VA | U.S. Department of Veterans Affairs

Franchise Fund
Annual Report

Delivering remarkable value and exceptional services to our federal customers

FY 2022

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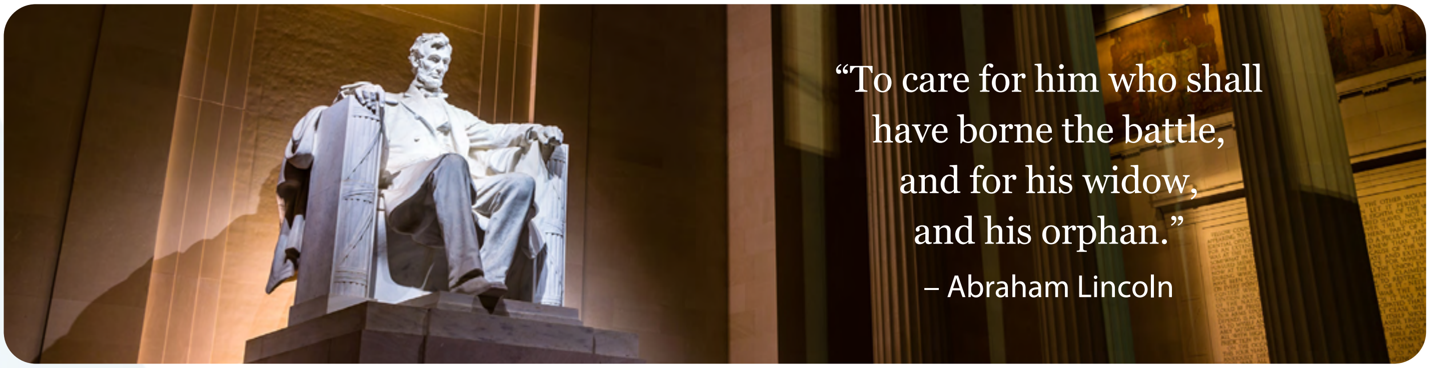
VA'S MISSION

To fulfill President Lincoln's promise—by serving and honoring the men and women who are America's Veterans.



VA Franchise Fund's Mission

To deliver best-in-class services and capabilities to the VA's Administrations and Staff Offices so that they can focus on delivering world-class benefits and services to Veterans and eligible beneficiaries.

VA Franchise Fund's Vision

To transform enterprise transactional services and capabilities to best-in-class levels, enabling the VA to focus on improving the Veterans' experience and empower VA employees.

VA Franchise Fund's Values

To guide us in fulfilling our mission, our employees strive to uphold core values that are consistent and closely aligned with those of the VA. These values include integrity, commitment, advocacy, respect and excellence.

Integrity

Act with high moral principle. Adhere to the highest professional standards. Maintain the trust and confidence of all with whom I engage.

Commitment

Work diligently to serve Veterans and other beneficiaries. Be driven by an earnest belief in the VA's mission. Fulfill my individual responsibilities and organizational responsibilities.

Advocacy

Be truly Veteran-centric by identifying, fully considering and appropriately advancing the interests of Veterans and other beneficiaries.

Respect

Treat all those I serve and with whom I work with dignity and respect. Show respect to earn it.

Excellent

Strive for the highest quality and continuous improvement. Be thoughtful and decisive in leadership, accountable for my actions, willing to admit mistakes and rigorous in correcting them.

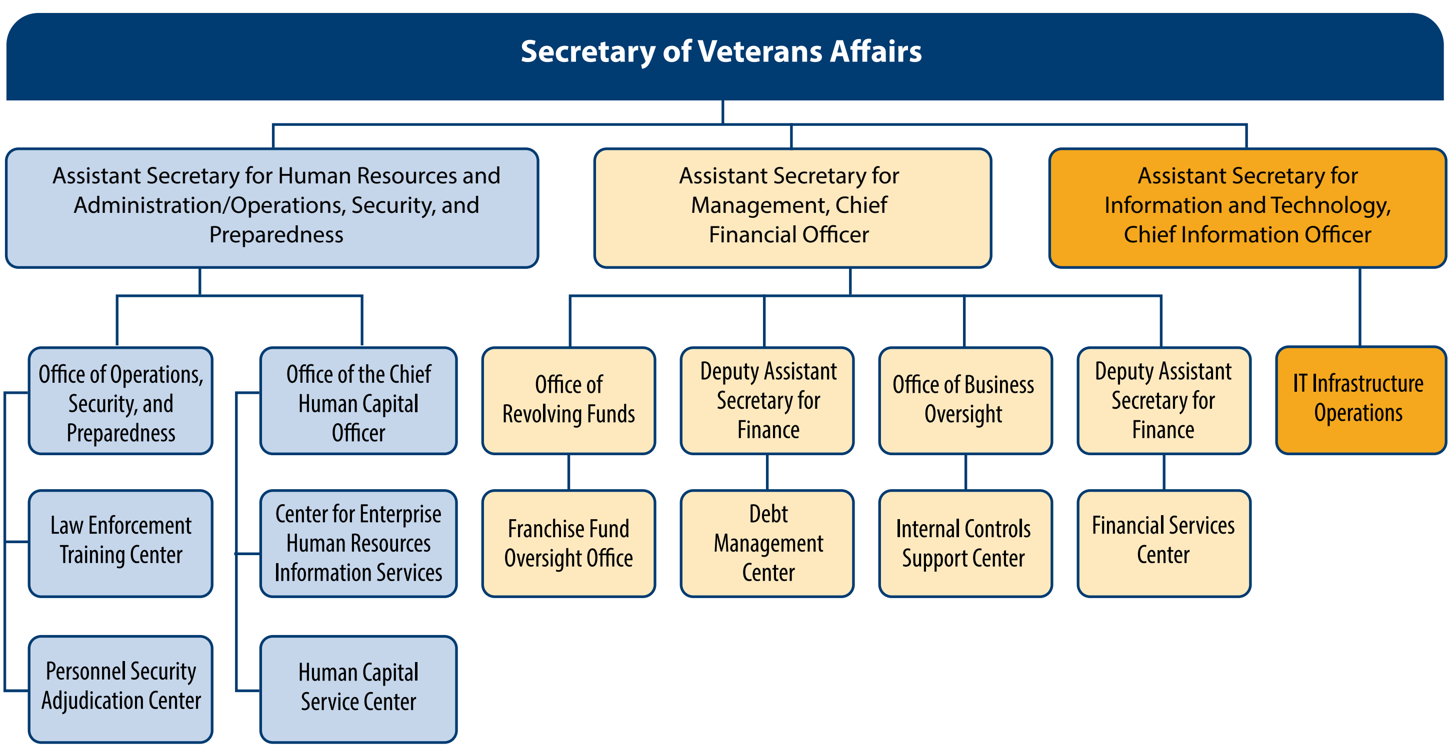
MEMBERS OF THE VA FRANCHISE FUND NETWORK

Origin of the VA Franchise Fund

The VA Franchise Fund was established under the authority of the Government Management Reform Act of 1994 and the VA and Housing and Urban Development and Independent Agencies Appropriations Act of 1997. The VA was selected by the Office of Management and Budget (OMB) in 1996 as one of six Executive branch agencies to establish a franchise fund pilot program created as a revolving fund, the VA Franchise Fund began providing common administrative support services to the VA and other government agencies (OGA) in 1997 on a fee-for-service basis. In 2006, under the Military Quality of Life and Veterans Affairs Appropriations Act, Public Law 109-114, permanent status was conferred upon the VA Franchise Fund.

Organizational Structure

The VA Franchise Fund consists of an administrative office (Franchise Fund Oversight Office) and eight self-supporting lines of business (Enterprise Centers). The Revolving Funds Executive Director along with the Directors of the individual Enterprise Centers and their staffs are responsible for customer liaison and coordination, business planning and development, staffing, and execution of day-to-day business activities consistent with their annual business plans. The Revolving Fund Board of Directors is composed of the Office of Management; Office of Human Resources and Administration/Operations, Security, and Preparedness (HRA/OSP); Office of Acquisition, Logistics, and Construction (OALC); Office of Information and Technology (OIT); Veterans Health Administration (VHA); Veterans Benefits Administration (VBA); National Cemetery Administration (NCA); and pertinent VA Staff Offices.



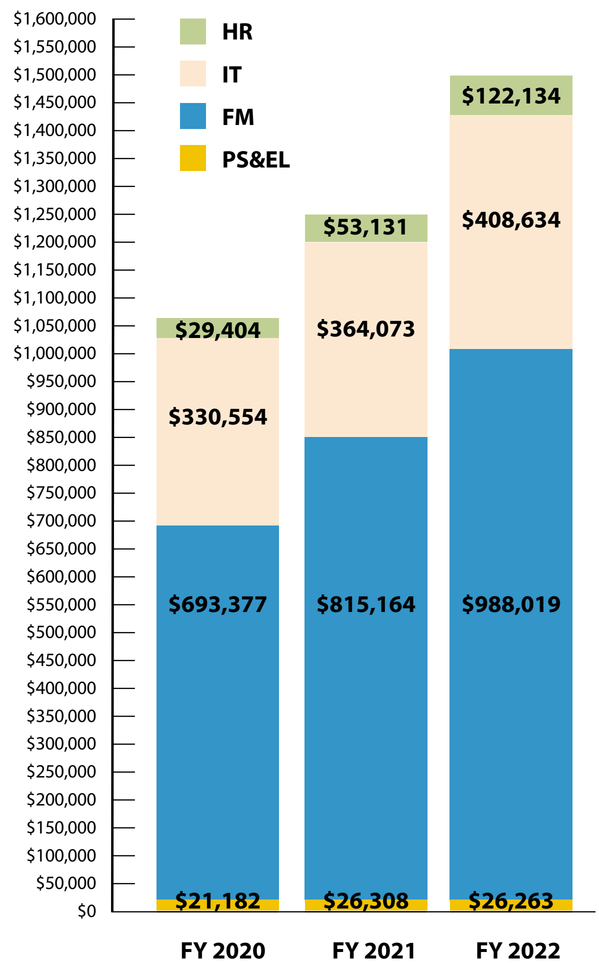
Entrepreneurial Network

We are one of the leading fee-for-service operations in government. By employing people nationwide to execute our day-to-day business activities, we provide our customers with services that save resources and allow them to concentrate on mission-critical functions within their organizations. We have positioned ourselves to meet the needs of any Federal agency at competitive prices.

Business Segments

The VA Franchise Fund consists of four major segments: Information Technology (IT), Financial Management (FM), Personnel Security and Law Enforcement (PS&LE), and Human Resources (HR). The chart below shows the revenue among our segments for FY 2020 through FY 2022.

VA Franchise Fund
Revenue Trend by Major Segments
(Dollars in Thousands)

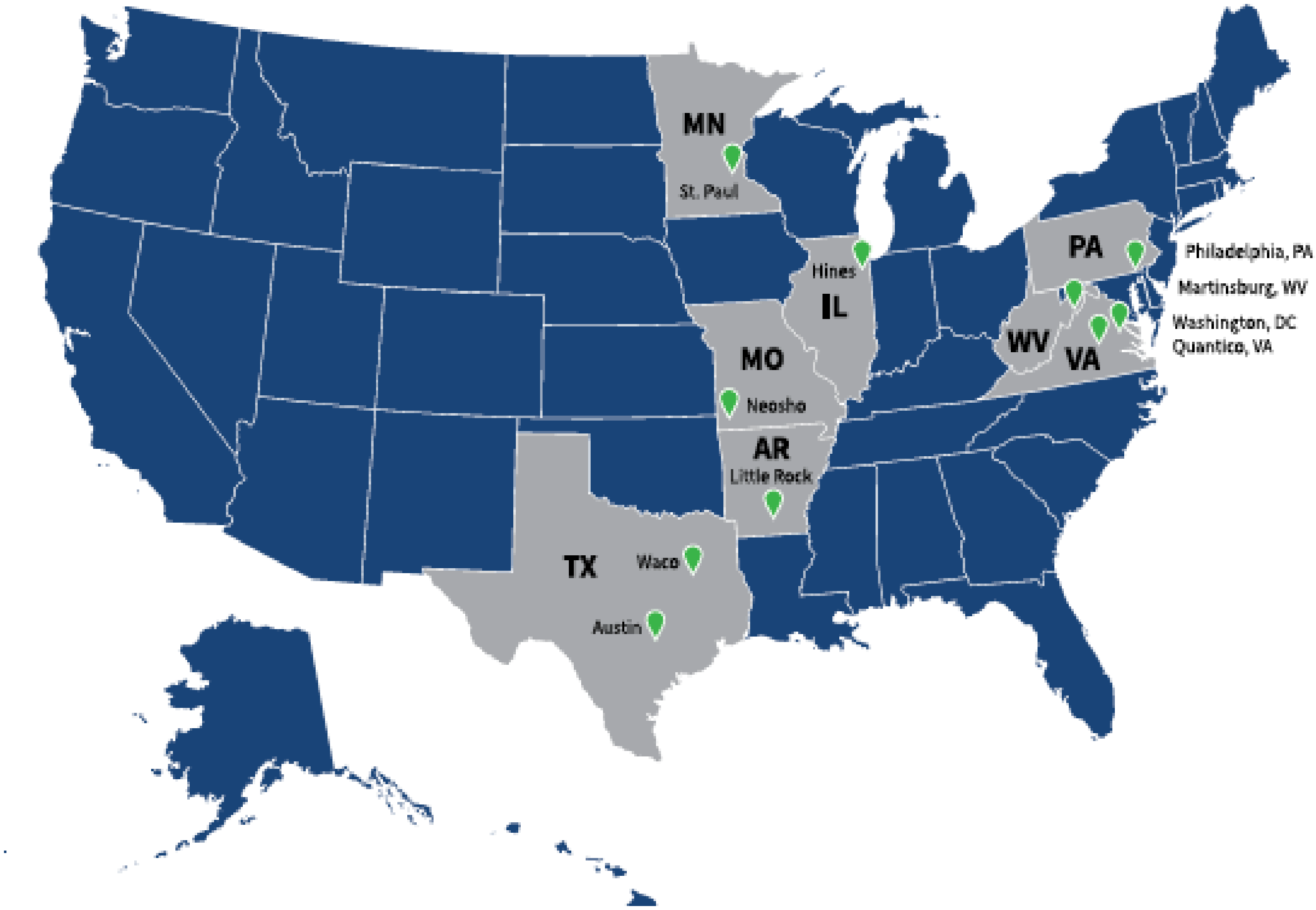


The IT segment generated $409 million in revenue in FY 2022, which is a notable increase from $364 million in FY 2021. This increase was primarily due to a substantial increase in business from the VA Office of Information and Technology despite notable decreases in revenue from the NCA and VHA.

The FM segment generated $988 million in FY 2022, which is a significant increase from $815 million in FY 2021. This significant growth in revenue is primarily due to additional business from several VA customers including the Office of Information and Technology, Office of Acquisitions, Logistics and Construction as well as the Veterans Health Administration and Veterans Benefits Administration. Furthermore, the FM segment provided additional business to OGA customers including Department of Homeland Security and Department of Health and Human Services.

The PS&LE segment ended FY 2022 with $26 million in revenue which is consistent with the $26 million in revenue reported at the end of FY 2021. This consistency in revenue is due to the similar levels of demand for services provided to VA customers including Veterans Health Administration and Office of Management as well as OGA customers such as the United State Air Force.

The HR segment ended FY 2022 with $122 million in revenue. This is a significant increase from $53 million in revenue reported during FY 2021. This increase in revenue is primarily due to the newest enterprise center, the Center for Enterprise Human Resources Information Services, which received $88 million in revenue compared to $19 million reported for FY 2021.



Members of the VA Franchise Fund Network

Financial Management (FM)

Debt Management Center
(St. Paul, MN)

- Account Maintenance
- Administrative Offset/Expanded Tools
- Enhancement of VHA Debt
- Management Services
- Expanded VHA Debt Management Tools
- Business Process Optimization
- Employee Salary Offset Hearings
- Grant Waivers

Financial Management (FM)

Internal Controls Support Center
(Austin, TX; Washington, DC)

- A-123 Process Documentation and Testing
- Financial and Operational Fitness Assessment
- Technology Transfer Program Review

Financial Management (FM)

Financial Services Center (Austin, TX;
Waco, TX; Neosho, MO; Washington DC)

- Financial Reports and Accounting
- Construction Accounting
- Credit Card Payments
- Vendor File Maintenance
- Customer Care Center
- Rejects and Adjustmen
- Prime Vendor Subsistence
- Electronic Commerce/Electronic Data Interchange
- Payroll Support Services
- Travel Services
- Common Administrative Services
- Financial Systems Oversight
- Financial Management System Service Requests
- Audit Services
- Purchased Care Claims Services
- Combo II Services
- Healthcare Claims Services
- FMBT Services

Franchise Fund Oversight Office (FFO)

(Washington, DC)

- Administrative Support to the Enterprise Centers
- Budget Formulation and Execution Analysis
- Financial and Business Planning Oversight
- Audit of Consolidated Financial Statements
- Annual Report Coordination
- Marketing Strategies
- Customer Relationship Management
- Process Improvement and Cost Reduction

Personnel Security and Law Enforcement (PS&LE)

Personnel Security Adjudication Center
(Little Rock, AR)

- National Security Background Investigations and Adjudications
- Public Trust Background Investigations and Adjudications
- Low Risk Background Investigations and Adjudications
- Reciprocation of a Prior Adjudication from Other Federal Agencies
- Security Check for Candidate Requiring Approval of the Secretary
- Special Agreement Check (Fingerprint) Adjudication
- Fingerprint Submission
- Reissuance/Copy of Certificate of Investigation/Eligibility

Personnel Security and Law Enforcement (PS&LE)

Law Enforcement Training Center
(Little Rock, AR)

- VA Police Officer Standardized Training
- Department of Air Force Civilian Police Academy
- Fact Finding Course
- Administrative Investigation Board Course
- Firearms Instructor
- Ground Defense and Recovery Instructor
- Long Gun Instructor
- Instructor Development Course
- Introduction to Police Supervision
- K-9 Recalibration Course
- Physical Security Course
- Verbal Defense in Healthcare

Information Technology (IT)

IT Infrastructure Operations
(Austin, TX; Martinsburg, WV; Hines, IL; Philadelphia, PA; Quantico, VA)

- Systems Hosting Services
- Data Conversion and Data Interfacing
- Enterprise Backup and Support Services
- Cloud Computing
- Web Support Services
- IT Security Support Services
- Enterprise Storage Services
- Network Infrastructure Services
- Mainframe Support Services
- Database Support Services
- Web Hosting Services
- Data Center Operations and Logistics

Human Resources (HR)

Human Capital Services Center
(Washington, DC)

- Career Development Programs
- Consolidated Internship Programs
- VA Talent Management System Administration
- Learning Management Systems Training
- Electronic Course Content Management
- Emergency Alerting and Accountability System

Human Resources (HR)

Center for Enterprise Human Resources Information Services
(Washington, DC)

- Personnel Management and Employee Records
- Position Management
- Manager Self Service
- Employee Self Service
- Manpower Management
- Compensation and Benefits
- Performance Management

Members of the VA Franchise Fund Network

Joshua Blockburger
Director,
Personnel Security
Adjudication Center

Reginald Cummings
Executive Director,
IT Infrastructure
Operations

LaJuan Bryan-Beveridge
Executive Director,
Human Capital
Services Center

Susie Dossie
Executive Director,
Office of Business
Oversight and Internal
Controls Support Center

Conrad Hamp
Director,
Law Enforcement
Training Center

Melvin Phillips
Director,
Franchise Fund
Oversight Office

Curt Rauhut
Executive Director,
Financial Services
Center

Joe Schmitt
Executive Director,
Debt Management
Center

Joseph Thele
Director,
Center for Enterprise
Human Resources
Information Services

Financial Management Segment

Franchise Fund Oversight Office (FFO)

Located in Washington, DC, the FFO functions as the business office for the VA Franchise Fund. As such, the FFO is responsible for providing administrative support to the Enterprise Centers by directing and analyzing budget formulation and execution processes, administering financial resources, overseeing business planning activities, managing the annual financial statement audit for the Fund, preparing the annual reports and strategic plans, coordinating marketing activities, and serving as the liaison between the Enterprise Centers, their customers and the Revolving Funds Board.

Debt Management Center (DMC)

Located in St Paul, Minnesota, the DMC is a centralized facility that provides direct collection of debt owed to the VA. The DMC provides high quality customer-responsive receivables management services. The DMC balances the charter to collect debts on behalf of the American taxpayers and the VA with a Veteran-centric, compassionate approach, helping Veterans and families understand their rights, meet their obligations and develop solutions to resolve their debts. The DMC provides a full spectrum of administrative services to properly handle their customers' accounts receivable needs, from establishment through disposition of the receivables. The DMC provides debt notification and debt counseling to Veterans, and payment options for amounts owed to VBA and VHA for compensation, pension, education benefits, home loan guarantees and co-payments. The DMC also manages the administrative offset process for both internal benefits offsets and those referred to the Department of the Treasury (Treasury) for offset under the Treasury Offset Program (TOP) and Cross Servicing (CS) Program.

Financial Services Center (FSC)

Located in Austin, Texas; Waco, Texas; Neosho, Missouri; and Washington DC, the FSC provides a full range of financial and accounting services. These services include financial reports and accounting, invoice payments, credit card payments, medical claims adjudication and payment processing, vendor file maintenance, discount subsistence purchases, payroll processing, and VA conference tracking and reporting. The FSC also provides customer support for payroll, travel and payment processing, electronic commerce/electronic data interchange, automated document management, audit recovery, permanent change of station and temporary duty travel pay processing, common administrative services, accounting training and consulting.

Internal Controls Support Center (ICSC)

Located in Austin, Texas and Washington DC, the ICSC provides the VA with technical assistance and oversight support for the establishment, operation and maintenance of internal controls to ensure internal and external organizations perform in accordance with their agreements. The ICSC accomplishes this with a highly skilled workforce augmented with specialized contractor support. The result is a cost-effective function within the VA to ensure resources have the maximum impact helping Veterans.

Personnel Security and Law Enforcement Segment

Law Enforcement Training Center (LETC)

The LETC, located in Little Rock, Arkansas, provides special training for police officers working in a health care or service-oriented environment. Emphasizing training in health care or limited jurisdiction environments, the LETC is available to approximately 4,500 law enforcement personnel working at VA health care facilities and to law enforcement professionals at other Federal agencies.

Personnel Security Adjudication Center (PSAC)

Located in North Little Rock, Arkansas, the PSAC provides quality background investigations and timely adjudications for VA employees in national security and public trust positions as well as VA contractors nationwide. Additionally, the PSAC provides security checks for appointees and high level award recipients centralized to the Secretary of VA (SECVA), and supports the Personal Identification Verification process for employees, contractors and affiliates of the Department.

Human Resources Segment

Human Capital Services Center (HCSC)

Located in the HRA/OSP, Office of the Chief Human Capital Officer (OCHCO) VA Central Office in Washington, DC, the HCSC provides common human capital support services. These products and services include learning management programs, employee accountability services, internship programs and learning content curation for nearly 630,000 VA employees, contractors, volunteers and academic affiliates. HCSC products and services reduce costs, streamline processes and save VA employees time so they can focus on delivering the best care and service to our Veterans.

Center for Enterprise Human Resources Information Services (CEHRIS)

Located in the HRA/OSP, OCHCO VA Central Office in Washington, DC, the CEHRIS provides a standard and reliable suite of services supporting core HR business processes; manager and employee-facing HR processes, to include capturing and managing employee and HR information throughout the employee life cycle, ensuring the VA can properly execute recruiting, staffing, employee relations, labor relations, performance management, employee benefits, payroll, separations, record keeping, and data analysis and reporting.

Information Technology Segment

IT Infrastructure Operations (ITIO)

Composed of staff living and working across the United States, ITIO provides application hosting and technical support services for operations throughout the VA. ITIO manages the VA's core data centers in Austin, Texas; Martinsburg, West Virginia; Hines, Illinois; Philadelphia, Pennsylvania; and Quantico, Virginia. The organization also provides IT services in support of applications running in customer-owned facilities and non-VA facilities (such as public cloud). ITIO focuses on the customer experience to deliver IT services and solutions that foster modernization, reliability and simplicity. Key services include IT security, application hosting, storage, network infrastructure, operating systems, mainframe, database, middleware, web hosting services, and data center operations and logistics.

LETTER TO STAKEHOLDERS

Leroy Larkins
Executive Director,
Office of Revolving Funds

On behalf of the Franchise Fund, I invite you to examine our FY 2022 Annual Report, outlining the VA Enterprise Centers' accomplishments and plans for next year, and the Franchise Fund's audited financial statements.

This report documents the Franchise Fund's progress in the delivery of exceptional support services to VA and other government agencies (OGA). We ended FY 2022 with a total revenue of $1.5 billion, which is an increase from FY 2021 revenue of $1.3 billion.

The Franchise Fund's progress resulted in some noteworthy accomplishments. They include:

- Attaining an unqualified audit opinion of our financial statements for the 25th consecutive year.
- Simplifying the acquisition process by eliminating large volumes of individual procurements and administrative processes across the VA enterprise. This will enable ITIO customers to pay for actual consumption while maintaining transparency and improving accountability of over $100 million in cloud hosting expenditures. Simplifying the acquisition process during FY 2022 was a necessary step for ITIO to transition VA Enterprise Cloud hosting services fully under the Franchise Fund business model effective FY 2023 and build a framework to manage cloud capacity consumption at an enterprise level. (ITIO)
- Collaborating with Veterans Benefits Administration (VBA) and VHA to send informational notices to impacted debtors which enabled 1.5 million Veterans to proactively take action to address their debts. These actions positioned DMC to better assist Veterans when collection resumed in FY 2022 by mitigating downstream effects of the debt suspension enacted in March 2020. (DMC)
- Supporting the VA's Financial Management Business Transformation (FMBT), an objective of the Secretary's VA Business Systems Transformation goal. In FY 2022, the FSC successfully coordinated the first Integrated Financial and Acquisition Management System (iFAMS) annual close process. Additionally, the iFAMS Help Desk received 11,661 customer cases, resolved 11,199 with a resolution rate of 96.04%, and achieved an overall customer satisfaction score of 94.87%. (FSC)
- Continuing to monitor and adjust to healthcare protocols ensuring VA's security personnel are adequately trained under safe conditions, ensuring protection of Veterans, employees, and VA facilities during the COVID-19 pandemic. With the continued consultation and planning with the VHA and the Central Arkansas Veterans Healthcare System (CAVHS), LETC was able to become fully operational in the fourth quarter of FY 2022, offering the full availability of all its courses and services. (LETC)
- Launching a VA OIT provisioned low-code/no-code platform in lieu of a commercial off-the-shelf application during FY 2022. This platform will be used to design and develop utilities and applications to model PSAC business processes and workflows. These "citizen developed" utilities/applications will automate and manage the requesting of a background investigation from its customers. They will replace the current process requiring customers to manually upload Portable Document Format (PDF) forms and documents to the PSAC SharePoint Portal. (PSAC)
- Expanding relationships with existing customers and adding emerging grant programs to the Internal Controls Support Center (ICSC) portfolio. This allowed ICSC to increase their coverage of VA's Grants program, allowing ICSC to increase value to the department during FY 2022. (ICSC)
- Developing a well-prepared workforce where employees are our greatest asset - a key piece in VA's strategic plan to achieve our shared mission. Through continuous improvements to the services HCSC provides – from micro-learning platforms, in-person seminars and prestigious development programs, HCSC is cultivating a culture of learning where all employees, regardless of their grade level, generation, or abilities can thrive, ensuring a well-equipped workforce that is prepared, agile and sustainable. (HCSC)
- Providing streamlined, and interoperable Human Capital capabilities that strengthen the VA's ability to hire, develop, and retain a world-class workforce. During FY 2022, CEHRIS supported HR professionals, managers, and employees across VA by providing services to ensure recruiting, staffing, benefits, pay setting, and separation actions are efficiently and effectively executed. These services allow VA employees to focus on delivering the best care to our Veterans and their families. (CEHRIS)

These successful endeavors are examples of the Franchise Fund delivering remarkable value and exceptional services to its Federal customers. The success of the Franchise Fund would not have been possible without the support of its customers. We thank all our customers for their continuing support.

I am pleased to submit the VA Franchise Fund FY 2022 Annual Report. As the Franchise Fund looks forward to this coming year, I am confident it will continue to demonstrate sound business practices under the current governance structure.

Leroy Larkins

OUR STAKEHOLDERS

Our ultimate stakeholders are Veterans and their families who directly benefit from the services the VA provides, and those who carefully monitor the delivery of these services, including OMB, Congressional authorization and appropriations committees and subcommittees, and Veterans Service Organizations.

Veterans and their families directly benefit from services the VA provides.

As knowledgeable Government professionals, we provide our stakeholders with creative, cost-effective and practical solutions to help them accomplish their primary mission. Although Federal agencies have their own unique missions, our collective experience enables us to give expert advice from an insider's point of view, as we understand unique requirements and financial constraints. We realize that we must compete for business every day to retain our customers' trust and confidence.

The American public holds us accountable to high standards as we spend their tax dollars to administer Government programs. Expensive and wasteful practices are not acceptable. We embrace resilience and resourcefulness as we adopt business practices that enable us to become more efficient and responsive.

External Stakeholders

- Veterans and their families
- Congressional authorization and appropriations committees and subcommittees
- Defense Finance and Accounting Service
- Department of Health and Human Services
- Department of Homeland Security
- Surface Transportation Board
- Department of the Army
- Department of the Air Force
- Veterans Service Organizations
- Private sector vendors

Internal Stakeholders

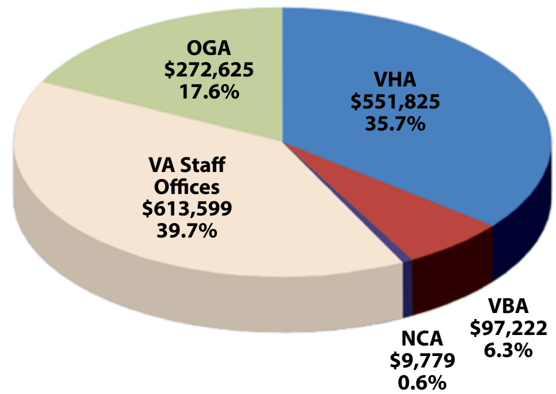
- Veterans Health Administration
- Veterans Benefits Administration
- National Cemetery Administration
- VA Staff Offices
- Board of Veterans' Appeals
- Franchise Fund Enterprise Centers
- Office of Acquisition and Logistics
- Office of Information and Technology
- Office of the Inspector General
- Office of Electronic Health Record Modernization

COMPARISON OF CUSTOMER REVENUE FROM FY 2020–2022

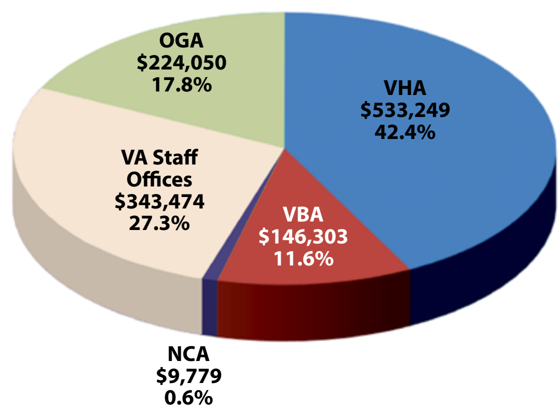
Approximately 82 percent of Franchise Fund revenue comes from VA customers. Within VA, VHA programs provide the most revenue to the Enterprise Centers. The remaining 18 percent comes from several different OGA customers.

During FY 2022, revenue from VHA and staff office customers increased by $19 million and $270 million respectively, however, revenue from VBA customers declined by $49 million. The increases in VHA revenue were primarily due to an increase in service agreements with FSC and CEHRIS. Staff office revenue increases were primarily due to a significant surge in service agreements with ITIO and FSC as well as the most recently added enterprise center, CEHRIS. However, the decrease in VBA revenue is due to a decrease in service agreements with ITIO.

Revenue from OGA customers increased notably between FY 2021 and FY 2022. The Franchise Fund ended FY 2022 with $273 million in revenue, an increase from FY 2021 levels of $224 million. This revenue increase was due to an increase in business provided to OGA customers by FSC. Specifically, FSC provided additional business to the Department of Homeland Security (DHS) Immigration and Customs Enforcement and Department of Health and Human Services (HHS) Office of Refugee Resettlement. Additionally, LETC provided significantly more law enforcement training services to the United States Air Force (USAF).

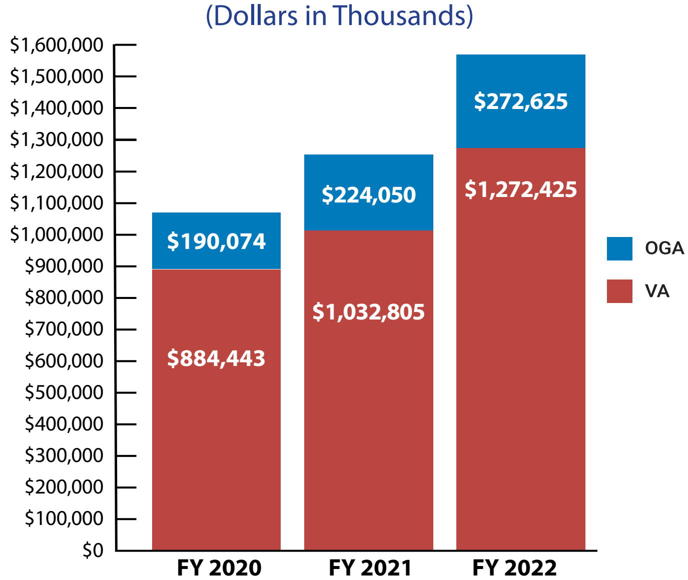


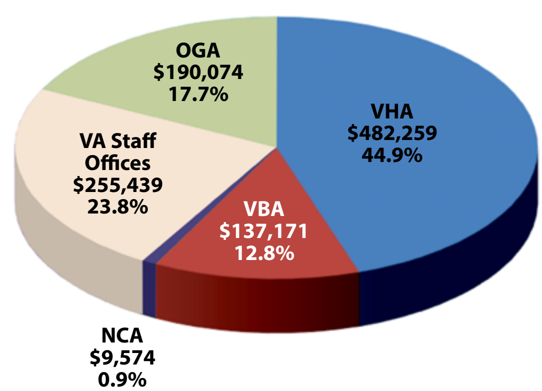
VA Franchise Fund Revenue by Customer as of September 30, 2022
(Dollars in Thousands)



VA Franchise Fund Revenue by Customer as of September 30, 2021
(Dollars in Thousands)

VA Franchise Fund Revenue Source – VA vs. OGA
(Dollars in Thousands)





VA Franchise Fund Revenue by Customer as of September 30, 2020
(Dollars in Thousands)

MEETING VA FRANCHISE FUND OBJECTIVES

Information Technology Segment – ITIO

VA Enterprise Cloud (VAEC)

During FY 2022, VA set a new internal record by migrating or developing 134 systems/applications in the VA Enterprise Cloud (VAEC) and now has a total of over 270 systems/applications in the VAEC. This achievement positioned VA to achieve its goal of 350 systems/applications across 9 available cloud service provider (CSP) regions by the end of FY 2024.

Customer Success

In support of the Chief Information Officer's (CIO) desire for a delightful customer experience, ITIO created a Customer Success function. The mission of Customer Success is to drive ITIO's customer-centric focus, building a systematic approach to listening to the voice of the customer to improve outcomes. The ITIO Customer Success office has conducted customer surveys and interviews and used the responses to create a customer backlog and build customer empathy with the organization. Additionally, the Customer Success division was established to acquire intel and measure how well ITIO is doing in the eyes of customers. Applying the pragmatics framework, as well as surveys, focus groups, and personal follow ups, Customer Success engages with ITIO customers and stakeholders to understand successes and failures. Data analysis of survey feedback and interviews helps ITIO identify recurring and emergent issues and detects opportunities for improvements in our processes or service offerings. As a result of customer responses from these outreach efforts, Customer Success established an ITIO Communication Center and IT Connects program, allowing for a continual feedback loop that tracks and addresses customers' needs quickly.

Data Center Consolidation

During FY 2022, National Data Center Operations and Logistics, in accordance with the Federal Information Technology Acquisition Reform Act (FITARA), Data Center Optimization Initiative (DCOI), has met all targets set in our FY 2022 strategic plan for data center closures and cost avoidance. This milestone was achieved by closing five key mission facilities (data centers) while saving the VA $5.1 million. VA received an "A" grade for the DCOI section of the FITARA Scorecard over the last three iterations and has shown significant and continuous improvement in progress toward establishing and meeting DCOI Data Center metric targets.

Financial Management Segment – FSC

Invoice Payment Processing System (IPPS)

During FY 2022, FSC's Invoice Payment Processing System (IPPS) achieved over 99 percent success rate regarding timeliness and accuracy of payments. FSC processed 1.3 million invoices valued at $25.6 billion while capturing $4 million in discounts. There was less than .0003 percent interest paid per million payments processed. FSC processed 21,300 payments for construction invoices that totaled $2.5 billion. To reduce improper payments, FSC stopped 4,700 erroneous invoices totaling over $87.9 million.

Travel Services

During FY 2022, FSC's Permanent Change of Station Division processed 415 employee relocations totaling $41.6 million and adjudicated 2,756 employee claims and vendor invoices totaling $14.7 million within seven business days 95 percent of the time. They provided centralized oversight and management for the entire VA foreign travel program. Successfully facilitated processing of government passports, VISAs, and eCountry Clearance requests directly relating to mission-critical travel in accordance with VA Financial Policy, Volume XIV-Chapter 6, and Federal Travel Regulations.

Claims Processing and Services

During FY 2022, the Financial Healthcare Service processed 5.7 million claims for $3.2 billion in disbursement across all product lines. Notably, the Electronic Claims Adjudication and Management System (eCAMS) processed the largest portion of the volume at 5.1 million medical claims, equating to $2.2 billion in payments. The eCAMS system continues to improve the fiscal year auto adjudication rate to 50 percent with a 100 percent success rate for timely processing. Additionally, FSC completed Builds 12 through 15 and increased enrollment of the eCAMS Provider Portal to 2,774 users and 857 providers. Recent eCAMS builds include implementing business rules to support the COMPACT Act, the Contract Nursing Home Patient-Driven Payment Model (PDPM), and the National Dialysis Services Contract.

Elimination of Improper Payments

In FY 2022, FSC reviewed over 7.4 million pre-payment transactions, valued at $51.6 billion, for potential improper payments, of which $19.2 billion were stopped. The FSC saved VA $2.1 million by effectively working and disputing the tax penalty with the Internal Revenue Service Collection Office. In addition, FSC reviewed over 95.6 million post-payment transactions, valued at $193.3 billion, of which 149 transactions, worth $0.5 million, were confirmed improper payments. FSC recovered 63,346 transactions worth more than $50.2 million in FY 2022 from the Bills for Collection (BFC) Portal.

Payroll Processing

In FY 2022, FSC's Financial Payroll Service (FPS) transitioned 10 VHA stations, adding 25,000 employees (a 24 percent increase from FY 2021) to FSC's local payroll support services. As a result, services to local payroll now cover 128,000 employees that process $15.6 billion in salaries and benefits annually. FPS' Customer Support Teams successfully responded to 405,183 customer engagements answering 149,468 phone calls and 255,715 self-service portal tickets. The Payroll Contingency Operations Team provided temporary payroll support (virtual payroll services) to seven stations/11,809 employees, ensuring continued payroll processing for stations unable to service their employees due to staffing issues, natural disasters, or while awaiting transition to the FSC.

Financial Technology Service - Cloud Migration

In FY 2022, FSC migrated six applications to the cloud: Electronic Claims Adjudication Management System Provider Portal, Pay Adjustment Transactions Data Delivery Exchange, Agility, Transaction Reconciliation Service, Business Office Portal, and the PEGA Application Factory. In FY 2022, a Federal Risk and Authorization Management Program (FedRAMP) accreditation for the Agility Software as a Service solution was achieved. This momentous achievement enabled all Federal agencies to acquire the Agility cloud solution with standardized security safeguards validated by General Services Administration (GSA) FedRAMP. The FSC portfolio has over 1,000 Users across 30+ teams that utilize Agility. FSC has enhanced security, accountability, and flexibility due to the cloud migration and has reduced spending on information technology hardware by ~$1.5 million.

Implementation of G-Invoicing at VA

In addition, FSC coordinated with Franchise Fund Oversight Office and eight Enterprise Centers to implement G-invoicing for FY 2022 VA agreements. Established reimbursement agreements in FMS using G-invoicing, numbering created over 1,700 receivable transactions totaling $1.2 billion and initiated over 1,600 performance actions totaling $1 billion in G-invoicing through the end of September 2022.

Financial Management Segment – DMC

Debt Collection Programs

During FY 2022, DMC restarted its collections for the 18-month backlog of suspended COVID-19 benefit debts with a staggered restart approach beginning with the oldest established debts and education debts. This approach minimizes the impact to Veterans by collecting the debts suspended the longest first while ensuring that VBA and DMC contact centers can reasonably service the anticipated surge in Veterans seeking assistance. Any new benefit debt and medical copayments established after September 30, 2021, will follow the regular collection process. DMC created a minimum threshold for delinquent debt reporting, which reduced debt referrals to credit reporting agencies by 99.9 percent. This action received the Vice President of the United States recognition at a White House event for enhancing Veteran financial wellbeing. Even with these relief efforts, DMC collected $1.58 billion in FY 2022. DMC's cost to customers was $50.2 million or 3.2 percent of collections which highlights DMC's emphasis on lean processes, right sizing the DMC team to meet Veterans' demand and maintaining cost consciousness.

Financial Management Business Transformation

During FY 2022, DMC continued to build strong partnerships & reached new stakeholders by attending 66 Veterans Service Organization/School Certifying Official (VSO/SCO) conferences and holding monthly VSO meetings reaching 64 million stakeholders and showcasing VA's passion for customer service and continuous improvement. DMC excels at building coalitions with the White House, VSO/SCO, Senate Veteran Affairs Committee/House Veteran Affairs Committee (SVAC/HVAC) leadership broadly communicating VA's relief options & Veteran-facing innovations. DMC's global call center enhancements led to an average call center wait time of under 4 minutes and incorporated interpreter software supporting 200 languages. DMC initiated electronic Financial Status Reports (FSRs) for benefit debts on the debt portal while providing Veterans with the first-ever electronic means to view both their VBA benefit and copay debts simultaneously. DMC worked with national level stakeholders and Veteran advocates marketing the new functionality of the first-ever VA Debt Portal located on VA.GOV. This resulted in over 5 thousand electronic FSRs submitted which has revolutionized the way Veterans can now interact with their overpayments and submit electronic requests to DMC. As a result of DMC's efforts, $8 million was committed to the project to create this online portal. This achievement modernized the debt notification process for the 2.8 million letters DMC sends annually to over 955 thousand Veterans. DMC's Veteran-centric call center customized content to ensure Veterans received valuable information while on hold and in queue. DMC enhanced the ability to perform service recovery by implementing an innovative feedback mechanism offering 100 percent of callers an opt-in post-call survey; immediate feedback allows DMC to provide effective solutions to Veteran concerns.

Financial Debt Management System Innovation

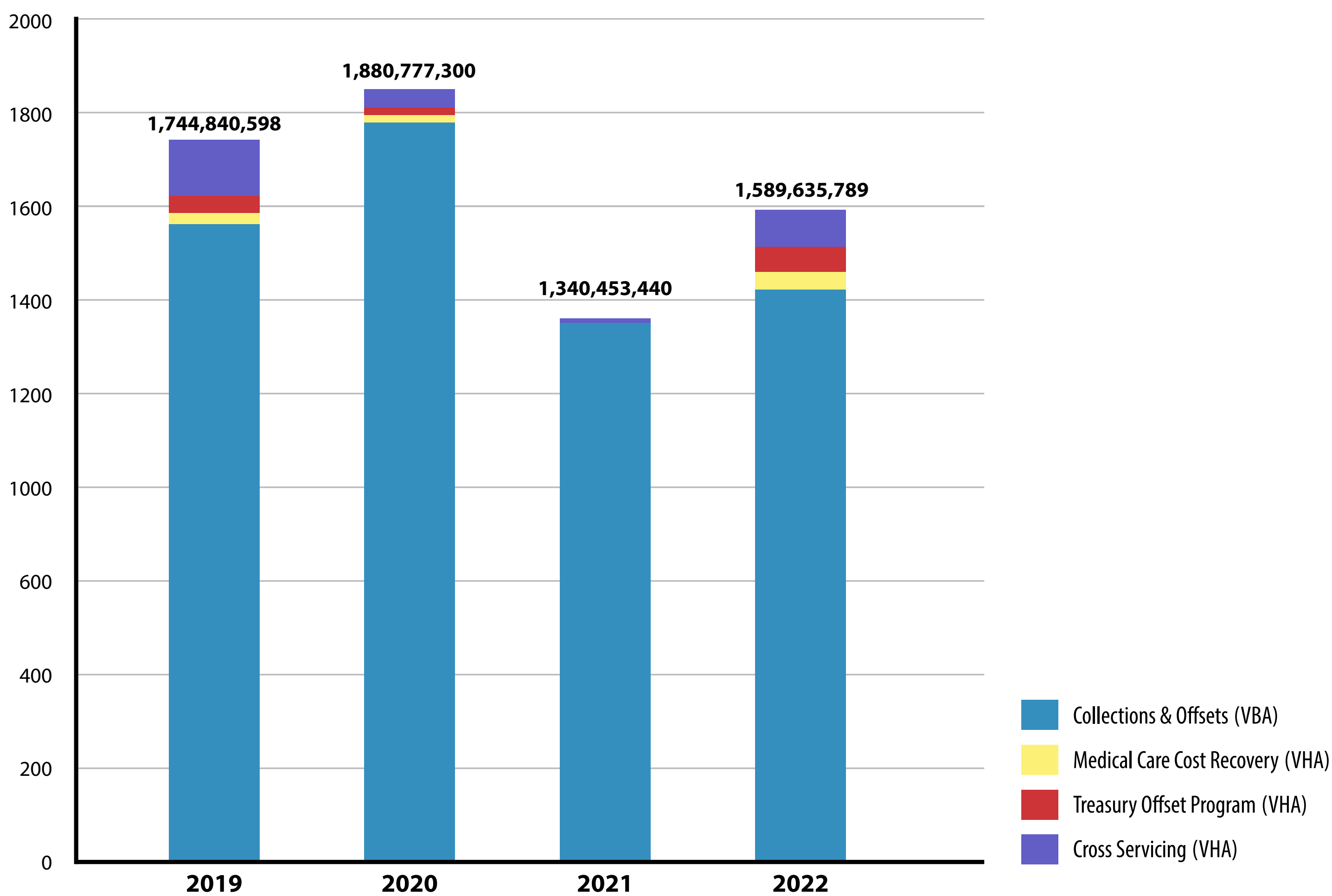
During FY 2022, DMC successfully replaced Centralized Accounts Receivable On-Line System (CAROLS) with the new Veterans Account Management System (VAMS) that utilizes intuitive case management solutions which provides an enhanced user interface, more timely and accurate case management and reporting, while also alleviating "swivel-chairing" between multiple systems. By implementing VAMS, it provides real time integration between VBA, DMC, VA Profile, Master Person Index (MPI), IFAMS plus other external systems while significantly reducing manual processes tied to previous case errors. Employees have been critical to the system testing and implementation making this a win for employees, Veterans and the Department.

Proactive steps to mitigate impact of COVID-19

During the COVID-19 pandemic, DMC researched debt collection regulations, and sought Office of General Counsel opinion to ensure relief options followed Extended Repayment Interim Guidance (ERIG) and the Secretary of Veterans Affairs intent. The center continued to collaborate with National Veterans Service Organizations (VSO) Commanders, engaged in conversations on past practices, and developed a path forward to care for Veterans struggling due to the economic pressures created by COVID-19. These relief options included long term repayment plans, hardship refunds, and temporary suspension of collections. DMC utilized a community approach with VA Administrations by establishing concurrent protocols, defining the parameters for declaring relief, setting criteria for relief assistance, and developing a robust communication plan. This plan increased collective communication through social and digital media, informational letters, and the launch of a new debt self-service portal on VA.gov. DMC reached 65 million Veterans with these communication tools and the debt self-service portal enabled the DMC contact center to focus on Veterans who needed direct assistance.

FY22 Total Collections for FF (DMC)

	2019	2020	2021	2022
Collections & Offsets (VBA)	1,532,711,000	1,768,547,989	1,338,445,607	1,421,077,044
Medical Care Cost Recovery (VHA)	51,765,500	24,931,053	889	36,539,284
Treasury Offset Program (VHA)	42,135,698	16,589,792	118	51,524,190
Cross Servicing (VHA)	118,228,400	70,708,466	2,006,826	80,495,270
Total Collections	1,744,840,598	1,880,777,300	1,340,453,440	1,589,635,789



Financial Management Segment – ICSC

OMB Circular A-123 Internal Controls Program

In FY 2022, Internal Controls Services Center (ICSC) conducted OMB Circular A-123, Appendix A, Test of Design and Effectiveness reviews for 10 business processes including: Compensation, Pension, Education, Loan Management, Payment Management, Financial Reporting, Property, Plant and Equipment, Revenue and Receivables, Budget Execution, and HR and Payroll Management. Completing baseline assessments of 10 of 13 business processes allows ICSC to implement a continuous monitoring strategy, where VA will be able to assess financial internal controls that have the greatest impact and focus on testing design and effectiveness of new or modified controls due to changes in law, regulation, policy, process, and/or system. This will posture VA to have more timely feedback on control effectiveness and correct those issues before they become a significant finding from external parties such as the Office of Inspector General (OIG) or Government Accountability Office.

ICSC Support of VA's Homeless Provider Programs

ICSC successfully completed 92 reviews for the Supportive Services for Veterans Families (SSVF) program, validating nearly $473.9 million in grantee funding. The reviews resulted in 206 recommendations to improve financial and operational practices of the grantees. Additionally, ICSC staff completed 76 reviews at Grants Per Diem (GPD) grantees covering $61.9 million in VA grant funding. Those reviews resulted in 232 specific recommendations to grantees. As a result of ICSC's efforts, both the SSVF and GPD program offices have confidence their grantees are using VA funds in a manner compliant with applicable laws, rules, and guidance and more importantly, ICSC know their grantees are positively impacting the wellbeing of homeless Veterans.

Technology Transfer Program (TTP)

During FY 2022, ICSC auditors, under the direction of VA's TTP office, completed 8 reviews of VA's trading partners who hold 373 inventions, 119 invention licenses and nearly $7.1 million in revenue, expenses, and royalties. The result of those reviews uncovered 43 inventions that were not previously disclosed to the VA. ICSC also performed a mission needs study for the TTP to help them right size their office and increase the overall value of this program to the Department.

NCA Compliance Review

During FY 2022, ICSC performed 13 reviews of State and Tribal government operated cemeteries for NCA. ICSC staff performed 13 reviews, which included 10 medium cemeteries and 3 large cemeteries. ICSC made recommendations to improve cemetery operations and bring them into compliance with NCA directives. The result of ICSC working closely with VA's NCA office is the VA now has confidence that State and Tribal Government cemeteries are operating on a level, which adheres to VA NCA standards.

Personnel Security and Law Enforcement Segment – PSAC

Trusted Workforce 2.0

The PSAC successfully enrolled over 8,600 Department of Veterans Affairs (VA) employees and contractors in the Defense Counterintelligence and Security Agency (DCSA) Trusted Workforce (TW) Continuous Evaluation (CE) program. Additionally, the PSAC enrolled the VA's entire TW/CE enrollees (over 8,600 personnel) into DCSA's Rap Back program to successfully meet the Federal government's TW 1.5 mandate. Accomplishments were recognized by the VA's Assistant Secretary Human Resource Administration/Office of Operations, Security, and Preparedness, and Chief Security Officer.

Team Development

During FY 2022, the PSAC continued to build collaborative relationships with Veteran Health Administration, Veteran Benefits Administration, National Cemetery Administration, VA Central Office security offices, and others. The PSAC played an integral part with the VA on-boarding in DCSA's National Background Investigation Services system as well as PSAC operational supervisors serving on the department's personnel security system of record Veterans Affairs - Centralized Adjudication Background Investigation System (VA-CABS) enhancement initiative. Senior PSAC supervisors worked closely with DCSA representatives to establish procedures for receiving and adjudicating Trusted Workforce(TW)/Continuous Evaluation(CE)/Rap Back (RB) alert notifications.

National Security Adjudication Timelines

The PSAC has significantly surpassed the Office of Director of National Intelligence (ODNI) Security Clearance Process Timeliness goals this fiscal year. The ODNI requirement for the initiation of Security Clearance Background Investigations is 14 days from the receipt of a correctly completed request packet. The following are the PSAC reports results from ODNI:

- Tier 3 Secret – 3 Day
- Tier 5 Top Secret – 4 Days

The ODNI requirement for the adjudication of Security Clearance Background Investigations is 20 Days from the receipt of the closed case file from DCSA. The following are the PSAC reports results from ODNI:

- Tier 3 Secret – 2 Days
- Tier 5 Top Secret – 11 Days

The ODNI requirement for the combined process of initiation and adjudication of Security Clearance Background Investigations is 34 Days. The following are the PSAC reports results from ODNI:

- Tier 3 Secret – 5 Days
- Tier 5 Top Secret – 15 Days

PSAC performance in the area of Security Clearances enabled VA employees with this requirement to fulfill their full duties in a very short amount of time.

Personnel Security and Law Enforcement Segment – LETC

VA Police Officer Training

During FY 2022, the number of VA police officers trained was 3,372. This represents a 44.9 percent increase from the 2,327 VA police officers trained in FY 2021. The number of OGA police officers trained was 163. This represents a 31.5 percent increase from the 124 OGA police officers trained in FY 2021. Student attendance increased gradually throughout FY 2022 as student restrictions began to lift based on safety protocols and VHA consultation. For the first and second quarters LETC was under limited student attendance due to COVID-19 restrictions. The only course that was held at this time was the VA Police Officer Standardized Training course (VA POST). VA POST is the basic police officer training course for newly hired police officers. This course continued to be held to ensure VA facilities had the manpower and resources to protect their Veterans, employees, and VA facilities. During the third quarter LETC opened registration to additional courses and in the fourth quarter LETC was fully operational and opened registration to all courses and services.

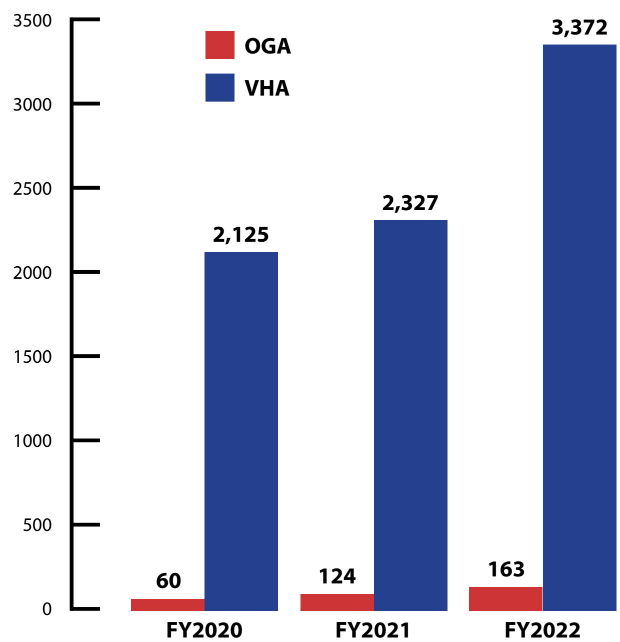
LETC continues to consult with customers regarding new course offerings and platforms, such as online virtual options. LETC continues to work with multiple OGAs to plan for possible training in the future. In coordination with its Department of Air Force (DAF) customer, LETC is in negotiations to significantly increase student throughput and develop new in-person and virtual courses beginning in FY 2023.

Expanded Course Offering

During FY 2022, LETC extended its service catalog to include virtual online courses for its customers, while modernizing its training delivery on new platforms to maintain the quality and availability of its services. LETC continues to incorporate and explore innovative ways to modernize police training, in efforts to support the modernization initiative set forth by the Office of Operations Security and Preparedness (OSP).

The following courses have been restructured and rewritten in a virtual platform: VA Police Officer Standardized Training Recertification, Administrative Investigative Board, Fact Finding, Evidence Custodian, and Force Analysis. These new training platforms will continue into FY 2023 and the foreseeable future. Furthermore, incorporating these virtual platforms allows the Government to save on travel expenses associated with sending multiple attendees to in-person courses at LETC training facilities.

Number of Police Officers Trained



Additionally, LETC is working closely with VHA and contracting to identify alternate training locations. Our VA customers and OGA customers expect student throughput to grow significantly and new course offerings to increase as well. With this projected increase in business LETC must identify new locations, hire additional personnel, and acquire the resources to support operations of this magnitude.

LETC continues the expansion of its Mobile Training Team (MTT) program to include additional courses. The additional courses selected as MTT available were the Firearms Instructor Recertification Course (FAI-R), Long Gun Instructor Recertification Course (LG-R), Active Threat Response Recertification Course (ATR-R), and the Ground Defense and Recovery Instructor Recertification Course (GDR-R). These courses required tremendous logistical planning, support, and management due to the sensitive nature and equipment that required transportation.

Human Resources Segment - HCSC

Career Development Programs

During FY 2022, HCSC continues to offer centralized support to career development and internship programs across the Administration. This centralized oversight and support allows VA to appropriately track successes while consolidating operating costs. This allows HCSC to ensure the best stewards of government funds. HCSC's ability to be the nucleus of these programs has led to several wins throughout FY 2022 which includes: hosting 29 National Diversity Internship Program (NDIP) interns, an increase of 383 percent from FY 2021, and a 600 percent increase in application submissions for the White House Leadership Development Program (WHLDP), which resulted in a 200 percent increase of nomination package submissions via the VA Deputy Secretary's approval. Through streamlined communication efforts and configuration management of the application processes, HCSC strives to be accessible to all VA employees regardless of where they are in their careers.

Throughout FY 2022 HCSC focused on the next generation of VA supervisors with the Virtual Aspiring Supervisors Program (vASP), Supervisory University (SuperU) and Supervisor Community of Operational Practice (SCoOP) offerings. The vASP team conducted two pilot sessions and will use the feedback from the pilot participants to make informed future decisions about the program. In FY 2022 the vASP team was able to graduate 794 pilot participants which resulted in 39,000 hours of training for aspiring VA supervisors. This program helps to ensure HCSC is equipping VA employees with a standard set of skills while improving the employee experience across the board.

The SuperU program also conducted a robust pilot program during FY 2022. HCSC partnered with program offices across the Department to compile new supervisor training requirements. Through this process HCSC was able to validate requirements through extensive supervisor surveying. HCSC then used the data collected to inform the next generation of SuperU programming.

The SCoOP team began hosting weekly webinars in FY 2022 with training on topics pertinent to current VA supervisors, such as conflict resolution, giving and receiving performance feedback and decision making. To date over 7,500 VA supervisors have participated in these training opportunities with more than 11,700 hours of learning completed. This further underscores HCSC's commitment to VA employees and supervisors as this relationship plays a pivotal role in the succession of VA staff.

The Leadership VA (LVA), the VA's only enterprise-wide leadership development program, was a last-minute transition to HCSC's portfolio in FY 2022. Through the management of LVA, HCSC established an initial cohort of 50 VA leaders in less than seven months. The planning and preparation for LVA spanned 18 to 24 months before the cohort kickoff. In addition to the quick stand up of the cohort, HCSC trained and managed 70 LVA alumni application reviews, scoring 209 applications using a triple blind review process in a two-week timeframe. Through process improvement efforts, we were able to cut the overall application and review process down from six to two months. Our position within the Department allows us to be a centralized provider of career development services.

Talent Development Services (TDS)

During FY 2022, HCSC provided exceptional support to the VA through the Department's learning and employee development system of record, the Talent Management System (TMS 2.0). TMS 2.0 registered nearly 17 million individual training completions for over 620,000 VA employees, contractors, volunteers, academic affiliates and other business partners. HCSC provided solutions for emergent training needs, at the request of the Department.

Leveraging existing VA tools, HCSC was able to record a lower than anticipated projected cost for sustained system features. HCSC supported important VA training initiatives including those related to the Sergeant First Class (SFC) Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act, Harassment Prevention and Accountability, and the OIG. HCSC updated its offerings in FY 2022, selecting and deploying a new Learning Content Management System for the Department. This tool enables VA content developers to create, update and deliver complex learning modules in multiple modalities. Finally, HCSC initiated efforts to procure a future Enterprise Learning Management Solution (ELMS) to meet VA's future talent development business requirements as identified in the June 2020 Talent Development Council's (TDC) Business Requirements Document. This effort is supported by an Integrated Project Team, chartered through the TDC, and staffed with representatives from every VA Administration and program office. The Enterprise Learning Management Solution (ELMS) once secured, will help to ensure the best solution for VA's future learning and employee development needs.

Personnel Accountability and Notifications

In FY 2022 HCSC began efforts to acquire the next generation Emergency Notification System (ENS) which will be the system of record for all VA. Thus, a VA IT Process Request (VIPR) was initiated to begin the process for the recompete of the VA Emergency Alerting and Accountability System (VA EAAS) contract ending on September 3, 2023. As part of the process, a comprehensive Performance Work Statement (PWS) was developed to add new desired state of the art features (i.e., intuitive user experience, geofencing, reliable mobile app, and opt in while traveling features) that will better assist VA staff during all hazard threats such as severe weather, workplace violence, active shooters, terrorism, information technology and power outages. In September 2022, HCSC successfully integrated the VA Maryland Healthcare System (VAMHCS) Alertus system with VA EAAS. The integrated mass alerting system allows VAMHCS to activate local facility duress buttons ingress protection speakers, alert beacons, strobe lights and sounders to reach everyone on site. This integration was a HCSC proof of concept initiative, ensuring all local facilities emergency notification systems acquired will be integrated with the VA EAAS for a shared Common Operational Picture (COP). Thus, expediting the speed in which emergency managers, administrators and leaders can react to emergency situations. During FY 2022, HCSC increased the employee registration in VA EAAS from 95 percent (FY 2021) to 97 percent. Additionally, HCSC began enterprise level exercise alert tests for all VA Central Office (VACO) directorates. All directorates within Human Resources and Administration/Operations, Security, and Preparedness (HRA/OSP) received daytime and evening test alerts. This resulted in a 97 percent response rate for daytime and a 96 percent for evening alerts respectively. HCSC developed a TMS 2.0 course that provides an overview of VA EAAS and facilitates registration to the alerting system. All new employees must complete this training within 90 days of onboarding. Since its inception on March 1, 2022, to the end of the fiscal year, 21,901 employees have completed this training. Finally, HCSC closed out FY 2022 by executing enterprise level "real world" personnel accountability and notification support in response to Hurricane Ian. As such, HCSC conducted daily notification/personnel accountability checks of 71 HRA percent/OSP employees within the area of concern and 100 percent accountability was maintained.

Human Resources Segment – CEHRIS

CEHRIS HR Product Lines

During FY 2022, CEHRIS continued utilizing agile business methodologies, adapting product line services to meet growing and evolving customer demands along with emerging industry solutions including the following capabilities:

- MyHR Portal. During FY 2022, in partnership with VHA Workforce Management Consulting (WMC) the first release of MyHR was completed, successfully demonstrating an extended manager and employee self service capability. MyHR (formerly known as the Talent Experience Platform (TXP), delivers enhanced self-service for employees and managers across the HR ecosystem; integrates search capabilities, surveys and analytics dashboards.

- Compensation and Benefits. This program provides benefits management capabilities and an updated department-wide system of record for workers compensation and occupational safety and health data. CEHRIS Compensation & Benefits program includes Safety and Workers Compensation Information Management System (S/WIMS) and an FY 2022 expanded product line offering for an Employee Benefits solution available for enterprise implementation starting in FY 2023.

- Employee Relations. This program provides standardized case management, tracking, reporting, and Labor Management Relations (LMR) Tracking. It enables the VA to follow through on disciplinary actions to ensure qualified health care workers are providing care to Veterans. CEHRIS Employee Relations program currently includes Alert-HR. Alert-HR continued to undergo sustainment-level change, via its VA-wide Change Resolution (CR) Process, composed of VA Administration members from NCA, VACO, VBA and VHA, including critical inputs from OGC. Owing to its deliberate, high-visibility use, Alert-HR underwent several critical modifications in the manner it was employed by its user base, including 2 targeted-audience "Dashboards."

  These case-specific Dashboards include a LMR variant, used for delineating a case-by-case breakdown by percentages of case nature, as well as geographic location. The Labor Relations (LR) variant highlights case type, negotiated grievances, and Unfair Labor Practice (ULP) cases. Alert-HR continues to be a potentially volatile application, given the sensitive and broad nature of employment at the VA, including, but certainly not limited to its American Federation of Government Employees (AFGE) Unionized members, and Alert-HR's employment as the mediation tool.

- Performance Management. This program provides the ability to create, implement, and maintain comprehensive employee performance management practices, programs, and activities that support mission objectives. This program includes dedicated CEHRIS staff to oversee and manage the enterprise e-Performance solution investment. During FY 2022, system improvements were made to offer a library of vetted performance plans; online storage and accessibility to track performance management milestones; the automatic transmission of annual performance appraisal forms into the employee's electronic official personnel folder; and Single Sign-On (SSO) capability. System use has expanded from 161,000 VHA employees to 367,000 across the VA. ePerformance has successfully created critical integration into the VA's core HR system, HR·Smart, and delivers technology to employees to improve transparency, accountability, and reporting capabilities.

PERFORMANCE HIGHLIGHTS FY 2022

During FY 2022, with the support of ITIO, the VBA Corporate Database migrated from an old infrastructure to a new engineered platform (Supercluster M8) as part of a tech debt reduction project. This includes Development, Pre-Production, Disaster Recovery, and Production environments. The new infrastructure allows for improved resilience and advance capabilities that will provide an enhanced experience to Veterans. (ITIO)

During FY 2022, ICSC made significant contributions to improve VA's grant and State-run cemetery operations. ICSC contributed to VA's Homeless Provider programs' congressionally required report on the use and expenses of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan (ARP) by their grantees. ICSC provided hands on review of more than 150 grantees to the program office detailing expenses and compliance. In addition, ICSC worked with NCA to develop electronic workbooks to record and report how State and Tribal Government operated cemeteries operate to NCA standards. Finally, ICSC developed working relationships with VA's newly established grants program, helping them ensure their grantees will have solid internal controls and operating instructions. (ICSC)

In FY 2022, FSC created a "Go Green" Department-wide campaign to send electronic Earning and Leave (E&L) statements more securely by using the Defense Finance and Accounting Service (DFAS) myPay online system. In previous years, VA was spending ~$2.5 million by sending hard copy E&L statements through the mail to ~91 thousand VA employees. FSC was able to address the employee communication and training needs by developing a clear communication and training plan. FSC, in coordination with DFAS, sent three notifications throughout the summer to 91 thousand VA employees. FSC disseminated three articles in both "Hey VA" and "VA Insider" explaining the myPay benefits and how VA is transitioning from hard copy to electronic E&Ls. FSC's training materials included published infographics with a Quick Response "QR" code taking employees directly to DFAS and VA resources. VA employees still have the option to receive mailed E&L statements. (FSC)

During FY 2022, VA-PSAC successfully met all customer service level agreements and ODNI / DCSA background investigation timeliness requirements. The VA-PSAC was entrusted with full responsibility of enrolling over 8,600 VA employees and contractors in the Federal government's new Trusted Workforce Continuous Evaluation and Rap Back programs. The VA -PSAC continues to serve as an integral part of the department's personnel security program and continues to set the benchmark for timely / accurate processing and adjudication of 28,893 background investigations.

The PSAC was able to far exceed DCSA's requirement of adjudication of closed case files within 90 days of receipt ensuring a backlog of cases did not reoccur. 96.84 percent of National security cases were adjudicated in 20 days or less. 99.38 percent of suitability cases were adjudicated in 90 days or less. 99.15 percent of all cases were adjudicated within standard approved timelines.

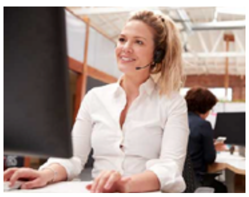
Due to our timeliness on adjudication DCSA, referred the IRS to us to assist with their backlog of adjudications. This resulted in a 4th quarter contract being signed with IRS as a new customer to begin adjudicative services for them that will continue on into FY23 and possibly farther. (PSAC)

During FY 2022, the Law Enforcement Training Center (LETC) has continued to lead the way in the Federal Law Enforcement Training Accreditation (FLETA) community. The LETC is working on the reaccreditation for the Instructor Development Course (IDC) and the

Department of Veterans Affairs (VA) Police Officer Standardized Training (VA POST) course. The IDC self-assessment was held September 2022, and the VA POST self-assessment is scheduled for November 2022. Also, the LETC has been supporting the FLETA program office by participating and conducting assessments of other Federal agency programs. LETC has completed or is scheduled to complete assessments for the Air Force Office of Special Investigations Basic Special Investigator Course and Academy, the United States Postal Inspection Service Career Development Unit, and the US Secret Service Special Agent Training Course in addition to other agencies. (LETC)

PERFORMANCE HIGHLIGHTS FY 2022 (CONTINUED)

During FY 2022, DMC successfully integrated with VA Profile in a multi-staged approach that allows real-time read and write back capabilities to include integration with United States Postal Service address validation services. This initiative will impact Veterans, beneficiaries, and key stakeholders by ensuring DMC notifications are received timely and have the most accurate data available. DMC significantly improved the



Veteran experience by driving low DMC contact center wait times of under 4 minutes despite having the highest Veteran incoming call volumes the call center has ever seen. These unprecedented call volumes in FY 2022 were due to the White House communication on economic relief efforts led by the DMC, more effective VA call routing, extended debt relief options and the recommencement of collections in October 2021. Achieving low DMC contact center wait times exemplifies DMC's commitment to Veterans and addressing their financial issues quickly and effectively while providing a host of compassionate options to support Veterans in financial hardship. (DMC)

During FY 2022, HCSC enhanced our strategic communications to internal and external customers. HCSC completed efforts to ensure information is readily available to all VA employees throughout the administration. This was completed using a suite of self-help SharePoint sites, or online brochures for all HCSC programs and services through the VA Learning Online Resource. HCSC created opportunities to use employee demographic data to make decisions on communications. By tailoring our messaging, HCSC can ensure the content reaching VA employees is most accurate considering the vast differences among the groups. Research assessments were completed with customer groups to enable data-driven decision making. Hearing direct feedback from VA employees in the field about their development needs, and how they related to our professional development programs, allowed HCSC to ensure programs and services are inclusive to everyone. (HCSC)

During FY 2022, the Assistant Secretary for HRA/OSP issued formalized guidance (VIEWS# 7232390) through the HRA/OSP IT Governance Memo that "all HRA/OSP program offices must coordinate HR IT requirements and solutions through the Human Resource Information Technology (HRIT) Executive Governance Council (EGC), the HRIT Governance Structure, for customer awareness. CEHRIS will serve as the Secretariat for the EGC. CEHRIS has established multiple partnerships across VA to gain customer support and funding for enterprise-wide IT solutions that improve sustainability and decrease costs compared to disparate stand-alone solutions". CEHRIS Governance provides an established structure, process, and customer feedback loop. The goal is to drive a standardized approach to HR Information Technology (IT) management business functions and facilitate cross-collaboration between its governing bodies and internal/external stakeholders. (CEHRIS)

Financial Statement Analysis

Limitation Statement

The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31U.S.C.3515(b).

While the statements have been prepared from the books and records of the entity in accordance with generally accepted accounting principles for Federal entities and the formats prescribed by Office of Management and Budget, 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 statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

Audit Opinion

For the 25th consecutive year (1998 - 2022), the VA Franchise Fund has received an unmodified "clean" audit opinion.

The consolidated financial statements present the Franchise Fund's financial position, cumulative results of operations, changes in net position, and information on budgetary resources for FY 2022 and FY 2021. Highlights of the information contained in the consolidated financial statements are summarized in this section.

Overview of Financial Position

Assets

The Consolidated Balance Sheets reflect the Fund's asset balances of $988 million as of September 30, 2022. This is an increase of $176 million, or 22 percent, over the previous year's total assets of $812 million. The variance is primarily attributed to an increase in Fund Balance with Treasury, which resulted from several factors. These factors include an overall increase in advances from FSC's OGA customers as well as the intrafund charges that were collected during September FY 2022. Additionally, our newest enterprise center, CEHRIS, which was added to the Franchise fund in June 2021, has completed a full year of operation in FY 2022. Lastly, during FY 2022, CEHRIS reported a significant increase in customer reimbursements.

During FY 2022 Accounts receivable was, increased by $81 million or 70 percent compared to prior year, due to G-Invoicing implementation for VA customers. Additionally, some receivables were not liquidated through the G-Invoicing process. Lastly, Property, Plant, and Equipment did not change significantly compared to FY 2021.

Liabilities

The Fund had total liabilities of $220 million as of September 30, 2022. This represents an increase of $78 million over the previous year's total liabilities of $142 million. The increase in Accounts Payable in FY 2022 was due to a notable increase in service level agreements for ITIO and FSC for IT services. During FY 2022, the Fund reported an increase in Advances, which was primarily due to FSC's receipt of additional advances from OGA customers and ITIO's increase in advances from the US Postal Service. Additionally, a decrease in other liabilities was primarily due to a decrease in Federal obligation accruals for ITIO.

The Fund's assets and liabilities presented in the Consolidated Balance Sheets are summarized in the following tables:

Dollars in Thousands

	2022	2021
Fund Balance with Treasury	$ 520,353	$ 411,802
Property, Plant and Equipment, Net	265,269	265,252
Accounts Receivable, Net	195,495	114,841
Other Assets	7,055	20,111
Total Assets	**$ 988,172**	**$ 812,006**

Dollars in Thousands

	2022	2021
Accounts and Accrued Payable	$ 120,711	$ 81,574
Advances from Others	78,622	33,957
Other Liabilities	20,373	26,129
Total Liabilities	**$ 219,706**	**$ 141,660**

Net Position

The Fund's net position increased by $98 million in FY 2022 on the Consolidated Balance Sheet and the Consolidated Statement of Changes in Net Position. The net position for the Fund was $768 million, a 15 percent increase over the prior year's ending net position of $670 million. Net position is the sum of unexpended funds and cumulative results of operations.

Net Cost

The Fund's net cost of operations incurred a net gain of $85 million in FY 2022, as reflected in the Consolidated Statement of Net Cost.

Budgetary Resources

The Combined Statement of Budgetary Resources presents budgetary resources made available to the Fund during the fiscal year and the resulting status of budgetary resources at year-end. The Fund does not receive an annual appropriation from Congress. The Fund is fully self-sustained by recovering all costs through reimbursements for services provided. The Fund has total budgetary resources of $2.5 billion, a $897 million increase from the FY 2021 level of $1.6 billion. The Fund's Budgetary Resources as presented in the Combined Statement of Budgetary Resources are summarized in the following table:

Dollars in Thousands

	2022	**2021**
Beginning Unobligated Balance	$ 316,631	$ 307,006
Spending Authority Earned and Collected	2,205,046	1,317,187
Total Budgetary Resources	**$ 2,521,677**	**$ 1,624,193**

Management Assurances

VA management is responsible for (1) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; (2) evaluating the effectiveness of internal control over financial reporting based on the criteria established under 31 U.S.C. 3512 (c), (d) (commonly known as the Federal Managers' Financial Integrity Act (FMFIA); and (3) providing an assurance statement on the overall effectiveness of internal control over financial reporting included in management's discussion and analysis (MD&A).

With respect to internal control, the auditors, CliftonLarsonAllen (CLA) LLP, identified five material weaknesses. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. The three material weaknesses are as follows:
(1) Controls over significant accounting estimates,
(2) Financial systems and reporting,
(3) Information technology security controls.

Regarding noncompliance with laws and regulations, CLA identified the following conditions: (1) Substantial noncompliance with federal financial management systems requirements and the United States Standard General Ledger at the transaction level under the Federal Financial Management Improvement Act of 1996 (FFMIA), reported in part for more than 10 years; (2) Instances of noncompliance with Title 38 of the United States Code, section 5315, pertaining to the charging of interest and administrative costs, reported for more than 10 years; (3) Violations of the Antideficiency Act. VA reported two violations of the Antideficiency Act, Title 31 of the United States Code, section 1341 (a); and (4) Noncompliance with the Payment Integrity Information Act for FY 2021, previously reported by the OIG since 2012, originally as noncompliance with the Improper Payments Elimination and Recovery Act.

https://www.va.gov/finance/docs/afr/2022-va-afr-full-web.pdf

OLLIE GREEN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Director of
Department of Veterans Affairs Franchise Fund

In our audits of the fiscal years 2022 and 2021 financial statements of the Department of Veterans Affairs (VA) Franchise Fund we found:

- VA Franchise Fund's financial statements as of and for the fiscal years ended September 30, 2022, and 2021, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;

- No material weaknesses or significant deficiencies in internal control over financial reporting based on the limited procedures we performed; and

- No reportable noncompliance for fiscal year 2022 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes required supplementary information (RSI) included with the financial statements; (2) our report on internal control over financial reporting; and (3) our report on compliance with laws, regulations, contracts, and grant agreements.

Report on the Financial Statements

Opinion

In accordance with Office of Management and Budget OMB) Bulletin No. 22-01, we have audited VA Franchise Fund's financial statements. VA Franchise Fund's financial statements comprise the balance sheets as of September 30, 2022, and 2021; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended and the related notes to the financial statements.

In our opinion, VA Franchise Fund's financial statements present fairly, in all material respects, VA Franchise Fund's financial position as of September 30, 2022, and 2021, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of VA Franchise Fund's and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

VA Franchise Fund's management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in VA Franchise Fund's FY 2022 Consolidated Business Plan, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) designing, implementing, and maintaining effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with U.S. generally accepted government auditing standards will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with U.S. generally accepted government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain an understanding of internal control relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VA Franchise Fund's internal control over financial reporting. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the financial statement audit.

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Report on Internal Control over Financial Reporting

In connection with our audits of VA Franchise Fund's financial statements, we considered VA Franchise Fund's internal control over financial reporting, consistent with our auditor's responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of VA Franchise Fund's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

The Department of Veterans Affairs (VA) Independent Audit of VA's Financial Statements for Fiscal Years 2022 and 2021, dated November 15, 2022 reported five material weaknesses. They include: (1) Controls Over Significant Accounting Estimates; (Repeat Condition), (2) Financial Systems and Reporting; (Repeat Condition), (3) Information Technology Security Controls; (Repeat Condition), (4) Obligations, Undelivered Orders (UDOs) and Accrued Expenses; (Repeat Condition) and (5) Entity Level Controls Including Chief Financial Officer (CFO) Organizational Structure; (Repeat Condition). These material weaknesses could have a direct effect on the VA Franchise Fund's internal control over financial reporting.

In accordance with, Government Auditing Standards, we are required to report findings of significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We identified no deficiencies in VA Franchise Fund's internal control over financial reporting that we consider to be material weaknesses or significant deficiencies. However, we noted other internal control deficiencies that we have communicated to VA Franchise Fund in a managment letter.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to VA Franchise Fund's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Responsibilities of Management for Internal Control over Financial Reporting

VA Franchise Fund's management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of VA Franchise Fund's financial statements as of and for the fiscal year ended September 30, 2022, in accordance with U.S. generally accepted government auditing standards, we considered VA Franchise Fund's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VA Franchise Fund's internal control over financial reporting. Accordingly, we do not express an opinion on VA Franchise Fund's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of VA Franchise Fund's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of VA Franchise Fund's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of VA Franchise Fund's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for September 30, 2022 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to VA Franchise Fund. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Tests of Compliance section below.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

VA Franchise Fund's management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to VA Franchise Fund.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to VA Franchise Fund that have a direct effect on the determination of material amounts and disclosures in VA Franchise Fund's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to VA Franchise Fund. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Louisville, KY
December 7, 2022

DEPARTMENT OF VETERANS AFFAIRS FRANCHISE FUND
CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2022, and 2021
(Dollars in Thousands)

	2022	2021
Assets		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 520,353	$ 411,802
Accounts Receivable (Note 3)	195,429	114,806
Advances and Prepayments	7,055	20,111
Total Intragovernmental	**$ 722,837**	**$ 546,719**
With the Public:		
Accounts Receivable (Note 3)	66	35
General Property, Plant and Equipment, Net (Note 4)	265,269	265,252
Advances and Prepayments	-	-
Total with the Public	**$ 265,335**	**$ 265,287**
Total Assets	**$ 988,172**	**$ 812,006**
Liabilities		
Intragovernmental:		
Accounts Payable	22,128	13,594
Accrued Payable	8	55
Advances from Others and Deferred Revenue	78,622	33,957
Other Liabilities (Note 6)	1,356	3,386
Total Intragovernmental	**$ 102,114**	**$ 50,992**
With the Public:		
Accounts Payable	98,575	67,925
Other Liabilities (Note 6)	19,017	22,743
Total with the Public	**$ 117,592**	**$ 90,668**
Total Liabilities	**$ 219,706**	**$ 141,660**
Commitments and Contingencies (Note 8)		
Net Position: Cumulative Results of Operations		
Funds from Dedicated Collections	-	-
Funds from other than Dedicated Collections	**768,466**	**670,346**
Total Net Position	**$ 768,466**	**$ 670,346**
Total Liabilities and Net Position	**$ 988,172**	**$ 812,006**

The accompanying notes are an integral part of these financial statements.

DEPARTMENT OF VETERANS AFFAIRS FRANCHISE FUND
CONSOLIDATED STATEMENT OF NET COST
FOR THE YEARS ENDED SEPTEMBER 30, 2022 and 2021
(Dollars in Thousands)

	2022	2021
Program Costs:		
Gross Costs Intragovernmental (Note 9)	$ 1,447,974	$ 1,100,049
Less: Earned Revenue-Intragovernmental	(1,545,050)	(1,258,677)
Net Program Costs - Intragovernmental	$ (97,076)	$ (158,628)
Gross Costs Indirect Administrative	12,574	12,017
Net Cost of Operations	**$ (84,502)**	**$ (146,611)**

DEPARTMENT OF VETERANS AFFAIRS FRANCHISE FUND
CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2022 and 2021
(Dollars in Thousands)

	2022	2021
Cumulative Results of Operations:		
Beginning Balance	$ 670,346	$ 504,412
Other Adjustments (+/-)	-	-
Beginning Balance, as Adjusted	**$ 670,346**	**$ 504,412**
Transfers In/Out Without Reimbursement	(33)	7,452
Imputed Financing (Note 5)	13,651	11,871
Net (Cost) of Operations (Note 9)	84,502	146,611
Net Change in Cumulative Results of Operation	**$ 98,120**	**$ 165,934**
Ending Cumulative Results Operations	**$ 768,466**	**$ 670,346**
Net Position	**$ 768,466**	**$ 670,346**

The accompanying notes are an integral part of these financial statements.

DEPARTMENT OF VETERANS AFFAIRS FRANCHISE FUND
COMBINED STATEMENT OF BUDGETARY RESOURCES
FOR THE YEARS ENDED SEPTEMBER 30, 2022 and 2021
(Dollars in Thousands)

	2022	2021
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net	$ 316,631	$ 307,006
Spending Authority from Offsetting Collections	2,205,046	1, 317,187
Total Budgetary Resources	**$ 2,521,677**	**$ 1, 624,193**
Status of Budgetary Resources		
New Obligations and Upward Adjustments	$ 1,595,497	$ 1,358,874
Unobligated Balance, End of Year:	-	-
Apportioned, Unexpired Accounts	437,547	265,319
Unapportioned, Unexpired Accounts	488,633	
Unobligated Balance, End of Year (Total)	926,180	265,319
Total Status of Budgetary Resources	**$ 2,521,677**	**$ 1,624,193**
Outlays, Net		
Outlays, Net (Total)	**$ (108,551)**	**$ (25,429)**
Distributed Offsetting Receipts (-)	**-**	**-**
Outlays, Net (total)	**$ (108,551)**	**$ (25,429)**

The accompanying notes are an integral part of these financial statements.

Department of Veterans Affairs Franchise Fund

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

Department of Veterans Affairs (VA) was selected by the Office of Management and Budget in 1996 as one of six executive branch agencies to establish a franchise fund pilot program. In this program, entrepreneurial organizations or Enterprise Centers are authorized to sell common administrative support services to VA and other Government agencies and operate entirely on revenues earned from customers. Enterprise Centers receive no Federally appropriated funding. The VA Franchise Fund (VAFF) was established under the authority of the Government Management Reform Act of 1994 and the VA and Housing and Urban Development and Independent Agencies Appropriations Act of 1997. In 2006, under Public Law 109-114, permanent status was conferred upon the VA Franchise Fund.

Created as a revolving fund, the VAFF began providing services to VA and other Government agencies on a fee-for-service basis in 1997. By law, the business lines within the Fund can only sell to Federal entities. This organization accounted for its funds in eight activity centers (VA Enterprise Centers) and one administrative organization: IT Infrastructure Operations, Debt Management Center, Financial Services Center, Law Enforcement Training Center, Personnel Security Adjudication Center, Human Capital Services Center, Internal Controls Support Center, Center for Enterprise Human Resources Information Services established June 2021 and the Franchise Fund Oversight Office. The consolidated financial statements include the eight individual activity centers of the Fund. All material intrafund transactions have been eliminated.

B. Basis of Presentation

The VAFF consolidated financial statements report all activities of VA Enterprise Centers. The consolidated financial statements differ from the financial reports used to monitor and control budgetary resources, but are prepared from the same books and records. The statements should be read with the understanding that the VAFF is a component unit of the U.S. Government, which is a sovereign entity. VAFF interacts with, and is dependent upon, the financial activities of the Federal Government. Therefore, the results of all financial decisions reflected in these consolidated financial statements are not the sole decisions of VA or VAFF as a stand-alone entity. VAFF's fiscal year end is September 30.

VAFF's Consolidated Financial Statements and the Combined Statement of Budgetary Resources (SBR) report VAFF activities. VAFF components are fully described in the Management's Discussion and Analysis of Section I. The consolidated financial statements meet the requirements of the CFO Act of 1990 and the Government Management Reform Act of 1994. The principal financial statements have been prepared to report the financial position and results of VAFF operations, pursuant to the requirements of 31 U.S.C. 3515(b).

The Statement of Federal Financial Accounting Standards (SFFAS) No. 47, Reporting Entity, requires information to be provided on related-party relationships. VA has relationships with many organizations from non-profits to special interest groups that provide support to VA and advocacy for Veterans. However, none of VAFF's relationship is of such significance as to warrant separate or individual disclosure as specified in SFFAS No. 47.

C. Basis of Accounting

The Franchise Fund's FY 2022 and 2021 financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as promulgated by the Federal Accounting Standards Advisory Board (FASAB) and the Office of Management and Budget's (OMB) Circular A-136, Financial Reporting Requirements, as revised. The Statement of Federal Financial Accounting Standards (SFFAS) 34, The Hierarchy of GAAP, including the Application of Standards Issued by the Financial Accounting Standards Board, establishes a hierarchy of GAAP for Federal financial statements. The Franchise Fund's financial statements have been prepared to report the financial position, net cost of operations, changes in net position, and budgetary resources. The accompanying financial statements have been prepared on the accrual basis of accounting. Under the accrual method, revenues and other financing sources are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.

D. Fund Balance with Treasury

The Department of the Treasury (Treasury) performs cash management activities for all Federal Government agencies. The Fund Balance with Treasury (FBWT) represents the right of the VAFF to draw funds from the Treasury for allowable expenditures. The FBWT are reported in Note 2.

E. Accounts Receivable

Accounts Receivable due from the public typically result from advances for Permanent Change of Station (PCS) travel or advances for Federal Employees Health Benefits when employees are on leave without pay and, their health benefits are paid to the health carriers. These receivables are considered fully collectible; therefore, no allowance for uncollectible accounts is necessary.

Intragovernmental Accounts Receivable is from other Federal entities and are considered fully collectible; therefore, no allowance for uncollectible accounts is necessary. Accounts Receivable are reported in Note 3.

F. Property, Plant and Equipmen

The majority of the general Property, Plant and Equipment (PP&E) is used to provide common administrative services to the VA and other Federal entities and is valued at cost, including transfers from other Federal agencies. Major additions, replacements, and alterations are capitalized, whereas routine maintenance is expensed when incurred. Individual items are capitalized if the useful life is 2 years or more and the unit price is $1 million or greater. Buildings are depreciated on a straight-line basis over estimated useful lives of 25 to 40 years. Equipment is depreciated on a straight-line basis over its useful life, usually 5 to 20 years.

Internal Use Software (IUS) encompasses software design, development, and testing of projects adding significant new functionality and long-term benefits. Franchise Fund accumulate costs for developing IUS in Work-in-Process (WIP) until the project phase is placed in service and final acceptances are successfully completed. Once completed, Franchise Fund transfer the costs to depreciable property. IUS is also subject to the $1 million threshold for capital assets. The capitalized costs are amortized on a straight-line basis, and the amortization term is in accordance with the planned life cycle established during the software's planning phase. Preliminary design phase costs and post implementation costs are expensed as incurred.

Construction project costs are recorded in Construction WIP accounts. The assets are transferred to either capitalized or non-capitalized PP&E, as appropriate, when placed in service. Construction projects completed in multiple phases are recorded as Construction WIP until the project phase is placed in service. Personal property and equipment that do not meet the capitalization criteria are expensed upon being placed in service.

Leasehold improvements and related depreciation are accounted for as Departmental assets. The Franchise Fund utilizes these assets in the production of revenue. Since the leasehold improvements are VA assets, they are recorded at the Departments threshold. A summary of PP&E components is reported in Note 4.

G. Advances and Prepayments

There are three types of advances handled by the Fund. The first is when Treasury processes charges from other agencies to the Franchise Fund via the Intra-Governmental Payment and Collection System (IPAC). Charges are recorded as an advance until the applicable obligation is located and the charges can be transferred. These charges are for General Services Administration (GSA) rent, Government Printing Office (GPO) printing services, Federal Telecommunications Service, and motor pool.

The second type of advance is advances paid to employees for travel. This includes payment for both PCS and Temporary Duty (TDY) travel.

The third type of advance is set up when the purchase card payments are scheduled. Utilizing IPAC charges are then applied to the appropriate agency to offset the advances.

H. Accounts Payable

Intragovernmental Accounts Payable consists of amounts owed to other Federal Government agencies. The remaining Accounts Payable consist of amounts due to the public. Accounts Payable are amounts owed by the Fund for goods and services received, progress in contract performance, and rents due. When the Fund accepts title to goods, whether the goods are delivered or in transit, or incurs costs for services received, the Fund recognizes a liability for the unpaid amount of the goods and services. If invoices for those goods and services are not available when financial statements are prepared, the amounts owed are estimated. Intragovernmental accounts payable consists of amounts owed to other Federal Government agencies, primarily to Department of Labor (DOL), OPM and Department of Justice (DOJ). The remaining accounts payable consist of amounts due to the public. Intragovernmental and Public Accounts Payable are covered by budgetary resources.

I. Other Liabilities

Other Liabilities are classified as either intragovernmental or public. Intragovernmental Liabilities arise from transactions between the Fund and Federal entities, whereas Public Liabilities arise from transactions between the Fund and non-Federal entities. Budgetary resources cover all other liabilities, both intragovernmental and public. All liabilities are current.

J. Revenues and Financing Sources

The Fund receives an annual apportionment that allows it to incur obligations and to recognize revenue from its customers on a "fee-for-service" basis. Revenue is recognized when earned i.e., goods are delivered, or services are rendered. Expenses are recognized when incurred. All significant intra-entity balances and transactions have been eliminated in consolidation.

For financial reporting purposes under accrual accounting, operating expenses are recognized currently, while those for capital and other long-term assets are capitalized and depreciated and/or amortized over its useful life. Financing sources for these expenses, which derive from both current and prior year appropriations and operations, are also recognized this way.

K. Accounting for Intragovernmental Activities

In order to prepare reliable financial statements, transactions occurring among VA components must be eliminated. All significant intra-entity transactions were eliminated from the Fund's consolidated financial statements.

L. Annual, Sick and Other Types of Leave

Annual leave is accrued as it is earned, and the accrual is reduced annually for actual leave taken. Each year, the accrued annual leave balance is adjusted to reflect the latest pay rates for leave that has been earned but not taken. Sick leave and other types of nonvested leave are not earned benefits. Accordingly, nonvested leave is expensed when used.

M. Workers' Compensation Liability

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. Claims incurred for benefits for VA Franchise Fund employees under FECA are administered by the Department of Labor (DOL) and are ultimately paid by VA Franchise Fund.

Workers' compensation comprises two components: (1) the accrued liability, which represents money owed by VA Franchise Fund to DOL for claims paid by DOL on behalf of VA Franchise Fund through the current fiscal year, and (2) the actuarial liability for compensation cases to be paid beyond the current year.

Future workers' compensation estimates are generated from an application of actuarial procedures developed by DOL to estimate the liability for FECA benefits. The liability for future workers' compensation benefits include the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases and for potential cases related to injuries incurred but not reported. The liability is determined by utilizing historical benefit payment patterns related to a period to estimate the ultimate payments related to that period.

N. Pension, Other Retirement Benefits, and Other Post-Employment Benefits

Each employing Federal agency is required to recognize its share of the cost and imputed financing of providing pension and postretirement health benefits and life insurance to its employees. Factors used in the calculation of these pensions and post-retirement health and life insurance benefit expenses are provided by the Office of Personnel Management (OPM) to each agency.

The Fund's employees are covered under the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS); the Fund makes contributions according to both plan's requirements. CSRS and FERS are multiemployer plans administered by OPM. VA does not maintain or report information about the assets of the plans, nor does it report actuarial data for the accumulated plan benefits. That reporting is the responsibility of OPM.

O. Application of Critical Accounting Estimates

The financial statements are based on the selection of accounting policies and the application of significant accounting estimates, some of which require management to make significant assumptions. Further, the estimates are based on current conditions that may change in the future. Actual results could differ materially from the estimated amounts. The financial statements include information to assist in understanding the effect of changes in assumptions to the related information.

P. Commitments and Contingencies

VA is a party in various administrative proceedings, legal actions, and claims brought against it. In the opinion of VA Franchise Fund management and legal counsel, the ultimate resolutions of these proceedings, actions, and claims will not materially affect the financial position or results of VA Franchise Fund operations other than as disclosed in Note 8, Commitments and Contingencies.

Q. Subsequent Events

Subsequent events have been evaluated through the auditors' report date which is the date the financial statements were available to be issued, and management determined that there are no other items to disclose.

R. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information. For fiscal years 2022 and 2021, VAFF had no classified activities.

Note 2. Fund Balance with Treasury

The undisbursed account balance for the Fund is a revolving fund comprised of only entity assets.
VAFF does not receive an appropriation from Congress. VAFF receives an annual apportionment that allows it to incur obligations and to recognize revenue from its customers on a "fee-for-service" basis.

Status of funds available as of September 30,

(dollars in thousands)	**2022**	**2021**
Unobligated Apportionment		
Available	$ 926,181	$ 265,319
Obligated Balance not yet Disbursed	(405,828)	146,483
Fund Balance with Treasury	**$ 520,353**	**$ 411,802**

Note 3. Accounts Receivable

Intragovernmental accounts receivable consists of amounts due for reimbursable agreements for services from the VA and other Federal agencies. These amounts are considered fully collectible; therefore, no allowances for loss provision are required.

Public accounts receivable consists mainly of amounts due from VA employees. No allowance for losses is required, based on prior experience of collectibles.

As of September 30,

(dollars in thousands)	**2022**	**2021**
Intragovernmental		
Accounts Receivable	$ 195,429	$ 114,806
Public		
Accounts Receivable	66	35
Total Accounts Receivable	**$ 195,495**	**$114,841**

Note 4. General Property, Plant and Equipment

As of September 30, 2022:

(dollars in thousands)

	Acquisition Cost	**Accumulated Depreciation**	**Net Book Value**
Furniture & Equipment	$ 17,794	$ (10,097)	$ 7,697
ADP Equipment	65,174	(46,902)	18,272
Capital Lease Equipment	2,116	(2,116)	-
Software	277,110	(47,886)	229,224
Software in Development	9,210	-	9,210
Leasehold Improvements	7,673	(6,807)	866
Total PP&E	**$ 379,077**	**$ (113,808)**	**$ 265,269**

As of September 30, 2021:

(dollars in thousands)

	Acquisition Cost	**Accumulated Depreciation**	**Net Book Value**
Furniture & Equipment	$ 17,794	$ (8,981)	$ 8,813
ADP Equipment	68,432	(61,956)	6,476
Capital Lease Equipment	2,119	(2,119)	-
Software	209,778	(38,052)	171,726
Software in Development	77,105	-	77,105
Leasehold Improvements	7,673	(6,541)	1,132
Total PP&E	**$ 382,901**	**$ (117,649)**	**$ 265,252**

Property, Plant and Equipment *(dollars in thousands)*	**2022**	**2021**
Balance as of October 1,	$ 265,252	$ 193,368
Capital acquisitions	34,187	110,008
Disposals	(19,006)	(21,281)
Depreciation expense	(15,164)	(16,843)
Balance as of September 30	**$ 265,269**	**$ 265,252**

Note 5. Federal Employee Benefits – Inter-Entity Cost

Imputed Expenses – Employee Benefits

As of September 30,

(dollars in thousands)

Property, Plant and Equipment *(dollars in thousands)*	**2022**	**2022**
Civil Service Retirement System	$ 808	$ 805
Federal Employees Retirement System	109	(26)
Federal Employee Health Benefits	12,697	11,061
Federal Employee Group Life Insurance	37	31
Total Imputed Expenses - Employee Benefits	**$ 13,651**	**$ 11,871**

Goods and services may be received from other Federal entities at no cost or at a cost less than the full cost to the providing Federal entity. In accordance with accounting standards, certain costs of the providing Federal entity that are not fully reimbursed are recognized as imputed costs in the Statement of Net Cost and are offset by imputed financing sources in the Statement of Changes in Net Position. Such imputed costs and financing sources relate to employee benefits paid by the OPM. The total VAFF's imputed expenses – employee benefits reconcile to the total imputed financing cost as reported in the Statement of Changes in Net Position.

Note 6. Other Liabilities

Other Liabilities are liabilities not reported elsewhere in the Balance Sheet. They consist of funded and unfunded liabilities within the intragovernmental and public categories. Funded liabilities are generally considered to be current liabilities. Unfunded liabilities represent future financial commitments that are currently not funded and considered noncurrent.

As of September 30, *(dollars in thousands)*	**2022**	**2021**
Other Liabilities - Intragovernmental		
Accrued VA Contributions for Benefits	$ 1,356	$ 3,385
Total Other Liabilities - Intragovernmental	**$ 1,356**	**$ 3,385**
Other Liabilities - With the Public		
Accrued Salaries & Benefits	$ 3,758	$ 9,250
Accrued Funded Annual Leave	15,259	13,490
Capital Lease Liability	-	3
Total Other Liabilities - With the Public	**$19,017**	**$22,743**

*Annual leave is accrued when earned and is adjusted at the end of each reporting period to reflect current pay rates of cumulative leave earned but not taken. Sick and other types of leave are expensed as taken.

Note 7. Leases

The Franchise Fund's FY 2022 operating lease costs were $8,456 for real property rentals and $0 for equipment rentals. The Franchise Fund's FY 2021 operating lease costs were $9,039 for real property rentals and $81 for equipment rentals. Operating leases consist of equipment and real property leases that are funded annually and expensed as incurred. Operating equipment leases generally consist of office equipment with terms of 5 years or less and level payments over the lease term. Operating real property leases generally consist of offices and administrative facilities that enable VA Franchise Fund Enterprise Centers to fulfill its mission.

Leases are executed by GSA on behalf of VA Franchise Fund. GSA charges rental rates for space that approximates commercial rental rates for similar properties. The terms of occupancy agreements (OAs) with GSA vary according to whether the underlying assets are owned directly by the Federal Government or rented by GSA from third-party commercial property owners.

Future commitments for real property and equipment operating leases are based on leases in effect as of September 30, 2022. VA Franchise Fund normally occupies leased real property for the entire initial lease term without exercising cancellation and termination options. The following chart represents the Franchise Fund's estimate for operating lease costs for the next 5 years.

OPERATING LEASES

(dollars in thousands)

Fiscal Year	Percentage Increases	GSA OAs	Total Real Property
2023	6.5	$ 9,006	$ 9,006
2024	3.6	9,330	9,330
2025	3.4	9,647	9,647
2026	3.4	9,975	9,975
2027	3.4	10,314	10,314

Note 8. Commitments and Contingencies

Franchise Fund is involved in employment related legal actions (e.g. matters alleging discrimination and other claims before Federal courts, the Equal Employment Opportunity Commission, and the Merit Systems Protection Board) for which an unfavorable outcome is remote.

Note 9. Intragovernmental Costs and Exchange Revenue

As of September 30, *(dollars in thousands)*	**2022**	**2021**
Intragovernmental Costs	$ 1,447,974	$ 1,100,049
Less: Earned Revenue - Intragovernmental	(1,545,050)	(1,258,677)
Net Intragovernmental Cost	(97,076)	(158,628)
Indirect Administrative Cost	12,574	12,017
Total Net Cost of Operations	**$ (84,502)**	**$ (146,611)**

Earned Revenue: Revenue earned by VAFF for fees charged for services for the period ended September 30, 2022 was $1,545,050. Revenue earned by VAFF for fees charged for services for the period ended September 30, 2021 was $1,258,677.

Costs: By law, the VAFF, as an entity of VA, provides centralized services to other VA entities and other Government agencies. However, in certain cases, other VA entities and Government agencies incur costs that are directly identifiable to VAFF operations. In accordance with Statement of Federal Financial Accounting Standards (SFFAS) No. 4, Managerial Cost Accounting, VAFF recognizes identified costs paid for by other agencies as expenses to VAFF.

Note 10. Disclosures Related to the Statements of Budgetary Resources

• Budgetary Resources

Total Budgetary Resources for fund includes unobligated balance at the beginning of the period and transferred in or out during the period, spending authority from offsetting collections, recoveries of prior year obligations.

Total Budgetary Resources as of September 30, *(dollars in thousands)*	**2022**	**2021**
Unobligated balance from prior year	$ 316,631	$ 307,006
Spending Authority from offsetting collections	2,205,046	1,317,187
Total Budgetary Resources	**$ 2,521,677**	**$ 1,624,193**

• New Obligations and Upward Adjustment

Category A, Direct/Reimbursable, consists of amounts requested to be apportioned by each calendar quarter in the fiscal year. Category B, Direct/Reimbursable, consists of amounts requested to be apportioned on a basis other than calendar quarters, such as activities, projects, objects, or a combination of these categories. The VAFF obligations are considered, apportioned by activity.

Reimbursable Obligations as of September 30, *(dollars in thousands)*	**2022**	**2021**
Category B, Reimbursable	$ 1,595,483	$ 1,358,816
Category B, COVID-19 OPM		
Emergency Leave	14	58
Total Reimbursable Obligations	**$ 1,595,497**	**$ 1,358,874**

• Net Outlays

Net Outlays consist of Gross Outlays less Offsetting Collections.

Net Outlays: As of September 30, *(dollars in thousands)*	**2022**	**2021**
Gross Outlays:		
Disbursements	$ 679,993	$ 579,898
Disbursements attributable to prior year	737,303	617,377
Gross Outlays	1,417,296	1,197,275
Less: Offsetting Collections	(1,525,847)	(1,222,705)
Total Net Outlays	**$ (108,551)**	**$ (25,430)**

• Undelivered Orders at the End of Period

Budgetary resources obligated for Undelivered Orders:

As of September 30, *(dollars in thousands)*	**2022**	**2021**
Paid Undelivered Orders Federal	$ 7,056	$ 20,111
Paid Undelivered Orders Non- Federal	-	-
Total Paid Undelivered Orders	**$ 7,056**	**$ 20,111**
Unpaid Undelivered Orders Federal	22,262	16,115
Unpaid Undelivered Orders Non-Federal	435,558	348,395
Total Unpaid Undelivered Orders	**$ 457,820**	**$ 364,510**

Note 11. Adjustments to Budgetary Resources and Prior Year Recoveries

The Franchise Fund reported approximately $51 million and $129 million recoveries of prior year unpaid and paid obligations (recoveries) for fiscal years ended September 30, 2022 and 2021, respectively.

Note 12. Budget and Accrual Reconciliation

The Budget and Accrual Reconciliation (BAR) presents the reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

The BAR as of the period ending September 30, 2022:

(dollars in thousands)

	Intragovernmental	With the Public	Total
Net Cost of Operations (SNC)	**$ (1,274,672)**	**$ 1,190,170**	**$ (84,502)**
Components of Net Operating Cost Not Part of the Budget Outlays			
Property, Plant, and Equipment Depreciation	-	(15,164)	(15,164)
Property, Plant, and Equipment Disposal and Revaluation	-	(19,006)	(19,006)
Increase/(Decrease) in Assets not Affecting Budget Outlays:			
Accounts Receivable	80,623	31	80,654
Other Assets	(13,056)	-	(13,056)
(Increase)/Decrease in Liabilities not Affecting Budget Outlays:			
Accounts Payable	(8,487)	(30,650)	(39,137)
Salaries and Benefits	2,030	5,491	7,521
Other Liabilities	(44,665)	(1,765)	(46,430)
Other Financing Sources			
Imputed Cost	(13,651)	-	(13,651)
Total Components of Net Operating Cost Not Part of the Budget Outlays	**2,794**	**(61,063)**	**(58,269)**
Components of the Net Outlays That Are Not Part of Net Cost			
Effect of Prior Year Agencies Credit Reform Subsidy Re-Estimates		-	-
Acquisition of Capital Assets		34,187	34,187
Acquisition of Other Asset		-	-
Transfers Out (In) Without Reimbursement		33	33
Total Components of Net Outlays That are Not Part of Net Cost	**-**	**34,220**	**34,220**
Other Temporary Timing Difference			
Net Outlays (Calculated Total)	**$ (1,271,878)**	**$ 1,163,327**	**$ (108,551)**
Related Amounts on the Statement of Budgetary Resources			
Outlays, Net (total)			$ (108,551)
Distributed Offsetting Receipts			**-**
Agency Outlays, Net			**$ (108,551)**

The BAR as of the period ending September 30, 2022:

(dollars in thousands)

	Intragovernmental	With the Public	Total
Net Cost of Operations (SNC)	**$ (1,070,041)**	**$ 923,430**	**$ (146,611)**
Components of Net Operating Cost Not Part of the Budget Outlays			
Property, Plant, and Equipment Depreciation	-	(16,843)	(16,843)
Property, Plant, and Equipment Disposal and Revaluation	-	(21,281)	(21,281)
Losses on Disposition of Assets - Other			
Increase/(Decrease) in Assets			
Accounts Receivable	14,198	5	14,203
Advances and Prepayments	12,957	-	12,957
(Increase)/Decrease in Liabilities			
Accounts Payable	(1,525)	8,592	7,067
Salaries and Benefits	(616)	(1,373)	(1,989)
Other Liabilities (Unfunded Leave, Unfunded FECA, Actuarial FECA)	37,513	(1,130)	36,383
Other Financing Sources			
Federal Employee Retirement Benefit Costs Paid by OPM and Imputed to Agency	(11,871)		(11,871)
Transfers Out (In) Without Reimbursement	(58)	-	(58)
Total Components of Net Operating Cost Not Part of the Budget Outlays	**$ 50,598**	**$ (32,030)**	**$ 18,568**
Acquisition of Capital Assets		110,008	110,008
Transfers Out (In) Without Reimbursement		(7,394)	(7,394)
Total Components of Net Outlays That are Not Part of Net Cost	**-**	**$ 102,614**	**$ 102,614**
Net Outlays (Calculated Total)	**$ (1,019,443)**	**$ 994,014**	**$ (25,429)**
Related Amounts on the Statement of Budgetary Resources			
Outlays, Net (total)			**$ (25,429)**
Distributed Offsetting Receipts			**-**
Outlays, Net			**$ (25,429)**

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