

Department of Veterans Affairs Agency Financial Report

Presentation for March 30, 2023
AGA DC Chapter Training

Presented By: Eve Labador

VA



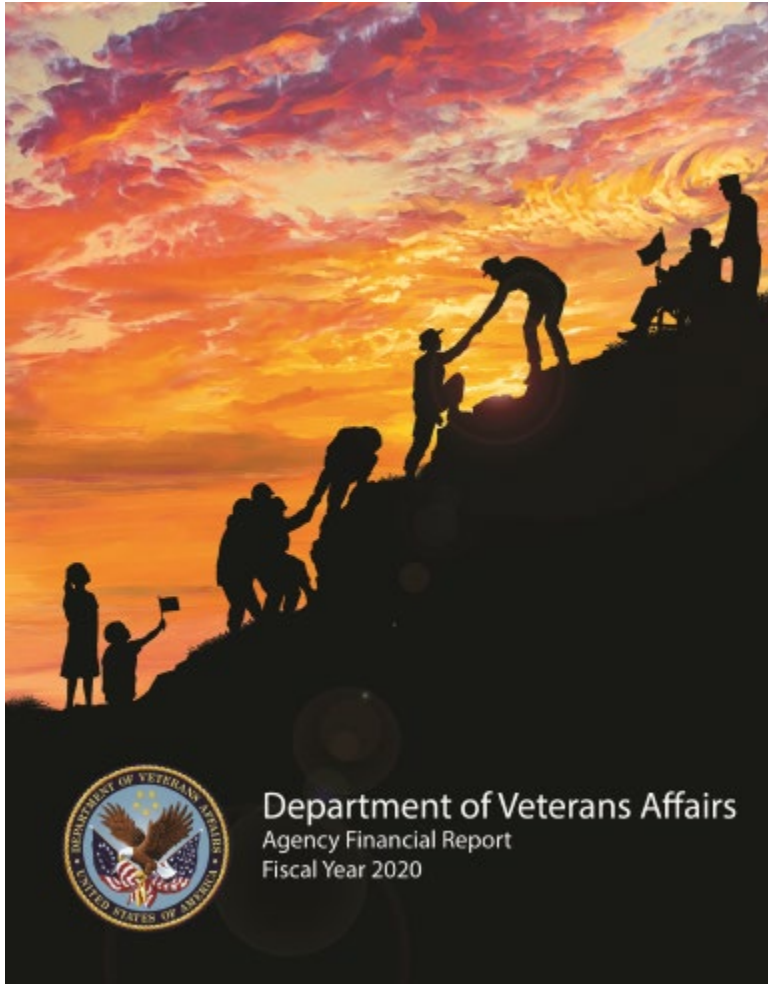
U.S. Department
of Veterans Affairs

Polling Question

What was VA's total budgetary resources as of Quarter 1 Fiscal Year 2023?

- 1) \$392 Billion**
- 2) \$200 Billion**
- 3) \$252 Billion**
- 4) \$355 Billion**

VA AFR Cover/Veterans Day Poster



Mr. Brown's design was chosen the winner from over 100 entries.

He had this to say about his winning submission:

"I wanted to express the beauty and rigidness of the camaraderie in military service. I would like others to see the life cycle of a Veteran. When we are young, we see others serving and have a hope for living up to the legacy made by the Veterans in our lives. That desire to serve grows. We opt to give our time and talents to the service of our country; it can be a struggle and sacrifice at times. We help others along the way, we ask for help from time to time. We turn back around and help those next in line. Then at the end, we get to look back and ask ourselves if we left this country better than we found it; if we chose others' lives over our own."

Understanding a Complex Balance

MANAGEMENT'S DISCUSSION AND ANALYSIS ANALYSIS OF THE FINANCIAL STATEMENTS

VA's Compensation Benefits Liability:

Understanding a Complex Balance

VA's largest accounting balance is the Veterans benefits liability at \$6.1 trillion, which is primarily comprised of disability compensation benefits at \$5.9 trillion. This unfunded liability represents VA's projected future costs to fund compensation payments over the next 100-years. Although the liability is unfunded, VA's obligation for compensation payments is probable because of existing laws and a well-established practice of caring for America's Veterans. It is also measurable through actuarial methods and sufficient historical data on Veterans. VA funds the current year costs of compensation through its annual appropriations. In FY 2022, VA's total appropriation and estimated benefits paid for compensation were \$139.2 billion and \$130.0 billion.

The compensation benefits liability is an actuarial estimate calculated as the present value of projected benefit payments to the following beneficiary types:

Current Benefit Recipients



Veterans and survivors currently receiving benefit payments.

Future Benefit Recipients



Current Veterans – those who are expected to begin receiving benefit payments in the future (and their survivors).



Future Veterans – an estimate of active duty service members who have gained eligibility as of the valuation date* and will become future beneficiaries (and their survivors).

*The valuation date represents VA's fiscal year end, which is September 30.

Technical Terms to Know

Liability – A probable future outflow or other sacrifice of resources as a result of past transactions or events. A liability must meet two conditions:

- Probable – more likely than not to occur; and
- Measurable – reasonably estimable.

Actuarial – Relating to the practice of applying probability and statistics to develop estimates for matters that involve uncertainty. Actuarial estimates generally satisfy the liability condition related to measurability.

* Per FASAB SFFAS No. 8, Accounting for Liabilities of the Federal Government

DID YOU KNOW?

VA issued American Civil War era benefits payments as recently as 2020 when the last beneficiary passed away, 155 years after the end of the war. The beneficiary was the daughter of a soldier who fought first for the Confederacy and later for the Union during his service in the Civil War.

To fully understand the magnitude of the compensation liability balance, it is also important to understand the potential length of time for which VA makes compensation benefit payments attributed to each conflict. Derived from VA's *Annual Benefits Report*, the table below presents the total number of Veterans and beneficiaries by conflict who received compensation benefits as of September 30, 2021. The FY 2022 Annual Benefits Report is expected to be available in June 2023.

Since compensation benefits begin for a Veteran and continue through their survivors, the benefit projection period is 100 years to capture all significant liabilities for each benefit recipient. In FY 2021, about 5.7 million Veterans and Veterans' survivors received disability compensation payments. Through actuarial methods, future beneficiaries are projected based on existing demographic data maintained by VA and other Federal entities such as the Department of Defense.

Compensation Benefit Recipients as of September 30, 2021		
Conflict	Veterans	Surviving spouse, children or parents
Wars of the 1800s*	-	2
World War I 1917 - 1918	-	68
World War II 1941 - 1945	22,965	30,809
Korean Conflict 1950 - 1955	78,648	29,689
Vietnam Era 1961 - 1975	1,387,362	312,891
Gulf War Era 1990 - Present	2,812,176	43,802
Peacetime (Other)	814,288	44,290
Total	5,225,422	488,581

*Wars of the 1800s include the Spanish-American War and the Mexican Border Period

MANAGEMENT'S DISCUSSION AND ANALYSIS ANALYSIS OF THE FINANCIAL STATEMENTS

COMPUTATION INPUTS

When computing the liability, VA actuaries make assumptions about the future. These assumptions and other inputs work together to provide a reasonable estimate of the future compensation payable. There are three primary classifications of actuarial assumptions: economic, demographic, and regulatory, as described below.



ECONOMIC ASSUMPTIONS include rate adjustments that are impacted by economic conditions. Rates are updated annually and derived from national averages.

- **Discount Rate** – The discount rate converts future years' benefit payments (nominal) to a current year basis as of the financial statement date. The discount rate has an inverse relationship to the actuarial liability. For example, the higher the discount rate, the lower the actuarial liability, all other things being equal.
- **COLA Rate** – The COLA is derived from the amount of money required to maintain a standard of living (e.g., housing, food, clothing, utilities, taxes, and health care). COLA is generally derived from changes in the previous year's consumer price index, which measures the overall price change in goods and services over time. COLA is factored into the actuarial liability so that payments for disability compensation keep pace with inflation.



DEMOGRAPHIC ASSUMPTIONS include population data and experience rates related to beneficiaries currently receiving or expected to receive compensation. The data is updated annually or as needed based on experience. Examples include:

- **Total Beneficiary Counts** – The number of Veterans and dependents receiving payments, including projected future enrollees.
- **Disability Ratings** – Ratings assigned based on the expected severity of a Veteran's service-connected disability. The higher the disability rating, the higher the compensation payment.
- **Mortality Rates** – Projections are generally based on life expectancies of beneficiaries collecting compensation payments.
- **Benefit Termination Rate** – The rate at which benefits are terminated for reasons other than mortality.



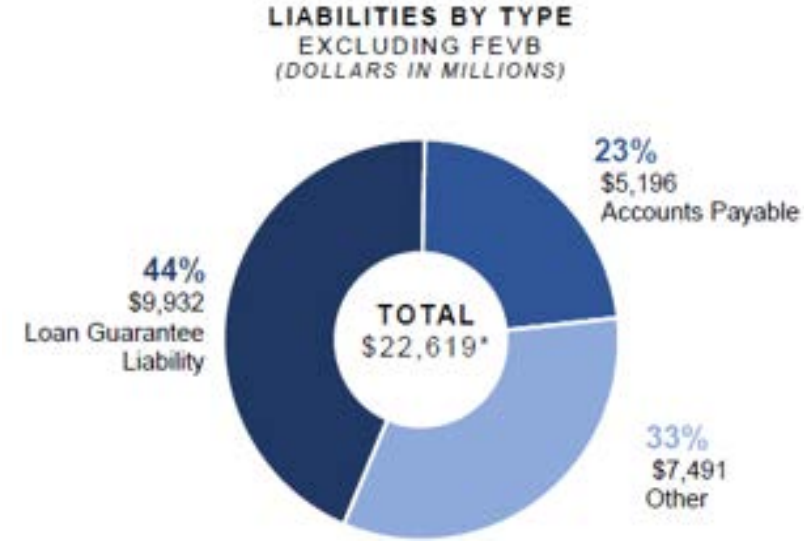
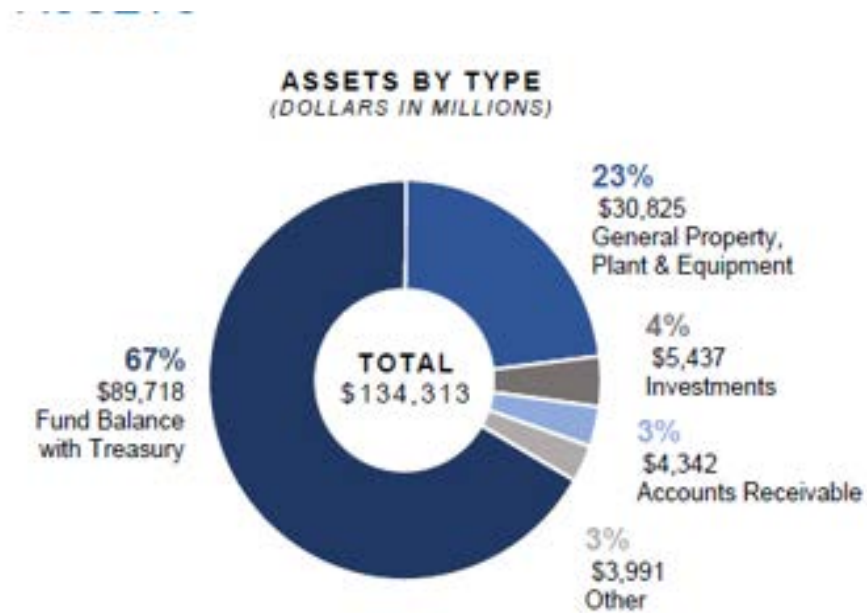
REGULATORY ASSUMPTION examples include administrative, judicial, or legislative changes that result in changes to compensation benefit eligibility and amount. Internal VA policies, court rulings and new laws all play a role in the compensation benefits liability estimate. For example, these changes may result in an expansion of the total number of presumptive conditions. A service-connected presumptive condition is a disability that VA presumes was caused by military service. If a presumptive condition is diagnosed in a Veteran, they can be awarded disability compensation benefits.

Regulatory Impact

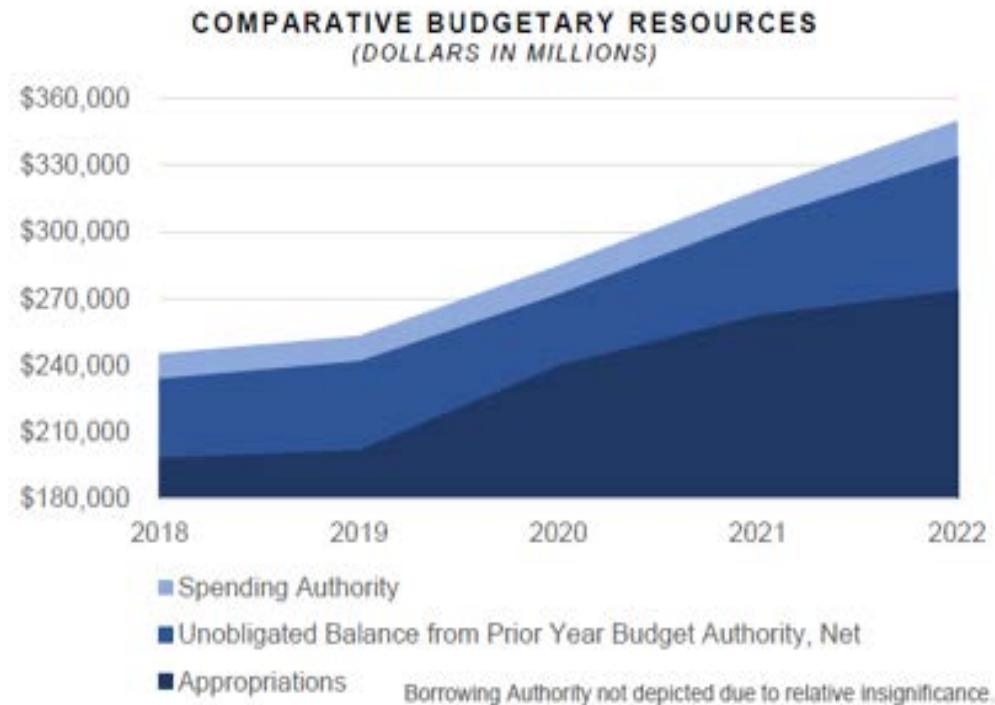
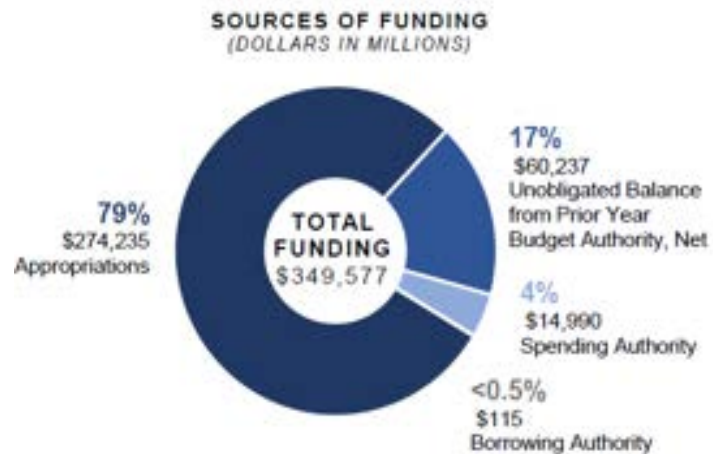
In 2019, the Blue Water Vietnam Veterans Act granted disability compensation for presumptive diseases that resulted from exposure to Agent Orange to the nearly 90,000 Veterans who served offshore during the Vietnam War. As a result of the legislation, VA recognized an approximate \$43.3 billion increase to the compensation liability in FY 2020.

Analysis of the Financial Statements

As of September 30, 2022

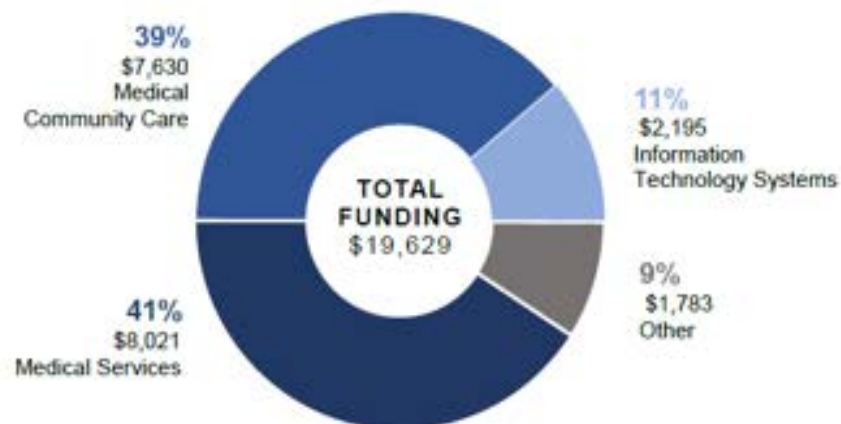


Analysis of the Financial Statements

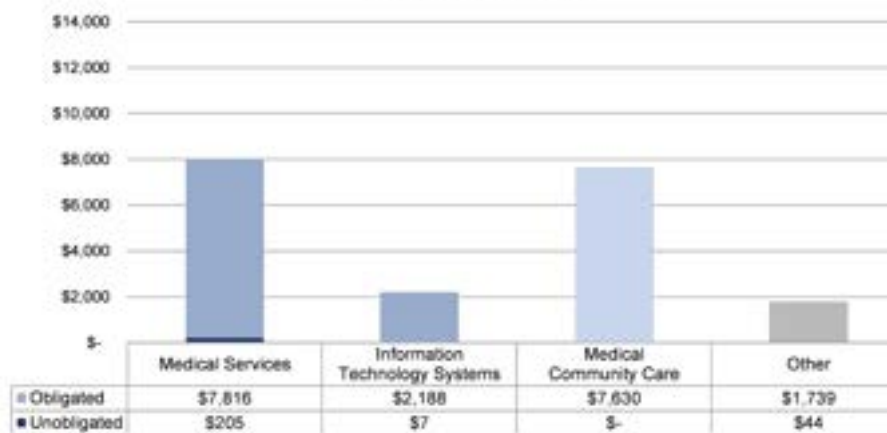


Analysis of the Financial Statements

COVID-19 FUNDING
CARES ACT AND FAMILIES FIRST ACT
(DOLLARS IN MILLIONS)



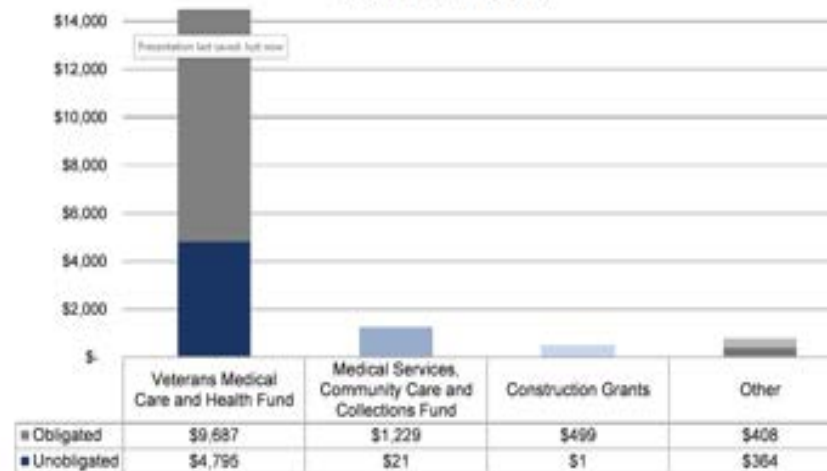
STATUS OF COVID-19 FUNDING
CARES ACT AND FAMILIES FIRST ACT
(DOLLARS IN MILLIONS)



COVID-19 FUNDING
AMERICAN RESCUE PLAN ACT
(DOLLARS IN MILLIONS)



STATUS OF COVID-19 FUNDING
AMERICAN RESCUE PLAN ACT
(DOLLARS IN MILLIONS)



Performance & Financial Connection

MANAGEMENT'S DISCUSSION AND ANALYSIS PERFORMANCE GOALS, OBJECTIVES AND RESULTS

NATIONAL CEMETERY ADMINISTRATION

PERFORMANCE HIGHLIGHT



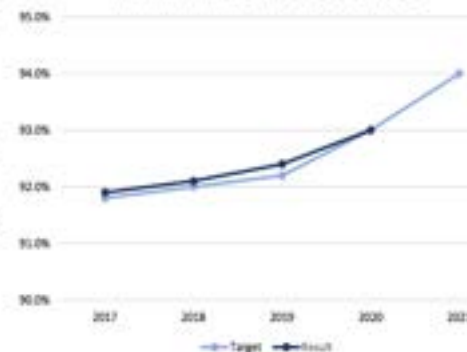
In FY 2020, total gross costs associated with NCA were \$376 million for activities related to Veteran burial and interment services (headstones, markers and flags), construction projects and operations at VA's 155 national cemeteries. Activities performed by NCA help VA to achieve objectives for Goals 1 and 2.

One of NCA's most significant performance metrics is the percentage of Veterans served by a burial option within a reasonable distance. This metric helps NCA identify areas of the country that are not appropriately served, such as rural areas, and plan potential construction projects or gravesite expansions for the future. NCA has continuously improved performance in this metric year over year. In FY 2020, NCA had \$4.6 million in gross cost for activities related to this metric.

The combined results of establishing planned new national cemeteries, working with our state and tribal partners in establishing new grant-funded Veterans' cemeteries through the NCA Veterans Cemetery Grants Program and completing the transfer of responsibility for 11 cemeteries formerly managed by the U.S. Army, has resulted in a significant increase in the percent of Veterans served with burial access.

In FY 2020, VA received \$172 million in budgetary resources for cemetery expansion and improvement projects, advance planning and design funds and land acquisition. In FY 2021, VA received \$94 million, a decrease of \$78 million primarily due to the completion of several gravesite expansion projects in the prior year.

VETERANS SERVED BY A BURIAL OPTION
WITHIN A REASONABLE DISTANCE



PERFORMANCE IN ACTION



Petty Officer 1st Class Matthew Leonard presents a flag for Paul Reed, an unclaimed Coast Guard veteran.

Phillip Key, Mark Hackett, Dallas Smith, Ronald Horn, John Gallagher, Dannie Fouts, Klaus Schaeffer, Paul Reed. Those are the names of six Army Veterans, one Navy Veteran and one Coast Guard Veteran whose remains were unclaimed by family or friends but received a burial honoring their service. The service was held at the Dallas-Ft. Worth National Cemetery on May 7, 2021.

More than eighty Patriot Guard Riders came to pay their respects to the eight unclaimed Veterans. Roshanda Bost, Army Veteran and assistant director, Dallas-Fort Worth National Cemetery, along with Army Veteran Ken Hammock, a ride captain with Patriot Guard Riders, accepted flags for their fellow Veterans.

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MANAGEMENT'S DISCUSSION AND ANALYSIS PERFORMANCE GOALS, OBJECTIVES AND RESULTS

during the service. Hammock has participated in more than 700 services and says it was an honor to accept a Veteran's flag who did not have family available.

"We are here to honor Veterans," said Larry Williams, Marine Veteran and director, Dallas-Fort Worth National Cemetery. "All Veterans deserve the best and we are going to try and provide the best service for them. These eight Veterans didn't have anybody to claim them, but they do have somebody, us, their fellow Veterans."

Polling Question

VA's most significant financial statement balance is the Veterans Benefits Actuarial Liability. This is an unfunded liability which represents VA's projected future cost to fund disability compensation payments over how many years?

- 1) 75 Years**
- 2) 100 Years**
- 3) 50 Years**
- 4) 25 Years**

VA Organization – Through Heat Maps

VBA provides various benefits to Veterans and their families. These benefits include military-to-civilian transition assistance services, disability compensation, pension, fiduciary services, educational opportunities, Veteran readiness, and employment (VR&E) services, home loan guarantee and life insurance. VBA has 216 facilities in the United States, Guam, Puerto Rico and the Philippines.

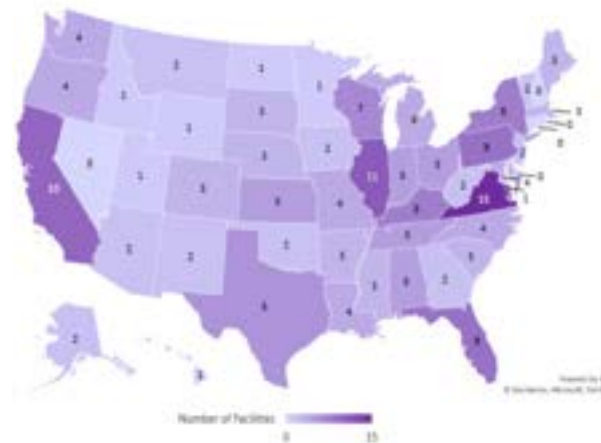
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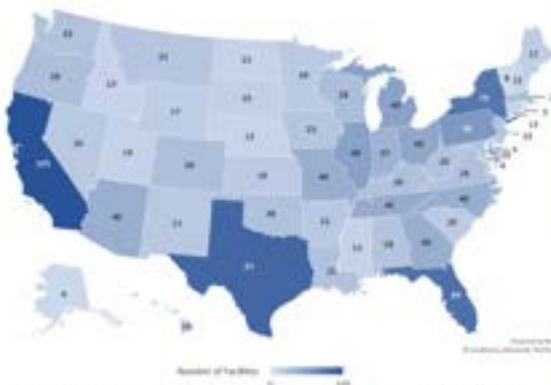
The U.S. heat map above shows the number of VBA facilities in each U.S. state. Additional VBA facilities can be found in Guam.

NCA provides burial and memorial benefits to Veterans and their eligible family members. These benefits include burial at national cemeteries, cemetery grants for state and tribal cemeteries, headstones and markers, Presidential Memorial Certificates, outer burial receptacles and medallions. VA runs 155 national cemeteries and 34 soldiers' lots and monument sites in the United States and Puerto Rico.

Social Media Links: [f](#) [t](#) [v](#) [p](#)



The U.S. heat map above shows the number of NCA facilities in each U.S. state and the District of Columbia. Two additional NCA facilities can be found in Puerto Rico.



The U.S. heat map above shows the number of VHA facilities in each U.S. state. Additional VHA facilities can be found in Puerto Rico, Virgin Islands, American Samoa Islands, the Philippines and Mariana Islands.

VHA provides a broad range of primary care, specialized care and related medical and social support services that are uniquely related to Veterans' health or special needs.

VHA also advances medical research and development in ways that support Veterans' needs by pursuing medical research in areas that most directly address the diseases and conditions that affect Veterans. VHA has 1,507 health care facilities including VA Medical centers and outpatient sites.

Social Media Links: [f](#) [t](#) [i](#) [v](#) [p](#)

AFR Section Covers

VA | #VETERANOFTHEDAY



MANAGEMENT'S DISCUSSION AND ANALYSIS

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Marine Corps Veteran John Thurman

Pictured in the previous page: A collage of John Thurman on the right today and a group photo of Thurman with the 5th Marine Corps Division, 27th Regiment with American flag raised.

When John "Jack" Thurman first learned about his great-uncle's military service in the Marine Corps, he knew that he, too, would serve. Thurman enlisted in the Marine Corps in September 1943. After completing basic training at Fort Snelling, Minnesota, Thurman was sent to Camp Pendleton, California. He joined Carlson's Raiders, a group of specialized Marine commandos who had trained under Lt. Col. Evans Carlson for combat in the Pacific. In February 1945, he deployed to Iwo Jima with the 5th Marine Corps Division, 27th Regiment. They landed at Red Beach 1 on the southeast coast of the island on February 19. His regiment fought southward, hoping to take the strategic position atop Mount Suribachi. Four days later, the 27th and 28th Regiments reached the summit of the mountain and, after securing the area, the Marines raised an American flag on a long piece of pipe.

Thurman, who was working as a sniper to protect the men as they raised it, remembered the moment well. "To see that flag go up, I tell you, that was an inspiration," he said in a 2012 article for the Longmont Times-Gazette. "It got up there and the flag unfurled there in the breeze, the ocean breeze. It was the most beautiful thing I'd ever seen. It gave us the inspiration that we were gonna take that island one way or another." Later, Thurman appeared in a group photo of the men with the flag taken by photographer Joe Rosenthal. He was originally hesitant. "I said, 'Well I'm 27th Regiment.' And [his comrade] said, 'That makes no difference. You're still one of us.' Well, that sounded pretty good to me," Thurman said. "So I went up." In the photo, Thurman is standing on the far left raising his helmet, behind Corporal Ira Hayes.

After Iwo Jima was secured, Thurman returned to the United States (U.S.) to recuperate. He later was part of the occupation force on Japan's mainland and served as a military police officer when the war ended. He honorably discharged as a sergeant in May 1946. For his service, he received numerous medals, including a Purple Heart and a Bronze Star.

In his later years, Thurman did not discuss his wartime experiences. When his daughter Karen joined the Navy Nurse Corps and learned about survivor's guilt in her nurse practitioner classes, she encouraged her father to try talking about the war. Since then, he has been active as a public speaker and frequently attends Veterans events and commemoration ceremonies. In 2012, he returned to Iwo Jima with a group of students from Ohio State University as part of a trip sponsored by the Greatest Generations Foundation, a nonprofit that pays for Veterans to return to their former battlefields. Thurman has also attended numerous Honor Flights and is part of the Iwo Jima Association of America. In 2019, Larimer County, Colorado, declared July 27 John "Jack" Thurman Day in his honor.

"I just had a strong feeling. I'm here, and I'm going to do the job," he said in a 2020 interview with the Loveland Reporter-Herald. "I'm sure most of the guys felt that way. We're here, and we're going to take this island. It took us a month to do it, and it was supposed to take us three days. But we did it."

Online Survey/Comments Box

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Agency Financial Report

Purpose of the report

VA's Agency Financial Report (AFR) provides information enabling the Congress, the President and the public to assess our stewardship over the financial resources entrusted to us and our performance as an organization. The report provides results on VA's progress towards providing America's Veterans with the best in benefits and health care; a high-level summary of our accomplishments during the year; a discussion of the challenges we face going forward; an analysis of our financial position; and the Inspector General's Statement on VA's Major Management Challenges.

For additional information about the Office of Inspector General's (OIG) reports and studies (including the Major Management Challenges shown in the Annual Financial Report (AFR)), please access the [OIG's website](#).

VA received its third consecutive Certificate of Excellence in Accountability Reporting (CEAR) from the Association of Government Accountants for the FY 2021 AFR and a Best-in-Class award for visual presentation and graphic display of information in the AFR. The CEAR award is the highest form of recognition in the Federal government financial community.

Fiscal Year 2022 AFR — Published November 15, 2022

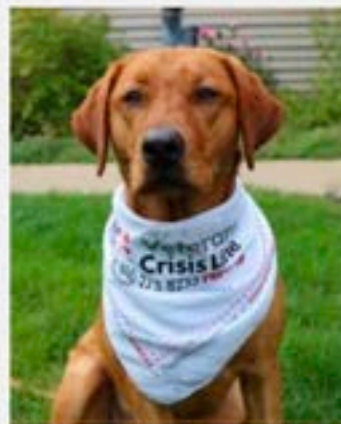
The AFR includes our annual audited financial statements and the report on the audit of those financial statements, which have received a clean opinion for the 24th consecutive year.

- [Secretary's Message](#) (PDF, 1 page, 1.2 MB)
- [AFR Cover](#) (PDF, 2 pages, 1.25 MB)
- [About the AFR](#) (PDF, 2 pages, 1.33 MB)
- [Acronyms and Web Links](#) (PDF, 8 pages, 8.61 MB)
- [Table of Contents \(TOC\)](#) (PDF, 1 page, 1.56 MB)
- [Section I – Management's Discussion and Analysis](#) (PDF, 38 pages, 10.2 MB)
- [Section II – Financial Results](#) (PDF, 112 pages, 3.43 MB)
- [Section III – Other Information](#) (PDF, 24 pages, 3.41 MB)
- [Full AFR](#) (PDF, 188 pages, 24.4 MB)

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Suicide Prevention is Everyone's Business



Eric Wittenberg, Minneapolis VA Suicide Prevention Coordinator and United States (U.S.) Army Veteran, recounted the following story, a testament to the fact that suicide prevention is everyone's business.

"When we go to a public event, we always bring "swag" with the Veterans Crisis Line number. We bring tote bags, key chains, pop sockets, stress balls and bandanas. We don't usually know for sure if the items are being used or if they are helpful. But talking with one very grateful Veteran, we were able to get the answer.

A Veteran approached our table at an outreach event. We started to ask him the usual questions of "Are you enrolled in VA Healthcare?" or

"What branch of the military did you serve?" Before we could start, the man said he wanted to tell us how a Veterans Crisis Line bandana saved his battle buddy's life.

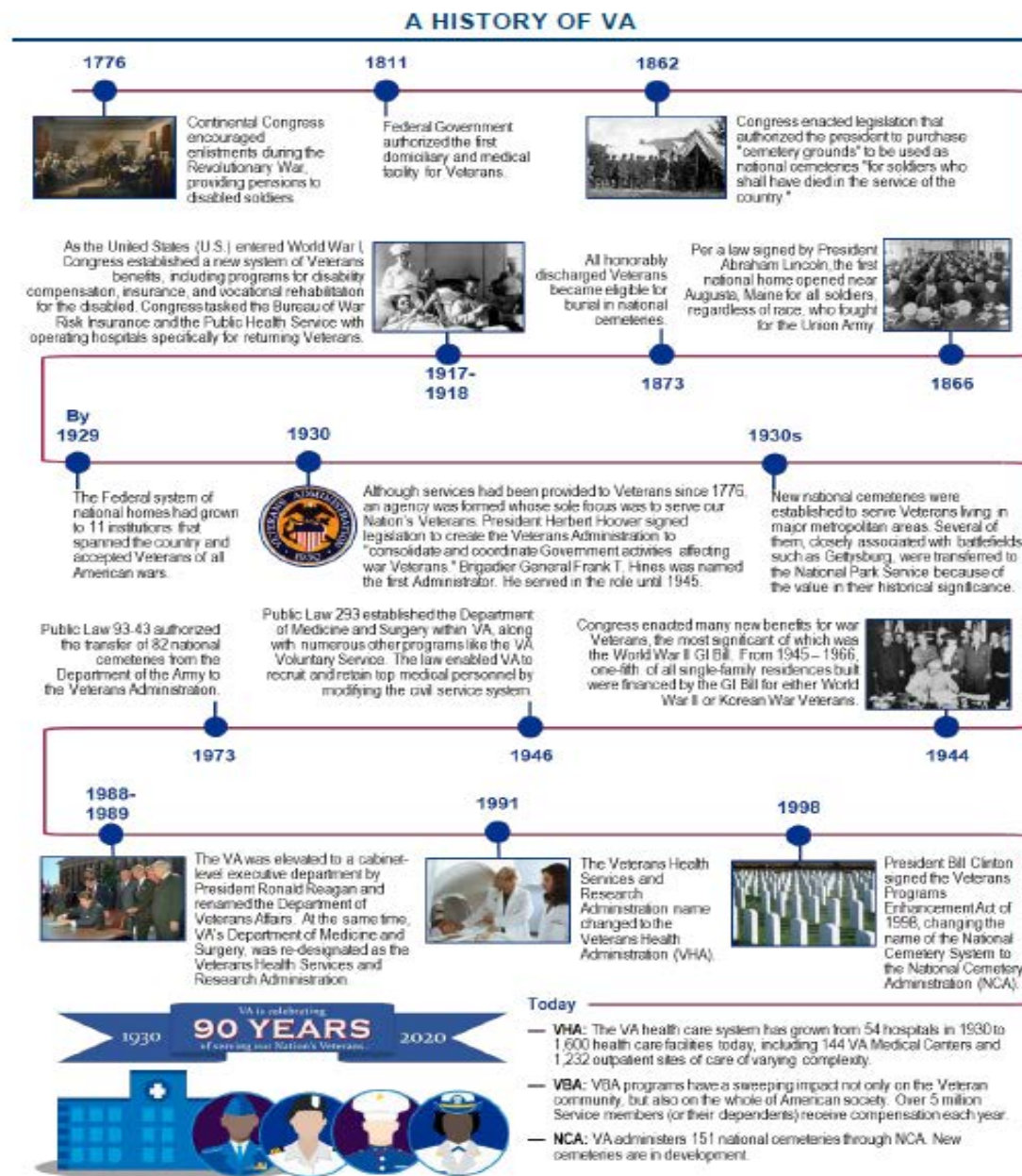
He was with his dog at a local park one morning when he received a phone call from a battle buddy he served with in Iraq. The friend wasn't doing well and said he didn't know if he could continue with life. The Veteran knew his friend was in crisis, but he didn't know what to do. The friend lived in a different state and he didn't know about any resources to help him there. Then he remembered his dog was wearing a bandana he picked up at a VA outreach event. The bandana had the Veterans Crisis Line phone number on it.

The Veteran was able to give his battle buddy the direct phone number to the Veterans Crisis Line. He made his friend promise he'd call the line and call him back afterward. The friend called the line and was able to get help at his local VAMC. The Veteran said his dog's bandana saved his friend's life. Grateful for a way to help his friend, he thanked us and VA for doing the work to get the message in the hands of Veterans so they can help others.

You never know when you'll encounter someone who needs help. Dogs aren't the only ones who can be a man's best friend."



A History of VA



VA by the Numbers

431,680

NUMBER OF EMPLOYEES



46%

VETERANS
OVER AGE

65



30%



VA EMPLOYEES WHO ARE VETERANS

21%

OF VETERANS ARE
MINORITIES



11%

OF VETERANS ARE
WOMEN



821,290

VA EDUCATION BENEFICIARIES

3.65 MILLION

ACTIVE VA HOME LOAN PARTICIPANTS



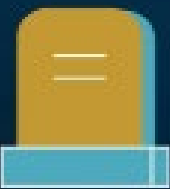
1,507

HEALTHCARE FACILITIES



17,933

NUMBER OF
VA SOCIAL
WORKERS
SERVING
VETERANS



155

NATIONAL CEMETERIES
ADMINISTERED BY VA

151,470



NUMBER OF
BURIALS
PERFORMED



U.S. Department
of Veterans Affairs

Trailblazing Women of VHA



1867



Mrs. Emma L. Miller was VA's first woman employee, hired as the matron for the Central Branch of the National Home for Disabled Volunteer Soldiers (VHA predecessor) in Dayton, Ohio, in the fall of 1867 and served until her death in 1914.

1890



In 1890, the National Homes' Northwestern Branch in Milwaukee became the first to hire women nurses. After Milwaukee's successful efforts, the remaining National Homes followed suit and by 1898 women nurses worked at all of the National Homes.

1968



Dr. Omega Silva was the first African American woman medical doctor awarded a research associateship at VA in 1968.

1946



Dr. Margaret D. Craighill became VA's first chief medical consultant on women Veteran's medical care. Under Dr. Craighill's leadership, VA hired the first 10 female doctors.

1924



The first African American women nurses and medical staff were hired in 1924 to work at the Veteran's Bureau hospital for African American World War I veterans in Tuskegee, Alabama.

1919



In 1919, Lucy Minnigerode, R.N., was appointed as the Public Health Service's first Superintendent of Nursing and oversaw nurses who cared for those afflicted by the 1918-1919 influenza pandemic and returning World War I Veterans.

1971



Dr. Valerija B. Raulinaitis was the first woman appointed as director of VA hospital at the Leech Farm Road Hospital in Pittsburgh, Pennsylvania in 1971.

1977



Reverend Victoria Hatch was the first woman chaplain at VA. She was appointed as chaplain at the Jerry L. Pettis Memorial VA hospital in Loma Linda, CA.



In 1977, Rosalyn Sussman Yalow became the first VA doctor and second woman ever to receive the Nobel prize for Physiology and Medicine.

1980



Vernice Ferguson was the first African American woman appointed as Director of Nursing Service in 1980.

2020



Dr. Kameron Matthews became the first African American woman Chief Medical Officer in 2020.

2018



Dr. Teresa Boyd Murphy became the first woman Chief Medical Officer at VACO in 2018.

2000



Dr. Frances M. Murphy became the first woman Deputy Undersecretary for Health in 2000.

1992



Sue Kinnick planted the seed for what would become VA's Bar Code Medication Administration (BCMA) program in 1992 at the Topeka VAMC.

1984



Viola Johnson became the first African American woman hospital director in Battle Creek Michigan in 1984.



U.S. Department of Veterans Affairs

VA iCARE Values



DID YOU KNOW?

VA's five "I CARE" core values underscore the obligations inherent to VA's mission and define who we are, our culture and how we care for Veterans and beneficiaries. The first letter of each core value described below creates a powerful acronym that reminds VA employees of the importance of their role at VA.

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 beneficiaries. Be driven by an earnest belief in VA's mission. Fulfill my individual and organizational responsibilities.

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

Respect: Treat all those I serve with dignity and respect.

Excellence: Strive for the highest quality and continuous improvement. Be thoughtful and decisive in leadership and accountable for my actions.



Felisha Cooper, an advanced medical support assistant, exhibited I CARE values when she directed a search party for a Veteran having a medical emergency. To read the full story, visit [VA News](#).

Performance & Financial Connection

MANAGEMENT'S DISCUSSION AND ANALYSIS PERFORMANCE GOALS, OBJECTIVES AND RESULTS

PERFORMANCE & THE FINANCIAL CONNECTION

VA's financial statements reflect the resources required or used to accomplish the Department's goals and objectives. This section links the Department's activities to achieve those goals with costs from the FY 2020 Statement of Net Cost (SNC). To mirror the components of the SNC, performance at each administration (VHA, VBA and NCA), plus the indirect administrative offices, is discussed.

VETERANS HEALTH ADMINISTRATION

PERFORMANCE HIGHLIGHT

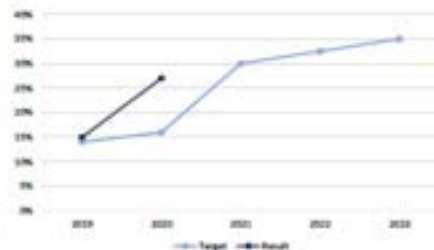
In FY 2020, total gross costs associated with VHA were \$103.3 billion for activities related to providing a broad range of primary care, specialized care and related medical and social support services. Activities performed by VHA help VA to achieve objectives for Goals 1, 2 and 4.

Two areas of focus for VHA under the Medical Services fund in alignment with the Department's APGs are 1) the expansion of telehealth services and 2) suicide prevention through mental health services. In FY 2020, costs related to telehealth and mental health services amounted to \$4.8 billion, which aided in the following accomplishments.

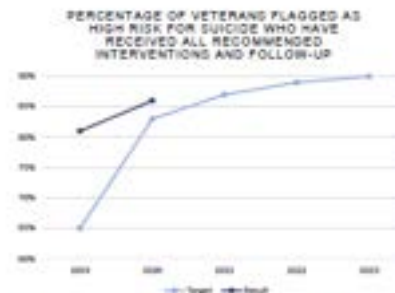
- During FY 2020, Veterans' access to care remained a VA priority, especially during the COVID-19 pandemic. VHA had already begun to expand telehealth capability, therefore, it was able to quickly shift routine care appointments to virtual modalities to keep Veterans safe. 1.1 million Veterans received video visits in their homes for general healthcare, which was a 1,037% increase from FY 2019. Daily video visits increased from approximately 2,500 in February 2020 to 38,000 in September 2020.
- VA providers in Mental Health conducted an unprecedented amount of outreach to Veterans, as they pivoted from face-to-face to telephone and video care, to keep Veterans safe during the COVID-19 pandemic. During FY 2020, Mental Health Services completed more than 1.5 million video visits into the home or other non-VA site. This represents an increase of 693,111 video visits since FY 2019.

In FY 2019, VA began tracking the percentage of eligible Veterans who have received telehealth services during the fiscal year. In the same year, the Department exceeded the baseline target by 1%. Due in part to the Department's ability to leverage telehealth during the COVID-19 pandemic, VA exceeded its FY 2020 target by 11%. For FY 2021, FY 2022 and FY 2023, the target is increased to 30%, 32.5% and 35%, respectively, to encourage continue building on the success of the programs.

PERCENTAGE OF ELIGIBLE VETERANS WHO HAVE RECEIVED TELEHEALTH SERVICES DURING THE FISCAL YEAR



MANAGEMENT'S DISCUSSION AND ANALYSIS PERFORMANCE GOALS, OBJECTIVES AND RESULTS



In FY 2019, VA began tracking the percentage of Veterans flagged as high risk for suicide who have received all recommended interventions and follow-up. In the same year, the Department exceeded the baseline target by 16%. Despite the challenges encountered with COVID-19 in FY 2020, VA continued to improve, increasing the percentage by 5%. For FY 2021, FY 2022 and FY 2023, the target is increased to 87%, 89% and 90%, respectively, to encourage continued improvement in this highly impactful metric.

For FY 2021, VHA received \$313 million in budgetary resources, an increase of \$75 million over FY 2020, to enhance suicide prevention outreach activities. VHA received \$1.3 billion, an increase of \$271 million, to expand the Telehealth/Connected Care Services Program with the goal to increase Veteran access to healthcare. During FY 2021, Congress appropriated an additional \$13.5 billion for medical care and health needs under the American Rescue Plan (ARP) Act. It includes funding for sustainment of Coronavirus Aid, Relief and Economic Security (CARES) Act supported service-level expansions, including suicide prevention and telehealth.

PERFORMANCE IN ACTION



Michael Novelli, a U.S. Marine veteran and COVID-19 survivor.

Michael Novelli served as a U.S. Marine during the late 1960s. Novelli's care team at the [VA Medical Center in Northport, New York](#), first suggested telehealth about five years ago. They gave Novelli a blood pressure monitor that he could use at home to keep track of his health.

In April, Novelli was hospitalized for four days with COVID-19 and upon returning home, he began sharing his temperature, oxygen levels and heart rate every day with his VA telehealth team. On April 22, more than two weeks after Novelli was discharged from the hospital, Marjorie Rogers, a registered nurse with 14 years' experience with

VA, noticed something unusual in Novelli's vitals. Although his temperature and oxygen levels were normal, Novelli's heart rate was elevated.

Rogers called Novelli immediately. "She said, 'Your heart rate is up. Something's definitely wrong. Go to emergency right away.'" When Novelli arrived back at the hospital, doctors found that COVID-19 had caused fluid to build up in his lungs. Novelli had developed pneumonia.

This time, Novelli was in the hospital for almost two weeks. He was on oxygen and antibiotics, felt weak and tired, and lost 40 pounds. But after 13 days, he said, "The monster had left me." "Marjorie saved my life," said Novelli. "If I wasn't on the telehealth, I would have stayed home with the pneumonia, and who knows what would have happened."

Performance & Financial Connection

MANAGEMENT'S DISCUSSION AND ANALYSIS PERFORMANCE GOALS, OBJECTIVES AND RESULTS

VETERANS BENEFITS ADMINISTRATION

PERFORMANCE HIGHLIGHT

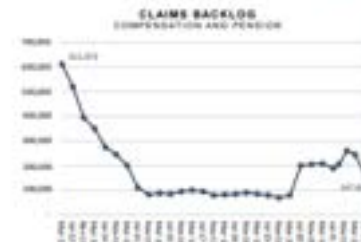
Total VBA budgetary resources were \$197.5 billion and \$168.1 billion and total gross costs were \$143.3 billion and \$132.0 billion for the fiscal years ended September 30, 2022 and 2021, respectively, for activities related to providing various benefits to Veterans and their families. Activities performed by VBA help VA to achieve objectives for Strategic Goals 1, 2 and 3.

One of VBA's primary functions is to process education, pension, compensation, survivor and community care claims and appeals with a focus on timeliness and quality. During FY 2021, Congress appropriated \$272 million under the American Rescue Plan (ARP) Act to reduce the claims backlog to approximately 100,000 by mid-FY 2024. In addition to the ARP funds, Congress authorized an additional \$150 million to accelerate record-scanning. For FY 2023, VA requested \$37 million, in part to hire 319 additional full-time employees (FTE) to support disability compensation claims processing. In FY 2022 and FY 2021, costs related to these Veterans benefit claim activities were \$2.3 billion and \$3.1 billion, respectively.

The following charts show fluctuations in the claims inventory since FY 2012 and the claims backlog since FY 2013. The claims inventory includes disability compensation and pension claims received by VA that normally require a rating decision. Commonly known as the rating bundle, this includes claims for disability compensation, dependency and indemnity compensation for survivors and Veterans' pension benefits, including both original and supplemental claims. Once VA decides a claim, it's no longer in the claims inventory. If a Veteran appeals a benefits decision, the appealed claim is tracked separately. When claims in the inventory exceed 125 days, they are considered "backlogged".



The charts presented demonstrate that the claims inventory and backlog decreased significantly from Quarter 2 of FY 2013 through Quarter 1 of FY 2015 and remained steady until Quarter 3 of FY 2020, when the COVID-19 pandemic halted medical examinations and caused inflated processing times. VA has prioritized resolving the enlarged inventory as the Department returns to more stable operating conditions.



2022, the backlog decreased by over 57,000 claims primarily due to hiring and training 2,000 new claims processors during the year and allowing overtime for claims processing.

In December 2021, VA began a pilot program under the newly-created Office of Automated Benefit Delivery. The program aims to accelerate claims processing through automation and data sharing using rules-based computer algorithms. For certain types of claims, the automation program reduces the process from 100 days under the traditional review to a range of 5 to 45 days, dependent on whether additional evidence gathering (for example, medical exams) is required. Looking forward, the program is considering conditions related to toxic exposure in anticipation of new claims related to the PACT Act.

The backlog also increased as a result of benefits changes for Veterans enacted by law. The Blue Water Navy Act of 2019 expanded the definition of qualifying service for Agent Orange exposure, allowing more Veterans to potentially receive compensation benefits for Agent Orange-related disabilities. Additionally, the William M. Thornberry National Defense Authorization Act for FY 2021, Public Law (P.L.) 116-283, added three conditions to the list of those presumptively associated with exposure to Agent Orange. In FY

"Automation is the way that we'll break through this backlog and get Vets their earned benefits as quickly as possible"

Secretary Denis McDonough

PERFORMANCE IN ACTION



William Nyman, a recipient of the Purple Heart, was a Korean War Veteran.

On December 1, 1950, North Korean troops attacked William Nyman's encampment near the Chosin Reservoir. As he heard the enemy's advance, Nyman threw off his sleeping bag. He grabbed his gun, rushing outside to protect his fellow Marines. North Korean troops had Nyman pinned down for several hours, but he refused to surrender. He was finally carried to an aid station after being knocked unconscious by a grenade. Nyman didn't share his story for decades.

When Anthony Irbly, Nyman's VBA representative, accessed his records earlier this year, he was stunned to learn of Nyman's heroism in Korea. He was in disbelief that Nyman had never been formally honored for his actions. Irbly had been assisting Nyman to receive his earned benefits through VA's homeless programs, but knew he had to do more. He nominated Nyman for a Purple Heart to ensure the Veteran would receive the recognition he deserved.

Nyman was honored with the Purple Heart before his death on June 24, 2022.

Caution: Graphic Presentation Ahead

How the Washington Auditor's Office makes financial data fun

Kathleen Cooper, March 2023



Office of the Washington State Auditor

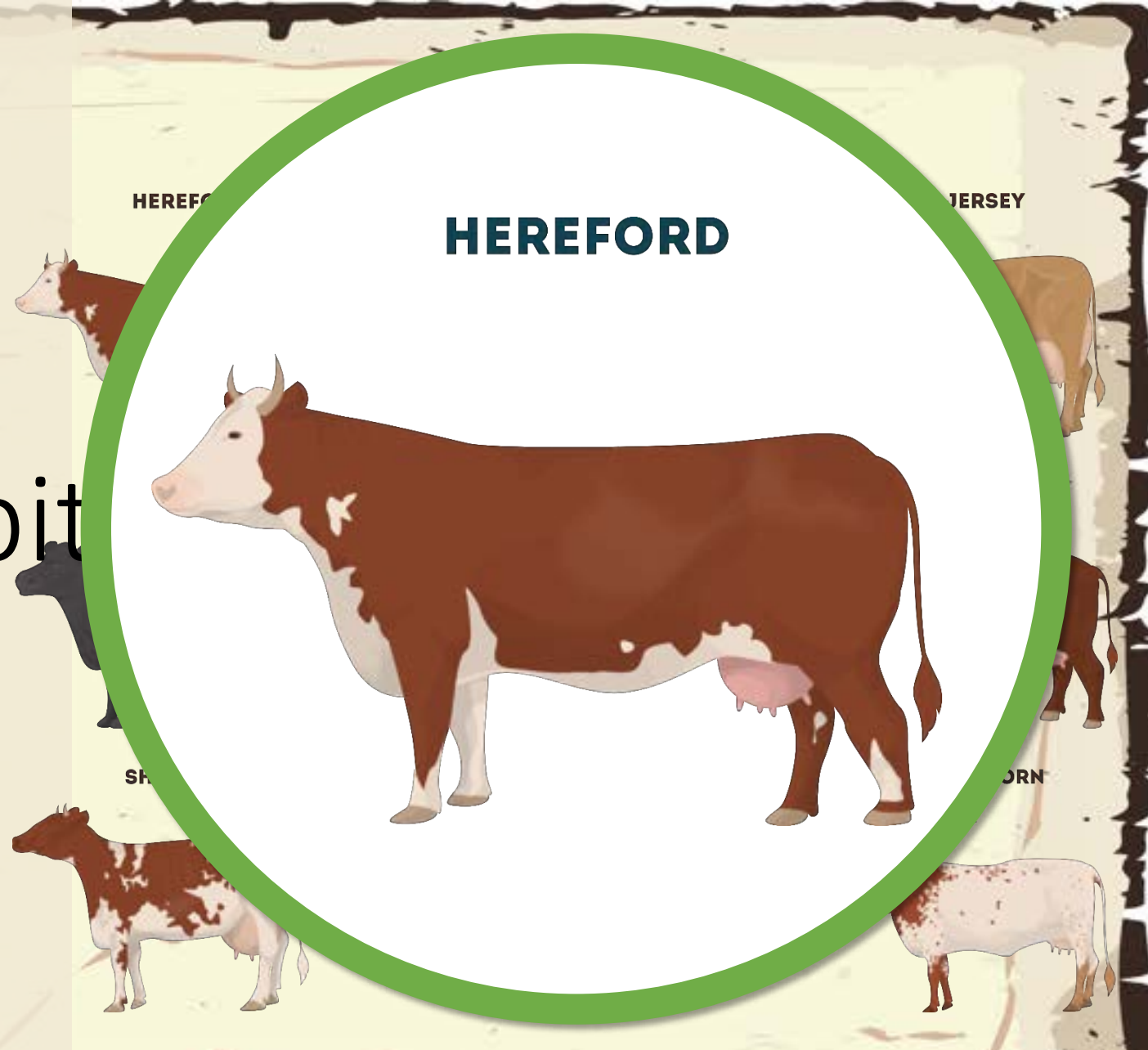


Born and raised in Texas (in a tiny town named after a cow)

Texas Tech University graduate (go Red Raiders!)

Worked as an editor, designer and reporter for 18 years at the Corpus Christi Caller-Times, The Miami Herald, and The News Tribune in Tacoma

A little bit



SAO's Team Comms

- Three editors, a graphic designer, a digital communications lead and a speech writer
- Backgrounds: Travel agency, public utility, higher ed, advertising, news media, and private-sector sportswear manufacturing (really!)



- Auditor Pat McCarthy elected in 2016
- Her vision for the office: Increase trust in government
- Her vision for the Comms Team. Focus on the public, the legislature, and the governments we audit. Tell the story of good government.

How we got started





SAO's visual evolution

Re-imagined SAO's visual communication style

- New website based on user research
- New colors and typography

Examined what work wasn't getting the attention it deserved

- ACFR
- SWSA



The Creative Brief

1. Who is the audience?
2. What's the most important thing you want to say?
3. What facts support that?
4. What else should the audience know?



How'd you get
approval for that?



Review process

- First rough draft: Team eyes only
- Second draft: SME and manager review
- Final draft: Sell it! Then polish, and publish.



How'd you get approval for that?



- Infogram (subscription: Free version, then ~\$900 a year for one person; \$1,800 for team access, and that includes analytics)
- Canva (~\$120 annual subscription – but we started with the free version)
- Adobe e-publications (Creative Cloud licenses for each team member, runs about \$800 annually per person)



The tools we use





Measures of success

- Analytics
- Organic media coverage
- Anecdotes
- More work (wait, what?)



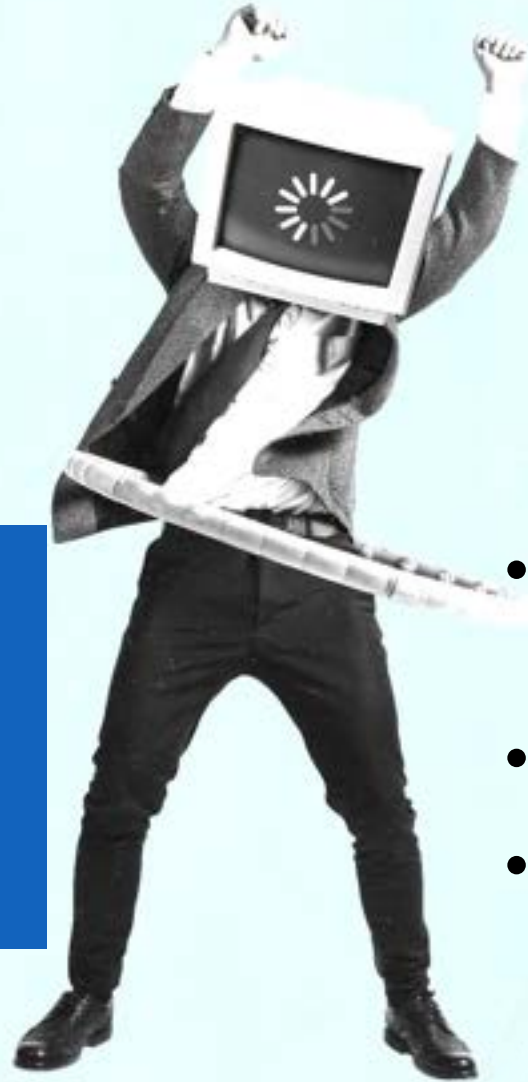
- Invest in communications specialists
- Experiment
- Find examples you like, and copy them
- Start simple



How to get started



Show and tell



- SWSA summary:
An Evolution
- Cybersecurity “rollup”
- Medicaid “rollup”





Office of the Washington State Auditor Pat McCarthy

State of Washington Single Audit Fiscal Year 2017

July 3, 2018

The Single Audit examines whether Washington's state agencies complied with federal grant requirements. In 2017, the state spent more than \$67.5 billion in federal awards. This federal money, combined with significant state contributions, funded programs that include childcare, food and cash assistance, health insurance, unemployment benefits, transportation and education.

As a whole, the state materially complied with federal requirements. We found a clean (or unmodified) opinion on most of the programs we audited. We also issued 52 audit findings, reported \$43 million in questioned costs, and estimated an additional \$12.7 million in likely improper payments. We issued an adverse opinion on one program, the conditions of the grant, was both material and pervasive. Depending on the conditions of the grant, the state might have to repay the federal share of inappropriately spent funds.

This report provides a summary of Washington's statewide single audit. The full, 139-page report is available online at <http://report.wa.gov>.
Financial Management website at <http://report.wa.gov>



Summary of the 2017 State of Washington Single Audit

In 2017, the state received more than \$17.5 billion in federal money for more than 850 federal programs performing services that range from providing meals for school-age children and vaccines for at-risk or low-income people to interstate highway construction and environmental protection projects. About 94 percent of the money was administered by 80 state agencies, listed in Exhibit 1.

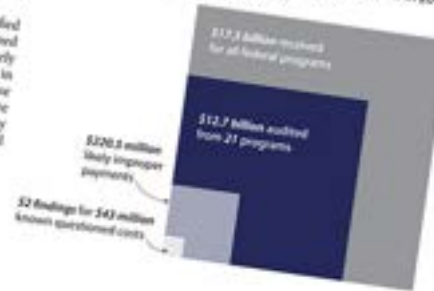
Exhibit 1 – 80 agencies spent about 94 percent of the federal money
Fiscal year 2017

Agency	Total dollars
Health Care Authority	\$5.7 billion
Social and Health Services	\$5.2 billion
University of Washington	\$1.4 billion
Employment Security	\$1.2 billion
Superintendent of Public Instruction	\$1.2 billion
Transportation	\$1.2 billion
Community and Technical College System	\$1.0 billion
Washington State University	\$1.0 billion
Health	\$1.0 billion
Early Learning	\$1.0 billion
All others	\$1.0 billion
Total (rounded)	\$17.5 billion

We audited 21 federal programs administered by 16 state agencies, and more than \$12.7 billion in federal assistance (73 percent of the federal money the state received).

We reported 52 findings and identified \$43 million in known federal questioned costs and \$226 million in likely federal improper payments (shown in Exhibit 2). We also issued an adverse opinion for one program, the Child Care and Development Fund, managed by the departments of Early Learning and Social and Health Services.

Exhibit 2 – The value of known questioned costs increased in 2017, but likely improper payments decreased



State of Washington Single Audit 2017 Summary | 4

Nine of the 21 programs audited complied with federal requirements

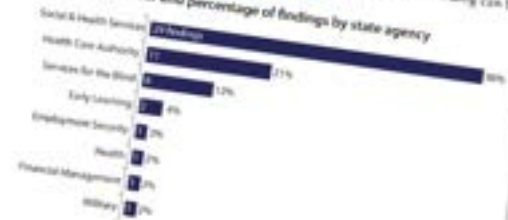
Of the 21 programs we audited, nine had established adequate internal controls over federal funds and complied with federal requirements. Exhibit 3 lists these nine programs.

Exhibit 3 – Nine programs, managed by 10 state agencies, met criteria

Agency	Program	Program dollars by agency
Clark College	Student Financial Aid Cluster	\$12,318,000
Department of Health	Drinking Water State Drinking Fund Cluster	\$12,000,000
Department of Social and Health Services	Social Services Block Grant	\$41,088,000
Department of Transportation	High-Speed Rail-Connectors and Interests Passenger Rail Service	\$124,209,000
Department of Veterans' Affairs	Veterans State Nursing Home Care	\$102,691,000
Health Care Authority	Capital Assistance Grants	\$178,219,000
Office of Superintendent of Public Instruction	Children's Health Insurance Program	\$248,540,000
Spokane Community College	Special Education Cluster	\$191,000,000
University of Washington	Titles I Grants to Local Education Agencies	\$178,219,000
Washington State University	Student Financial Aid	\$12,318,000
	Health Systems Strengthening and HIV/AIDS Prevention, Care and Treatment under the President's Emergency Plan for AIDS Relief	\$191,000,000
	Student Financial Aid Cluster	\$12,318,000
	Student Financial Aid Cluster	\$12,318,000

12 programs in eight state agencies received at least one finding.
Exhibit 4 shows how many findings each of the eight agencies received. A summary of each finding is located in Appendix B, and the full text of each finding can be found on OPA's website at <http://report.wa.gov>.

Exhibit 4 – Number and percentage of findings by state agency



State of Washington Single Audit 2017 Summary | 5



How federal money is spent in Washington: 2015 through 2017

Start here: What is a State of Washington Single Audit (SWSA)?

Explore audited federal dollars by program

Explore audited government programs by number of audit findings, which are issues significant enough to report

Explore audited programs by the amount of expenses found unallowable or inadequately supported



In 2017, Washington state spent more than \$17.5 billion in federal money. Each year, the State of Washington Single Audit (SWSA) examines whether state agencies complied with federal requirements for those funds. As a whole the state does meet those requirements. This presentation lets you explore the areas of concern, including findings of significant issues, questioned costs and likely improper payments. The presentation includes three years of data to help you compare the relative proportion of issue areas across program areas by dollar amount and number of findings.

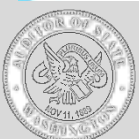


Office of the Washington State Auditor
Pat McCarthy

For a narrative summary of the report, :

<http://www.sao.wa.gov/resources/Pages/SWSASummary.aspx>

https://public.tableau.com/views/HowisfederalmoneyspentinWashington2015through2017/Story1?:language=en-US&:display_count=n&:origin=viz_share_link



Office of the Washington State Auditor

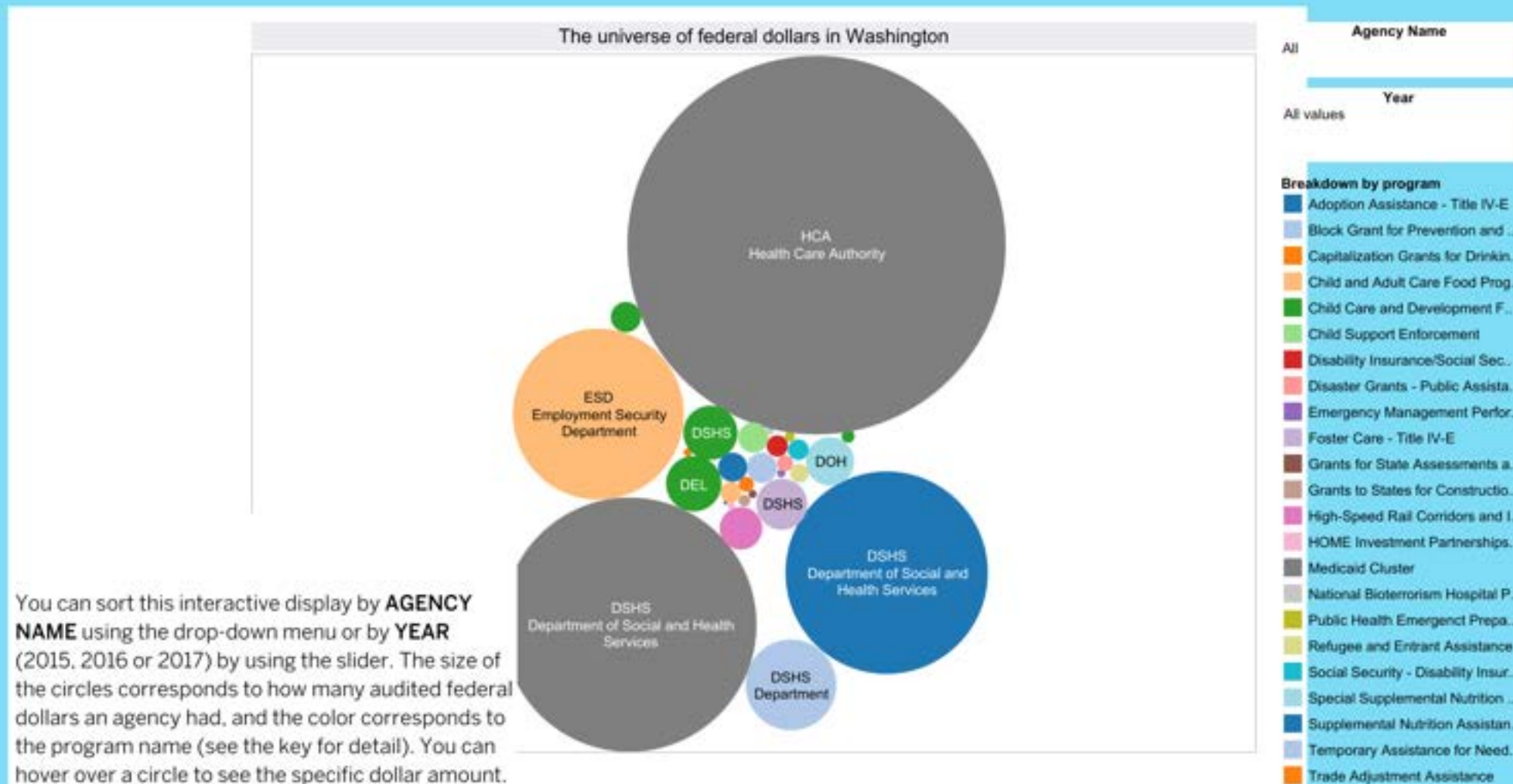
How federal money is spent in Washington: 2015 through 2017

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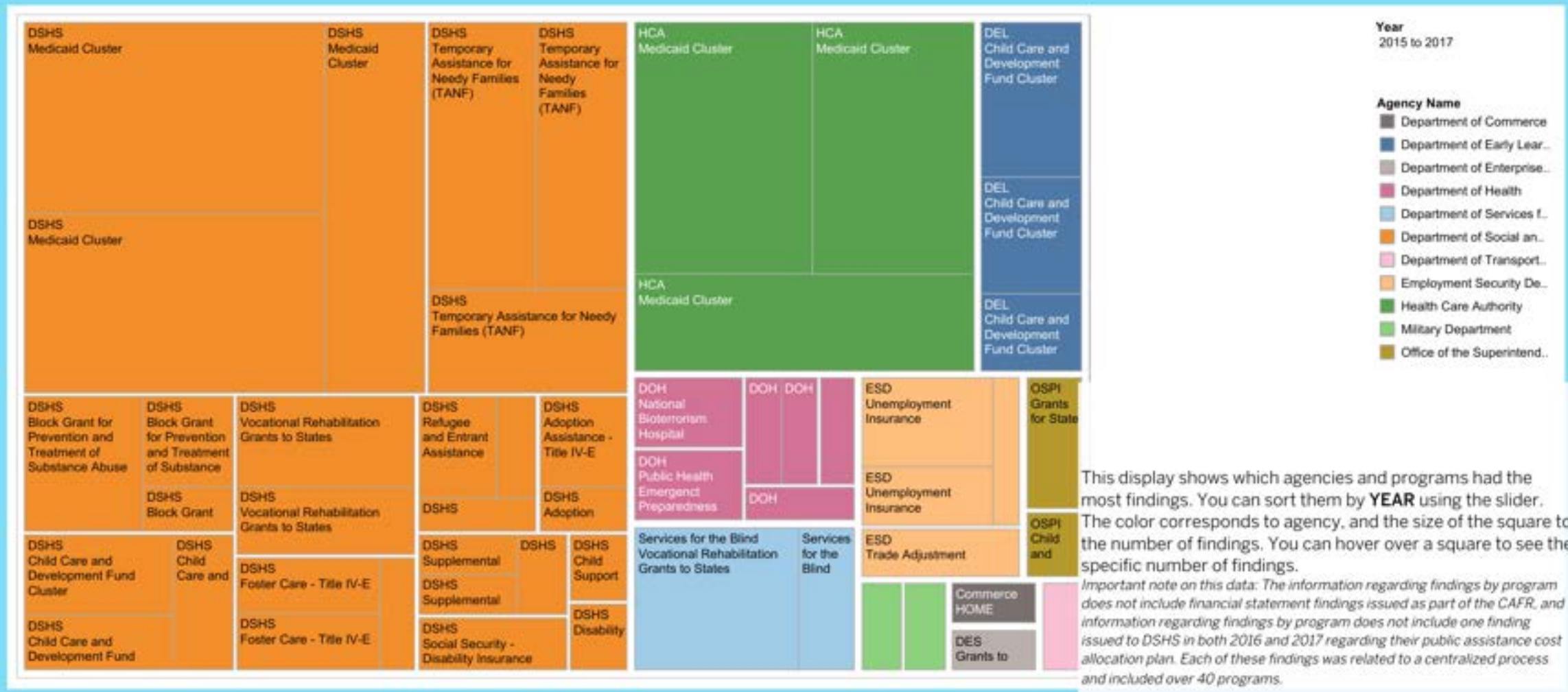
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How federal money is spent in Washington: 2015 through 2017

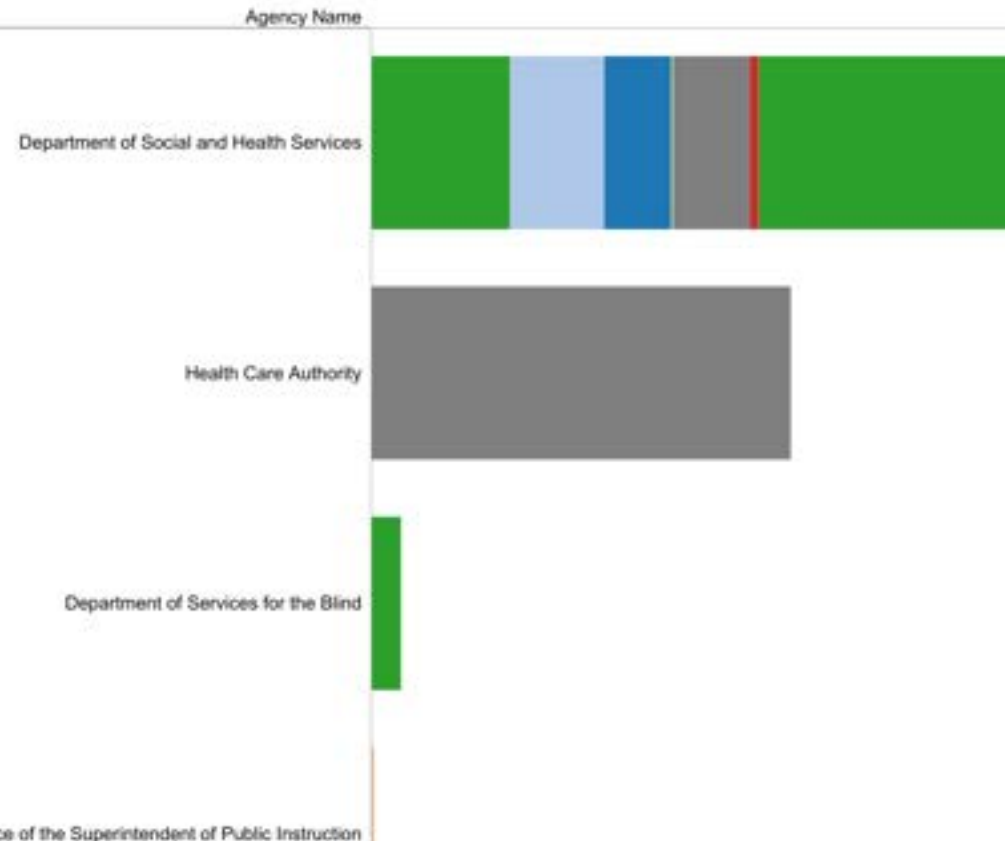
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Explore audited programs by the amount of expenses found unallowable or inadequately supported

Dollar amount of questioned costs, by agency and program



Year
2015 to 2017

Breakdown by program

- Adoption Assistance - Title IV-E
- Block Grant for Prevention and Treatment
- Capitalization Grants for Drinking Water S.
- Child and Adult Care Food Program
- Child Care and Development Fund Cluster
- Child Support Enforcement
- Disability Insurance/Social Security Insura.
- Disaster Grants - Public Assistance
- Emergency Management Performance Gr.
- Foster Care - Title IV-E
- Grants for State Assessments and Relate.
- Grants to States for Construction of State ..
- High-Speed Rail Corridors and Intercity P..
- HOME Investment Partnerships Program
- Medicaid Cluster
- National Bioterrorism Hospital Preparedne..
- Public Health Emergenct Preparedness
- Refugee and Entrant Assistance
- Social Security - Disability Insurance
- Special Supplemental Nutrition Program f.
- Supplemental Nutrition Assistance Progra..
- Temporary Assistance for Needy Families.
- Trade Adjustment Assistance
- Unemployment Insurance
- Vocational Rehabilitation Grants to States

Explore audited programs by the amount of expenses found unallowable or inadequately supported . Use the slider to sort by **YEAR**. Government programs are sorted by color. You can hover over the bar to see the specific dollar amount.





https://sao.wa.gov/?s=swsa&post_type=post





<https://sao.wa.gov/37-billion-and-counting-find-out-how-washington-spent-covid-19-relief-money-and-other-federal-funding-in-2021-%ef%bf%bc/>





Medicaid

Special Report 2021

Who gives Medicaid its financial checkup? We do!

In fiscal year 2020, one in four Washingtonians relied on Apple Health, the state's Medicaid program.

It's Washington's biggest single medical program, in which the state and federal governments invested more than \$14.6 billion. The effect of the pandemic is likely to push both enrollment and expenses higher in next year's audit cycle.

To view underlying data used in this report, please see the Office of Financial Management's [website](#).



Office of the Washington State Auditor

Pat McCarthy

<https://sao.wa.gov/medicaid-special-report-2021-a-financial-checkup-for-washingtons-apple-health/>



Accountability check: Federal audit results for fiscal year 2020

10 audit findings

\$291 million – questioned costs

\$303 million – likely improper payments



Ongoing conditions

- For 12 years, HCA has lacked adequate internal controls over data sharing with health insurers. It also did not comply with a state law requirement to share data with health insurers at least twice a year. ([Most recent finding: 2019](#))
- For 9 years, DSHS Developmental Disabilities Administration has lacked adequate internal controls over Medicaid payments to supported-living providers. It also did not comply with requirements to ensure these payments were allowable and adequately supported. ([Most recent finding: 2020](#))
- For 8 years, HCA has had deficiencies in the way it monitors its contract with a key software vendor. HCA contracts with a vendor to process payments for Medicaid, and the state relies on the agency to monitor the vendor by using certain internal controls. We found issues in HCA's monitoring and assurance about whether these controls were properly designed and operating effectively throughout the period. ([Most recent finding: 2019](#))



Who gives Medicaid its financial checkup? We do! | 6



CYBER SECURITY

Special Report 2022

Keeping an independent eye on government IT security



Office of the Washington State Auditor

Pat McCarthy

<https://sao.wa.gov/cybersecurity-special-report-2022-keeping-an-independent-eye-on-government-it-security/>



Office of the Washington State Auditor



Most audits assess clients' basic cyber hygiene

Leading practices that are the IT equivalent of brushing your teeth

Essential CIS Controls that informed audits at 20 state agencies and 22 local governments

To identify ways our clients can improve their cybersecurity systems and processes, we compare their existing controls with a selection of the CIS "Basic Six" controls. These controls are derived from the most pervasive and dangerous attack patterns and vetted by a broad community of private and public sector stakeholders.

Each control is underpinned by a set of sub-controls that describe precise actions an organization should take to fully enact each goal area. Our assessments use a five-value scale that considers the degree to which a client has implemented each sub-control. Then we offer targeted recommendations that are most likely to help it protect IT systems and data. Armed with this knowledge, our clients can then prioritize actions against their own risks.

The CIS Controls "Basic Six"

1. Inventory and control hardware assets
2. Inventory and control software assets
3. Continuous vulnerability management
4. Control use of administrative privileges
5. Securely configure hardware and software on mobile devices, laptops, workstations and servers
6. Maintain, monitor and analyze audit logs



An independent eye on IT security | 6



Better controls produce better assessment results

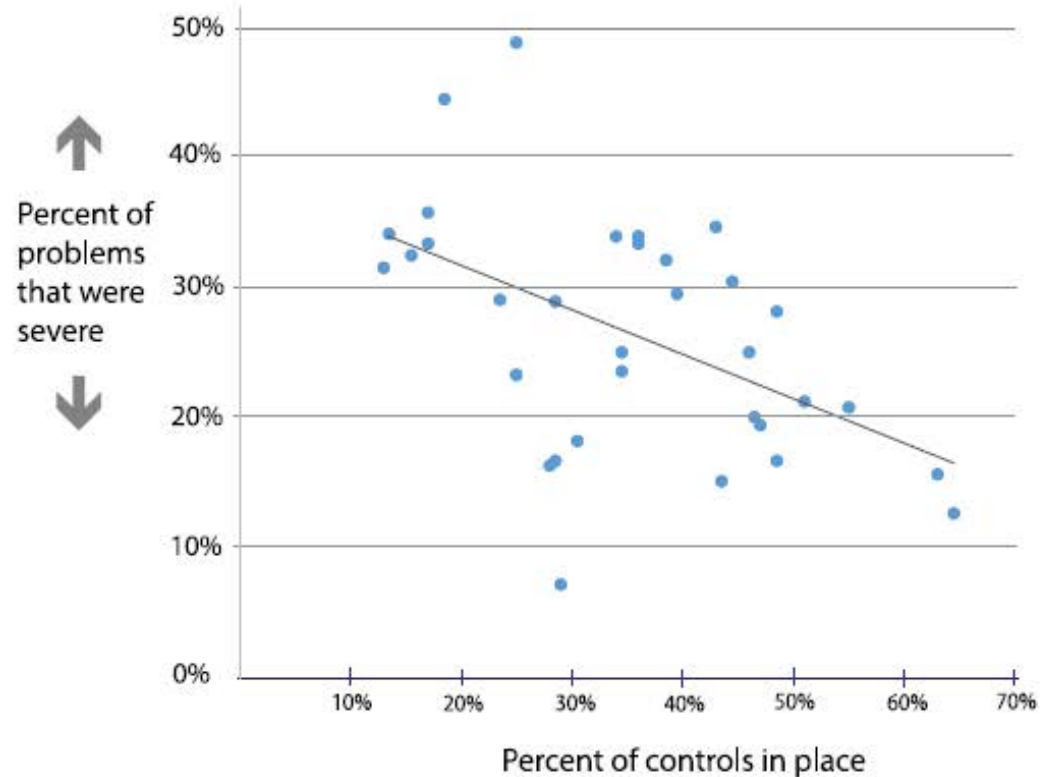
No one is required to follow the CIS leading practices, but we find those who do tend to have less severe vulnerabilities.

33

state agencies and local governments have received both a CIS Controls assessment and penetration testing.

Our work found governments that had better practices for managing vulnerabilities and controlling who had access to IT management rights tended to have less severe penetration test results. The graphic shows that correlation between stronger controls and less severe problems.

And that likely means less risk to their systems, too.

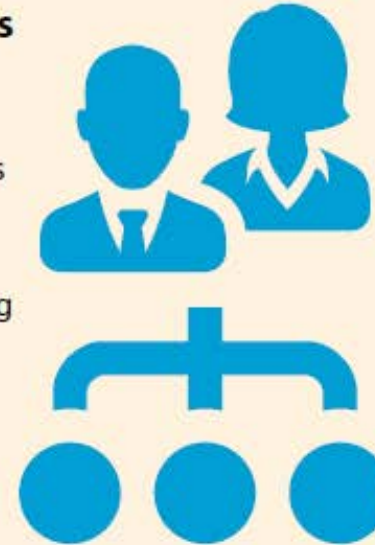


We find that people who do the important work of cybersecurity are in scarce supply

A national shortage of qualified IT and cybersecurity workers is reflected in Washington

Our state is home to many large tech companies, able and willing to pay top wages to their recruits. This poses unique challenges for state and local governments in hiring and retaining highly qualified IT staff.

State agencies and local governments often report they have problems with having enough staff. This includes having sufficient resources for staff, as well as finding appropriately trained or qualified IT-security employees. Among state agencies, staff often leave one position to work at another agency. While this often benefits the employee and the new employer, this does not offer the state the benefit of bringing more IT expertise into public service or consistency to the organization.



What can the state do about it?

<https://schoolchoices.org/index.php?/colleges/in/washington/field/5>

As of December 2021, more than 50 colleges and universities offered computer science and IT degree programs, including 38 public schools. Supporting these programs can help build a pipeline of workers with the training and skills Washington will need to support its cybersecurity goals at every level of local and state government.





Lesson recap

- Talking about the work isn't the same as sensationalizing it.
- Listen carefully, but remember: We are not the audience.
- “This is inaccurate” sometimes really means “This is new and makes me nervous.”
- Don't be afraid to write with authority.





Questions?



Information

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