

Secretary's Letter

November 15, 2004

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



I am pleased to submit the *Department of Veterans Affairs (VA) FY 2004 Annual Performance and Accountability Report*. The report documents the Department's progress towards meeting its performance goals. Our goals are aimed at providing our veterans with the best in benefits and health care by making VA a model of excellence. Each day, as our troops continue the fight against terrorism and strive to bring freedom and democracy to the people of Afghanistan and Iraq, we are reminded once again of the incredible sacrifices our men and women in uniform make in defense of freedom.

In fiscal year (FY) 2004, with resources of \$70 billion in obligations and nearly 220,000 employees, VA accomplished a great deal on behalf of America's veterans and their families. To help measure our progress, VA established 127 performance goals at the beginning of FY 2004, 22 of which were identified by VA's senior leadership as critical to the success of the Department. The primary accomplishments are summarized below by major business line.

Health Care: Providing High-Quality Health Care

The number of veterans using VA's health care system has risen dramatically in recent years, increasing from 3.8 million in FY 2000 to 5.1 million in FY 2004. Yet despite this 34 percent increase in health care users, our commitment to delivering high-quality health care remained our top priority. In FY 2004, VA accomplished the following in the health care area:

- Increased to 77 percent the Department's score on the Clinical Practice Guidelines Index. This is an industry-wide index that measures the quality of health care delivery. VA's FY 2004 goal was 70 percent.
- Increased the percent of appointments scheduled within 30 days of a patient's desired date as follows:
 - 94 percent for primary care, compared to 93 percent in FY 2003.
 - 93 percent for specialty care, compared to 89 percent in FY 2003.
- Ensured 100 percent of VA medical centers provided patients with electronic access to their Department of Defense (DoD) health care records.

Continuing our innovation in health care information technology, VA is implementing a new computer program to help patients make more informed decisions about their care. The Electronic Support for Patient Decisions initiative, the key element in this effort, will be operational at all 157 VA hospitals within a year. The main component of this initiative is customized software called iMedConsent, which will provide patients with information about treatment options and will standardize procedures among clinicians.

Benefits: Ensuring High Quality of Life After Military Service

VA achieved the following in the benefits area:

- Increased to 39,000 the number of compensation claimants who were participating in the Benefits Delivery at Discharge program, up 30 percent from the previous year. Carried out in close cooperation with DoD, this program assists active duty military personnel in filing claims for benefits at or near their time of discharge in order to expedite the processing of their claims.
- Improved to an average of 166 days the timeliness for completing rating-related actions on compensation and pension claims. This is notable given completion timeframes of 223 days in FY 2002 and 182 days in FY 2003.
- Reduced to 1.8 days the average days to process insurance disbursements.

Most importantly, the Department accomplished these improvements at a time when VA has experienced an increase in the number and complexity of claims filed by veterans. To address the increased workload, while at the same time maintaining or improving performance, VA has trained about 1,300 new staff involved in claims processing over the last 4 years.

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

VA continues to honor the service and sacrifices of America's veterans in its national cemeteries. The Department worked to preserve our Nation's history, nurture patriotism, and honor veterans and their families by maintaining our national cemeteries as national shrines. To this end, the Department accomplished the following in the memorial affairs area:

- Increased to 75.3 percent the proportion of veterans served by a burial option within a reasonable distance (75 miles) of their residence.
- Increased to 87 percent the proportion of graves in national cemeteries marked within 60 days of interment; this is 38 percentage points higher than in FY 2002.
- Achieved a 98 percent threshold of respondents rating national cemetery appearance as "excellent."

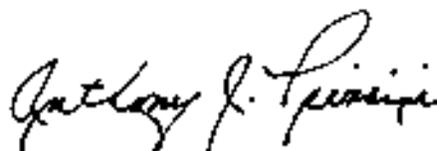
In addition, the first independent, nationwide review of conditions at VA's national cemeteries, completed in FY 2002, is now being used to make funding decisions and set priorities for making improvements and repairs. Action is underway to develop 11 new national cemeteries representing one of the Department's largest expansions since the Civil War era.

Finance: Proper Stewardship of Taxpayer Dollars

VA continued its tradition of financial excellence in FY 2004. For the sixth consecutive year, VA obtained an unqualified audit opinion on our financial statements—a testimony to VA's relentless efforts to provide stewardship and accountability over the resources entrusted to us by the American people to care for our Nation's veterans and their families.

The financial and performance data presented in this report are complete and reliable. Throughout the fiscal year, our senior managers assess the efficiency and effectiveness of their organizations and identify material inadequacies and the corrective tasks needed to resolve them. In accordance with requirements of the Federal Managers' Financial Integrity Act, I can provide a qualified statement of assurance that management controls are in place and the Department's financial systems conform with governmentwide standards. Corrective action plans have been developed and are being implemented to correct identified material weaknesses. In addition, we are committed to our ongoing efforts to integrate and improve our core financial systems. VA will continue to work with our external auditors to strengthen our fiscal management and accountability. A detailed discussion of material weaknesses and the status of corrective actions are presented in this report.

FY 2004 has been a year of great progress, progress that directly and positively impacted the lives of our Nation's veterans and their families.



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Secretary of Veterans Affairs