planned.
- VLER's Veterans Tracking Application (VTA) improved data collection and reporting capabilities to track disability evaluation claims. New business functions were implemented to enhance Veteran outreach programs for education and casualty benefits.
- Developed initial architecture to exchange VLER health and benefits data in order to provide on-the-fly synchronization of health, benefits, and personnel data securely and appropriately between all data

producers and consumers among DoD, VA, and external partners.

Data Security

VA continued to make progress in improving its information security posture in 2011. This has resulted in a more comprehensive security program that better protects sensitive information. In 2011, VA 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). Remote users are now required to use VA's Remote Enterprise Security Compliance Update Environment (RESCUE) software to connect to its network; RESCUE assesses and corrects system configurations and scans for malware upon connection. Ninety percent of VA's One VA VPN remote users have been transitioned to VA's RESCUE software for remote network connectivity.

During 2011, VA also continued work on remediation of the IT security controls material weaknesses by developing enterprise-wide plans for remediation. Furthermore, VA performed vulnerability scanning to address in real time the continual and ever-changing threats to its information systems. This has already yielded positive results in Federal Desktop Core Configuration compliance.

Freedom of Information Act (FOIA)

VA has made significant progress in compliance with eGOV, the OPEN Government Act, and overall transparency as mandated by the White House. VA continues to be responsive to all FOIA requests and strives to maintain the lowest backlog in the Federal Sector based on total workload. VA submitted the FOIA (RIN AN72) final rule to the Office of the Federal Register for publication.



T-4

The Technology Acquisition Center awarded 14 major contracts for an estimated program ceiling of \$12 billion in support of the Transformation 21 Total Technology (T4) program. The T4 program is intended to provide IT solutions in support of the Office of Information and Technology. The 5-year program will help VA transform into a 21st century organization and meet VA's long-term technology needs. T4 will enable VA to provide Veterans with high quality services and health care. Services shall include total IT solutions encompassing the entire life-cycle of a system, including but not limited to program management and strategy planning, systems/software engineering, enterprise network, cyber security, operations and maintenance, and IT facilities.

Top 3 Acquisition Accomplishments

Federal Supply Schedule Forums

With over \$10 billion in sales, the VA Federal Supply Schedule (FSS) Service provides Federal customers with access to more than 1 million commercial medical equipment items, supplies, pharmaceuticals, and services at volume discount pricing. The VA FSS Service currently manages nine multiple award schedule programs and offers program advantages such as competition, opportunity, and ease of use. After the success of the Supplier Relationship Transformation (SRT) Industry Forums, VA decided to host two FSS Forums in October 2010 to solicit feedback on VA FSS processes including schedule holder recommendations for improvement to the service.

SRT Forums

To date, VA has hosted five SRT Industry Forums in an effort to identify opportunities for improvements in the acquisitions process and any barriers in our relationships with the supplier community. The forums are staffed by experienced facilitators who guide industry-

oriented focus group and panel discussions.

These breakout sessions provide a unique opportunity for suppliers to engage in one-on-one discussion with VA personnel. When each forum concludes, feedback is provided to VA acquisition leadership.

Supplier Relationship Transformation/Supplier Perception Survey

With annual expenditures approaching \$20 billion for supplies and services, VA is one of the largest procurement agencies in the Federal Government, with a complex mix of functions required to support VA's mission. VA also has a Governmentwide role in the provision of acquisition and supply management for medical supplies and services. Delivering this support to the growing and ever-changing population of Veterans requires cutting-edge information technology, innovative and improved acquisition processes, a far-reaching transformation of the VA workforce, and end-to-end innovations in supply chain management. Suppliers awarded VA a top score in their commitment to VA for a long-term business relationship. Overall positive ratings on the Supplier Perception Survey indicate VA has avoided many of the pitfalls and stereotypes which befall acquisition in Federal agencies. Suppliers believe that VA:

1. Stresses quality over price.
2. Refuses to stretch payables to the limit.
3. Is invested in maintaining long-term business relationships.
4. Places a high value on past performance.
5. Has confidence in a supplier's technical competency.
6. Has a genuine interest in continuous improvement activity.
7. Demonstrates trust in suppliers.

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 more than 100,000 Veterans. In November 2011, VESO launched **VA for VETs**, which includes a comprehensive career development program that helps Veterans launch or advance their civilian careers at VA. The program integrates seasoned career coaches with existing technology to provide real-time, on-demand support services tailored to the needs of each Veteran. From dynamic job searches and military skills translation to professional development and deployment lifecycle support, VA for VETs offers something for every Veteran. This program can be leveraged and serve as the platform for other agencies to increase the number of Veterans employed in the Federal Government.

Telework

VA considers telework to be an effective alternative work arrangement that benefits managers, employees, the Department, and, ultimately, the Nation's Veterans. Teleworking allows over 11 percent (35,000) of VA employees to work from an approved alternative workplace setting, such as their home or a satellite location, for all or part of their regular tour of duty and/or work week. Subject to eligibility, suitability, and permissibility, 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.

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

VA had a number of online communication-related achievements in 2011. Specifically, VA reconstituted its Web Governance Board, which oversees the standardization of VA's external Web operations—making it easier for Veterans and their families to navigate VA's Web sites. With respect to social media, the Department published a policy that provides guidance to VA employees on the use of social media—making it easier for VA staff to communicate directly with those they serve. VA also began overseeing the use of Facebook and Twitter at all 152 VA Medical Centers—a strategy that allows the Department to communicate with Veterans in their own communities. VA also launched its first blog, VAntage Point. VA's videos on YouTube have been viewed over 540,000 times and, through Flickr, its 9,000 photos have been viewed over 583,000 times.

Contingency Plans for Emergencies—Care for Veterans

In September 2011, VA's Continuity Coordinator signed the Department's Master Continuity Plan. The Continuity Plan encompasses VA's Administrations' and Staff Offices/Organizations' plans and procedures for continuity responses to emergencies. This plan helps to fulfill VA's strategic goal to raise readiness to provide services and protect people and assets continuously and in time of crisis as well as to enhance the preparedness to meet emergent national needs.

In July 2011, VA's Continuity Coordinator signed the Department's Devolution Plan. This plan



ensures the continuation of VA essential functions in the event that the National Capitol Region facilities are incapacitated and personnel are unavailable or incapable of deploying to their primary continuity facility. Members of VA's Devolution Emergency Response Group are trained, and they used the Devolution Plan during the Eagle Horizon 2011 Exercise.

Reconstitution Planning

In August 2011, VA's Continuity Coordinator signed the Department's first Reconstitution Plan. The Reconstitution Plan ensures the effective transition and phase-down of continuity operations at the continuity facility or devolution site and the transfer of essential functions back to the current or new/temporary replacement operating facility following a Continuity of Operations incident. The Federal Emergency Management Agency incorporated VA's Reconstitution Plan in their Reconstitution Workshop. Staff members from Federal Departments and agencies in addition to State and local representatives who are developing their own Reconstitution Plans participated in the Workshop.

VA/DoD Collaboration

In 2011, the Office of VA/DoD Collaboration assisted in the expansion of IDES from 27 to 115 sites within the United States and Puerto Rico, while reducing VA's portion of the integrated process from 182 days to 118 days. Additionally, VA and DoD developed a common set of criteria for performing separation health assessments for eligible Servicemembers who are leaving the military. VA and DoD also successfully partnered to facilitate the coordination for the development of a joint VA-DoD integrated Electronic Health Record (iEHR) and for the continued development of VLER.

Focus on Women Veterans

VA's Center for Women Veterans sponsored the 2011 National Training Summit on Women Veterans (Summit). Nearly 700 participants—women Veterans; women Veterans advocates from across the Nation; active, Reserves, and National Guard women Servicemembers; representatives from Veterans Service Organizations and nonprofit agencies; and VA staff who care for women Veterans—converged upon Washington, DC, on July 15-17, 2011, to collaborate and discuss issues facing women Veterans and women Servicemembers. A first ever, one-day training day for VA staff members who provide care and services to women Veterans was held on July 15.

The purpose of the Summit was to inform and educate participants on VA's enhancements to benefits and services and DoD's initiatives for women Servicemembers as well as to provide an exchange of information with stakeholders and providers to resolve women Veterans' issues and concerns.

The Summit included workshops designed to exchange views between VA and stakeholders on the effectiveness of VA initiatives across a range of women Veterans issues including health care, mental health programs, research, Guard and Reserve support, outreach, and post-deployment Operation Enduring Freedom/Operation Iraqi Freedom/Operation New Dawn (OEF/OIF/OND) women Veteran health trends as well as customer focused, personal development training tailored by the VA Learning University for this event.

VA reached out to those who could not attend by hosting a live blog. The Summit was also featured on VA's blog VAntage Point.

Going Green

By the close of 2011, over 70 megawatts of renewable power were operating, under



construction, or awarded. More than half of VA's fleet of over 15,000 vehicles was alternatively fueled. Twenty-five electric vehicles have been ordered for a pilot study. 178 facilities have been assessed for sustainability, and 11 campuses will be third-party certified as sustainable facilities in 2012. A business process is in place to evaluate all energy initiatives to ensure maximum return to the taxpayer. VA updated its environmental compliance policy to ensure that we continually reduce our environmental footprint and move ever closer to becoming a fully sustainable organization. VA's green accomplishments translate to cost-savings and operational efficiencies that are rededicated to improving care for our Nation's Veterans and their families.

Implementation of the Veterans Small Business Verification Act

The Act required that small businesses listed in the Vendor Information Pages (VIP) database (available at www.VetBiz.gov) of Veteran-owned small businesses and service-disabled Veteran-owned small businesses must be verified as owned and operated by Veterans, service-disabled Veterans, or eligible surviving spouses. This requirement included businesses already in the database and those wishing to be listed.

By September 4, 2011, every business in the database had been officially verified for ownership and control.

National Veterans Small Business Conference

VA, in partnership with the Veteran Federal Interagency Council, hosted the National Veterans Small Business Conference for 2011. This was the largest Veterans' business event in the country, with over 4,300 participants. This year's conference was ground-breaking in that it offered unprecedented opportunities for Veteran business owners to connect directly

with procurement decision-makers. VA alone brought more than 200 program and procurement managers to meet with small businesses. The event also offered far greater opportunities for small businesses to receive necessary training that built their capacity to add value to Federal agencies. The number of training sessions increased fivefold from previous years.

VA Achieves Small Business Goals

VA exceeded its goals for small business contracting and leads the Government in contracting with Veteran-owned and service-disabled Veteran-owned small businesses. In addition, VA achieved a score of A on the Small Business Administration's scorecard.



VA Online: *Fast and Easy Access to Information*

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

<i>What Information Do You Need?</i>	<i>Web Site</i>
<i>VA's Home Page</i>	http://www.va.gov/
<i>VA's Budget Submission</i>	http://www.va.gov/budget/products.asp
<i>Health Care in VA</i>	www1.va.gov/health/index.asp
<i>Managing My Health as a Veteran</i>	www.myhealth.va.gov
<i>Mental Health Services</i>	www.mentalhealth.va.gov
<i>National Center for Post Traumatic Stress Disorder</i>	www.ptsd.va.gov
<i>Medical Research in VA</i>	www.research.va.gov
<i>Clinical Training Opportunities and Education Affiliates</i>	www.va.gov/oaa
<i>Veterans Benefits</i>	www.benefits.va.gov
<i>Online Benefits</i>	www.ebenefits.va.gov
<i>Burial and Memorial Benefits for Veterans</i>	www.cem.va.gov
<i>Opportunities for Veteran-Owned Small Businesses</i>	www.VetBiz.gov
<i>BVA</i>	http://www.bva.va.gov/
<i>Minority Veterans</i>	www.va.gov/centerforminorityVeterans/
<i>Women Veterans</i>	www.va.gov/womenvet
<i>Survivors Assistance</i>	www.va.gov/survivors
<i>Operations, Security and Preparedness</i>	www.osp.va.gov
<i>Recently Published VA Regulations</i>	www.va.gov/VA_Regulations
<i>Federal Legislation Concerning Veterans</i>	www.va.gov/oca/Vet_Legis.asp



<i>What Information Do You Need?</i>	<i>Web Site</i>
<i>VA's Social Media Sites</i>	http://www.va.gov/opa/SocialMedia.asp
<i>Human Resources Administration</i>	http://www.va.gov/vecs/
<i>Reports, Surveys, or Statistics Regarding the Veteran Population</i>	www.va.gov/vetdata/
<i>Freedom of Information</i>	http://www.foia.va.gov/
<i>Privacy Policy Information</i>	http://www.va.gov/privacy/
<i>VA Directives and Handbooks</i>	http://www.va.gov/vapubs/
<i>Office of Construction & Facilities Management</i>	http://www.cfm.va.gov
<i>Green VA</i>	www.green.va.gov
<i>Center for Faith-based and Neighborhood Partnerships</i>	http://www.va.gov/cfbnpartnerships/



VA History: A Brief Overview

1789	Federal pension established for Revolutionary War Veterans
1811	First Federal medical facility to care for Veterans created
1862	Congress began a limited compensation program, covering only diseases incurred while in service
1862	Congress established the National Cemetery System
1917	Congress began a comprehensive benefit system, covering <i>Compensation, Insurance, and Vocational Rehabilitation</i> benefits (Vocational Rehabilitation benefits were established retroactively to 1917 by the 1918 Vocational Rehabilitation Act)
1930	Congress created the Veterans Administration
1944	Congress passed the Servicemen's Readjustment Act, the "GI Bill of Rights," providing educational and home loan assistance to Veterans
1944	Congress passed the Veterans' Preference Act, giving Veterans hiring preference where Federal funds were spent
1973	Congress transferred responsibility of the National Cemetery System from the Army to VA
1989	A law giving Cabinet-level status to the Veterans Administration and renaming it the Department of Veterans Affairs goes into effect
1992	Congress passed the Veterans Health Care Act, providing authority for a variety of gender-specific services and programs to care for women Veterans
2009	Congress passed the Post-9/11 GI Bill, helping make education more affordable for Veterans and their families

For more information, please see [Web](#)

http://www1.va.gov/opa/publications/archives/docs/history_in_brief.pdf



Frank Woodruff Buckles: The Last Doughboy



Frank Buckles, the last known American Veteran of World War I, at his farmhouse in West Virginia, surrounded by his beloved books.

Frank Woodruff Buckles, the last known American Veteran of World War I, died peacefully at his beloved farm in Charles Town, West Virginia, on February 27, 2011, at the age of 110. “We have lost a living link to an important era in our Nation’s history,” said VA Secretary Eric K. Shinseki. “But we have also lost a man of quiet dignity, who dedicated his final years to ensuring the sacrifices of his fellow ‘Doughboys’ are appropriately commemorated.” In his later years, Buckles became an advocate for the expansion of a little known memorial to World War I Veterans from the District of Columbia into a National World War I memorial.

Buckles was buried with full military honors at Arlington National Cemetery on March 15, near the gravesite of “his” general, General

John “Black Jack” Pershing. Before the burial, his body lay in honor inside Arlington’s Memorial Amphitheater Chapel while hundreds filed past to pay their respects. After the public viewing was over, President Obama and Vice President Biden arrived to pay their respects. More than 4.7 million Americans served in the military during World War I. Here is the story of the last known Doughboy.

In 1917—more than 90 years ago—the United States entered the Great War in Europe. Sixteen-year old Frank Buckles decided he wanted in, too. He fibbed about his age, shopping around until finally he found a recruiter who believed him when he said his home state of Missouri did not keep birth records when he was born. Soon, young Buckles was “Over There,” in England. His ultimate goal was France, where the action was. It took him a while, but, eventually, he made it, thanks to some sage advice. “An old sergeant told me, ‘If you want to get to France in a hurry, then join the ambulance service. The French are big for ambulance service,’” Buckles recalled.

Being an ambulance driver, Buckles did not see combat, but he saw plenty of casualties. And after the armistice, he delivered German POWs back to Germany, a foreshadowing of his own fate 20 years later. After 2 years in the Army, Buckles set out to see the world. For the next 20 years, he lived the life of a merchant seaman. By 1941, the shipping business had taken Buckles to the Philippines, where he was when the Japanese invaded the islands. For the next 3 1/2 years, he was a prisoner of war at Los Baños, a former university campus that had been converted into an internment camp for more than 2,000 civilians. He kept himself and his fellow prisoners mentally sharp by focusing on the physical: every day, he led the group in rigorous calisthenics. Finally, in 1945, the Los Baños prisoners were rescued. When Buckles emerged from Los Baños, he was 50 pounds lighter than when he entered.

At war’s end, Buckles returned to the States. He married Audrey, a California girl, and they bought and restored a charming 18th-century stone farmhouse in the beautiful northeast corner of West Virginia, the Buckles’ ancestral homeland. After Audrey died in 1999, their daughter Susannah Flanagan



and her husband began spending much of their time helping to run the farm and care for Buckles. He was still out riding a tractor well past his 100th birthday.

In his last years, Buckles surrounded himself with family and friends, books, and mementos from a life filled with journeys and adventure. His private study was home to dozens of books about World Wars I and II. His larger library contained more than a thousand volumes.

When asked his secret to a long life, Buckles had a quick answer: "Be prepared." But the longer answer may lie in the independent way he always led his life. Frank Buckles neatly fit the profile that gerontologists point to as ideal: a life-long passion for reading and learning, an ongoing interest in foreign languages and culture, and physical fitness throughout his entire life.

Years ago, Buckles made a sentimental journey to his father's farm in Missouri, the place of his birth. There he spotted the old bell that his father rang the day he was born in 1901 and bought it on the spot. On his farm in West Virginia—110 years later—that same bell rang loud and clear for Frank Woodruff Buckles: a National Treasure.



2011 Performance and Accountability Report

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Notes: ⁽¹⁾ In this report, with the exception of table and chart titles, references to years (e.g., 2008, 2011) are fiscal years unless stated otherwise. ⁽²⁾ Questions about the report should be directed to VA’s Office of Performance Management at 202-461-6608.



Performance Scorecard

Color coding for 2011 Results
 ● Target Achieved
 ● Target Missed - Small Extent
 ● Target Missed - Great Extent

Integrated Objectives	Key Performance Measures (page references)	2010 Recap		2011 Recap				
		Targets	Results	Targets	Results	Target Achieved?		Improved From 2010? Yes/No/Same
						Yes	No	
Integrated Objective #1 MAKE IT EASIER FOR VETERANS AND THEIR FAMILIES TO RECEIVE THE RIGHT BENEFITS WHILE MEETING THEIR SERVICE DELIVERY EXPECTATIONS	Prevention Index IV (pp. II-3 and II-108)	89%	91%	93%	92%		No	Yes
	Clinical Practice Guidelines Index III (pp. II-4 and II-108)	86%	92%	92%	91%		No	No
	National accuracy rate - compensation entitlement claims (pp. II-5 and II-108)	90%	84%	90%	84%*		No	Same
	National accuracy rate - pension maintenance claims (pp. II-6 and II-108)	95%	96%	95%	97%*	Yes		Yes
	Percent of Compensation & Pension pending inventory that is more than 125 days old (pp. II-7 and II-108)	N/Av	36%	60%	60%*	Yes		No
	Average days to complete Education claims							
	Original claims (pp. II-8 and II-110)	24	39	23	24		No	Yes
	Supplemental claims (pp. II-9 and II-110)	10	16	12	12	Yes		Yes
	Default Resolution Rate (pp. II-10 and II-110) (** Corrected)	71.0%	76.3%	73.0%	83.0%	Yes		Yes
	Percent of graves in national cemeteries marked within 60 days of interment (pp. II-12 and II-110)	95%	94%	95%	93%		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 (pp. II-11 and II-110)	90%	74%	90%	93%	Yes		Yes
	Percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence (pp. II-21 and II-110)	87.8%	88.1%	89.0%	89.0%	Yes		Yes
	Non-institutional, long-term care average daily census (pp. II-29 and II-112)	93,935	85,940	109,256	93,736*		No	Yes
	Percent of primary care appointments completed within 14 days of the desired date (pp. II-33 and II-112)	N/Av	93%	93%	94%*	Yes		Yes
Percent of specialty care appointments completed within 14 days of the desired date (pp. II-34 and II-112)	N/Av	93%	93%	95%*	Yes		Yes	



Performance Scorecard

Color coding for 2011 Results
 ● Target Achieved
 ○ Target Missed - Small Extent
 ○ Target Missed - Great Extent

Integrated Objectives	Key Performance Measures (page references)	2010 Recap		2011 Recap				Improved From 2010? Yes/No/Same
		Targets	Results	Targets	Results	Target Achieved?		
						Yes	No	
	Percent of new patient appointments completed within 14 days of the desired date (pp. II-35 and II-112)	N/Av	84%	85%	89%*	Yes		Yes
	Percent of respondents who rate the quality of service provided by the national cemeteries as excellent (pp. II-40 and II-112)	98%	95%	97%	95%		No	Same
	Percent of respondents who rate national cemetery appearance as excellent (pp. II-41 and II-114)	99%	98%	99%	98%		No	Same
Integrated Objective #2 EDUCATE AND EMPOWER VETERANS AND THEIR FAMILIES THROUGH OUTREACH AND ADVOCACY	Progress towards development of one new treatment for post-traumatic stress disorder (1 milestone over 1 year) (pp. II-54 and II-114)	94%	80%	100%	100%	Yes		Yes
	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) with mental illness (including PTSD, schizophrenia, and mood disorders) (pp. II-53 and II-114)	15%	25%	35%	35%	Yes		Yes
	Rehabilitation Rate (General) (pp. II-55 and II-114)	76%	76%	77%	77%*	Yes		Yes
	Rate of high client satisfaction ratings on services delivered (Insurance) (pp. II-65 and II-116)	95%	95%	95%	95%*	Yes		Same
Integrated Objective #3 BUILD OUR INTERNAL CAPACITY TO SERVE VETERANS, THEIR FAMILIES, OUR EMPLOYEES, AND OTHER STAKEHOLDERS	Percent of patients rating VA health care as 9 or 10 (on a scale from 0 to 10): - Inpatient (pp. II-87 and II-116)	TBD	64%	65%	64%		No	Same
	- Outpatient (pp. II-88 and II-116)	TBD	55%	57%	55%		No	Same

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/

Providing Pension Benefits

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

Web: www.vba.va.gov/bln/21/pension/

Providing 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 and the Post-9/11 GI Bill, a new education program which provides financial support to individuals with at least 90 days of aggregate service on or after September 11, 2001, or individuals discharged with a service-connected disability after 30 days.

Web: www.gibill.va.gov

Delivering Vocational Rehabilitation and Employment Services

The Vocational Rehabilitation and Employment program focuses on providing individualized services to Veterans with service-connected disabilities to assist them to achieve functional independence in daily activities, become employable, and obtain and maintain suitable employment.

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

Promoting Home Ownership

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 specific 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 7.1 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 eligible family members 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 June 30, 2011. The map identifies 152 Medical Centers, 288 Vet Centers, 807 Community-based Outpatient Clinics (CBOC), 133 VA Community Living Centers, 6 Independent Outpatient Clinics, 98 Residential Rehabilitation Centers, 213 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.

Note: Medical center figure includes facility at New Orleans damaged by Hurricane Katrina. Residential rehabilitation center figure includes facility along the Gulf Coast of Mississippi damaged by Hurricane Katrina.



Our Programs: *Who We Serve*

As described on the previous pages, VA programs and services are as varied as the Veterans and family members we serve. From space-age technology used in prosthetic devices that bring mobility to the severely disabled, to the pension benefits paid to three survivors of Civil War Veterans, VA's commitment to those who have "borne the battle" continues. The chart below describes who and how many participants are being served by VA.

Program	Year-to-Year Comparison		
	2010 Participants ⁽¹⁾	2011 Participants ⁽¹⁾	Percent Change
Medical Care			
Unique Patients	5,833,600	6,029,500	3.4%
Compensation			
Veterans	3,181,700	3,354,700	5.4%
Survivors/Children	344,900	355,500	3.1%
Pension			
Veterans	310,200	313,700	1.1%
Survivors	195,000	202,000	3.5%
Education⁽²⁾⁽³⁾			
Veterans/Servicemembers	574,800	663,000	15.3%
Reservists	97,600	92,500	-5.2%
Survivors/Dependents	127,600	168,400	32.0%
Vocational Rehabilitation⁽²⁾			
Program Participants	107,100	106,300	-0.76%
Housing			
Loans Guaranteed	314,000	357,600	13.9%
Specially Adapted Housing (SAH) Grants Approved	1,500	1,235	-17.7%
Insurance			
Veterans	1,450,800	1,367,800	-5.7%
Servicemembers/Reservists	2,433,500	2,417,500	-0.7%
Spouses/Dependent Children	3,272,000	3,284,000	0.4%
Burial			
Interments	111,800	117,400	5.0%
Graves Maintained	3,065,700	3,147,400	2.7%
Headstones/Markers (Processed)	355,600	372,700	4.8%
Presidential Memorial Certificates	803,700	779,700	-3.0%

⁽¹⁾ Whole numbers, rounded to nearest hundred.

⁽²⁾ Figures represent 12-month rolling data through September.

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



America's Veterans: A Demographic Profile

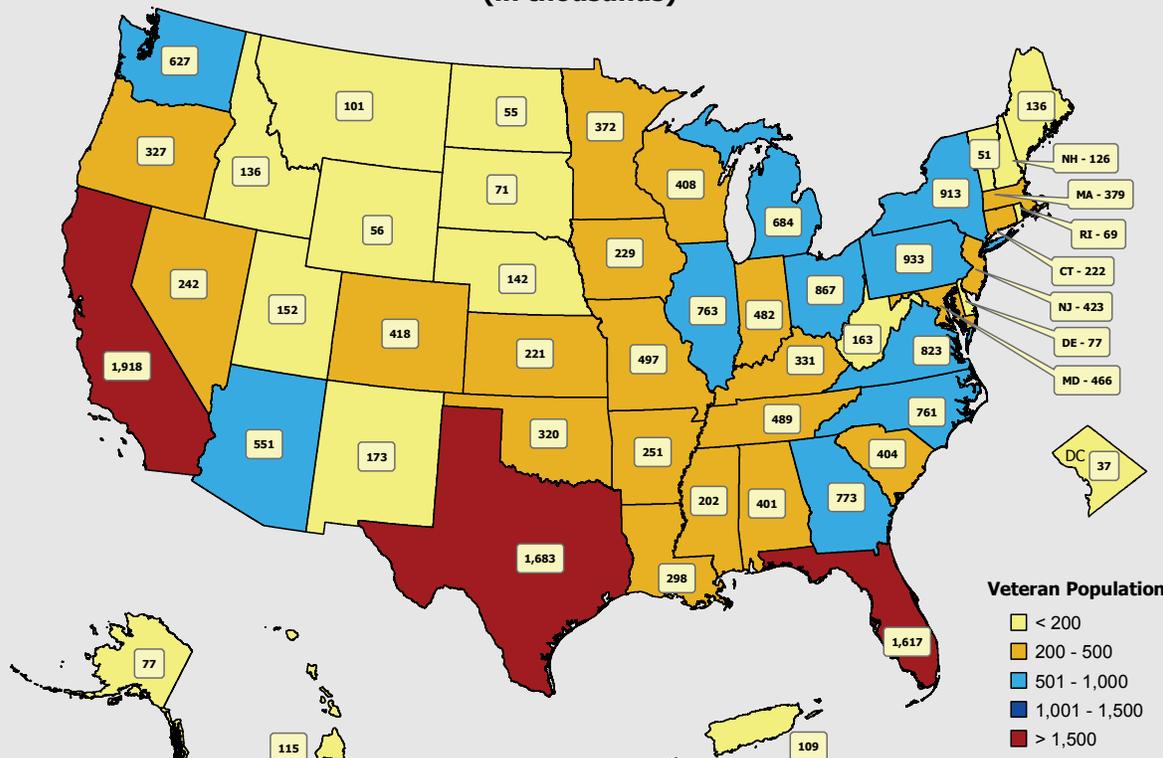
Beginning with our Nation's struggle for freedom more than 2 centuries ago, approximately 45 million men and women have served this country during wartime periods. The charts below provide various social and demographic information on today's Veteran population.

Data	Analysis																														
<p>Veteran Population Compared to Total U.S. Population (Millions)</p> <table border="1"> <caption>Veteran Population Compared to Total U.S. Population (Millions)</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>All Other Residents</td> <td>61.4%</td> </tr> <tr> <td>Dependents and Survivors</td> <td>34.4%</td> </tr> <tr> <td>Living Veterans</td> <td>22.2%</td> </tr> </tbody> </table>	Category	Percentage	All Other Residents	61.4%	Dependents and Survivors	34.4%	Living Veterans	22.2%	<ul style="list-style-type: none"> There are about 22.2* million living U.S. Veterans, 8 percent of whom are women. The percentage of women Veterans is expected to increase over time given the increased role of women in the Armed Forces. There are an estimated 34 million dependents (spouses and dependent children) of living Veterans and survivors of deceased Veterans Together, Veterans, dependents, and survivors make up about 18 percent of America's population. <p>* Pie chart shows number of Veterans living in the United States proper.</p>																						
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<p>Veteran Population by Period of Service* (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>5688</td> </tr> <tr> <td>World War II</td> <td>1712</td> </tr> <tr> <td>Korea</td> <td>2275</td> </tr> <tr> <td>Vietnam</td> <td>7391</td> </tr> <tr> <td>*Gulf War</td> <td>5939</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	5688	World War II	1712	Korea	2275	Vietnam	7391	*Gulf War	5939	<ul style="list-style-type: none"> Over 16.5 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.) Vietnam Era Veterans account for the largest segment of the Veteran population. About 77 percent of all women Veterans served during the post-Vietnam Era compared to 39 percent of men. By 2020, the number of women Veterans enrolled in VA's health care system is expected to increase by 35 percent to 751,805 compared to 558,817 in 2011. 																		
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<p>Age Distribution of the Veteran Population By 5-Year Age Groups (Thousands)</p> <table border="1"> <caption>Age Distribution of the Veteran Population (Thousands)</caption> <thead> <tr> <th>Age Group</th> <th>Approximate Number (Thousands)</th> </tr> </thead> <tbody> <tr><td>20-24</td><td>300</td></tr> <tr><td>25-29</td><td>600</td></tr> <tr><td>30-34</td><td>900</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>1800</td></tr> <tr><td>50-54</td><td>2000</td></tr> <tr><td>55-59</td><td>2100</td></tr> <tr><td>60-64</td><td>3000</td></tr> <tr><td>65-69</td><td>2800</td></tr> <tr><td>70-74</td><td>2000</td></tr> <tr><td>75-79</td><td>1800</td></tr> <tr><td>80-84</td><td>1500</td></tr> <tr><td>85+</td><td>1500</td></tr> </tbody> </table>	Age Group	Approximate Number (Thousands)	20-24	300	25-29	600	30-34	900	35-39	1000	40-44	1400	45-49	1800	50-54	2000	55-59	2100	60-64	3000	65-69	2800	70-74	2000	75-79	1800	80-84	1500	85+	1500	<ul style="list-style-type: none"> As of September 2011, the median age of all living Veterans was 62 years. Men's median age was 63; women's 49. The number of Veterans 85 and older totaled about 1,430,000, compared to 164,000 in 1990. By 2020, the number of Veterans 85 and older enrolled in VA's health care system is expected to increase by 12 percent to 796,171 compared to 710,641 in 2011.
Age Group	Approximate Number (Thousands)																														
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Data

**Veteran Population by State
As of September 30, 2011
(in thousands)**



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, 2011, the total Veteran population decreased by 17 percent. The Veteran population increased in Alaska, Virginia, Nevada, and Georgia while decreasing by more than 30 percent in Massachusetts, New York, Rhode Island, and New Jersey.



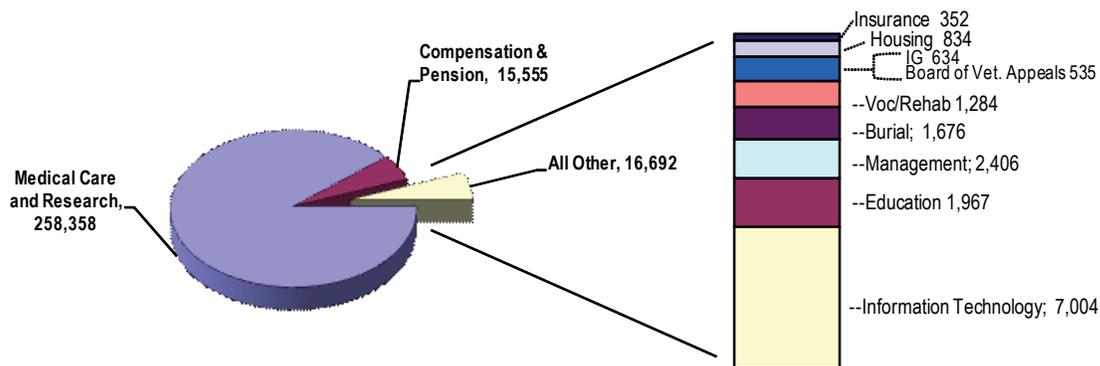
Resources: Our People

As of September 30, 2011, the Department employed about 291,000 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 258,000 FTE support VA's health care system, one of the largest in the world. Of the remaining FTE, approximately 20,000 are involved with providing compensation and pension as well as other benefits to Veterans and their families. About 1,700 provide burial and memorial services for Veterans and their eligible spouses and children, and about 10,500, 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, 2011

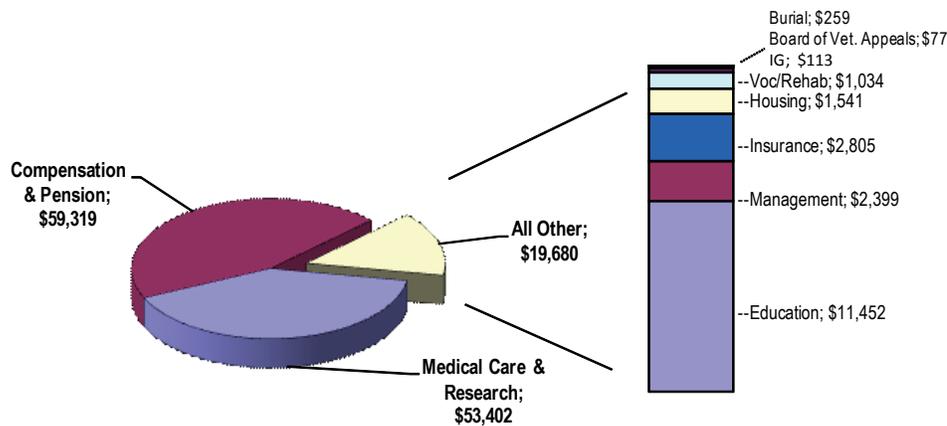


Resources: Our Budget

In 2011 VA obligated approximately \$132.4 billion.* Approximately 98 percent of total funding went directly to Veterans in the form of monthly payments of benefits or for direct services such as medical care. The depictions below show how VA spent the funds with which it was entrusted.

2011 Obligations

(\$ Millions)

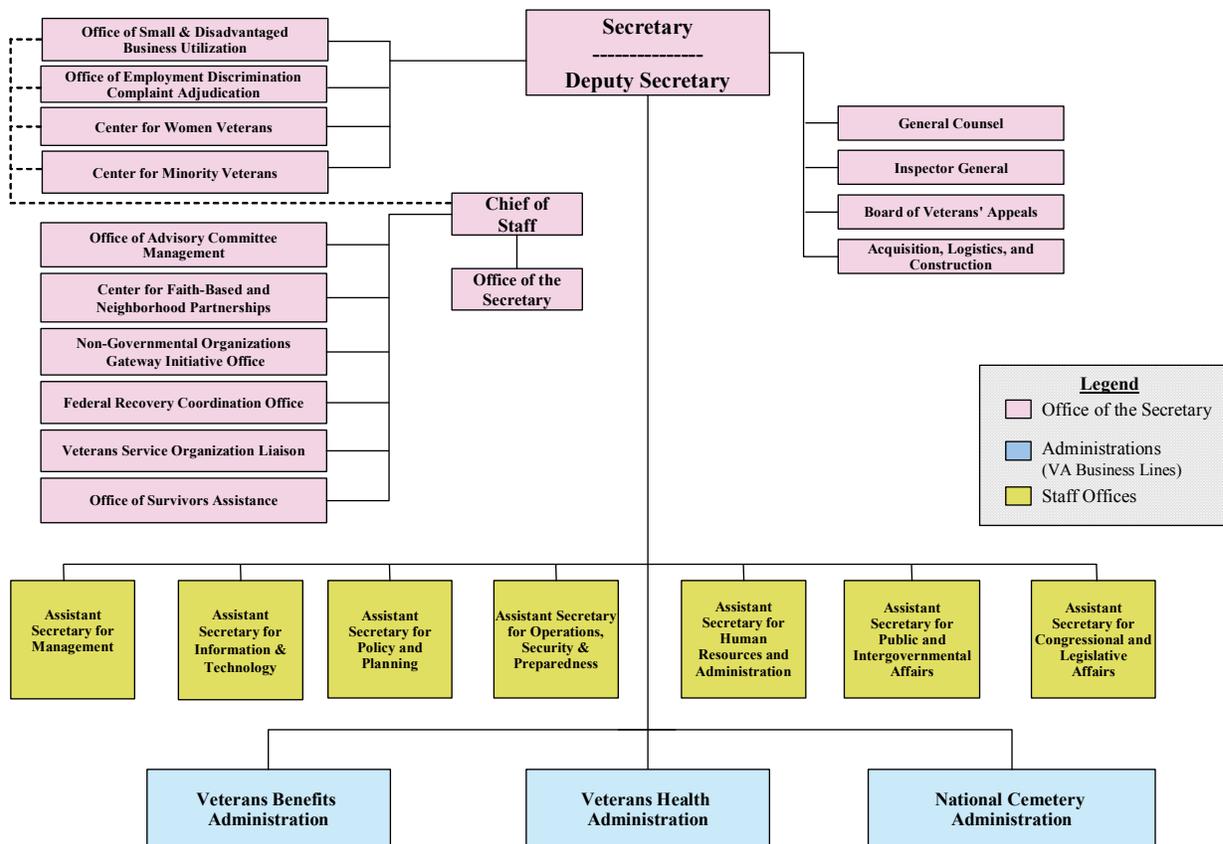


* The obligation information shown above does not tie to the Obligations Incurred amounts shown in the Financial Statements of Part III. The difference includes but is not limited to the fact that adjustments to prior-year expired funds are netted with Obligations Incurred in the Financial Statements.



Our Organization

Department of Veterans Affairs





Leadership and Governance

VA senior leadership makes policy decisions through various internal governing bodies. Five of the most critical are described below together with key actions they undertook in 2011. VA also implemented process improvements that increased the transparency, accountability, and efficiency of the Governance bodies. These improvements enabled the bodies to review an increased number of policy briefs in 2011.

Governance	Major 2011 Actions
VA Executive Board	
<p style="text-align: center;"><u>Membership</u></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;"><u>Purpose</u></p> <p>The VAEB is the Department’s most senior management decision-making forum. The 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 and approved the following:</p> <ul style="list-style-type: none"> • Veterans Benefits Administration (VBA) Reorganization • National Cemetery Administration (NCA) Reorganization • Office of Management (OM) Reorganization • Office of Policy and Planning (OPP) Reorganization • Leadership VA 2011 • Veterans Employment Services Office (VESO) • Fiscal Year (FY) 2013 Internal Budget
Strategic Management Council	
<p style="text-align: center;"><u>Membership</u></p> <p>The Strategic Management Council (SMC) is chaired by the Deputy Secretary and includes VA’s Chief of Staff; Assistant Secretaries; the Deputy Under Secretaries for Health, Benefits, and Memorial Affairs; the General Counsel; and Chair of the Board of Veterans’ Appeals.</p> <p style="text-align: center;"><u>Purpose</u></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"> • VA Transparency Program: How VA Measures and Improves Health Care • Departmental Management Initiative • eBenefits Portal • Update on Office of Acquisition, Logistics, and Construction (OALC) Organizational Initiatives • NCA Reorganization • Data Governance Council Charter and Membership • Office of Management (OM) Reorganization • Office of Policy and Planning (OPP) Reorganization • VA Leadership Development Initiative • VESO • Update on Construction and Facilities Management (CFM) Reorganization • VA’s Validated Competencies • SES Performance Management System • Update on Strategic Capital Investment Planning (SCIP) 2013 Internal Budget



Governance	Major 2011 Actions
Senior Review Group	
<p style="text-align: center;"><u>Membership</u></p> <p>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 style="text-align: center;"><u>Purpose</u></p> <p>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. Numerous governance meetings were conducted jointly in 2011 as SRG/SMC meetings.</p>	<p>The SRG reviewed the following:</p> <ul style="list-style-type: none"> • VA Transparency Program: How VA Measures and Improves Health Care • Departmental Management Initiative • eBenefits Portal • VBA Reorganization • Update on New Departmental Processing Time Goals for VA Regulations • Update on VAI2 • Update on OALC Organizational Initiatives • NCA Reorganization • Data Governance Council Charter and Membership • OM Reorganization • OPP Reorganization • Implementation of Planning, Programming, Budgeting, and Evaluation (PPBE) • VA Leadership Development Initiative • VA Telework Initiative • Leadership VA 2011 • Update on CFM Reorganization • VA's Validated Competencies • SES Performance Management System • VESO • VA Telephone Service Transformation • Update on SCIP • FY 2013 Internal Budget • Administrative Flexibility, Lower Costs, Better Results for State, Local, and Tribal Governments • Status of Key Acquisition Improvement Initiatives • IT Implications for Telework • Web Governance Board Charter • Strategic Planning in VA – Overview and Current Efforts



Governance	Major 2011 Actions
Operational Management Review	
<p style="text-align: center;"><u>Membership</u></p> <p>The Operational Management Review (OMR) is chaired by the Deputy Secretary and includes senior leadership from the Administrations and staff offices.</p> <p style="text-align: center;"><u>Purpose</u></p> <p>Monthly, 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. Major Initiative Lead Program Managers take this opportunity to raise awareness of issues and risks in meeting agreed-upon commitments and, when necessary, the principles discuss and make decisions on these issues that are critical to the successful execution of the initiatives. 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 2011 included the following:</p> <ul style="list-style-type: none"> • Through the collective efforts of the Department’s Enterprise Program Management Office (ePMO) and OALC, there was coordinated collaboration to support the Major Initiatives with the timely development of actionable acquisition packages resulting in 100 percent being actionable by the required deadline. • Through the collaboration of ePMO, VHA, and OIT, VA established a prioritization process to inform decision-making at the senior leadership level regarding funding for key IT projects in support of the Department’s Major Initiatives. • OMR facilitated the redesign of the Major Initiative planning process to be more consistent with accepted program management best practices and to better align the planning and budget formulation processes. • In coordination with VA’s Acquisition Academy, OMR continued to provide tailored program management training to Major Initiative Executive Sponsors, Senior Program Managers, and Initiative team members, resulting in more robust planning for 2012.
Monthly Performance Reviews (MPR)	
<p style="text-align: center;"><u>Membership</u></p> <p>MPRs are chaired by the Deputy Secretary and are attended by the Department’s senior leadership.</p> <p style="text-align: center;"><u>Purpose</u></p> <p>MPR meetings are designed to help senior leadership focus on top Congressional, Presidential, and Secretarial priorities and discuss mission-critical issues within the context of performance, budget, and workload targets and associated results.</p>	<p>Once a month, all VA Administrations and Staff Offices reported on progress made on established monthly and/or fiscal year-to-date financial and program performance goals within a Balanced Scorecard strategic framework. This framework is tied to key metrics, strategic goals, and major/supporting initiatives. As a result, performance is assessed by reviewing various organizations within VA as a single enterprise with multiple organizations working as integrated components with specific measureable goals.</p> <p>With the increased importance of performance as a key element of the budget formulation and execution processes, VA stood up the Office of Performance Management and appointed a full-time Performance Improvement Officer (PIO) to lead performance improvements in VA. The functions of the PIO include:</p> <ul style="list-style-type: none"> • Advising the Chief Operating Officer in selecting agency goals. • Overseeing the implementation of the agency strategic/performance planning. • Reporting requirements and conducting regular reviews of agency performance. • Developing and using performance measures in personnel performance appraisals within the agency. • Ensuring that agency progress toward the achievement of all goals is communicated to leaders, managers, and employees in the agency and Congress and is made available on the Web.



Performance Overview

Purpose of This Report

VA’s 2011 Performance and Accountability Report (PAR) describes VA’s accomplishments and progress during 2011 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.

VA’s Strategic Planning Framework

VA has articulated a strategy aimed at the accomplishment of four new Strategic Goals. The Strategic Goals represent the top priorities for the Department.

In turn, the Strategic Goals are supported by the Integrated Objectives and Strategies. It should be noted that there is not a one-to-one ratio between Strategic Goals and Integrated Objectives as in the past. Rather, each Strategic Goal is supported by all the Integrated Objectives and Strategies.

Strategic Goal 1
 Improve the quality and accessibility of health care, benefits, and memorial services while optimizing value

Strategic Goal 2
 Increase Veteran client satisfaction with health, education, training, counseling, financial, and burial benefits and services

Strategic Goal 3
 Raise readiness to provide services and protect people and assets continuously and in time of crisis

Strategic Goal 4
 Improve internal customer satisfaction with management systems and support services to achieve mission performance and make VA an employer of choice by investing in human capital

Integrated Objectives	Integrated Strategies
1. <i>Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness</i>	a. Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery
	b. Develop a range of effective delivery methods that are convenient to Veterans and their families
	c. Improve VA’s ability to adjust capacity dynamically to meet changing needs, including preparedness for emergencies
	d. Provide Veterans and their families with integrated access to the most appropriate services from VA and our partners
	e. Enhance our understanding of Veterans’ and their families’ expectations by collecting and analyzing client satisfaction data and other key inputs
2. <i>Educate and empower Veterans and their families through proactive outreach and effective advocacy</i>	a. Use clear, accurate, consistent, and targeted messages to build awareness of VA’s benefits amongst our employees, Veterans and their families, and other stakeholders
	b. Leverage technology and partnerships to reach Veterans and their families and advocate on their behalf
	c. Reach out proactively and in a timely fashion to communicate with Veterans and their families and promote Veteran engagement
	d. Engage in two-way communications with Veterans and their families to help them understand available benefits, get feedback on VA programs, and build relationships with them as our clients



Integrated Objectives	Integrated Strategies
3. <i>Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively</i>	<ul style="list-style-type: none"> a. Anticipate and proactively prepare for the needs of Veterans, their families, and our employees b. Recruit, hire, train, develop, deploy, and retain a diverse VA workforce to meet current and future needs and challenges c. Create and maintain an effective, integrated, Departmentwide management capability to make data-driven decisions, allocate resources, and manage results d. Create a collaborative, knowledge-sharing culture across VA and with DoD and other partners to support our ability to be people-centric, results-driven, and forward-looking at all times e. Manage physical and virtual infrastructure plans and execution to meet emerging needs

How We Measure Performance

Within the strategic planning framework, VA uses a **six-tiered performance management framework** to measure performance on how well it is executing its mission.

Term	Definition
Strategic Goals	The Department's long-term outcomes and top priorities. The Department's Strategic Goals are overarching goals. They describe the overall mission of the Department and apply to all Objectives and Strategies.
Integrated Objectives	The means by which the Department will accomplish its Strategic Goals.
Integrated Strategies	The ways, means, or courses of action that have been designed to realize the Integrated Objectives.
Performance Measures	Specific measurable indicators used to measure progress towards achievement of Integrated Strategies. VA uses different types of measures (i.e., outcome, output, and efficiency) to monitor performance and progress.
Performance Targets	Associated with specific performance measures, these are quantifiable expressions of desired performance/success levels to be achieved during a given fiscal year.
Strategic Targets	Also associated with specific performance measures, these are quantifiable expressions of optimum success levels to be achieved; they are "stretch goals" that VA strives for in the long-term.



VA’s 14 Integrated Strategies are supported by 137 performance measures, 23 of which were identified by VA’s senior leadership as "key" or **mission critical**. The Department’s performance measures are a mix of program outcomes that measure the impact that VA programs have on the lives of Veterans and their families, program outputs that measure activities undertaken to manage and administer these programs, and program efficiency that measures the cost of delivering an output or desired outcome.

Key Features of the 2011 Report

VA’s PAR includes several features designed to give our stakeholders more complete information on VA’s performance and activities.

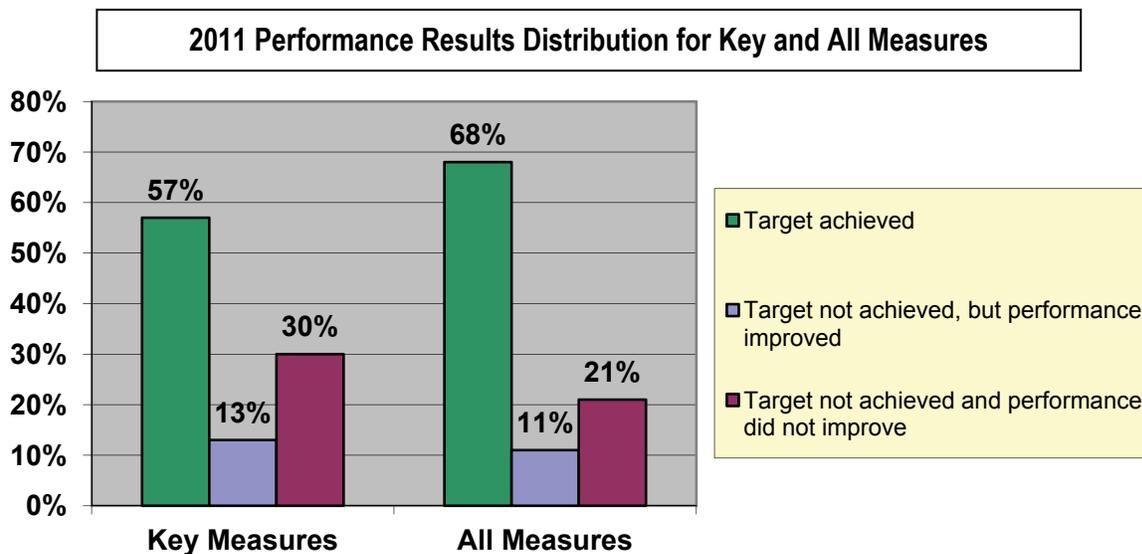
Key Feature	Benefit to VA’s Stakeholders
Cost Per Measure Data	The Department is continuing its integration of performance and budget information. As part of this effort, the PAR includes information on the cost of achieving performance targets for nine measures as well as cost estimates provided by Integrated Objective and Strategy, respectively.
Major Management Challenges	VA’s response to each challenge is presented in paragraph format providing an estimated resolution timeframe, a responsible official, completed 2011 milestones, and planned 2012 milestones with estimated completion quarter.
Web Links	The PAR lists VA Web links to increase the ease of access to information about VA and its services.
Data Quality Information	This year’s report contains robust and detailed information on how VA verifies the quality of its performance results data.
Dashboard Style Tables	Selected tables include dashboard-like features that convey performance results using easy-to-read tables and "traffic light" color coding to help the reader more quickly and clearly assess VA performance results.
VA Snapshots	Snapshots are short vignettes that give the reader an easy way to understand VA through human interest stories.
Integrated Strategy Measures Recap	Our Integrated Strategy chapters in Part II include a recap of all measures and associated results for a given objective including a statistical recap.



2011 Performance — A Department-Level Summary

Key Measures — Continuity and Type: Key measures are those that measure mission-critical activities. As of 2011, 17 of VA's 23 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 57 percent of its key measures and 68 percent of all measures. In addition, for key measures, 13 percent of the targets were not achieved, but performance improved from 2010. Further details on performance by Integrated Objective and Integrated Strategy are provided in Part II.





Cost to Achieve Performance Goals – For 9 Selected Measures

As in past reports, VA is providing an estimate of costs devoted to achieve **Integrated Objectives** and **Integrated Strategies**. 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 **9 measures**.

Measure	Fiscal Year 2011		
	Performance		Estimated Cost (Obligations) (\$ in Millions)
	Target	Result	
Non-Institutional, Long-term Care Average Daily Census (ADC)	109,256	93,736	\$1,240.4
Impact of Result on the Veteran	Increasing the number of Veterans receiving Home and Community-Based Care (HCBC) services provides Veterans with an opportunity to improve the quality of their lives. HCBC promotes independent physical, mental, and social functioning of Veterans in the least restrictive settings and enables Veterans to remain in their own homes and communities for as long as possible.		
How VA Uses Performance Data	<p>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 Veterans Integrated Service Network (VISN) targets and evaluate VISN performance in meeting their respective ADC targets.</p> <p>*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.</p>		
2011 Program and Cost Efficiencies Implemented	Mindful of our need to control costs, VA has embarked on a number of activities to minimize costs and efficiently utilize resources; two of these activities included using Medicare benchmark rates as maximum rates for home health care services and improving communication between non-institutional care (NIC) program and business office staff to ensure that bills are paid correctly and in a timely manner.		



Measure	Fiscal Year 2011		
	Performance		Estimated Cost (Obligations) (\$ in Millions)
	Target	Result	
Progress Towards Development of One New Treatment for Post-traumatic Stress Disorder (PTSD)	100%	100%	\$0.1
Impact of Result on the Veteran	<p>PTSD is an anxiety disorder that can develop after a person has been exposed to a terrifying event or ordeal in which physical harm occurred or was threatened. PTSD related to military service or combat exposure is a major concern in the health of the Veteran population.</p> <p>In cases where Veterans do not respond to initial treatment, symptoms (including nightmares, disturbing memories during the day, sleep problems, and aggressive behavior) may persist for years. Therefore, effective relief of symptoms is needed. The milestones involve four clinical trials, all of which have been completed. Data from the fourth trial are being analyzed.</p>		
How VA Uses Performance Data	<p>Results of PTSD studies are rapidly translated into clinical practice at VA. Recent findings have been published in the <i>Journal of the American Medical Association</i> and <i>Biological Psychiatry</i>. Results of VA's research have been discussed at conferences attended by VA, DoD, and university attendees.</p>		
2011 Program and Cost Efficiencies Implemented	<p>All four studies comprising this performance measure have been completed. One study evaluated the efficacy of exposure therapy for treating PTSD in female Veterans and active duty military personnel. The investigators concluded that it is an effective treatment that is feasible to implement across a range of clinical settings. Another trial used the drug prazosin to determine if it would reduce the incidence of nightmares, sleep disturbance, and overall symptoms in Veterans with PTSD. The researchers found that prazosin is an effective and well-tolerated treatment for trauma nightmares, sleep disturbance, and global clinical status in Veterans with chronic PTSD.</p>		



Measure	Fiscal Year 2011		
	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	73%	70%	\$39.0
Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	90%	82%	
Percent of gravesites that have grades that are level and blend with adjacent grade levels	89%	91%	
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.		
2011 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	89.0%	89.0%	\$27
Impact of Result on the Veteran	<p>By the end of 2011, nearly 20 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 2011		
	Performance		Estimated Cost (Obligations) (\$ in Millions)
	Target	Result	
<p>How VA Uses Performance Data <i>(Veterans served...cont'd)</i></p>	<p>VA analyzes census data to determine areas of the country that have the greatest number of Veterans not currently served by a burial option.</p> <p>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 Veterans Cemetery grants.</p>		
<p>2011 Program and Cost Efficiencies Implemented</p>	<p>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.</p>		
<p>Vocational Rehabilitation Rate (General)^(a)</p>	77%	77%	\$149.2
<p>Impact of Result on the Veteran</p>	<p>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.</p>		
<p>How VA Uses Performance Data</p>	<p>VA leadership uses the rehabilitation rate to assess the performance of Vocational Rehabilitation Counselors, Counseling Psychologists, Employment Coordinators, Vocational Rehabilitation and Employment (VRE) 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, innovative, and Veteran-focused.</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"> • More focus on Veterans maintaining suitable employment. • Continue to enhance the VetSuccess.gov Web site because it provides Veterans with an employment tool that they can adapt to their individual needs. • Continue to sponsor career fairs geared toward today's Veteran. • Train employment coordinators in the best methods for placing Veterans in jobs. 		



Measure	Fiscal Year 2011		
	Performance		Estimated Cost (Obligations) (\$ in Millions)
	Target	Result	
2011 Program and Cost Efficiencies Implemented	Despite the high unemployment rate, the rehabilitation rate has remained steady at 76 percent for the majority of 2011, increasing to 77 percent at the end of the year. VRE has been able to assist Veterans with service-connected disabilities to obtain and maintain employment by continuing to enhance the Vetsuccess.gov Web site and by providing vocational rehabilitation counselors and employment coordinators with extensive training on the best methods to help Veterans achieve career goals. VRE also continues to increase outreach efforts by participating in conferences and career fairs, including coordinating a virtual career fair with over 32,000 Veterans to correspond with over 70 employers.		
Number of Disbursements/FTE (Insurance)	1,750	1,808	\$8.3
Impact of Result on the Veteran	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.		
How VA Uses Performance Data	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.		
2011 Program and Cost Efficiencies Implemented	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 utilization of a paperless electronic workflow system. This allows employees to process work in a timely and efficient manner. In 2011, Insurance monitored workload fluctuations and adjusted the number of FTE dedicated to processing disbursements.		
National Accuracy Rate – Pension Maintenance Claims ^(b)	95%	97%	\$76.4
Impact of Result on the Veteran	Despite increased workload, VA has continued to improve its accuracy rate in pension maintenance work, ensuring that those Veterans and Survivors most in need of financial resources receive the correct benefit.		



Measure	Fiscal Year 2011		
	Performance		Estimated Cost (Obligations) (\$ in Millions)
	Target	Result	
How VA Uses Performance Data	<p>VA leadership is committed to increasing the accuracy of rating decisions. Based on 2011 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"> • <u>Tier One</u> - Accuracy; expanding the STAR staff to increase review sampling. • <u>Tier Two</u> - Oversight; expanding site visit staff and review of internal controls. • <u>Tier Three</u> - Special focus reviews and working with the Appeals Management Center. • <u>Tier Four</u> - Consistency; expanding rating data analyses and increasing the focus on disability decision consistency reviews. <p>Additionally, VA continues to improve its skill certification testing program. In 2011, VA fully implemented six skill certification tests to assess job proficiency for claims processing positions, including one for first-line supervisors. From its inception in 2003, more than 8,300 employees have participated in the skill certification testing, and over 5,500 have been certified.</p>		
2011 Program and Cost Efficiencies Implemented	<p>VA was successful in improving the accuracy of pension maintenance claims from 96 percent in 2010 to 97 percent in 2011. This was accomplished despite increased workload from the transfer of dependency and indemnity compensation claims to the Pension Maintenance Centers (PMCs), an increase in the number of eligibility verification reports, and an increase in the amount of original claims applications received. This achievement was made possible through the continued consolidation of pension workload, increased availability of electronic folders containing benefits-related documents, the continued maturation of the workforce, and increased staffing over the last couple years.</p>		



Performance Summaries by Integrated Objective

INTEGRATED OBJECTIVE 1

Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.

The Department's most important 2011 achievements as well as its current challenges for Integrated Objective 1 are summarized below.

Most Important Achievements

VA HOMELESS PROGRAMS:

- VA homeless programs funded 85 community agencies through grants to provide VA's first Homeless Prevention Program: Supportive Services for Veteran Families (SSVF). Through these grants, homeless Veterans and their families will receive much-needed prevention and supportive services.
- At the end of August 2011, the Department of Housing and Urban Development—VA Supportive Housing (HUD-VASH) Program had 25,659 Veterans actively housed in permanent housing. Of those with housing data available, 12 percent were women and 11 percent were families.
- VA coordinated 1-3 day events known as Stand Downs in numerous communities in an effort to reach and provide service to homeless Veterans. There were 196 Stand Downs held in CY 2010, a slight increase from the 190 held in CY 2009. The total number of Veterans served during CY 2010 Stand Downs was 44,325, a 4 percent increase from the 42,382 Veterans served at CY 2009 Stand Downs. Of these individuals, 40,729 (92 percent) were male Veterans, and 3,596 (8 percent) were female Veterans.
- VA developed a National Outreach and Strategic Plan that will dramatically increase awareness of VA and community services available to homeless Veterans and Veterans at risk of becoming homeless. A critical component of the outreach strategy is ensuring that law enforcement, health care providers, and community partners who are likely first responders to homeless and at-risk Veterans are informed of VA programs and services.

VBA CLAIMS TRANSFORMATION:

- The Veterans Benefits Management System (VBMS) initiative is the cornerstone of VA's claims transformation strategy. The centerpiece of VBMS is a paperless claims processing system and workload management to eliminate the backlog and provide Veterans with timely and high quality decisions.
- A Design Team was established to leverage the experience of the most technically skilled subject matter experts across the organization that devotes its efforts full-time to re-engineering a specific process. The first Design Team streamlined the compensation claims decision document and process.
- The Integration Lab (I-Lab), fielded at the Indianapolis Regional Office, demonstrated efficiencies possible by organizing a regional office into integrated cross-functional teams that work claims from start to finish.
- The "Hearing Loss Calculator" tool released in November 2010 and the "Special Monthly Compensation calculator" tool released in July 2011 use rules-based technology to improve



timeliness, accuracy, and consistency of rating decisions. In November 2010, VBA implemented the Private Medical Records (PMR) pilot to reduce timeliness for receipt of private medical records. VBA is receiving responses to private medical record requests 23 days faster than non-pilot requests. VBA initiated the Fully Developed Claim (FDC) program nationwide.

QUALITY REVIEW TEAMS: Quality Review Teams (QRT) began at 12 VBA pilot sites (3 per area) in August 2011. These teams are solely dedicated to monitoring station quality, identifying trends/training needs, collaborating with local training components, reviewing Systematic Technical Accuracy Review (STAR) errors, addressing national training issues, addressing local training issues for that station, and other appropriate functions. The QRTs have been trained by and are using the National STAR team review approach.

DISABILITY BENEFITS QUESTIONNAIRES: VA made innovative improvements in claims development, deploying 55 Disability Benefits Questionnaires (DBQ) for use by VA medical facilities with 3 available to private physicians. The DBQs streamline the disability evaluation process by requiring a consistent format for medical evidence.

GI BILL IMPLEMENTATION:

- VA deployed additional releases of VA's new IT system, which included a school enrollment interface between the VA Online Certification program and the Long-Term Solution (LTS), an interface to the Benefits Delivery Network payment system, and changes to the LTS as a result of Public Law (P.L.) 111-377, the Post-9/11 Veterans Educational Improvements Act of 2010.
- In 2011, VA reduced the number of processing days for original claims by 15 days, or 38.5 percent, over 2010 and the number of processing days for supplemental claims by 4 days, or 25 percent, over 2010.

INCREASED ACCURACY OF FIDUCIARY CASES: In 2009, the fiduciary accuracy rate was 81.5 percent, which increased to 85 percent in 2010 and 88 percent in 2011. The increase in accuracy is directly attributed to:

- Standardized training deployed to regional offices.
- Centralized training provided to fiduciary activity personnel.
- Training conferences held with fiduciary activity personnel.
- Clarification of fiduciary policies and procedures.
- The enhancement of oversight to field activities.

SERVICE-DISABLED VETERANS' INSURANCE (S-DVI) PROGRAM IMPROVEMENTS: VA established a team to improve quality and timeliness in the S-DVI program. The team developed and implemented several new processes that resulted in an 86 percent reduction in the number of pending applications. New procedures also resulted in a 90 percent reduction in the time it takes to process new S-DVI applications.

HOUSING ASSISTANCE:

- VA continued to assist Veterans who became delinquent on their VA-guaranteed home loans. In 2011, VA's joint efforts with loan servicers helped 83 percent of the Veterans who otherwise could



have lost their homes through foreclosure by assisting them with steps to retain ownership of their homes or at least significantly reduce their financial hardship by helping them sell their homes.

- Through August 2011, VA achieved an “Efficiency-Default Resolution Rate” ratio of 68.8 meaning that VA avoided \$68.80 in potential claim payments for every dollar spent on assisting Veterans who were at risk of losing their homes because of foreclosure.

CHANGE IN BURIAL POLICIES: VA has implemented a number of new burial policies targeting increased access and availability of burial options for our Nation’s Veterans. These new policies include:

- Lowering the unserved Veteran population threshold to establish a new national cemetery to 80,000. This will result in the potential for five new national cemeteries, which would provide a burial option to an additional 500,000 Veterans and their families.
- Establishing “Urban Initiative” locations to improve travel time and access in densely populated metropolitan areas currently served by a national cemetery. Five locations have been identified for this initiative.

TRIBAL ORGANIZATION CEMETERIES: VA’s first grant to establish a Veterans cemetery on tribal trust land, as authorized in P. L. 109-461, was approved in 2011. The nearly \$7 million grant was awarded to the Rosebud Sioux Tribe for the construction of a Veterans cemetery in White River, South Dakota. The project will develop approximately 14.40 acres on the Rosebud Indian Reservation. This cemetery will provide improved service for Veterans and their families of the Rosebud Sioux Tribe who currently live 169 miles from the nearest national cemetery—Hot Springs National Cemetery in Hot Springs, South Dakota, which is closed to first interments.

VETERAN-OWNED SMALL BUSINESSES: VA achieved the following:

- Successfully implemented the Veterans Small Business Verification Act (P.L. 111-275, Section 104).
- Increased percent of Veteran-owned small businesses verified for Veteran status, ownership, and control from 22 percent to 100 percent in the Vendor Information Pages Database.
- Hosted the 2011 National Veterans Small Business Conference, the largest Veterans’ business event in the country, for the first time.

OFFICE OF CONGRESSIONAL AND LEGISLATIVE AFFAIR (OCLA): VA achieved the following:

- Improved response times to Congressional questions for the record by 80 percent from 2010 by instituting a Departmentwide collaborative process. OCLA responded to more than 1,840 questions for the record.
- Completed the contract for a Knowledge Management System, a database software to catalog congressional activities.
- Completed transformational reorganization that balanced demanding workload portfolios among the staff and resulted in improved communications with and responsiveness to Congress.
- Supported more than 50 hearings and conducted over 400 congressional briefings, including educational seminars. OCLA personnel directly supported over 40 Congressional oversight visits to VA facilities throughout the Nation.
- Supported an average of 50 ongoing GAO analyses and coordinated the Department’s response to 41 GAO draft reports containing 61 recommendations and provided GAO updates on 88 additional open recommendations.



Part I – Performance Summaries by Integrated Objective

- Fielded more than 12,480 telephone inquiries and processed over 6,158 letters in support of constituent casework.
- Supported over 70 advisory committee hearings.

INFORMATION TECHNOLOGY: VA took the following actions:

- Delivered the first two releases of VBMS, providing compensation specialists with a Web-based tool for rating most Veteran compensation claims.
- Delivered two major releases for the Automate GI Bill Benefits program, which helped improve automation and technical service-oriented capabilities, further streamlining the delivery of Chapter 33 benefits to Veterans and their beneficiaries.
- Delivered an improved eBenefits Web Portal, which provides Veterans and Servicemembers with Web portal access to health and benefits information and transactions, including access to VetSuccess accounts directly from eBenefits; access to a secure version of Inquiry Routing and Information System for inquiries pertaining to education benefits; search capability for an accredited attorney, agent, or Veterans Service Organization; and the ability to download appropriate VA forms.
- Delivered the intelligent network-based call routing queue, which will provide efficient routing of calls to the most appropriate agent based on the service or the request of the caller.
- Implemented the Medical Device Protection Program, which is a comprehensive security initiative that encompasses pre-procurement assessments, medical device isolation architecture, communication, training, validation, scanning, remediation, patching, and secure remote connectivity; administered information security training that focused on the safe and secure operation of medical devices.
- Published the *VA Information Security Guide*, which ensures the confidentiality, integrity, and availability of VA data through continuing awareness of the importance of information security controls for VA employees who implement and monitor information security practices within the Department.
- Improved its response to data breaches. When information breaches occurred, VA triaged incidents using the Privacy Security Event Tracking System, resolving information breaches by mitigating potential harm and instituting corrective actions. VA offered credit protection services or Health Insurance Portability and Accountability Act (HIPAA) notifications to affected individuals of each data breach.
- Obtained standardized PC equipment through the *PC Refresh* contract. Veterans and their families receive continued data security and support for expanded services. Also, standardization of the platforms across VA provides greater security through simplification of the supported systems. The simpler the system, the easier it is to support and therefore be more secure.
- Initiated the Voice Access Modernization (VAM) project, part of the Veteran Relationship Management initiative, which will enable Veteran access to many services through one central network queue and will reduce wait times.
- Initiated the Veterans Point of Service (VPS) Kiosks National Implementation, which will enable VHA to provide devices for patient check-in and accessing and managing personal health information at VA health care facilities.
- Worked on eliminating redundant data on Veterans. The Office of Information and Technology and the Office of Policy and Planning jointly designed and created version 1.0 of the OneVA EA (Enterprise Data Architecture). Once fully completed, this will allow VHA, VBA, and NCA to reduce



the redundant capture and storage of data in future systems designed to support services to the Veteran.

- Used the Project Management Accountability System to improve the rate of success of VA's IT projects, which support the delivery of health care, benefits, and memorial services to Veterans and their families.

VIDEO TELECONFERENCING: The Bureau of Veterans' Affairs (BVA) expanded its video teleconferencing capability in an effort to provide appellants a more timely option for appearing before a Veterans Law Judge (VLJ) in the course of their appeal. This capability will ultimately reduce the time appellants wait for a Board hearing, reduce lost time and expenses due to travel by VLJs and counsel, and reduce lost time for VLJs due to appellants' failing to appear for their hearing. VLJs will gain time to produce decisions and reduce the appeals backlog. The installation and upgrades encompassed 13 hearing rooms at BVA, approximately 57 regional offices—3 with multiple hearing rooms, and up to 15 other VA facilities across the existing VA Enterprise Network via the Enterprise Video Teleconferencing Network.

Challenges

IMPACT OF P.L. 111-377 ON POST-9/11 GI BILL CLAIMS PROCESSING: The enactment of P.L. 111-377 impacted the development of the Long-Term Solution for processing Post-9/11 GI Bill claims and VA's ability to fully automate the delivery of benefits. The capability to conduct end-to-end processing on some supplemental claims was delayed to accommodate the new law.

NINTH CIRCUIT COURT IN CALIFORNIA DECISION IN VETERANS FOR COMMON SENSE V. SHINSEKI: The 9th Circuit Court returned a lawsuit filed by Veterans for Common Sense to a District Court for resolution. The Circuit Court found constitutional deficiencies in VA's claims and appeals processing. VA must develop a plan for improvement to deliver to the District Court.

IMPACT OF RICE V. SHINSEKI ON TOTAL DISABILITY INDIVIDUAL UNEMPLOYABILITY (TDIU) CLAIMS PROCESSING: VA has historically handled TDIU claims as freestanding claims that were adjudicated separately from other compensation claims in its decisions. However, as a result of the *Rice* decision, a request for TDIU, whether specifically raised by the Veteran or reasonably raised by the evidence of record, is no longer to be considered as a separate claim but will be adjudicated as part of the initial disability rating or as part of a claim for increased compensation. This change in how TDIU has been historically processed has resulted in added delays and increased complexity in pending inventory.

DISABILITY CLAIMS WORKLOAD:

- VBA's workload continued to increase due to the volume of disability claims being filed. VA received over 1.3 million disability claims in 2011. This is 10 percent more than the almost 1.1 million received in 2010.
- The addition of over 220,000 new claims for benefits as a result of the addition of three new presumptive diseases due to Agent Orange exposure impacted the processing and timeliness of all VA claims for compensation benefits. The *Nehmer*-related workload is extremely complex, and claims are completed at a rate of production less than half the normal expectation. In 2011, non-



Nehmer claims brokering to Resource Centers was suspended to focus on completing *Nehmer* cases. Fourteen Day-one Brokering Centers were developed to receive and process all *Nehmer* claims.

INTEGRATED DISABILITY EVALUATION SYSTEM (IDES) SURGE POTENTIAL: There is a potential for surges in the number of personnel in the IDES system because large numbers of military personnel are beginning to redeploy for combat operations. In the past, redeployments have caused surges in specific locations, causing VBA and VHA to move assets to the location. VA will make contingency plans for this surge potential.

INFORMATION TECHNOLOGY:

- The greatest challenge is that information systems are subject to constant attack by increasingly sophisticated threats with new vulnerabilities being introduced daily.
- Increasingly, medical devices are becoming infected. VA must secure medical devices in order to maintain data integrity and prevent invalid results that may negatively impact patient safety.
- VA must ensure that business processes, policies, and infrastructure are in place to support the rapid increase in the volume of eBenefits users.

DIFFICULTY IDENTIFYING AND CREDENTIALING AUTHORITATIVE DATA SOURCES: VA has historically built many of its information systems in individual solutions created to address a specific problem or need. As VA moves further into a consolidated IT infrastructure that spans across benefits service lines, it is imperative to identify a single authoritative source for a particular data element. The Office of Information and Technology and the Office of Policy and Planning are working together to sort through the many data sources to identify and establish the authoritative source for each data type. This is time-consuming but important to reduce redundancy and increase the accuracy and completeness of data on our Veterans.

VIDEO TELECONFERENCING: Currently, Veterans decide the type of hearing they receive, whether it is in person or by video teleconferencing. Overwhelmingly, Veterans choose an in-person hearing, creating long delays for hearings.

BVA is marketing video teleconferencing to Veterans and other stakeholders to encourage the use of this new technology. Additionally, BVA is working with VBA and VHA to coordinate the logistics of allowing video hearings to be held from locations in the field outside of regional offices. This will make the process more convenient, and thus more appealing, for Veterans to choose the video option.

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 were proposed, which would provide a burial option to an additional 500,000 Veterans and their families. 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.

Finding suitable land for these new cemeteries and new urban facilities is a challenge. Potential sites must be large enough to provide a burial option to Veterans and their families for many decades. Location, liens and encumbrances, and environmental concerns are other important factors. NCA has identified suitable properties for all five new national cemeteries and all five Urban Initiative sites. NCA will proceed with the land acquisition process for each in 2012.



Making a Difference for Veterans

VA and Easter Seals Open First Round of Caregiver Training



More than 500 Family Caregivers attended the comprehensive training program developed by VA in partnership with Easter Seals.

More than 500 Family Caregivers who applied for new services offered to Post 9/11 Veterans and their caregivers through a program of comprehensive assistance for Family Caregivers by the Department of Veterans Affairs (VA) started their care-giving training June 9, 2011.

There is no more valuable tool we can provide Family Caregivers than the knowledge and training needed to perform this highly demanding labor of love," said Secretary of Veterans Affairs Eric K. Shinseki. "This training we provided in partnership with Easter Seals will meet this need and support Veterans and their Family Caregivers with services and benefits they have earned."

The core training, which was developed in collaboration with Easter Seals, a non-profit provider of services for individuals with special needs, is offered in traditional classroom settings, online, or through home

study with a DVD and workbook. The modules focus on the health and well-being of both the Veteran and the Family Caregiver. The training includes information on Family Caregiver self-care, home safety, practical caregiving skills, personal care services to the Veteran, challenging behaviors, and additional resources.

Family Caregivers attending the Easter Seals training will receive respite care for the Veteran under their care, as well as mileage reimbursement and lodging, if needed. A Spanish version of the training materials will also be available.

Since May 9, more than 1,000 Family Caregivers have applied for the new services. The training program was developed by the Easter Seals in collaboration with VA clinical experts as part of a package of new services. The package also includes a stipend, mental health services, and access to health care insurance.

Veterans may review the criteria for eligibility and download the Family Caregiver program application (VA CG 10-10) at www.caregiver.va.gov. The application enables the Veteran to designate a primary Family Caregiver and secondary Family Caregivers. Caregiver support coordinators are stationed at every VA medical center to assist with coordinating the training or helping Family Caregivers locate available services.

Caregivers of Veterans from all eras are encouraged to visit the **Web** site www.caregiver.va.gov or call the National Caregiver Support Line at 1-855-260-3274 to explore many other services VA provides Family Caregivers. For more information on Easter Seals, visit the **Web** site at www.easterseals.com.



2011 Resource Summary Table – by Objective and Strategy

The following table shows estimates of the resources devoted to Integrated Objective 1 and its supporting Integrated Strategies.

Integrated Objective 1			
Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.			
Resource Allocations by Integrated Strategy			
	Integrated Strategy	Obligations (\$ in Millions)	Pct. of Total VA Resources
Integrated Strategies	IS 1a —Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery	52,064.4	39.4
	IS 1b —Develop a range of effective delivery methods that are convenient to Veterans and their families	17,671.4	13.4
	IS 1c —Improve VA’s ability to adjust capacity dynamically to meet changing needs, including preparedness for emergencies	6,038.3	4.6
	IS 1d —Provide Veterans and their families with integrated access to the most appropriate services from VA and our partners	13,497.9	10.2
	IS 1e —Enhance our understanding of Veterans’ and their families’ expectations by collecting and analyzing client satisfaction data and other key inputs	0.9	0.0
	Total for Integrated Objective 1	\$89,272.9	67.6%



INTEGRATED OBJECTIVE 2

Educate and empower Veterans and their families through proactive outreach and effective advocacy.

The Department’s most important 2011 achievements as well as its current challenges for Integrated Objective 2 are summarized below.

Most Important Achievements

EBENEFITS PORTAL: This portal is a major positive VA/DoD seamless benefits portal that will create full lifecycle support from initial recruitment through the Veteran experience. In 2011, eBenefits enrollment grew to over 800,000 users. VA and DoD enhanced self service access to information and services through the eBenefits Web portal. Examples of capabilities introduced were access to the Post 9-11 GI Bill application and to the 10-10EZ form to apply for health benefits.

VETSUCCESS INITIATIVE: VA continued to expand and enhance the VetSuccess initiative. Vetsuccess.gov is a one-stop shop for employment resources for Veterans. In 2011, VA enhanced the Web site to be more Veteran friendly and interactive to increase overall functionality. A news section and U.S map feature were added to include information on hiring programs, VA, and state-specific resources for Servicemembers, Veterans, and their family members in all phases of their transition. The number of new Veteran registrations increased 115 percent from 2010. As of third quarter 2011, 74,043 Veterans have registered on the site, surpassing the annual target of 41,171. The “VetSuccess on Campus” program provides on-campus support to student-Veterans to assist in the development and pursuit of educational goals. The program has a total of eight college campuses, serving approximately 8,000 Veteran students.

CONVERSION OF SGLI TO VGLI: 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 that 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 recently separated disabled Servicemembers who would most benefit from the conversion. VA expanded its outreach from 200 to more than 1,500 recently separated disabled Servicemembers per month via personalized telephone calls to inform them of their insurance benefits.

CHANGES TO POST-9/11 GI BILL: In July 2011, VA launched an online campaign to highlight the changes made to the Post-9/11 GI Bill by P.L. 111-377. Changes included adding on-the-job and apprenticeship training, flight training, correspondence courses, and non-college degree programs as eligible under the Post-9/11 GI Bill. The Web-based advertising was targeted at states with high Post-9/11 Veteran unemployment.

MILLION VETERAN PROGRAM (MVP): VA launched the MVP, a leading-edge genomics research program, in May 2011 to move toward the personalization of Veterans’ health care.



APPOINTMENT SYSTEMS REDESIGN: Access to the nearly 70 million appointments in VHA clinics continues to improve in 2011. Access for new patients has improved from 84 percent to 89 percent for patients seen within 14 days of their desired date. VHA took the following actions:

- Simplified and improved alignment of reporting.
- Emphasized access in the network performance management system.
- Instituted a wide array of access improvement education and change initiatives for staff.

WOMEN VETERANS SUMMIT: VA's Center for Women Veterans sponsored the 2011 National Training Summit on Women Veterans in July. Nearly 700 participants from across the Nation, including VA staff who care for women Veterans, attended to collaborate and discuss issues facing women Veterans and women Servicemembers.

OFFICE OF SURVIVORS ASSISTANCE (OSA): OSA expanded current and fostered new collaborative partnerships with public and private sector organizations to further its mission. These partnerships included Survivor groups, U.S. Army Survivor Outreach Service, National Guard Bureau Transition Assistance Advisors Program, hospice and funeral industries, and VA Advisory Committees, to name a few. OSA also developed new and innovative communications materials and products.

CENTER FOR MINORITY VETERANS OUTREACH ACTIVITIES: In 2011, the Minority Veterans Program Coordinators (MVPC) conducted more than 11,000 outreach activities and saw more than 600,000 Veterans and family members, of which 45 percent were minority Veterans. The MVPCs also supported the Secretary's goal to eliminate homelessness among Veterans by conducting more than 1,000 homeless outreach activities; they saw more than 73,000 Veterans, of which 33 percent were minority Veterans.

INFORMATION TECHNOLOGY AND SECURITY: The Office of Information and Technology (OIT) took the following actions in 2011:

- Deployed Nationwide Health Information Network at pilot sites, allowing Veteran health information to be electronically shared between VA, DoD, and private industry partners.
- Enhanced the Bidirectional Health Exchange (BHIE) interface to enable VA providers to view DoD neuropsychological assessments and imagery and DoD inpatient notes.
- Continued to expand the number of participating VA health care providers with whom Veterans and family members can communicate electronically through My HealtheVet (MHV) Secure Messaging.
- Continually monitored the information flowing to and from VA Web sites that provide information to the public so that these sites maintained their operation.
- Was proactive against threats to all windows-based, networked systems, allowing for VA visibility into 340,000 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, and



the annual Information Protection Awareness Week during which OIT interacted with more than 3,000 VA staff members at more than 200 locations.

VA CFBNP AND WHITE HOUSE COLLABORATIVE INITIATIVE: The VA Center for Faith-Based and Neighborhood Partnerships (CFBNP) along with other agency CFBNP participated in the “White House Conversation on Faith-based Organizations Supporting Military Families.” VA CFBNP Director and staff were a part of the planning team that convened over 25 faith-based and community organizations that currently support Military families and Veterans. The purpose of the conversation was to identify ways faith-based groups are already supporting Military families around the country and develop tools to expand this support to thousands of additional congregations and nonprofit organizations. As a result of this meeting, and in keeping with America’s commitment to care for our Service men and women, First Lady Michelle Obama and Dr. Jill Biden used information from this conversation as part of the Joining Forces Initiative launch: www.whitehouse.gov/joiningforces. The First Lady hosted a call with faith and community leaders on “Joining Forces,” which is a comprehensive national initiative to mobilize all sectors of society to give our Servicemembers and their families the opportunities and support they have earned. Over 1,800 persons representing faith and community-based organizations from across the country were on the conference call. Currently, the VA CFBNP Director and staff are supporting “Joining Forces” by providing information to faith-based organizations on how they can provide support to Military families and Veterans.

In 2011, VA CFBNP also published the Supporting Veterans and Military Families chapter in the newly published interagency Partnership Guide: www.hhs.gov/partnerships/resources/partnerships_toolkit.pdf. The Guide was designed to give local faith and community leaders a menu of opportunities to partner with the White House CFBNP to address a variety of challenges and issues critical to local communities.

Challenges

OUTDATED OUTREACH PLATFORM: The new Insurance Service outreach unit is currently working in a platform that does not have the imaging and electronic workflow technology needed for the unit to function at an optimal level. VA is near completion of a new outreach platform that will provide the functionalities required to increase the effectiveness and efficiency of the unit.

NO-SHOWS: VHA continues to focus on improving "no-shows" for all appointments, including OEF/OIF/OND. VHA is in the process of rolling out an enterprise-wide No-Show Initiative. This effort includes:

- Clinic-by-clinic assessment of factors driving no-shows.
- Systematic implementation of proven strategies to improve no-shows.

INFORMATION SECURITY THREATS: VA Web sites are subject to constant attack by those who wish to prevent Veterans from getting the services and benefits provided by VA. Additionally, the growing use of social media technology has increased the number and types of threats faced by the Department. There is an increased risk that malicious content or links accessed on these sites could breach VA systems and negatively impact operation of the VA network.



LACK OF DEMOGRAPHIC DATA: The lack of demographic data on Survivors impedes the efforts of the Office of Survivors Assistance to identify where more targeted outreach may be deployed. For the Center for Minority Veterans to measure the effectiveness of its outreach, it is essential that a methodology be established for collection of demographic data.

CFBNP OUTREACH: Since VA CFBNP does not have VA field employees at the VISN and/or regional offices, it is difficult to follow up with persons who attend the various outreach events.



Making a Difference for Veterans

VA Rolls Out New Homeless Intervention Program



VA Deputy Secretary W. Scott Gould participated in a homeless census in Washington, DC, in January 2011.



A homeless-prevention program by the Department of Veterans Affairs (VA), which seeks to help Veterans and families who are on the verge of becoming homeless, was launched in July. The nearly \$60 million in grants will serve approximately 22,000 homeless and at-risk Veteran families at 85 non-profit community agencies in 40 states and the District of Columbia. This program marks the first time that VA will fund services for the spouses and children of Veterans at risk of becoming homeless.

“The problems that lead to homelessness begin long before Veterans and their families are on the streets,” said Secretary of Veterans Affairs Eric K. Shinseki. “By putting more resources into intervention programs for people at risk of becoming homeless, we can reduce suffering and increase the opportunities for turning around these lives.”

The program, called Supportive Services for Veteran Families (SSVF), will promote housing stability among homeless and at-risk Veterans and their families. Under the SSVF program, VA awards grants to private non-profit organizations and consumer cooperatives that can provide a range of supportive services to eligible very low-income Veteran families. Supportive services include outreach, case management, assistance in obtaining VA benefits, and assistance in obtaining and coordinating other public

benefits. Grantees will also have the ability to make time-limited temporary financial assistance payments on behalf of Veterans for purposes such as rent payments, utility payments, security deposits, and moving costs.

In January, VA sponsored free grant-writing workshops for community organizations interested in applying for funds under this program. The workshops were held in Chicago, Los Angeles, Seattle, Houston, and New York City.

For more information about VA's homeless programs, visit the **Web** site at <http://www.va.gov/homeless>. A list of award recipients and details about the Supportive Services for Veteran Families program are available online at <http://www1.va.gov/homeless/ssvf.asp>. Community organizations can also contact VA at 1-877-737-0111 or at SSVF@va.gov.



2011 Resource Summary Table – by Objective and Strategy

The following table shows estimates of the resources devoted to Integrated Objective 2 and its supporting Integrated Strategies.

Integrated Objective 2			
Educate and empower Veterans and their families through proactive outreach and effective advocacy.			
Resource Allocations by Integrated Strategy			
	Integrated Strategy	Obligations (\$ in Millions)	Pct. of Total VA Resources
Integrated Strategies	IS 2a —Use clear, accurate, consistent, and targeted messages to build awareness of VA’s benefits amongst our employees, Veterans and their families, and other stakeholders	4.1	0.0
	IS 2b —Leverage technology and partnerships to reach Veterans and their families and advocate on their behalf	11,163.2	8.4
	IS 2c —Reach out proactively and in a timely fashion to communicate with Veterans and their families and promote Veteran engagement	1.5	0.0
	IS 2d —Engage in two-way communications with Veterans and their families to help them understand available benefits, get feedback on VA programs, and build relationships with them as our clients	8,485.1	6.4
	Total for Integrated Objective 2	\$19,653.9	14.8%



INTEGRATED OBJECTIVE 3

Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.

The Department's most important 2011 achievements as well as its current challenges for Integrated Objective 3 are summarized below.

Most Important Achievements

ACADEMIC AFFILIATIONS: The 5-year implementation of the Graduate Medical Education Enhancement Initiative ended in 2011. Nearly 1,500 resident positions were added nationwide because of this initiative. The goals of this enhancement initiative were to:

- Address physician shortages by expanding resident positions in specialties of greatest need to Veterans and the Nation.
- Address the uneven geographic distribution of residents in VA to improve access to care.
- Foster innovative models of education.

CENTERS OF EXCELLENCE IN PRIMARY CARE EDUCATION: Medical centers in Cleveland; San Francisco; Boise; West Haven, Connecticut; and Seattle were selected in January 2011 from among 20 full proposals submitted under VA's Centers of Excellence in Primary Care Education Initiative. The awarded sites will begin developing innovative and multi-disciplinary educational models to integrate trainees into team-based models of care. Trainees at these model sites started their work in July 2011.

CHIEF BUSINESS OFFICE:

- Increased revenue-cycle efficiency in key performance metrics through deployment of one additional industry best practice—regional Consolidated Patient Account Centers (CPAC) and further stabilization of the two CPACs deployed in 2010.
- Developed a next generation Integrated Collections Forecasting Model to produce fair and reasonable estimates of the President's Budget for First and Third Party Medical Care Collections Fund (MCCF) revenues at the local and national levels, based on additional variables to include Veteran demographics (age, Priority Group, insurance status), case mix, economic conditions, policy changes, and historic billing and collection patterns.
- Increased electronic Pharmacy claim volumes nearly 37 percent this year to date over 2010. VA is now submitting real-time Blue Cross Blue Shield Federal Employee Program (BCBS FEP) electronic Pharmacy claims to Caremark (administers benefit for BCBS FEP). VA benefits from this process since it reduces the days-to-bill and days-to-collect for the largest Veterans' pharmacy plan.

VULNERABILITY ASSESSMENTS: VA's Office of Security and Law Enforcement completed on-site vulnerability assessments of 1,361 VA locations in 2010-2011. Mitigating the high risk locations has been VA's top priority. Since completing the assessments in January 2011, VA facilities have hired 118 police officers of the 160 identified as needed by the assessments and have initiated 72 infrastructure improvement or security systems projects. Work continues into 2012 to bring all facilities into compliance with physical security standards.



VA'S OFFICE OF EMERGENCY MANAGEMENT (OEM): The Integrated Operations Center (IOC) has increased VA's capability for fusions, predictive analysis, and timely recommendations to VA Senior leadership. The IOC's increased staffing of Watch Officers that represent their Administrations or Staff Offices/Organizations has allowed this increased capability. In June 2011, the Capital Region Readiness Center was completed and became operational for daily functions. OEM also developed VA Handbook 0321.1 *VA Integrated Operations Center*, which provided procedures for the operations of the IOC. Additionally three departmental plans (the Master Continuity Plan, the Reconstitution Plan, and the Devolution Plan) were developed and published.

OFFICE OF POLICY AND PLANNING (OPP): OPP took the following actions:

- Created a planning, programming, budgeting, and evaluation (PPBE) process, which established a 2012 program baseline; delivered a prototype programming database to demonstrate programming concepts and capabilities; issued integrated programming/budgeting guidance for the 2013-2017 resource cycle; and established a PPBE integration team to ensure synchronization, coordination, and synergy of VA's PPBE efforts.
- Instituted changes to the strategic planning process including the establishment of a Strategic Studies Group to aid the Department in developing long-term insights and perspectives on emerging Veterans' issues; the establishment of a collaborative Senior level Strategic Planning Council; and the integration of the strategic planning process into the planning, programming, budgeting, and evaluation process.
- Provided program management support and operational planning direction to the 16 major initiatives deemed critical by the Secretary to transform VA into a 21st century organization; conducted detailed execution reviews and lockdowns of major initiatives to provide independent assessment of progress; identified barriers to success; and helped define solutions to ensure collective execution of 397 acquisition packages worth \$784 million.
- Led the establishment of the VA Data Governance Council and the VA Data Management Working Group to improve the quality and value of VA data; establish VA policies and standards involved in the creation, collection, and dissemination of authoritative data; resolve cross-organizational data-sharing issues; support initiatives, programs, or project teams in the access and use of common VA data; inventory and document VA source databases, including all major Administration data systems; establish the VA Data Governance Directive; and launch the new VA data and statistics Web site with more content on Veteran demographic, socioeconomic, and VA utilization statistics.

PUBLICATION OF A NUMBER OF IMPORTANT RULEMAKINGS: In 2011, attorneys from the Office of General Counsel's Office of Regulation Policy and Management helped VA program offices publish a number of regulations of importance to Veterans. New VA regulations supported the goals of the Openness in Government Act, provided supportive services for Veterans' families and homeless Veterans, improved health care services for homeless Veterans including those with substance abuse problems, extended coverage for herbicide exposures to certain Veterans in or near the Korean demilitarized zone, liberalized the requirements for modifying VA-guaranteed home loans to help Veterans avoid foreclosures, held down the rising costs of pharmacy co-payments for Veterans, helped prevent Veterans released from incarceration from becoming homeless, assisted Veterans with disabilities train for and compete on the U.S. Paralympics team, authorized the continuation of per diem payments for Veterans at state homes during emergency evacuations, implemented new benefits for



Veterans needing service dogs, included functional gastrointestinal disorders (FGIDs) within the scope of the existing presumptions of service connection for medically unexplained chronic multisymptom illnesses, and quickly implemented Congressional amendments in the Post-9/11 Veterans Educational Assistance Improvements Act of 2010.

REGULATION REWRITE PROJECT: The Office of Regulation Policy and Management in the Office of General Counsel is making substantial progress in completing a monumental, multi-year project to completely reorganize and rewrite all of VA's compensation and pension regulations. When completed, this major revision of VA's most complex regulations will aid Veterans, Veterans Service Organizations (VSO), and VA employees in understanding and applying VA laws and regulations. The final rule is scheduled to be completed and published in 2012.

EMPLOYING VETERANS: VA reached a milestone of employing 100,000 Veterans.

TELEWORK: Approximately 11 percent of VA's employees are eligible to telework.

BUILDING AND LAND REUSE: An Enhanced Use Lease (EUL) development partner opened a housing facility for homeless Veterans on the Batavia, New York, VA Medical Center campus. This project reuses an underutilized building that is approximately 7,000 square feet to create 18 beds for Veterans. VA signed an EUL with the Salt Lake City Public Housing Authority to provide a 72-unit building on underutilized land at the Salt Lake City VA Medical Center. In addition, VA continued to pursue the Building Utilization Review and Repurposing (BURR) Initiative to establish projects nationwide to house Veterans and their families on underutilized VA property.

GREEN MANAGEMENT: VA has invested in energy projects that improve energy security, enhance emergency response, and provide ongoing returns to the taxpayer, all of which continually improve our internal capacity to serve our clients effectively and efficiently under all conditions. VA also achieved its goal of powering over 50 percent of its vehicle fleet with alternative fuels. To support our changing fleet, VA installed and awarded 30 alternative fueling (E-85) stations.

CAPITAL ASSET PLANNING AND MANAGEMENT: VA provided planning and guidance that resulted in completed disposals covering 44 buildings making up more than 211,000 gross square feet in 2011. In addition, VA developed disposal or reuse plans for over 720 assets over the next 5 years (through FY 2016) accounting for approximately 8 million gross square feet and 440 acres through the Strategic Capital Investment Planning (SCIP) process. To better support SCIP, VA developed a Web-based SCIP automated tool used in the formulation of the 2013-2022 Action Plans. These plans will be released with the FY 2013 construction budget submission in February 2012.

DISABILITY EXAMINATION MANAGEMENT: The Denver Acquisition and Logistics Center (DALC) awarded five Disability Examination Management Contracts. These contracts will provide clinical disability examinations for VHA. Examinations can be provided at specified contractor locations, VA Health Care Facilities, and Military Treatment Facilities across the country. Disability Examinations are critical pieces of evidence for determining the extent of permanent impairment and thus the percent of disability that defines the benefits a Veteran is awarded. Prior to performance, staff performing disability examinations must receive approved training for all required disability examination modules



and general VA disability examination training. Since this is a national program to include the United States, Asia, Europe, and Latin America, the Disability Examination Program Office is phasing in the implementation.

PROJECT ARCH: This is an initiative to provide community-based health care to Veterans in rural and highly rural areas. Two contracts were awarded providing services to eligible Veterans residing in the pilot areas. Project ARCH intends to improve access for eligible Veterans who must travel to receive care within VA by connecting them to health care services closer to where they live. Under this program, Veterans will gain local convenience without sacrificing the quality of care VA provides Veterans within its system. Additionally, these contracts will assist in reducing wait times and reduction of current excessive wait lists in certain areas thereby providing prompt, much needed care to Veterans. Contractors are required to make appointments available for participating Veterans within 14 days.

ASSISTED LIVING FOR VETERANS WITH TRAUMATIC BRAIN INJURY (AL-TBI): This is a program to provide assisted living services to eligible Veterans with traumatic brain injury in order to enhance their rehabilitation, quality of life, and community integration. The DALC awarded 21 contracts providing access to over 200 qualified assisted living facilities throughout the country. To date, approximately 40 Veterans are currently receiving care through these contracts. Utilization is expected to increase as awareness of the program grows and Veterans become eligible. The AL-TBI program provides much needed services to Veterans who may not be able to receive the quality of care needed due to high cost. Prior to the establishment of these contract, VA used Memoranda of Understanding to provide care. The contracts provide for guaranteed access, quality of care, and standardization of processes.

PROCUREMENT ACTION LEAD TIME (PALT): From October 2010 through July 2011, the Federal Supply Schedule Service (FSSS) improved its overall PALT measure by 18 percent. This means that the amount of time to complete modification actions, extensions, and new offers decreased overall by 18 percent. Standardized forms, improved training venues, and dedication from the FSSS team members account for the majority of this improvement.

TELEHEALTH CONTRACTS: The National Contract Service awarded six Indefinite Delivery Indefinite Quantity (IDIQ) contracts for VA's Home Telehealth Program. The Home Telehealth Program, headed by Dr. Adam Darkins, provides Veterans access to medical care from their homes. Telehealth equipment installed in patients' homes queries them about their daily health status based on interactive software routines and transmits this data directly to VA medical personnel for review. This program allows Veterans who have limited mobility or live long distances from VA facilities to maintain their health without constant travel. The contracts are valued at approximately \$1 billion over their 5-year life span.

Challenges

CHIEF BUSINESS OFFICE CHALLENGES:

- Realizing continued growth in First and Third Party MCCF revenues, based on current economic conditions, policy changes, aging of Veteran population to 65 and older, and migration of Veterans to non-copay categories.



Part I - Performance Summaries by Integrated Objective

- Transitioning required by health care industry to meet the next generation of Health Insurance Portability and Accountability Act standards.

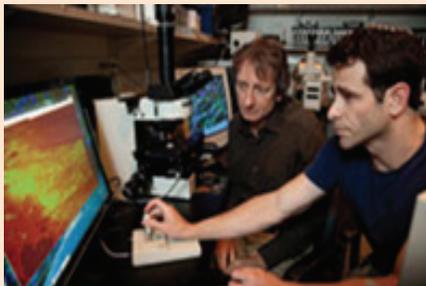
TELEWORK: Many positions within VA (for example, in VHA and NCA) are more direct service-related and are not suitable for telework.

ENHANCED USE LEASE: Financing an EUL project can be difficult in the current economic climate. If a development partner cannot finance a project, executing an EUL cannot be accomplished.



Making a Difference for Veterans

New VA Initiative Brings Together Key Groups Working toward a Cure for Spinal Cord Injury



Dr. Mark Tuszynski of VA and the University of California, San Diego (left), seen here with associate Dr. Ephron Rosenzweig, is seeking ways to regenerate injured spinal cord tissue.

When physician-researcher Mark Tuszynski, M.D., Ph.D., talks with patients who have spinal cord injury, he advises them to "have a positive outlook and keep their bodies in the best shape possible. With much hard work and some luck, we hope to have truly promising therapies to deliver in the future."

A new VA initiative aims to put researchers on the fast track toward that future. The VA Spinal Cord Injury Collaborative Translational Consortium is building teams of leading investigators—almost a "Who's Who" of spinal cord research in the U.S. today—to nurture high-risk, high-return ideas that would likely not get funded through other programs and to create synergy among scientists who are in hot pursuit of the same goal.

One lead group in West Haven, Connecticut, led by Jeffery Kocsis, Ph.D., of VA and Yale University, and another in

San Diego, led by Tuszynski, with VA and the University of California, have already begun a dialogue that will have them sharing data, techniques, and experimental therapies; replicating each other's results; and propelling the research forward at a pace that would otherwise be hard to attain.

"Right now we are still working in animal models," says Audrey Kusiak, Ph.D., the scientific program manager for VA who designed the consortium and oversees it. "The hope is that after 10 years of research and funding, the consortium will have the data and expertise to translate the methods and results to humans."

Tuszynski believes in a combination approach, and his lab has had a string of successes along that line. Kusiak notes that recent studies from the San Diego team "have shown that combinations of cells, drugs, and growth factors result in re-growth of nerve fibers past the site of injury 12 months after the injury. Similar combinations have resulted in recovery of function in rodents as well as non-human primates."

Some experimental therapies for spinal cord regeneration must be used within hours of the initial injury. Others, targeted to "subacute" injuries, must be used within a week or two. The VA consortium, though, will seek to develop therapies that will work even months after an injury. "That's more relevant to our Veteran population than acute or subacute therapies," says Kusiak.

Kocsis, who for many years has partnered with well-known VA-Yale neurology researcher Stephen Waxman, M.D., Ph.D., is working on methods that will complement those of the San Diego group. One area is testing adult stem cells for spinal cord regeneration.

It's hard to predict right now which therapies will emerge as the most practical for human trials, but Kusiak believes the consortium will speed progress toward that goal. She says she's gotten excellent feedback on the overall plan from her counterpart at the National Institutes of Health—particularly on the built-in checkpoints that require careful validation by collaborating groups before a potential therapy can advance from rodent to primate testing, and from primates to humans. The field of spinal cord research is at a crossroads, she says, and aggressive, wide-reaching approaches are needed more than ever to move discoveries from labs to clinics. She hopes the new consortium will do just that.

"It is truly unique to VA," says Kusiak. "We think it's a model system for translation."

For information about Veterans and spinal cord injury, visit the [Web](#)

http://www.queri.research.va.gov/about/factsheets/sci_factsheet.pdf



2011 Resource Summary Table – by Objective and Strategy

The following table shows estimates of the resources devoted to Integrated Objective 3 and its supporting Integrated Strategies.

Integrated Objective 3			
Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.			
Resource Allocations by Integrated Strategy			
	Integrated Strategy	Obligations (\$ in Millions)	Pct. of Total VA Resources
Integrated Strategies	IS 3a — Anticipate and proactively prepare for the needs of Veterans, their families, and our employees	15.8	0.0
	IS 3b — Recruit, hire, train, develop, deploy, and retain a diverse VA workforce to meet current and future needs and challenges	2,054.4	1.6
	IS 3c — Create and maintain an effective, integrated, Departmentwide management capability to make data-driven decisions, allocate resources, and manage results	11,394.1	8.6
	IS 3d — Create a collaborative, knowledge-sharing culture across VA and with DoD and other partners to support our ability to be people-centric, results-driven, and forward-looking at all times	9,011.2	6.8
	IS 3e — Manage physical and virtual infrastructure plans and execution to meet emerging needs	886.1	0.7
	Total for Integrated Objective 3		\$23,361.6



Major Initiatives

VA has identified 16 major initiatives that will serve as a platform to transform VA into a 21st century organization that is people centric, results-driven, and forward-looking. Provided below are tables for each of the initiatives showing the problem being addressed and a summary of 2011 actions and progress.

ELIMINATE VETERAN HOMELESSNESS (PRIORITY GOAL)	
Problem Being Addressed	2011 Actions and Progress
<ul style="list-style-type: none"> Single male Veterans are disproportionately represented among the homeless population. Based on the most recent data available, at any given time approximately 16 percent of the homeless adult population are Veterans. Veterans compose roughly 9.5 percent of the total adult population of the United States. In 2010, homeless population estimates suggested that about 76,329 Veterans were homeless at any given time and perhaps up to twice as many experienced homelessness at some point during the course of a year. (*) <p>(*) Accurately counting and/or calculating the number of homeless Veterans in the United States is understandably difficult. The homeless are usually mobile, generally cannot be contacted by phone or mail, and may not be willing to participate in surveys or avail themselves to other data gathering efforts.</p> <p>Based on a recent U.S. Department of Housing and Urban Development report submitted to Congress, during a 12-month period (October 2009 through September 2010) homeless Veterans made up approximately 11.5 percent of all homeless adults who accessed emergency shelters or transitional housing in communities across the United States.</p> <p>Many other Veterans are considered near homeless or at risk because of their poverty, lack of support from family and friends, and dismal living conditions in cheap hotels or in overcrowded or substandard housing.</p>	<p>VA is the Nation’s largest single provider of homeless treatment and benefits assistance services to homeless Veterans. In 2011, it was projected that approximately 150,000 Veterans were served in VA’s continuum of homeless programs. VA’s Plan to Eliminate Homelessness Among Veterans will assist every eligible homeless or at-risk Veteran willing to accept services. The plan focuses on the prevention of homelessness, permanent supportive housing, mental health and substance use treatment, and education and employment assistance. VA offers the following to help end homelessness among the Nation’s Veterans:</p> <ul style="list-style-type: none"> VA launched the Supportive Services for Veteran Families (SSVF) Program. \$59.5 million in grants was distributed to 85 community agencies to prevent Veterans and their families from falling into homelessness. The Homeless Veterans Demonstration Pilot was launched in March 2011 to assist Veterans who are transitioning from active duty. As of August 31, 2011, over 1,000 Veterans had been screened for this program. VA continues to foster interagency collaboration with the United States Interagency Council on Homelessness; the Departments of Housing and Urban Development, Labor, Education, Health and Human Services, and Justice; and others. VA estimates that \$799 million was spent in 2011 in direct support of homeless Veterans and estimates that overall it spent \$3.4 billion in health care treatment costs in 2011 for homeless Veterans. In December 2009, VA launched the National Call Center for Homeless Veterans (NCCHV). The call center number is 1-877-4AID-VET. As of September 30, 2011, 48,869 calls have been received by the NCCHV. A chat line was also implemented in March 2010, and as of September 30, 2011, 3,980 chats have taken place. As of August 31, 2011, VA has 25,659 Veterans actively housed through the HUD-VASH Program. Through public/private ventures using VA’s enhanced-use leasing authority and underutilized real property, VA will add permanent and transitional housing units for homeless Veterans and those at risk for homelessness.



**ENABLE 21ST CENTURY BENEFITS DELIVERY AND SERVICES
(PRIORITY GOAL)**

Problem Being Addressed	2011 Actions and Progress
<ul style="list-style-type: none"> • The average disability claims processing time is 188 days. Veterans and survivors waiting to receive decisions on their compensation and pension claims need timely decisions because they rely on VA benefits that they earned through their military service. • 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. • VA seeks to eliminate the disability claims backlog by 2015 and ensure that no Veteran has to wait more than 125 days for a high quality decision. 	<p>VA is implementing a 21st Century paperless claims processing system—the Veterans Benefits Management System (VBMS) as part of the overall VBA Claims Transformation Plan.</p> <p>Actions and progress made during 2011 on VBMS are cited below:</p> <ul style="list-style-type: none"> • <u>Completed Phase I</u>: Production deployment and Phase I operations in the Providence, Rhode Island, Regional Office were completed in May 2011. • <u>Began Phase II</u>: Production deployment of an enhanced system to the Salt Lake City Regional Office in May 2011. Operations continued in the Providence Regional Office. <p>Other Transformation Initiatives implemented during 2011 include:</p> <ul style="list-style-type: none"> • Standardized VA examination questionnaires to ensure that accurate medical evidence necessary in the disability evaluation process is obtained from both VA and private medical examiners. • Disability evaluation calculators, which guide claims processors in determining the proper evaluation to assign to a disability per regulatory criteria.



AUTOMATE GI BILL BENEFITS (PRIORITY GOAL)

Problem Being Addressed	2011 Actions and Progress
<ul style="list-style-type: none">• Automate elements of VBA Post-9/11 GI Bill claims processing.• Improve timeliness of Post-9/11 GI Bill claims processing while maintaining the current claims processing timeliness levels for other benefit programs.• Provide automated processing functionality by adding interfaces to other databases and integrating workflow management functions into the Long-Term Solution.	<ul style="list-style-type: none">• Provided a school enrollment interface between the VA Online Certification program and the Long-Term Solution (LTS).• Provided an interface to the Benefits Delivery Network payment system to pre-populate data and automate payments.• Provided functionality within LTS to pay for license, certification, and national exams reimbursement.• Provided functionality to prorate housing allowance



CREATE VIRTUAL LIFETIME ELECTRONIC RECORDS BY 2012 (PRIORITY GOAL)

Problem Being Addressed	2011 Actions and Progress
<ul style="list-style-type: none"> • Incompatibility between DoD and VA electronic health records systems for Veterans and military Servicemembers. • Inability to interface with third party health care providers to form a complete electronic health care record for Veterans and military Servicemembers. • Safeguarding of Veterans and military Servicemembers' Personally Identifiable Information (PII) woefully inadequate for secure exchange of health-care information over wide Web Networks. 	<ul style="list-style-type: none"> • Enabling the transfer of 12 DoD inpatient note types to VA and enabling DoD-to-VA image transfer. • Upgrades to increase the number of Active Dual Consumer activations, which in turn allows providers to see more complete data for more of their patients at VHA sites. • The VA Nationwide Health Information Network (NwHIN) added private partner pilot locations: Inland Northwest Health Services, North Carolina Healthcare Information, and Communications Alliance. The following VA Medical Centers were added to the pilot: Richmond and Charleston. Additional data types were added: Visits, Procedures (Surgery and Radiology), TIU Documents, and Lab Results Grouped by Panel. <p>Over the last year VLER has taken a number of steps to increase data security. Two examples are:</p> <ul style="list-style-type: none"> • The NwHIN Direct v1.0 software release helped expand the service of NwHIN to allow for the delivery of simple, secure, scalable, standards-based encrypted health information directly to known trusted recipients over the Internet. • The Clinical Health Data Repository (CHDR) 2.0 release includes features requested by VHA Identity Management, clinicians, and others, and improves upon the functionality presented in CHDR 1.3. Code enhancements made in this release will also provide improved information and resource sharing between the DoD Military Health System (MHS) and VHA.



IMPROVE VETERANS MENTAL HEALTH (PRIORITY GOAL)	
Problem Being Addressed	2011 Actions and Progress
<ul style="list-style-type: none"> • Nearly 30 percent of the patients VA sees during a given year have a mental health diagnosis. As a result, VA has designed its health system on the basis that mental health is a critical part of overall health care. PTSD, depression, and problem drinking are the three most common mental health conditions afflicting Veterans. • The goal of Improving Veteran Mental Health (IVMH) is to continue the transformation of VA Mental Health that began with the publication of the Handbook on Uniform Mental Health Services in VA Medical Centers and Clinics and continues to evolve. • Ensure clinical services in medical centers and clinics are patient-centered and recovery-oriented and address mental health needs that emerge in all medical care settings. 	<ul style="list-style-type: none"> • The Uniform Mental Health Services Handbook provides a comprehensive, Veteran-centric, forward-looking outline of the full range of mental health services that VA Medical Facilities and Community-Based Outpatient Clinics must provide. Evaluation of its implementation suggests that VA is well along in full implementation with more than 50 percent of all facilities having implemented 95 percent of the handbook requirements. As a result, VA provides a high level, by any standard, of comprehensive care for mental health problems. Over 4,500 mental health staff members have been trained in the delivery of one or more evidence-based psychotherapies. VHA has acquired software and implemented a national training program to standardize recovery-oriented, mental health treatment planning at all VHA facilities. • Mental health staff are integrated into primary care clinics throughout the VA system and assist with the Patient Aligned Care Teams; they follow up on positive mental health screens and conduct full evaluations; deliver co-located, collaborative psychosocial mental health care; deliver Behavioral Medicine interventions for physical health problems; and consult with primary care team staff members on delivering care to Veterans with significant mental health problems that interfere with medical adherence, effective communication with providers, and full engagement in the treatment process. • Suicide Prevention: August 2011 marks 4 years since the establishment of VA’s Veterans Crisis Line (1-800-273-TALK [8255] or www.veteranscrisisline.net) and 2 years since the establishment of the Veterans Chat Service. The program continues to thrive, saving lives and linking Veterans with effective, ongoing mental health services. Details as of July 31, 2011, include: over 450,000 calls and 20,000 chat connections; over 16,000 rescues of those in immediate suicidal crisis; and over 61,000 callers provided referral to a local VA Suicide Prevention Coordinator. VA has established an on-going public relations contract to assist with the messaging and the marketing of this service and increasing its usage. VA continues to partner with DoD in joint suicide prevention training and awareness activities and to conduct local outreach efforts including poster placement at various VA and community sites, Suicide Prevention Coordinator trainings in the community, and regular local “awareness” activities.



BUILD VRM CAPABILITY TO ENABLE CONVENIENT, SEAMLESS INTERACTIONS (PRIORITY GOAL)

Problem Being Addressed	2011 Actions and Progress
<ul style="list-style-type: none"> • The types of client service interactions that are common to Veterans and their families in society are changing rapidly, along with their expectations for service levels. • VA has an obligation to change as well. VA must offer Veterans and their families a higher level of service by leveraging technological advances to learn more about the needs and preferences of our clients and becoming more proactive in serving them in an integrated fashion. Technology is quickly developing to support extensive self-service, and many clients’ preferences are evolving toward these interfaces. • It is crucial that VA provide consistent information, access, and service levels across all interfaces that are aligned with our clients’ preferences. 	<ul style="list-style-type: none"> • The VBA National Queue (call routing) was implemented, and calls are now routed based on agent skills to the first available agent equipped to best answer the call type. This foundational infrastructure facilitates deployments of Virtual Hold and Scheduled Callback capabilities in 2012. • Call recording for the VBA National Call Centers (NCC) was implemented, and 100 percent of inbound calls are recorded for standardized quality assurance reviews. Robust analytical tools are used to identify service and technology issues that provide information for agent training and coaching and address static, dropped calls, or transfer concerns. • A Customer Relationship Management (CRM) prototype was completed to refine requirements for CRM that will enable the capture of caller history, streamline data access, facilitate first contact resolution, and provide personalized service to Veterans. CRM will be deployed to the St. Louis VBA NCC by December 2011, and quarterly deployments will continue to the remaining seven VBA NCCs throughout 2012. • eBenefits releases (v2.5, v2.6, and v3.1) enhanced self-service access to information and services through the Internet. Examples of capabilities introduced include: access to the Post 9-11 GI Bill application, capability to generate official VA letters, access to 10-10EZ form to apply for health benefits, capability to apply for a VGLI policy or view and update information for an existing policy, and early notification of benefits based on business-defined life triggers. • Knowledge Management (KM) products were acquired that will assist VA contact center representatives to access VA general knowledge to provide accurate, complete, and consistent information to client inquiries. Release 1.0 of VRM KM will incorporate Public Contact Representative toolbox and Veteran Benefits Reference System content for the initial CRM deployment to the St. Louis NCC by December 2011. • VONAPP Direct Connect will introduce an online interview style to apply for benefits via eBenefits. Initial releases include 21-686c “Declaration of Status of Dependents” and 21-674 “Request for Approval of School Attendance.” Increment 2.0 will be the 21-526ez “Fully Developed Claim (for Compensation benefits).” VONAPP Direct Connect Increment 2.0 is scheduled for release in December 2011. The initial release (Pilot Proof of Concept) is scheduled for the end of October 2011.



DESIGN A VETERAN-CENTRIC HEALTH CARE MODEL AND INFRASTRUCTURE TO HELP VETERANS NAVIGATE THE HEALTH CARE DELIVERY SYSTEM AND RECEIVE COORDINATED CARE

Problem Being Addressed	2011 Actions and Progress
<p><u>Patient Aligned Care Team Model</u></p> <ul style="list-style-type: none"> • Veterans and their families are faced with the complexities of modern health care, which can often seem daunting and confusing. • There is a need for both health care systems and health care providers to function as a team, led by the Veteran’s personal provider who works collaboratively with Veterans and their families to improve access, communication, coordination, quality, and safety of health care delivery. <p><u>Telehealth: Addressing Access</u></p> <ul style="list-style-type: none"> • VA’s expansion of telehealth is addressing the needs of special populations by providing dynamic and accessible programs in the areas of telemental health, post-amputation care, spinal cord injury, support of OEF/OIF returnees, and support of other Veterans with other catastrophic injuries and illnesses. 	<ul style="list-style-type: none"> • VA continued efforts to add and train staff to ensure that every Veteran is offered and provided with a Patient Aligned Care Team to coordinate care and to identify, evaluate, and, when appropriate, initiate treatment for medical, psychosocial, and mental health needs. • VA has focused activities on orchestrating and integrating health care between primary care and non-primary care services and specialists; offering longitudinal care for most Veterans with chronic stable diseases; providing comprehensive post-deployment care for the returning combat Veteran; and educating, advising, and counseling Veterans to promote shared decision making. • VA’s national telehealth programs provide standardized, evidence-based, robust clinical services that increase Veteran patients’ access to care, reduce avoidable hospitalizations, and result in high levels of patient satisfaction. VA national telehealth programs create Veteran-centered care through a focus on prioritized Veteran patient needs and coordinated services across the continuum of care.



ENHANCE THE VETERAN EXPERIENCE AND ACCESS TO HEALTH CARE

Problem Being Addressed	2011 Actions and Progress
<ul style="list-style-type: none"> • Veterans in rural areas face barriers to accessing health care or other VA services. Transportation resources are not always available. • Scarcity of health care resources in rural areas requires VA to develop and implement innovative delivery systems. • VHA needs to transform nationally from a medical model of disease care to one of health care, focusing on the Veteran at the center. • VA needs to improve Veteran access to outpatient and inpatient care; VA needs to build a culture of continuous improvement within the VA health care system. • VA is establishing Veteran service through interactive point of service kiosks (VetLink) at VA health care facilities. VetLink will improve VA’s information collection without requiring significant expenditures in staff costs. It will help improve VA’s interactions with patients—providing Veterans convenient control of their own information. • VHA will be transparent in sharing quality data both internal and external to VA. • Veterans’ understanding of their health benefits and responsibilities needs to be improved. 	<ul style="list-style-type: none"> • Four pilot medical centers have fully implemented the expanded transportation system with the Ride Share Software, which coordinates and schedules transportation between all available vehicles. Six additional sites have begun pilot implementation. Numerous articles in Veterans Service Organization magazines have highlighted this new program, which has received positive responses from Veterans. • Project ARCH (Access Received Closer to Home) has implemented five pilot sites within five separate VISNs to offer Fee Basis Care (non-VA) to eligible Veterans to eliminate or minimize distance travel for health care services. A program evaluation contract was awarded to measure outcomes for these pilots. • VHA established the Office of Patient Centered Care and Cultural Transformation. The new executive leadership team has provided numerous educational offerings and briefings to VHA Senior Leadership and field personnel regarding the new vision and approach to patient centered care. Readiness assessments are being completed in each VISN, and nine Centers of Innovation have been established to pilot new clinical models of care and various Veteran-Centered approaches. • 94 percent of Veterans have access to primary care within 14 days of their desired appointment date. Last year, 99 percent of Veterans had access within 30 days. Process improvements have been implemented, including those targeted at reducing missed opportunities (MO) and no shows. Improvements to inpatient care flow were implemented through use of technology tools for bed management and emergency room flow. VA continues to invest in leadership and employee training, providing the tools and techniques for process improvement. • 40 VetLink kiosks were activated at 4 pilot sites in Atlanta, Oklahoma City, Pittsburgh, and Portland. There has been a total of 58,365 kiosk interactions, with a 91 percent success rate for Veterans using the kiosks to check in. 10,452 Veterans required manual assistance. Deployment/activation will continue at additional medical centers in 2012. • VHA data has been submitted to be included in the Hospital Compare data (Centers for Medicare/Medicaid Services). An internal Web site is being developed to share additional data. • The prototype for the personalized Veteran Health Benefits Handbook has been distributed as part of a pilot program in Dayton, Ohio. Veteran feedback will be analyzed and applied for further refinement of the content prior to the final national rollout scheduled for completion in 2012.



ENSURING PREPAREDNESS TO MEET EMERGENT NATIONAL NEEDS (PREPAREDNESS)

Problem Being Addressed	2011 Actions and Progress
<ul style="list-style-type: none"> • VA will review authorities, mandates, and span of control for each organization within VA and make changes as necessary. • VA will take a full inventory of assets and capture those results so that assets can be easily managed in time of need. • VA will ensure preparedness at every level of management, including contributing to a Departmentwide Comprehensive Emergency Management Program that includes an All-Hazards Emergency Preparedness Planning Program; Continuity of Operations Plans; and a Test, Training, and Evaluation Program. • VA Integrated Operations Center (IOC) will facilitate critical and timely decision making by providing situational awareness and fully coordinated recommendations to senior leadership. • VA will achieve compliance with Homeland Security Presidential Directive 12, “Policy for a Common Identification Standard for Federal Employees and Contractors” (HSPD-12). 	<ul style="list-style-type: none"> • Establish clear roles and responsibilities for VA organizations to enhance the ability of VA to provide access for Veterans to services and benefits during periods of crisis or national emergency. • Develop and sustain a Common Operating Picture with Geospatial Intelligence Systems in order to accurately depict asset inventory in near real-time to support timely decision-making. Link the Common Operating Picture to the Subject Matter Expertise Center-Biological threats to better forecast predictive requirements for epidemics and biological threats to Veterans and their families. • Complete planning efforts at every level of management. Publish and exercise emergency management and continuity plans to include reconstitution. Sustain a robust test, training, and evaluation program. • Achieve full operational capability for the IOC at the primary and alternate locations to include the Capital Region Relocation Center and the Reconstitution Planning Site. Ensure full integration of secure and unclassified communications systems to include Common Operation Picture, Geospatial Information Systems (GIS), and Subject Matter Expertise Center-Biological (SMEC-Bio) capabilities. Provide timely situational awareness and recommendations to VA senior leadership to ensure continual access of Veterans to services and benefits during times of crisis or national emergency. • In accordance with HSPD-12, Administration implementation memoranda, and Federal Information Processing Standards, VA will achieve 100 percent Personal Identity Verification card issuance and develop and implement processes for compliance with Physical Access Control Systems and Logical Access Control Systems by the end of 2012.



OPTIMIZE THE UTILIZATION OF VA’S CAPITAL PORTFOLIO BY IMPLEMENTING AND EXECUTING THE STRATEGIC CAPITAL INVESTMENT PLANNING (SCIP) PROCESS

Problem Being Addressed	2011 Actions and Progress
<ul style="list-style-type: none">• VA has a funding backlog of \$16 billion in major construction projects and Facility Condition Assessments (FCA) deficiencies.• Current average utilization of VA facilities is at more than 119 percent of capacity, resulting in an inefficient use of resources and higher maintenance costs.	<ul style="list-style-type: none">• VA submitted a 10-Year Capital Plan as part of the 2012 capital budget to correct the FCA and service gap deficiencies identified in SCIP. This represents an increase in the capital planning horizon from 5 to 10 years.• VA reviewed and scored over 1,300 2013 capital project business cases to develop a prioritized list of capital projects for the 2013 President's Budget.• In June 2011, VA awarded a contract to build the SCIP Automation Tool (SAT) Long-Term solution, which will analyze average utilization of facilities and measure the mitigation of service-related gaps. The enhanced SAT solution, expected to be fully functional by June 2012, will automate all phases of the SCIP data collection process, beginning with the formulation of the 2014-2023 Action Plans, through the development of business cases, and the execution of construction programs.• On August 9, 2011, VA signed and released the SCIP Directive and Handbook, which will serve as the governance model in executing the SCIP process.



HEALTH CARE EFFICIENCY: IMPROVING THE QUALITY OF HEALTH CARE WHILE REDUCING COST

Problem Being Addressed	2011 Actions and Progress
<ul style="list-style-type: none"> • Nationally, health care costs are accelerating without significant evidence of an equivalent improvement in health care delivery value or quality. • VA is experiencing a similar phenomenon and recognizes this as an opportunity to optimize cost effectiveness by minimizing the local variations in how programs are implemented and managed. These variations in both clinical and business practices are often associated with organizational inefficiency and increased costs. 	<p>The Health Care Efficiency Major Initiative achieved numerous successes in its first year. Specifically, milestones reached included:</p> <ul style="list-style-type: none"> • Identification of potential solutions for creating a more value-added approach to organizational oversight preparation and response to inspections and surveys. • Identification of specific purpose budget line items that could be migrated to general purpose funding, which would provide more flexibility to Medical Center Directors in how those funds are used. • Development of a modified Executive Decision Memorandum format to include a business case for addressing program return on investment/benefits realization for new and existing programs. • Implementation of VISN Commodity Standardization Boards across VHA and the creation of VISN Integrated Process Teams in the area of Laboratory, Radiology and Supply, and Processing and Distribution. This newly created local structure will eventually link with the PEO offices being established by the Procurement and Logistics Office to create an enterprise-level structure to facilitate consolidated procurement opportunities at both the local and national level. • Implementation of a standardized non-VA care coordination process (model) pilot with VISN 11 and development of a process to measure client satisfaction. • Completion of the national deployment of a Fee Basis Claims Software add-on that will assist with non-VA care claims processing (both electronic re-pricing and avoidance of duplicate claims). • Implementation of revised VHA Beneficiary Travel (BT) policy/procedures to eliminate variation in program implementation and minimize fraud, waste, and abuse (FWA) such as: <ul style="list-style-type: none"> ○ Development of a revised BT Field Handbook. ○ Enterprise deployment of successful practices such as conversion of a class 3 software product to class 1 status that will automatically synchronize travel claims as they are created in VistA. This software will assist the field with more efficient processing of claims while identifying potential cases of FWA. ○ Contract award for Corporate Data Warehouse data mining activities to identify behaviors in data patterns that may be evident of FWA in the Beneficiary Travel Program. • Expansion of the scope of Real Time Locator Systems deployment to VA level. This included identifying potential use cases for VHA, VBA, and NCA.



DEVELOP CAPABILITIES AND ENABLING SYSTEMS TO DRIVE PERFORMANCE AND OUTCOMES

Problem Being Addressed	2011 Actions and Progress
<ul style="list-style-type: none"> • The purpose of the Systems to Drive Performance Initiative (STDP) is to develop a process that identifies, presents, and analyzes the most relevant information and measurements with management implications. A Leadership Team was formed to develop a process that identifies, retrieves, presents, and analyzes data via a Business Intelligence dashboard. 	<ul style="list-style-type: none"> • In 2011, the Leadership Team: <ul style="list-style-type: none"> ○ Successfully installed dashboard software and hardware. ○ Successfully achieved the initial release of the dashboard tool. ○ Achieved the successful implementation/conversion of five prototype dashboard views to Web-based, operational dashboard views. ○ Developed and executed the initial STDP Business Intelligence Dashboard Training Plan. • Implemented an ongoing process of Data Refinement/Metric Enhancement (VHA, VBA, NCA, and OIT).
<ul style="list-style-type: none"> • On a monthly basis, VA Administrations and Staff Offices report to the Deputy Secretary on progress made in meeting established monthly and/or fiscal year-to-date financial and program performance targets. • MPRs needed to be aligned with the Department's new strategic planning framework and structured around a balanced scorecard performance reporting model to better meet leadership information needs. 	<ul style="list-style-type: none"> • In 2011, the MPR team <ul style="list-style-type: none"> ○ Assessed which activated high-value measures should be retained for MPR purposes. ○ Ensured that, on a monthly basis, VA Administrations and Staff Offices reported to the Deputy Secretary on progress made in meeting established monthly and/or fiscal year-to-date financial and program performance targets.



ESTABLISH STRONG VA MANAGEMENT INFRASTRUCTURE AND INTEGRATED OPERATING MODEL

Problem Being Addressed	2011 Actions and Progress
<ul style="list-style-type: none">This initiative seeks to increase integration and improve management within and across VA's corporate management functions and provide better customer service to internal customers.	<p>Integrated Operating Model (IOM) Program Office</p> <ul style="list-style-type: none">The IOM Program Office installed a performance measurement program that draws on the results of quarterly customer satisfaction surveys, dependency management outcome metrics, and feedback from working groups.IOM launched a comprehensive cross-functional education program with the help of the VA Learning University. The training included several modules tailored to IOM, which helped participants understand what VA's support functions do, how they do it, and how each function can work with the others to ensure mutual success.The IOM Program Office led the long range planning, development, and execution of the 2011-2013 and 2012-2014 IOM initiative-level operating plans and associated functional-level operating plans.



ESTABLISH STRONG VA MANAGEMENT INFRASTRUCTURE AND INTEGRATED OPERATING MODEL

Problem Being Addressed	2011 Actions and Progress
	<p>Acquisition and Logistics</p> <ul style="list-style-type: none"> • The Office of Acquisition, Logistics, and Construction (OALC) continues to consolidate complex high-dollar-value procurements into a single organization that will clearly align procurement authorities by establishing the Strategic Acquisition Center (SAC). The implementation of VA’s procurement restructuring will make the acquisitions process more efficient due to the development of expertise, improved buying power, alignment of procurement authorities, and improved business processes. <ul style="list-style-type: none"> ○ OALC collaborated with VA Central Office Human Resources Service and Office of Personnel Management to expedite hiring of acquisition professionals to staff the SAC. ○ OALC procured and activated a temporary hoteling facility for the SAC in Fredericksburg, Virginia. ○ OALC established a procurement metrics dashboard to measure and monitor key procurement business outcomes. <p>Facilities Management</p> <ul style="list-style-type: none"> • OALC continues implementing an enterprise structure that will integrate facilities management functions and maximize life-cycle performance while reducing cost. <ul style="list-style-type: none"> ○ OALC implemented enterprise-level budgeting, management, and planning tools that will improve consistency and increase efficiency across VA’s facilities management organization. ○ OALC implemented a pilot program for market-wide master plans incorporating VHA, NCA, and VBA facilities. ○ OALC implemented a pilot program for development of project management plans for capital projects including Non-Recurring Maintenance (NRM), minor, and major construction across all three Administrations. <p>Financial Management</p> <ul style="list-style-type: none"> • The Office of Finance, in collaboration with the Office of Human Resources and Administration, trained over 5,000 VA employees who perform financial management and related duties to be better able to meet Federal appropriations, accounting, internal controls, and improper payments requirements and regulations. • The Office of Finance continued development of the Web-based replacement time and attendance system that will enhance transparency in the collection, delivery, and use of VA workforce information by delivering three of five planned increments. • The Office of Finance established the Data Quality Service to improve VA’s USAspending.gov data quality to 100 percent accuracy, timeliness, and completeness.



ESTABLISH STRONG VA MANAGEMENT INFRASTRUCTURE AND INTEGRATED OPERATING MODEL

Problem Being Addressed	2011 Actions and Progress
	<p>IT Project Management</p> <ul style="list-style-type: none"> • The Office of Information and Technology (OIT) continued implementing the Program Management Accountability System (PMAS) to manage all IT development, modernization, and enhancement programs and projects. OIT took the following actions: <ul style="list-style-type: none"> ○ Published the PMAS Guide version 3.0. ○ Added reporting capability based on improved data integrity through additional key indicators and the ability to track changes to an individual project PMAS Dashboard. ○ Completed initial design and functionality of the Artifact Central Repository (ACRe). ACRe is the central OIT PMAS repository that maintains all required VA IT project artifacts, which are used to effectively manage and track VA IT projects. ○ Delivered new ProPath releases and added new processes and process maps. ProPath supports PMAS implementation by providing detailed IT program management processes and instructions including detailed descriptions, roles, responsibilities, and templates. Required ProPath processes include: Project Planning, Project Monitoring and Control, Release Management, Project Shutdown, Paused Projects Restart, and Subsequent Start Increment. • OIT established a customer satisfaction improvement framework and conducted two national surveys that measured a significant increase in customer satisfaction scores among OIT internal customers. <hr/> <p>Human Resources</p> <ul style="list-style-type: none"> • The Office of Human Resources and Administration, in collaboration with OALC, implemented Direct-Hire Authority for the contracting series in VA to expedite hiring of critical acquisition professionals in the Washington, DC, metropolitan area. DHA will help OALC compete for much needed talent as the office restructures its procurement organization.



TRANSFORM HUMAN CAPITAL MANAGEMENT

Problem Being Addressed	2011 Actions and Progress
<ul style="list-style-type: none">This initiative will help deliver the highest quality in medical care, benefits, and memorial services by creating the conditions for attracting and retaining a talent pool of trained, certified, and inspired employees to execute VA's mission.	<p><u>Name of Major Initiative (Update)</u> ADVANCE is the catalyst towards transforming human capital management within VA. In 2009, VA was given the unprecedented opportunity and resources to invest in its human capital. ADVANCE was devised to ensure the forward progression of employees' training and development. VA is using ADVANCE to ensure that all VA employees have the latest tools, most up-to-date training, and the necessary support to best serve our Veterans and their families.</p> <p><u>2011 Actions and Progress</u> ADVANCE has brought new opportunities for the professional development of VA employees:</p> <ul style="list-style-type: none">Leadership development programs.Certification programs.Additional core and functional training opportunities.



PERFORM RESEARCH AND DEVELOPMENT TO ENHANCE THE LONG-TERM HEALTH AND WELL-BEING OF VETERANS

Problem Being Addressed	2011 Actions and Progress
<ul style="list-style-type: none"> <p>Genomic Medicine: Genomic medicine, also referred to as personalized medicine, uses information on a patient’s genetic make-up to tailor prevention and treatment for that individual. The Million Veteran Program (MVP) invites users of the VA health care system nationwide to participate in a study with the aim of better understanding the inter-relationship of genetic characteristics, behaviors, environmental factors, and Veteran health. The goal of MVP is to establish one of the largest research resources to date, consisting of blood samples from consenting Veterans and data from questionnaires and the electronic health record. This resource will be made available to VA researchers to pursue genomic discoveries that can lead to personalized health care for Veterans.</p> <p>Point of Care Research: Point of Care Research (POC-R) establishes a measure of effectiveness within the health care system by comparing two or more equivalent treatments or strategies without the extensive cost and time investment of a randomized clinical trial. No additional patient visits are required, and health outcomes are automatically extracted from the medical record.</p> 	<ul style="list-style-type: none"> <p>In 2011, the Office of Research and Development (ORD) launched the Million Veteran Program, which is currently enrolling Veterans at 19 VA Medical Centers. The goal is to recruit 12,000 Veteran study participants by the end of 2011 and have the capability of mailing at least 8,500 invitational packages per week. The Boston facility has achieved the capacity to extract DNA from at least 1,000 blood samples per week.</p> <p>In 2011, ORD completed a pilot study of POC-R at the Boston VA Medical Center that focuses on insulin protocols. Additionally, ORD held an advisory conference entitled “Defining Scope of Point of Care Research and National Implementation.” By the end of 2011, POC-R will have completed a deployment plan for more than 50 VA Medical Centers and completed testing of software applications to support POC-R at other acute care facilities within a single VISN.</p>



- **Medical Informatics and Information Technology:** VA Informatics and Computing Infrastructure (VINCI) and the Consortium for Healthcare Informatics Research (CHIR) are solving two crucial issues for VA research: secure access to Veterans' data and computational tools and using unstructured narrative text in the VA medical record.
- **Research Resources:** Research Resources is improving VA's research infrastructure, streamlining the processes for contracting and hiring, and correcting inadequate research administrative management systems and inefficient processes for research approvals and regulatory compliance.
- In 2011, the VINCI desktop was launched, providing commercial analytic software and data sets to 100 concurrent researchers in its virtual high-performance computing environment. Additionally, a plan to migrate DoD data into VINCI is ongoing. CHIR developed and evaluated tools allowing for the electronic surveillance of symptoms and other clinical information from VA's electronic medical record. Natural Language Processing software, permitting researchers to extract concepts from free-text data, was made available on the VINCI workspace. Finally, joint governance with Office of Informatics and Analytics (OIA) was approved, allowing VINCI workspace to assist in quality assurance/quality improvement activities.
- In 2011, ORD completed a physical infrastructure survey of all VA Medical Centers with research offices, produced an ORD executive summary of the survey, and began the planning process for improving infrastructure deficiencies. A contracting specialty team was assembled to enable research-specific acquisitions to occur in a timely manner. The functional requirements for an enterprise-wide Research Administrative Management System (RAMS) were completed with a design contract expected to be awarded in early 2012. Procurement of a Portfolio Categorization and Research Tool was completed and will enable ORD to manage its research portfolio more efficiently while providing a public-facing reporting tool with limited search capabilities.



TRANSFORMING HEALTH CARE DELIVERY THROUGH HEALTH INFORMATICS

Problem Being Addressed	2011 Actions and Progress
<p>VHA has long been considered the world leader in developing and utilizing IT to improve delivery of high quality, cost effective health care.</p> <p>VA’s leadership position is being challenged in today’s rapidly evolving environment creating a sense of urgency to maintain our position as a pacesetter in health IT advances and remain on the leading edge. These challenges include:</p> <ul style="list-style-type: none"> – Making a major shift in the health care delivery model to a team-based patient-centered model of care. – Moving away from a process-oriented VA software development model, which fails to maximize on meaningful clinical input and falls short on delivering timely software solutions. 	<p>Listed below are the Health Informatics Initiative’s three 2011 accomplishments:</p> <ul style="list-style-type: none"> • Completed an overarching strategy and governance plan in coordination with the VA Office of Informatics and Technology that will create a collaborative environment fostering software development partnerships with field developers, research investigators, and non-VA entities. • Launched the first Pilot Site at the San Diego VA Medical Center and delivered two Apollo VistA Viewer Version A (AViVA*) software modules that included key user features and infrastructure including: 1) Browser-based “Google-like” textual search across a patient’s entire electronic health record; 2) Info Button Clinical Decision Support; and 3) Medication Order Management. • Developed online Graduate-level Informatics Lectures and Coursework and coordinated access to Introductory-level Informatics Courses coordinated through the Office of National Coordination and Bellevue College as well as delivering two Nursing Informatics Workshops. <p>*AViVA is the next generation Electronic Health Record (EHR) software.</p>



Performance Shortfall Analysis

Shown below (sorted by Integrated Objective) 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-118.

Integrated Objective 1 Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.		
Measure	Target	Result
National Accuracy Rate – Compensation Entitlement Claims	90%	84% (R)
Causes	<ul style="list-style-type: none"> The shortfall is largely due to deficiencies in the development of claims, particularly involving either missing examinations/medical opinions or where claims were rated based on inadequate examinations/opinions. Additionally, attrition of experienced personnel, especially in positions where extensive training is required, has been detrimental in terms of both production and quality. 	
Resolution Strategies (Estimated Completion Quarter)	<ul style="list-style-type: none"> VBA and VHA are working together to address near-term tactical and long-term strategic improvements to the Compensation and Pension process, including the development of Disability Benefits Questionnaires, which could be completed by either a private or VA primary care provider. (Ongoing) VBA has also increased hiring of claims processing employees and implemented an 8-week training program designed to result in immediate gains in both quality and productivity. The first group of employees completed this training on September 2, 2011. The Quality Assurance Staff is working with field personnel to improve quality through monthly national Quality Calls, development of a quarterly quality newsletter, and on-site training for employees responsible for conducting local quality reviews. (Ongoing) 	



Integrated Objective 1 Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.		
Measure	Target	Result
Compensation Entitlement Claims – Average Days to Complete	158	197 (R)
Compensation Maintenance Claims – Average Days to Complete	89	94 (R)
Burial Claims – Average Days to Complete	70	113 (R)
Causes	<ul style="list-style-type: none"> VA approved three new presumptive conditions related to herbicide exposure in 2009, and began processing these additional claims on October 30, 2010. The complexity of the additional 220,000 claims received resulted in overall processing delays as experienced claims processors were designated to review these claims. As a result, overall claims processing timeliness increased. 	
Resolution Strategies (Estimated Completion Quarter)	<ul style="list-style-type: none"> The experienced claims processors designated to review the new presumptive claims will begin to redirect their focus to reducing overall claims timeliness as the review of the presumptive claims is completed. (Q1) In addition, VA has increased the total number of claims processors nationwide. These new hires will begin to contribute to the overall efforts of reducing claims timeliness as they complete centralized training and gain valuable experience processing claims. (Ongoing) 	



Integrated Objective 1 Make it easier for Veterans and their families to receive the right benefits while meeting their service delivery expectations		
	Measure	Target
Education Call Center – Abandoned Call Rate	10%	20% R
Causes	<ul style="list-style-type: none"> VA implemented a new telephone system in February 2011 called Genesys Call Routing. While Genesys Call Routing has reduced the number of blocked calls, it has resulted in more calls being received which contributed to the abandoned call rate in 2011. While the abandoned call rate was above the target, 3,477,282 calls were answered in 2011, which is 25 percent higher than the number of calls answered in 2010. The largest contributors to the greater number of calls were legislative changes to the Post-9/11 GI Bill in 2011. In concert with the various effective dates of changes, the number of calls increased dramatically. Key changes that generated additional calls were: <ul style="list-style-type: none"> Increased eligibility for some members of the National Guard. Annual tuition cap for some Veterans. Changes to benefits authorized to active duty members of the Armed Services. 	
Resolution Strategies (Estimated Completion Quarter)	VA will take the following corrective actions during 2012: <ul style="list-style-type: none"> Continue to conduct outreach to Veterans to proactively provide information on benefit changes. (Q1) Promote outreach to raise awareness of other means, such as Facebook and the Internet Inquiry System, which Veterans can use to ask questions. (Q1) Pursue Veteran Self-Service functionality as a means of improving customer service. (Q4) 	



Integrated Objective 1 Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.		
Measure	Target	Result
Percent of clinic "no shows" and "after appointment cancellations" for OEF/OIF Veterans	15%	22% (R)
Causes	VHA has much better information on "no-shows" after a survey of more than 4,700 "No-Show" Veterans in 2011. While the survey group included all Veterans (not the OEF/OIF group exclusively), it is believed the causes of no-show are similar: <ul style="list-style-type: none"> Most Veterans who "no-show" report they "forgot" (19%) or "were not aware" (15%) of the appointment. Other responses included: transportation issues (8%), illness (7%), poor weather (7%), and something unexpected came up (7%). Finally, we know from the literature that for patients with mental health illnesses, the severity of the illness itself is associated with missing appointments.	



Integrated Objective 1

Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.

	Measure	Target	Result																				
<p>Resolution Strategies (Estimated Completion Quarter)</p>	<p>The facility and VISN pilot studies done in 2011 showed that clinics must implement multiple individual strategies together to reduce no shows. Some of these strategies include:</p> <ul style="list-style-type: none"> • Create a dedicated, easy-to-access appointment cancellation line with timely processing of requests to cancel. • Focus reminder calls on patients with a history of no-shows in the 10% to 80% range. • Educate providers on the importance of a discussion about the next step in care at the end of each visit. This discussion must include engagement of the patient in the importance of their next visit. • Scheduling patients on the recall delinquency list into appointments with 2-3 days waiting time opened by timely cancellations. <p>The following table shows current timelines for national roll-out of no-show strategies in 2012:</p> <table border="1" data-bbox="511 1024 1417 1425"> <thead> <tr> <th>Task</th> <th>Deliverable</th> <th>Start Date</th> <th>Due Date</th> </tr> </thead> <tbody> <tr> <td>Pilot One Strategy Nationally To Reduce MO</td> <td>Reduction of MO</td> <td>7/1/2011</td> <td>9/30/2011</td> </tr> <tr> <td>Pilot five strategies to reduce no-shows at separate facilities</td> <td></td> <td>10/1/2011</td> <td>6/30/2012</td> </tr> <tr> <td>Pilot two strategies to reduce no-shows across all VHA facilities</td> <td></td> <td>7/1/2012</td> <td>9/30/2012</td> </tr> <tr> <td>Develop and monitor facility and clinic-specific scorecards</td> <td></td> <td>10/1/2012</td> <td>11/30/2012</td> </tr> </tbody> </table>			Task	Deliverable	Start Date	Due Date	Pilot One Strategy Nationally To Reduce MO	Reduction of MO	7/1/2011	9/30/2011	Pilot five strategies to reduce no-shows at separate facilities		10/1/2011	6/30/2012	Pilot two strategies to reduce no-shows across all VHA facilities		7/1/2012	9/30/2012	Develop and monitor facility and clinic-specific scorecards		10/1/2012	11/30/2012
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Integrated Objective 1		
Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.		
Measure	Target	Result
Percent of national cemetery buildings and structures that are assessed as "acceptable" according to annual Facility Condition Assessments	87%	74% (R)
Causes	<ul style="list-style-type: none"> In 2011, NCA employed an independent contractor to perform facility condition assessments in Memorial Service Network (MSN) 1. This began a more stringent tri-annual assessment process in which contracted teams of engineers having advanced expertise in structural, electrical, mechanical, and physical systems will assess all NCA facilities. The contractor teams were able to identify issues not previously identifiable without the specialized experience. In MSNs 2-5, as in past years, facility condition assessments were performed by MSN staff whose expertise is more generalized. The results from the contractor's assessment of MSN 1 were significantly lower than the assessments in MSNs 2-5, resulting in a lower overall NCA result. An additional decrease is anticipated in 2012 when the remaining four MSNs will begin the same tri-annual assessment process. 	
Resolution Strategies (Estimated Completion Quarter)	<ul style="list-style-type: none"> NCA will evaluate the assessments performed by the contractor and MSN staff to ensure that consistent procedures were used to assess all facilities and to identify potential improvements in the facility condition assessment process. NCA will continue to employ independent contractors in future years to further fine tune the assessment process, with the ultimate goal of identifying and addressing all facilities that require improvements to ensure that all cemeteries are maintained as national shrines. NCA plans to focus non-recurring maintenance, maintenance and repair, and some minor construction investments on repairing the deficiencies to restore NCA's percentage of buildings and structures back toward the strategic target of 90 percent. (Ongoing) 	



Integrated Objective 2 Educate and empower Veterans and their families through proactive outreach and effective advocacy.		
Measure	Target	Result
Percent of VA IT systems that automatically reuse all redundant client information in other systems	16%	9.5% (R)
Causes	<ul style="list-style-type: none"> A change in direction and the lack of documented requirements has slowed the progress of this outcome. 	
Resolution Strategies (Estimated Completion Quarter)	<ul style="list-style-type: none"> The result for this metric will be based on a number of systems that will capture and reuse Veteran information. VA's transformative initiatives include the Virtual Lifetime Electronic Record (VLER), the Veterans Benefit Management System (VBMS), and Veterans Relationship Management (VRM). These initiatives, which capture a Veteran's data to store for reuse, will collect the information necessary to measure VA's progress in minimizing the burden on Veterans having to re-enter information previously submitted. All initiatives have pilot projects underway and should yield useful information by the 1st quarter of 2013. (Q1, 2013) 	



Integrated Objective 3 Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.		
Measure	Target	Result
Percent of title 38 reports that are submitted to Congress within the required timeframe.	85%	36% (R)
Causes	<ul style="list-style-type: none"> Congressionally mandated reports have not been submitted on time. A primary reason was that the necessary time for concurrence was not factored into the timeline. There were nine reports overdue at the close of 2011 with four in the concurrence process. 	
Resolution Strategies (Estimated Completion Quarter)	<ul style="list-style-type: none"> Reports must be submitted for concurrence 30 days prior to the due date to allow sufficient time for the concurrence process. The Office of Congressional and Legislative Affairs submits a weekly report to each Administration and staff office outlining the status of reports. (Ongoing) 	



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 2011 and 2010 from the external auditing firm of Clifton Gunderson LLP. As a result of its audit work, Clifton Gunderson LLP reported one material weakness in internal controls. The sole material weakness was for “Information Technology (IT) Security Controls,” a repeated condition. In addition, the auditors reported two significant deficiencies, down from five significant deficiencies in 2010. Accrued Operating Expenses is a repeat significant deficiency from 2010. Loan Guaranty Reporting is a new significant deficiency. VA successfully closed four significant deficiencies during 2011: Compensation, Pension and Burial Actuarial Liabilities, Accounts Receivable, Intra-Governmental Reconciliations and Related Controls, and Financial Management System Functionality.

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. Under the purview of the FPIAR office, VA remediated a long-standing GAO finding by implementing and enforcing internal controls and segregation of duties for 1358 obligation processing. VA’s financial improvement successes in 2011 reflect the dedication and hard work of staff throughout VA’s Administrations and staff offices. In 2012, VA will focus on continuing progress toward remediating the remaining material weakness and significant deficiencies identified by the external auditors and management’s assessment process.

VA programs operated at a net cost of \$180.9 billion in 2011 compared to a net cost of \$333.6 billion in 2010 or an overall decrease in net cost of \$152.7 billion or 46 percent. The decrease is due to a reduction in the Changes in Actuarial Liabilities estimate of Veterans’ compensation and burial costs of \$164.9 billion partially offset by a \$12.2 billion increase in Net Program Costs by Administration before Changes in Veterans Benefits Actuarial Liabilities. The decrease in the Changes in Actuarial Liabilities included in net cost resulted from several factors. First, the recognition of three new presumptive disability benefits in 2010 resulted in the initial cost of \$105.9 billion being recorded in the prior period. These costs are associated with Vietnam Veterans who have any of three specific illnesses from an association with herbicides used in Vietnam, including Agent Orange, making them eligible to receive compensation for their illnesses. Second, the decrease in costs resulted from the application of comparable methodologies in 2011 and 2010 for determining the appropriate discount rates and cost of living adjustment (COLA) rates from adopting SFFAS No. 33, *Pensions, Other Retirement Benefits and Other Postemployment Benefits: Reporting Gains and Losses from*



Changes in Assumptions and Selecting Discount Rates and Valuation Dates, effective October 1, 2009. Last, the decrease in costs resulted from the comparable application of refinements in valuation techniques due to improved computer software modeling capability and information used in computing the actuarial liabilities consistently applied since adoption in 2010. See Note 13 to the financial statements for more information.

Net Program Costs by Administration before Changes in Veterans Benefits Actuarial Liabilities in the Consolidated Statements of Net Cost totaled \$122 billion and \$109.8 billion for 2011 and 2010, respectively. Of this \$12.2 billion increase in net costs, approximately \$7.5 billion related to VBA and approximately \$4.4 billion related to VHA.

The VBA increase in net costs was primarily a result of increased compensation payments of \$6 billion and increased costs from participation in the new Post-9/11 GI Bill of \$1.9 billion. The increased compensation costs are attributable to an increase in the number of payments to Veterans and survivors by 1.8 million or 4 percent compared to 2010 and a \$2.6 billion increase in compensation payments related to the three new presumptive disability benefits, including Agent Orange illnesses which were authorized to begin being paid in 2011. The increased costs related to the new Post-9/11 GI Bill are attributable to a 3.1 million increase (76 percent) over 2010 in the number of education benefits payments. 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.

Substantially all the \$58.9 billion increase in the Federal Employee and Veterans Benefits Liabilities in 2011 relates to a decrease in the 10-year average discount rate used to compute the actuarial balance of Veterans Benefits Liabilities which increased the liability by \$51.9 billion. 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.

Medical care collections in 2011 totaled \$2.7 billion, slightly below the 2011 goal of \$2.8 billion. The 2011 MCCF collections were nearly the same as what was collected in 2010.

In the area of debt management, through September 2011, VA referred \$895 million (99 percent) of eligible debt to Treasury for offset under the Treasury Offset Program (TOP). Under the cross-servicing program, VA referred \$189 million (98 percent) of eligible debt to Treasury for collection.

Through September 2011, the Department has collected \$1.4 billion in delinquent benefit debt. In addition, we have collected \$38.6 million through administrative offset on delinquent first party medical debt during 2011.

Based on an assessment of our financial management priorities that was completed in 2010, VA developed a set of 11 financial management initiatives. These financial management priorities drove our efforts during this past year, and are helping us meet our financial management goals of: Reducing Operating Costs, Eliminating Improper Payments, Strengthening Internal Controls, and Enhancing Data and Analysis. These initiatives



are also setting the stage for a lower-risk financial management system replacement at the appropriate time in the future.

In support of Secretarial transformation objectives, we successfully completed seven of these initiatives and made substantial progress on the remaining four that are multi-year projects. VA completed a Departmentwide effort to enforce and improve internal controls and segregation of duties for 1358 obligation processing, thus remediating long-standing GAO and OIG findings. VA also completed a major initiative to develop Systems to Drive Performance by delivering a set of dashboards that provides cost and workload program data to support and enhance decision-making related to budget, performance, and resource allocation, allowing management to derive greater value out of VA resources. Additionally, by September 30, 2011, VA met all mandates of the American Recovery and Reinvestment Act (Recovery Act) and USAspending.gov, in support of these Administration priorities. In 2011, VA continued to ensure that all Recovery Act transparency, reporting, and accountability goals were met. By September 30, 2011, VA had made outlays totaling over \$1.5 billion (85 percent) of Recovery Act funds. For USAspending.gov, VA reported 100 percent of all required contract, grant, loan, and other assistance program spending. Finally, VA completed an important component of the Secretary's Integrated Operating Model (IOM) major initiative and provided financial management training to 5,400 of VA's financial management workforce (80 percent).

In July 2011, VA completed implementation of its 3-year Financial Policy Improvement Initiative (FP II) to update VA financial policies. VA successfully updated 169 chapters of Departmental financial management guidance. The Office of Finance will continue the progress

made under the FP II by continuing to review, update, and publish VA financial policies to maintain compliance with Federal guidance. Going forward, all policies will be kept current and reviewed on a recurring basis every 3 years.

During 2011, the Department continued the aggressive use of the Governmentwide purchase card program, processing over 5.2 million transactions representing \$3.5 billion in purchases. This generated over \$73 million in refunds for VA compared to approximately \$70 million during 2010. 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 2011, VA continued to make operational enhancements which resulted in improvements in interest paid, discounts earned, and audit recoveries. Interest improvements occurred largely because the Department centralized payment of VHA-certified payments at the Financial Services Center (FSC) in Austin, Texas, while the percentage of discounts earned increased because of operational improvements implemented at the FSC. Interest penalties paid per million dollars disbursed improved almost 29 percent from \$64 per million in 2010 to \$45 per million in 2011. At the same time, VA earned nearly 97 percent (\$5.1 million) of its available discounts.

During 2011, the FSC collected improper payments and recovered unapplied vendor statement credits totaling nearly \$4 million. Since the program's inception in 2001, VA has recovered \$37.7 million and cancelled another \$80.6 million in improper payments before making payment.



Improvements were also 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's Business Process Improvement Committee continued to work toward improving VHA's internal controls and reforming VHA business processes to improve financial performance. VHA continues to monitor and improve its financial reporting and oversight process.

During 2011, financial training was provided at the national Prosthetics Service Chiefs conference, and an Engineering and Finance training conference was conducted to provide additional education and training on the requirements, regulations, and processing standards to ensure appropriate and timely transaction processing associated with environmental liabilities; deferred maintenance; and property, plant, and equipment.

A financial oversight assistance program was launched during 2011 to provide on-site assistance and training at VHA facilities in researching and correcting accounting errors and to provide customized financial management systems and accounting transactions training to fiscal staff.

A national VHA finance training conference was conducted in August 2011, to continue training efforts to improve areas such as payroll, travel, budget, accounting operations, and debt management that also contribute to findings in VA's internal controls and financial reporting.

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 2011, 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:

- Initiated a change in the accounting transactions flow to improve accounting for Education fund that includes Department of Defense reimbursements.
- Conducted the necessary research and made improvements to Compensation, Pension and Death Actuarial Model.
- Documented the major process and data flow for the Compensation, Pension and Death Actuarial Model
- Addressed the trading partner balances accuracy by processing new accounting transactions codes in FMS for LGY funds.

The Audit and Internal Controls group provided additional staffing and expertise which improved the timeliness and accuracy of reconciliations. The group also facilitated a more in-depth financial data review process.

NCA implemented the business office concept to establish a single site for each of the primary activities: finance, acquisition, and asset management. Effective August 2011, full implementation of the Centralized Administrative Accounting Transactions System (CAATS) has been completed. All accounting functions are being processed by the Finance Service in Stafford, Virginia and all acquisition activities are accomplished by the Centralized Contracting and Construction Support Divisions of NCA. Centralization of activities began in 2007 with a limited number of sites and functions. During 2008, NCA began utilizing the Centralized Administrative Accounting Transaction System (CAATS) for the centralization effort.



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 2011, 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 2011, 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 titled, Management’s Responsibility for Internal Control, defines the requirements for conducting management’s assessment of internal control over financial reporting in Federal agencies. In 2011, 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, *Management’s Responsibility for Internal Control*.

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 2010 into 2011 and will be carried forward into 2012. This is discussed in more detail below.

Based on the results of VA’s internal control assessment, no additional material weaknesses were identified in 2011. As the internal control programs mature, VA is increasingly able to improve its internal control environment and assessment of risk.



November 15, 2011

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, 2011.

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 2011, VA's internal control over financial reporting is operating effectively and no new material weaknesses were identified as of June 30, 2011.

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 2011.

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 2011. 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 2011.

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 2011 related to Information Technology (IT) Security Controls.

Eric K. Shinseki
Secretary of Veterans Affairs



Summary of Auditor’s Internal Control Assessment

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 some progress and improvement in the IT controls environment but also observed several areas which continue to need enhancements.

Progress on Material Weakness

The 2011 *Independent Auditors’ 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 2011, 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 2011 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".

Although not a material weakness, VA was also noncompliant with the Debt Collection Improvement Act.



The one audit-related material weakness reported at the end of 2011 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, 2011	Resolution Target Date
<p>Information Technology (IT) Security Controls (Audit/FMFIA Section 4 weakness) – VA’s assets and financial data are vulnerable to error or fraud because of weaknesses in information security management, access controls, segregation of duties, configuration management and contingency planning.</p>	<ul style="list-style-type: none"> • VA continued to work on remediation of the IT Security Controls Material Weakness by developing enterprise-wide plans for remediation. • 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). Remote users are now required to use VA’s RESCUE software to connect to its network. RESCUE corrects system configurations and scans for malware upon connection. All but approximately 6,000 remote users access VA networks via One VA VPN which is down from 60,000. • Vulnerability scanning was also performed in 2011 to allow VA to address, in real time, the continual and ever changing threats to its information systems. • VA has transitioned over to continuous monitoring to provide a real time view of its security posture. This has already yielded positive results in Federal Desktop Core Configuration (FDCC) compliance. • VA’s Visibility to the Desktop initiative provided visibility into 100% of its desktops allowing VA to proactively eliminate several of its security vulnerabilities. • To improve access controls, VA has enabled 98% of its computers with Smartcard capabilities. VA also issued more than 239,000 Personal Identity Verification (PIV) cards to its employees, which is 74% 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. • Specialized, role-based training for system administrators has been put in place to improve the proficiency of VA operations staff. • VA has also resolved 100% of its U.S. Computer Emergency Readiness Team (CERT) actions <p>In 2012, VA will continue to aggressively implement changes to resolve the outstanding issues.</p>	<p>2014</p>



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 our 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 2011. 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 continues to analyze and improve the processing of major interfaces to and from FMS in an effort to improve integration among the various financial and mixed systems.



Rather than launching a contract costing hundreds of millions of dollars for the replacement of FMS, VA developed a set of financial management initiatives that will provide greater benefit, at lower cost, and at lower risk. These initiatives are improving the overall financial management of VA in preparation for the next generation financial system at the appropriate time in the future.

Federal Information Security Management Act (FISMA)

VA worked aggressively towards improvement of its information security controls in 2011. 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 requiring remote users to use RESCUE which assesses and corrects system configurations and scans for malware upon connection. Vulnerability scanning of its network in FY 2011 has allowed VA to address, in real time, the continual and ever changing threats to its information systems.

In 2012, VA plans to aggressively execute the enterprise remediation plans developed in 2011 for remediation of its material weakness by empowering and holding accountable, individuals with the responsibility to implement solutions at their respective sites or locations. Also, VA hopes to have its Visibility to the

Server initiative fully in place in 2012. This will allow visibility to the servers connected to its network and will enable VA to proactively remediate server related vulnerabilities on a real time basis.

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, 2011, OIG reports that 35 reports with 76 recommendations remain unimplemented over 1 year from issuance with a total monetary value of \$91.9 million. (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 2011, 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 2011. Interest penalties paid per million dollars disbursed improved 29 percent from \$64 per million in 2010 to \$45 per million in 2011. At the same time, VA earned 97 percent (\$5.1 million) of its available discounts. VA also continued to gain efficiencies and improve performance. 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, collections of improper payments and the recovery of unapplied vendor statement credits totaled nearly \$4 million. Improved payment

oversight also enabled VA to identify and cancel nearly \$9.5 million in potential improper payments prior to disbursement. Since inception of the FSC audit recovery effort in 2001, VA has recovered \$37.7 million and prevented the improper payment of another \$80.6 million.

The FSC continued the 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). The FSC e-Invoicing initiative goes beyond traditional electronic data interchange methods by offering a solution that does not require vendors to purchase any additional software or hardware. Additionally, all vendors can easily participate without changing existing invoicing formats. OB10 has the capability to accept any invoice format or layout directly from the vendor's existing billing system and utilize the electronic communication method of the vendor's choice. The electronic invoice data are then passed to the FSC to automatically populate the appropriate payment applications. The errors, expense, and time delays associated with traditional paper invoice submissions are eliminated, resulting in improved cost effectiveness, payment accuracy, and timeliness for VA and the vendor.

During 2011, the Department continued the aggressive use of the Governmentwide purchase card program, processing over 5.2 million transactions representing \$3.5 billion in purchases. This generated over \$73 million in refunds for VA compared to approximately \$70 million during 2010. 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 2011, VA's Fee Basis credit card processed over 655,000 transactions representing over \$196 million in payments, and generated over \$3.7 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 2011, VA medical centers used the Prime Vendor Payment System to electronically process over 765,000 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'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 2011, the travel management program processed over 813,000 transactions, disbursed payments of over \$105 million, and earned over \$1.8 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 over 44,900 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 the more difficult issues for customers.

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 2011 and Agency Plans for 2011 through 2012)

Overview

VA reviewed the requirements of the Improper Payments Elimination and Recovery Act of 2010 to identify those programs that are susceptible to significant erroneous payments. VBA is required to report five programs. These programs include Compensation, Pension, Education, Insurance, and Vocational Rehabilitation & Employment (VR&E). The Office of Management and Budget (OMB) granted temporary relief from reporting under IPERA for Loan Guaranty (LGY) until year 2012. VHA determined that four programs are deemed susceptible to significant improper payments and are required to be reported. These programs include: Non-VA Care Fee, Other Contractual Services, State Home Per Diem Grants, and Supplies and Materials.



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 and VHA reviewed six programs: Compensation, Pension, Education, Insurance, Non-VA Care Fee and Non-VA Care CHAMPVA, and reported the review results on these programs’ high-dollar overpayments.

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 2011 for 2010 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 the IPERA.

Plans to Accomplish

For the Compensation program, VBA continued to expand staffing levels under Public Law 111-5, the American Recovery and Reinvestment Act

(ARRA) of 2009, which provided \$150 million for the hiring and training of temporary surge claims processors through 2010. VBA converted approximately 2,400 ARRA temporary employees to permanent positions and also hired an additional 600 permanent employees in 2010. All employees were on duty by 2010. Based on the increase in staffing levels, the number of inexperienced decision-makers will continue to be a significant factor for the immediate future, as it takes two to three years to become fully trained and productive. Therefore, the potential for errors in evaluating, granting, and denying benefits may be greater in the short term.

For the Pension program, the Pension Transformation Project Team, in conjunction with Booz Allen Hamilton, are working together to identify the best business practices within the three Pension Management Centers (PMCs) to create a more consolidated working environment. Within this initiative the focus is to identify the priority claims; therefore, reducing the amount of overpayments created based on the type of workload PMCs currently process.

The Education Service is enhancing the Long-Term Solution automation system to allow for student monthly verification of enrollment. Verification of enrollment from students will ensure that VA is notified timely of drops or withdrawals in order to minimize overpayments of housing allowance for periods when a student is not enrolled. The implementation date will be posted at the end of calendar year 2011.

For the Non-VA Care Fee program, its Veterans Health Information Systems and Technology Architecture Fee package was developed more than 20 years ago and was not designed for the sophistication and volume of claims that VHA is now processing. As a result, VHA’s Chief Business Office (CBO) has developed a full set of



business requirements for a replacement system that will address more timely claims processing, elimination of duplicate payments, and reduction of manual entry and data entry errors. Because of the time it will take to develop and implement the long-term technological changes, VHA has put in place an interim automation system, Fee Basis Claims Software, which has resulted in increased timeliness of claims processing, reduced manual input errors, and fewer instances of lack of documentation.

For VHA's Other Contractual Services, the VHA Accounting Policy Section will ensure dissemination of policy requirements for proper assignment of cost center and budget object codes when preparing financial transactions. Requirements were addressed and training provided as part of the September 2011 monthly national finance conference call. Requirements related to use of convenience checks and prohibition for salary payments were also addressed.

For the State Home Per Diem Grants, VHA's CBO Purchased Care Business Line has launched a number of initiatives over the past year to enhance and standardize business processes within the State Home Per Diem Grants program. These initiatives include a program's intranet website, rewritten and updated national policy, monthly conference calls, conducting national reviews, soliciting feedbacks from internal and external stakeholders, as well as conducting daily audits.

For VHA's Supplies and Materials, VHA issued strict guidance prohibiting the same individual(s) to request, approve, obligate, and certify funds when using VA Form 1358 as an obligation tool. In July 2011, VHA installed a system of information technology patches to enhance segregation of duties. These patches will prevent the same individual(s) from

requesting, approving, and recording the 1358 obligations and approving payments.

PAID Accomplishments and Plans

VA continued production support and maintenance of PAID during 2011 in support of programs such as modifying PAID in order to use unique Employee Identification Numbers instead of Social Security Numbers, the creation of extracts for the VA for Vets Program and Personal Identity Verification (PIV) Credential Reporting, and changing how awards are processed.

VA will continue production support and maintenance of PAID. Primary support and maintenance will be related to HR processing and, as required, enhancements will be made to how data flows over to DFAS. Plans are underway for the Department to begin its efforts in identifying and migrating to a new HR Line of Business Provider.

Payroll Modernization Accomplishments and Plans

VA has begun efforts to replace its legacy 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 two planned incremental software deliveries. The remaining three software deliveries will occur during 2012 and the system will be deployed and operational in 2013.

VA-wide TDY Travel Accomplishments and Plans

The VA-wide TDY travel system, also known as FedTraveler.com, gives approximately 80,000 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 older travel systems with its one-stop, self-service, Web-based site. One of the key performance measurements the General Services Administration (GSA) monitors is the online adoption rate, which measures the percentage of travel plans with air reservations made using the online booking engine. VA's online adoption rate in 2011 averaged 61 percent. For 2011, VA travelers processed approximately 257,611 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 GSA such as EDS User Group meetings, Program Change Control Board meetings, and Executive Change Control Board meetings.

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



VA Snapshot

VA Reaches Out to Veterans to Explain Changes to GI Bill



VA has expanded outreach efforts to inform Veterans of the changes made to the Post 9/11 GI Bill.

The Department of Veterans Affairs (VA) is informing Veterans of recent changes made by Congress to the Post 9/11 GI Bill.

Allison Hickey, Under Secretary for Benefits, said, “The Post 9/11 GI Bill is incredibly important because it reduces the financial burdens of higher education so that Veterans have an opportunity to achieve their education goals. VA believes it is important for Veterans to be aware of changes to the GI Bill and learn more about how these changes may affect them. It’s hard to believe how far we have all come with the Post-9/11 GI Bill the past 2 years.”

As of August, more than 537,000 students have received over \$11.5 billion in GI Bill benefits to help them take charge of their future.

Changes to the Post-9/11 GI Bill effective August 1, 2011, include paying the actual net cost of all public in-state tuition and fees, rather than basing payments upon the highest in-state tuition and fee rates for every state; capping private and foreign tuition at \$17,500 per academic year; and ending payments during certain school breaks to preserve Veterans’ entitlement for future academic semesters. Also, certain students attending private schools in select states can now continue to receive benefits at the same rate payable during the previous academic year.

Beginning October 1, 2011, eligible individuals are able to use the Post-9/11 GI Bill for programs such as non-college degrees, on-the-job training, and correspondence courses, and are eligible to receive a portion of the national monthly housing allowance rate when enrolled only in distance learning courses.

VA outreach has helped to increase participation by colleges and universities in the Yellow Ribbon program, which helps students avoid out-of-pocket costs that may exceed the benefit. As of August, more than 2,600 schools were participating in the Yellow Ribbon program.

“VA is committed to ensuring Veterans have the information and tools they need to succeed,” Under Secretary Hickey concluded.

Complete information on the Post-9/11 GI Bill is available on the [Web](#) site at www.gibill.va.gov. VA’s education information phone number is 1-888-GIBILL-1. For ongoing benefit information, Veterans and Servicemembers can log into the VA eBenefits [Web](#) site at www.eBenefits.va.gov. To ask a question in a secure e-mail, use the “Ask a Question” tab at: <https://www.gibill2.va.gov/cgi-bin/vba.cfg/php/enduser/ask.php>.



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