

THE COMMONWEALTH OF VIRGINIA

**DEPARTMENT OF VETERANS SERVICES
COMMISSIONER'S 2006 ANNUAL REPORT**

TO

GOVERNOR TIMOTHY M. KAINÉ

AND

THE VIRGINIA GENERAL ASSEMBLY

VIRGINIA FOR VETERANS!

Virginiaforveterans.com

December 1, 2006

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Commissioner's Message

I take great pride in submitting this annual report on behalf of the men and women of the Department of Veterans Services. We are privileged to serve those who stood on the front line of freedom in wars hot and in wars cold, in wars large and in wars small. From Omaha Beach to mountains of Afghanistan, from the Fulda Gap to the Korean DMZ, Virginia's veterans have earned the lasting tribute of a grateful nation and Commonwealth. It is the mission of the Department of Veterans Services to ensure that these honored veterans receive the benefits, support, quality care, and recognition they have earned through service and sacrifice.

Numbering almost 750,000, veterans represent approximately 10 percent of the Commonwealth's population, and continue to serve our Commonwealth and our communities as they once served our nation. I am pleased to report that in fiscal year 2006 (FY06) the Department of Veterans Services continued to make great progress in serving Virginia's veterans. In FY06, the department:

- Improved the financial security of Virginia's veterans by filing 20,427 disability compensation claims, a 10 percent increase over FY05. Over 66 percent of these claims were approved by the U.S. Department of Veterans Affairs
- Served the memorial needs of Virginia's veterans by performing 709 burials at Virginia's two state veterans cemeteries, a 60 percent increase over FY05.
- Increased access to long-term and domiciliary care at the Virginia Veterans Care Center by increasing the occupancy rate for nursing beds from 93 percent in FY05 to 95 percent in FY06, and by maintaining the occupancy rate for assisted living beds at 94 percent during FY06.
- Provided greater access to post-secondary educational opportunities by increasing the number of approved educational programs from more than 500 in FY05 to 748 in FY06.

These great strides would not have been possible without the strong, bi-partisan support of the executive and legislative branches of our government; without the guidance of the Board of Veterans Services, the Joint Leadership Council of Veterans Service Organizations, and the Veterans Services Foundation; and, especially, without the forceful advocacy of Virginia's veterans. The Department of Veterans Services will continue to work with this broad-based coalition to better meet the needs of Virginia's veterans.

Fiscal year 2007 marks the third year of operation for the Department of Veterans Services. A year from now, I look forward to reporting to you on the opening of the Sitter-Barfoot Veterans Care Center, the installation of our new Financial Management System, the opportunities presented through Executive Order 19, and the continued delivery of quality service to our veterans.

Vincent M. Burgess
Commissioner

Comments from the Chairman, Board of Veterans Services

I am honored to have been elected chair of the Board of Veterans Services; but I am concerned about having to fill the size 14EEEs left by founding chairman, Dr. John Anderson.

We began the new fiscal year by reorganizing the Board into four working subcommittees – each designed to take the huge corpus of work done by the Department of Veterans Services (DVS) and break it into bite-size chunks. The subcommittees and chairs are:

Benefits

Al Sample, Chairperson
Kirk Cox
Bill Leighty
Max Taylor

Budget and Strategic Planning (ad hoc)

Samuel Metters, Chairperson
Mason Botts
Bettye Simmons
Vivian Watts

Care Centers

Thad Jones, Chairperson
John Anderson
Lydia Dudley
Jay O'Brien

Cemeteries

Pat Green, Chairman
Mark Cole
Paris Davis
John Edwards

Not Assigned to a Subcommittee

Paul Galanti
Judson Stanley
Vince Burgess

The 2006 General Assembly session continued the fine efforts begun under Governor Warner. With keen support from Governor Timothy Kaine, Secretary of Public Safety John Marshall and Department of Veterans Services Commissioner Vince Burgess, most requests were funded in their entirety. Construction of the Sitter-Barfoot Veterans Care Center is proceeding nicely and funding for additional beds was approved at the state and federal levels. An architectural study for the third Virginia veterans care center at the Hampton VA Medical Center was authorized. Of particular interest was the additional funding allocated for training the new DVS service agents and for in-service training and continuing education for experienced service agents.

General Assembly members who sit on the Board of Veterans Services continued to support veterans issues. Delegates Kirk Cox and Vivian Watts and Senator John Edwards each sponsored budget amendments that sought to increase the number of DVS veterans service representatives (VSRs).

Effective July 1, 2006, new legislation took effect that renamed the Virginia War Orphans Education Program as the Virginia Military Survivors and Dependents Education Program (VMSDEP). The bill, sponsored by Delegate Bill Janis, makes spouses as well as dependent children up to age 29 eligible for education benefits at Virginia state-supported colleges and universities. These benefits are provided to the spouses and children of military members killed, missing in action, taken prisoner, or 90 percent disabled as the result of military service in an armed conflict.

The Department of Veterans Services, as the lead agency, continues to coordinate state agency efforts to implement Governor Tim Kaine's Executive Order 19 (EO 19). The order directs DVS and other state agencies to find ways to offer new, expanded or customized services that will meet the educational, health care and social service needs of Virginia's veterans. The order gives special attention to disabled veterans, and asks all state agency heads to renew their commitment to giving veterans preference when hiring. Several Board members are playing active roles in helping the Department move EO19 forward.

Additionally, DVS continues to function as the lead veterans services agency in Virginia state government. The agency has manages four service delivery areas: benefit services, care center services, cemetery services, and education services.

The Strategic Planning and Budget Sub-Committee, a select group of Board members, helped the Department of Veterans Services refine its mission, vision, and value statements, sharpening the agency's focus on serving Virginia's veterans. The sub-committee also worked with DVS to outline the high-level, agency-wide goals that will guide department operations in the years to come. From this foundation work, we must now let veterans know what services DVS provides and we must then be in the position to make these services available to more of Virginia's veterans.

The Board supports this year's goals of the 21 Veterans Services Organizations that comprise the Joint Leadership Council of Veterans Service Organizations (JLC). These organizations represent the vast majority of Virginia's 740,000 veterans. The organizations have agreed on seven priorities and will present a unified front to the General Assembly this year. Although nothing is certain, we feel there is a good chance that most of these priorities will achieve fruition.

DVS is actively exploring the entire U.S. Department of Veterans Affairs' claims process with an idea to simplify it and greatly reduce the service officer training and paperwork required. Our goal is to develop a tool that can do for the VA claims process what Intuit's TurboTax™ does for the complicated tax-filing experience. The Board of Veterans Services strongly encouraged this effort. The Virginia Information Technology Agency (VITA) is helping in this effort.

Finally, I'd be remiss if I didn't mention the outstanding support we've received from Commissioner Burgess and the outstanding team of professionals he's assembled. He is akin to the Energizer bunny in that just reading his typical schedule is enough to drain a normal person's energy level. It is truly an honor to serve with our dedicated staff of the Department of Veterans Services.

The members of the Board of Veterans Services look forward to the release of Governor Kaine's budget request in December and to the 2007 General Assembly session. Both are opportunities for Board members to play key roles in ensuring the Department of Veterans Services is staffed and funded to serve those Virginians whom we are pledged to support – the veterans of our great Commonwealth.

Respectfully submitted,

CDR Paul E. Galanti, USN (Ret)
Chairman
Board of Veterans Services

Comments from the Chairman, Joint Leadership Council

The Joint Leadership Council of Veterans Service Organizations (JLC) has blossomed into a vital, effective “organization of organizations” to assist veterans and those who will become veterans. The three previous chairmen – Dan Miller, Connie O’Neill, and Frank Wickersham – each did an outstanding job of getting the JLC organized from a cold start, through an understanding of our mission, to leadership within the Department of Veterans Services for development and prioritization of legislative initiatives. The entire JLC shares in the successful, rapid execution of this process, but particularly, Frank Wickersham, our most recent past Chairman, and Sam Wilder, our Vice Chairman for 2006 and again for 2007. The JLC developed a list of seven legislative agenda items which were the major input to the overall veterans’ services priority list provided by the Commissioner to the Governor.

The JLC this year began a more dedicated process to share information and work more closely with the Board of Veterans Services and the Veterans Service Foundation. Each group’s chair-person attends the other groups’ meetings and provides a report of achievements and planned activities. This increased coordination should improve the ability of each group to better serve the needs of veterans through harmonized communication with the Governor through the Department of Veterans Services. In addition to coordination with the BVS and the VSF, the JLC also worked with other major veterans groups to provide a harmonized message to the Governor.

This year, for the first time, major veterans groups – the JLC, the Board of Veterans Services, the Virginia Citizen-Soldier Support Council, and the Virginia Military Advisory Council – worked together to develop a joint priority list of legislative agenda items for the 2007 legislative session. The JLC played a key role in this effort by working early to develop a prioritized list of seven legislative items which became the basis for some other veterans service organizations’ prioritized 2007 lists. That work follows on the heels of the JLC’s successful 2006 legislative session.

The 2006 legislative session succeeded through the combined legislative actions of twenty-one Virginia Veterans Service Organizations. These organizations worked their own legislative agendas separately, and also together as members of the JLC. The result was the successful support of a host of legislation that has materially increased services, benefits and support for Virginia’s veterans. Military personnel and their families serving on active duty, as well as in the National Guard and the Reserves, were also helped. Examples of the JLC success in 2006 include passage by the General Assembly of a bill to authorize a new veterans care center in the Hampton Roads area, passage of bills to construct a third state veterans cemetery in Southwestern Virginia, and passage of a bill to allow dependents of armed forces members stationed in Virginia to pay in-state tuition rates.

The JLC membership is dynamic, with some organizations leaving the council and others being added. This year, the Women Marine Association was invited by the Governor to join the JLC, after participating unofficially for a year. We anticipate continued growth of the JLC as more organizations discover the great good it does for veterans, and we look forward to a busy and productive year in 2007.

Sincerely,

Mason S. Botts
Chairman

Joint Leadership Council of Veterans Service Organizations – as of December 1, 2006

Veterans Service Organization	JLC Member	Alternate
Air Force Association	Mason Botts	
American Ex-Prisoners of War	Robert O. Gray	
American Legion	Cornelius T. O'Neill	Dale Chapman
AMVETS	Jim Aucoin	John R. Cooper
AUSA	Samuel D. Wilder, Jr.	Don Kaiserman
Disabled American Veterans	Daniel T. Miller	David K. Martinez
Fleet Reserve Association	Thomas J. Snee	
Korean War Veterans Association	John Thomas Edwards	John J. Dozier
Legion of Valor of the US, Inc.	Richard J. Rinaldo	Jack Hilgers
Marine Corps League	John C. Bonnell	Russell Fenn
Military Order of the Purple Heart	Norman J. Jasper, Jr.	
MOAA	Frank G. Wickersham III	
NAUS	David A. Ellis	Paul Hamaker
Navy Seabee Veterans of America	R. Goodwin Sacra	
Non Commissioned Officers Association	Richard C. Schneider	
Paralyzed Veterans of America	John T. Jackson	David R. Coffield
Reserve Officers Association	Thomas M. Stephen, Jr.	
Roanoke Valley Veterans Council	Frank L. Sherman	Dan Karnes
Virginia National Guard Association	Kenneth W. Smith	John D. Velleca
Veterans of Foreign Wars	Daniel Boyer	
Women Marines Association	Jenny Holbert	Marie Juliano

Comments from the Chairman, Veterans Services Foundation

The Veterans Services Foundation (VSF) worked in 2006 to provide effective, timely oversight of the Veterans Services Fund (the Fund), making funds available to supplement Department of Veterans Services (DVS) activities. The majority of the funding opportunities revolved around the Virginia Veterans Care Center.

The VSF worked in 2006 to build on the close working relationship with the Board of Veterans Services (BVS) and the Joint Leadership Council of Veterans Service Organizations (JLC).

In April, the Board of Trustees held a Strategic Planning Session Retreat, facilitated by Greg Brittingham of Virginia Commonwealth University's Office of Public Policy. In addition to all members of the Board of Trustees, the Chairman of the JLC and DVS staff members participated in the retreat.

While the retreat provided a good opportunity to review past accomplishments and to identify current activities, the focus was on the future, particularly on identifying potential opportunities for VSF action and developing a road map to get there. Nine action strategies were developed for execution. The first action strategy was to conduct a needs assessment survey tool. This tool was used to gain an understanding of unmet needs of veterans.

Working with the VSF Vice-Chairman and DVS staff, survey questions for the needs assessment were developed and interviewees were identified to include: BVS Chairman, JLC Chairman, DVS program managers, and the Commissioner of Veterans Services. Telephone interviews were conducted in November 2006.

Results of the VSF needs assessment will be presented at the VSF December meeting. The assessment serves as a valuable tool in assisting the VSF with its efforts to assist the DVS in achieving its mission to serve the veterans of the Commonwealth of Virginia.

Lydia Dudley
Chairman of the Board of Trustees
Veterans Services Foundation

Veterans Services Foundation – as of December 1, 2006

Lydia B. Dudley – Chairwoman
Raymond D. Smoot, Jr. – Vice-Chairman
Supriya Christopher
Margaret L. Eure
Leroy P. Gross
John Hanson
Frederic Leigh
Frank G. Louthan, Jr.
Paul E. Galanti, *ex officio*
Vincent M. Burgess, *ex officio*

Mission, Vision, and Values

Mission

Serve Virginia's veterans and their dependents by ensuring they receive the benefits, support, quality care, and recognition they have earned through service and sacrifice

Vision

Become the benchmark for the delivery of quality veterans programs at the state level and help ensure Virginia veterans receive the federal benefits to which they are entitled

Values

- **Service:** *Deliver the best service possible to Virginia veterans – they deserve no less*
- **Dedication:** *Bring an unflinching commitment to helping all of Virginia's veterans*
- **Excellence:** *Continually strive to be the best at what we do*
- **Involvement:** *Involve all stakeholders – veterans, veterans service organizations, department staff, policy makers, and legislators – in developing and implementing top flight veterans programs*
- **Innovation:** *Constantly seek new and/or better ways to deliver service to our veterans*
- **Openness and honesty:** *Deal with all stakeholders in a direct and sincere manner*
- **Accountability:** *Create a climate of ownership at the lowest level possible*
- **Flexibility:** *Encourage our front-line managers to use their initiative and experience to accomplish the mission*

Department Overview

Since 1942, Virginia has shown its respect and honor to veterans by serving them as effective advocates. Prior to 2003, veterans services in Virginia were fragmented among the former Department of Veterans Affairs, which operated the benefits and cemeteries programs; the Virginia Veterans Care Center, which was operated by a series of contractors under the supervision of a Board of Trustees; and the Department of Education, which oversaw the activities of the State Approving Agency for Veterans Education and Training. In 2003, these services were consolidated under one agency, known as the Department of Veterans Services (DVS).

The Department of Veterans Services is organized into four service delivery branches – benefits, cemeteries, care centers, and veterans education – and an administrative section. Integral components of the Department of Veterans Services team are the three board-type entities – the Board of Veterans Services, the Joint Leadership Council of Veterans Service Organizations, and the Veterans Services Foundation – that work collaboratively to support the effective delivery of services to Virginia’s veterans.

The Benefit Services section assists veterans of the armed forces and their dependents in obtaining compensation and pension benefits from the U. S. Department of Veterans Affairs. The Department operates 20 field offices throughout the Commonwealth, with two additional field offices scheduled to during 2007.

Virginia’s veterans cemeteries provide burial and perpetual care services to veterans and eligible dependents. The Virginia Veterans Cemetery, in Amelia, is a 129-acre facility. The Albert G. Horton, Jr. Memorial Veterans Cemetery, in Suffolk, is a 73-acre facility.

The Virginia Veterans Care Center, located adjacent to the Salem VA Medical Center, is a 240-bed facility that provides long-term skilled care and assisted living services to veterans. The groundbreaking ceremony for the 160-bed Sitter-Barfoot Veterans Care Center, located adjacent to the McGuire VA Medical Center in Richmond, was held on November 1, 2005. The facility will open in mid 2007.

The State Approving Agency for Veterans Education and Training (SAA) reviews and approves post-secondary education programs operating in the Commonwealth, ensuring the programs meet strict federal qualification guidelines. Veterans may only use their G.I. Bill and other educational benefits at programs approved by the SAA.

The Board of Veterans Services (BVS) is responsible for formulating policies, developing procedures, reviewing department budget submissions, and making recommendations for the efficient and effective delivery of veterans services, as well as studying all matters affecting the welfare of Virginia’s veterans.

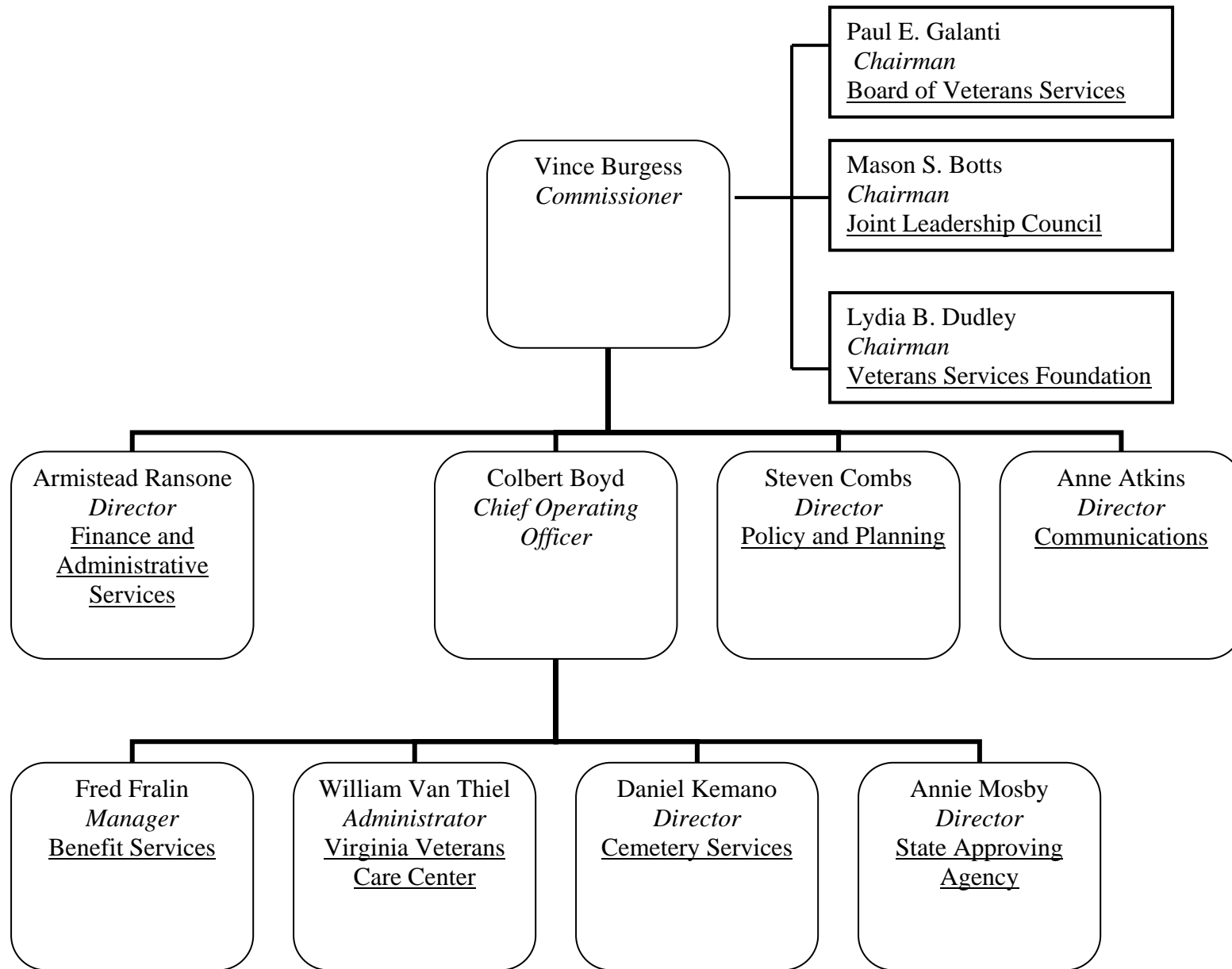
The Joint Leadership Council of Veterans Service Organizations (JLC) advises the Department of Veterans Services on matters of concern to veterans and their families.

The Veterans Services Foundation (VSF) is responsible for administering the Veterans Services Fund and for working with the Department to identify additional revenue sources for veterans programs.

The Veterans Care Center Advisory Committee advises the Commissioner of Veterans Services on matters pertaining to the administration of veterans care centers.

Virginia Department of Veterans Services Organization

As of November 30, 2006



Benefits Services

Mission

Assist Virginia's veterans and their dependents in obtaining benefits to which they are entitled under federal, state, and local laws.

Services and Organization

The federal government, through the United States Department of Veterans Affairs (USDVA) provides many benefits and services to those who served this nation in times of war and peace. Among these benefits and services are compensation for service-connected disability or death, income-based pensions, medical care, educational benefits, and home purchase assistance.

The Benefits Services section of the Virginia Department of Veterans Services (DVS) assists Virginia's veterans in gaining access to the benefits to which they are entitled through their service and sacrifice. While veterans service representatives (claims agents) are able to help many veterans over the phone, much of the assistance takes place at a field office or itinerant contact point. During these face-to-face contacts, veterans service representatives guide veterans through the myriad steps required to file a USDVA claim.

Developing a solid claim is more than a matter of completing the application. Supporting documents, sometimes decades old, must be retrieved from federal and state archives. The process is labor-intensive. A veterans service representative may spend an hour visiting with a veteran, but then spend 20 hours or more in finding records and completing the necessary supporting documentation. All of this hard work pays off if the USDVA approves the claim.

In FY2006 the Benefit Services section operated 20 field offices across the Commonwealth, in Accomac, Alexandria, Big Stone Gap, Bristol, Cedar Bluff, Charlottesville, Danville, Fairfax, Front Royal, Hampton, Lynchburg, Norfolk (2 offices), Quantico, Richmond (2 offices), Roanoke, South Hill, Staunton, and Wytheville.

The field offices were staffed by 28 full-time veterans service representatives, 13 full-time administrative assistants, and 3 part-time administrative assistants. Service areas are detailed in Table 1. The number of veterans service representatives and administrative assistants assigned to each field office is dependent on available resources and the number of veterans expected to be served..

In addition to serving veterans at the 20 field offices, the Benefit Services section also assists veterans at itinerant service points. The itinerant service points are, in effect, satellite field offices, with space provided by federal, state, and local government agencies and private organizations, including veterans service organizations like the Veterans of Foreign Wars. Because the organizations often provide the space at no charge, the itinerant service points allow DVS to reach and serve a greater number of veterans without incurring the cost of fixed operating facilities. Beginning July 1, 2005, all veterans service representatives were required to provide itinerant service at least one day per week.

The Benefit Services section is headed by the benefits services manager, who is assisted by regional managers, who provide guidance and supervision to the field offices. The benefits services manager and regional managers also provide assistance during the claims appeals process. Finally, the Benefit Services section maintains an office in Washington, D.C. to represent clients before the Board of Veterans Appeals, part of the United States Department of Veterans Affairs.

Resources

	FY06	FY07	FY08
Budget	\$2,473,206	\$3,657,466	\$3,527,033
Positions	51	58	69

Activities

The Benefits Services section helped Virginia veterans file 20,424 claims in FY06, of which 66 percent were approved by the USDVA. If approved by the USDVA, a claim results in two types of award – monthly compensation based on the level of disability and a retroactive award back to the claim date.

While most retroactive (or retro) awards are relatively small, some exceed \$50,000 and can even reach the six-figure level. Fifty-six retro awards exceeded \$50,000 for a total value of \$4.3 million. Nine awards exceeded \$100,000 for a total value of \$1.2 million. In FY06, a total of 1,087 retro awards for Virginia veterans were approved by the USDVA, representing almost \$20 million. Claims activity is shown in Tables 2 and 3.

Veterans service representatives and administrative assistants had 130,292 contacts with Virginia veterans in FY06. This number does not reflect the number of individual veterans served, since individual veterans often have multiple contacts with veterans service representatives, but gives an indication on the level of contact the section has with veterans. Sixty-five percent of the contacts took place over the phone, 29 percent occurred in one of the 20 field offices, with the remaining six percent taking place at one of the itinerant service points. Contact activity is shown in Tables 4 and 5.

As noted above, helping a veteran file a claim can be a lengthy process. Thirty minutes spent with a veteran during a walk-in visit may translate to several hours spent gathering necessary documents and completing required forms. Though some phone contacts can be handled rather quickly, such as a referral to another office or source of information, most involve questions about pending claims or possible entitlement to benefits. While inquires into the status of pending claims may require little time with the client, significant time is often required to obtain an response from the U.S. Department of Veterans Affairs. A five-minute phone conversation with a veteran can easily translate into thirty minutes spent obtaining the information the veteran has requested.

If a phone call concerns possible entitlement to federal benefits, the complexity of benefit eligibility rules means that a veterans service representative can spend significant time on the phone with a client obtaining the information necessary to determine potential eligibility. Frequently, a veterans service

representative will complete the entire claims process over the phone and through the mail, as some clients suffer from poor health or lack the transportation needed to reach a field office or itinerant point.

A comparison between FY05 and FY06 shows an increase in client contacts in FY06--130,320 in FY06 versus 117,096 in FY05. The number of claims filed on behalf of Virginia's veterans also increased in FY06, with 20,429 claims filed in FY06 versus 18,550 filed in FY05. The number of employees dedicated to Benefit Services increased from 40 employees in FY05 to 48 in FY06. This section was authorized for 51 FTEs; however, three positions weren't filled due to a lack of funding.

In FY06, veterans service representatives visited approximately 75 different itinerant locations. As a result, contacts made at itinerant points increased significantly – from 4,396 contacts in FY05 to 7,240 contacts in FY06.

Table 1**Benefit Services Section Field Office Service Area – FY2006**

<u>Field Office</u>	<u>Counties Served</u>	<u>Cities Served</u>
Accomac	Northampton and Accomack	
Alexandria	Arlington.	Alexandria, Fairfax, the Pentagon, and Fort Belvoir
Big Stone Gap	Dickenson, Lee, and Wise	Norton
Bristol	Scott, Smyth, and Washington; Sullivan, TN	Bristol, VA and Bristol, TN
Cedar Bluff	Buchanan, Russell, and Tazewell	
Charlottesville	Albemarle, Culpeper, Fluvanna, Greene, Louisa, Madison, Nelson, and Orange	Charlottesville
Danville	Henry, Pittsylvania and Patrick	Danville and Martinsville
Fairfax	Fairfax, Herndon, Loudoun	Leesburg, Vienna, Manassas and Manassas Park
Front Royal	Clarke, Fauquier, Frederick, Loudoun, Page, Rappahannock, Shenandoah, and Warren	Winchester
Hampton	Charles City, Gloucester, Isle of Wight, James City, Mathews, and York	Hampton, Newport News, Poquoson, and Williamsburg
Lynchburg	Amherst, Appomattox, Bedford, Buckingham, and Campbell	Bedford and Lynchburg

**McGuire VA
Medical Center
(Richmond)**

Amelia, Chesterfield,
Cumberland, Dinwiddie, Essex,
Goochland, Hanover, Henrico,
King and Queen, King William,
Lancaster, New Kent,
Middlesex, Powhatan, Prince
George, Richmond, and Surry

Colonial Heights, Hopewell,
Petersburg and Richmond

Norfolk

Southampton and Sussex

Chesapeake, Franklin, Norfolk,
Portsmouth, Suffolk, and
Virginia Beach

Quantico

Arlington, Caroline, Fairfax,
King George, Northumberland,
Prince William, Spotsylvania,
Stafford, and Westmoreland

Alexandria, Fairfax, Falls
Church, Fredericksburg,
Manassas, and Manassas Park

Richmond

Amelia, Chesterfield,
Cumberland, Dinwiddie, Essex,
Goochland, Hanover, Henrico,
King and Queen, King William,
Lancaster, New Kent,
Middlesex, Powhatan, Prince
George, Richmond, and Surry

Colonial Heights, Hopewell,
Petersburg and Richmond

Roanoke

Alleghany, Botetourt, Buchanan,
Craig, Floyd, Franklin, Henry,
Patrick, Pulaski, and Roanoke

Covington, Danville,
Martinsville, Roanoke, and
Salem

South Hill

Brunswick, Charlotte,
Greensville, Halifax, Lunenburg,
Mecklenburg, Nottoway,
Pittsylvania, Prince Edward,
Southampton, and Sussex

Danville and Emporia

Staunton

Augusta, Bath, Highland,
Rockbridge, and Rockingham

Buena Vista, Harrisonburg,
Lexington, Staunton, and
Waynesboro

**Tidewater
(Norfolk)**

Southampton and Sussex

Chesapeake, Franklin, Norfolk,
Portsmouth, Suffolk, and
Virginia Beach

Wytheville

Bland, Carroll, Giles, Grayson,
Montgomery, and Wythe

Galax, Radford, and Wytheville

Table 2
Claims Submitted to USDVA - Sorted by Month

MONTH	NEW		REOPEN		21-8416		EVR		TOTAL CLAIMS	
	FY05	FY06	FY05	FY06	FY05	FY06	FY05	FY06	FY05	FY06
JULY	1,035	1,167	333	208	60	16	26	7	1,454	1,398
AUGUST	1,094	1,208	232	300	26	15	22	7	1,374	1,530
SEPTEMBER	1,148	1,065	258	239	24	19	11	6	1,441	1,329
OCTOBER	1,117	1,136	217	227	26	18	9	21	1,369	1,402
NOVEMBER	1,046	1,057	213	284	23	38	11	15	1,293	1,394
DECEMBER	923	1,026	209	255	59	42	20	15	1,211	1,338
JANUARY	1,203	1,462	297	345	417	532	221	280	2,138	2,619
FEBRUARY	1,149	1,331	273	336	353	393	236	230	2,011	2,290
MARCH	1,412	1,546	273	380	105	154	40	58	1,830	2,138
APRIL	1,198	1,356	218	262	63	69	28	28	1,507	1,715
MAY	1,162	1,213	242	280	26	28	15	11	1,445	1,532
JUNE	1,201	1,326	252	365	17	37	7	14	1,477	1,742
TOTALS	13,688	14,893	3,017	3,481	1,199	1,361	646	692	18,550	20,427

Terms used in table:

New: A first-time claim.

Reopen: Reopen a denied claim or make a modification to an existing claim, such as for a new medical condition or disability or an increase in an established disability.

21-8416: The VA Form 21-8416 is used to report a claimant's medical expenses for the previous year, so that the claimant may claim partial reimbursement for medical expenses. veterans service representatives frequently assist claimants in completing this form.

EVR: Eligibility Verification Report. Submitted annually by some pension recipients to verify income and continuing eligibility. veterans service representatives frequently assist pension recipients in completing this form.

Table 3
Claims Submitted to USDVA - Sorted by Field Office

	NEW		REOPEN		21-8416		EVR		TOTAL CLAIMS	
	FY05	FY06	FY05	FY06	FY05	FY06	FY05	FY06	FY05	FY06
ACCOMAC	375	381	2	3	41	34	27	35	445	453
ALEXANDRIA		110		69		5		0		184
BIG STONE GAP	1,080	609	156	86	131	67	60	44	1,427	806
BRISTOL	736	1,201	69	57	103	154	54	75	962	1,487
CEDAR BLUFF	957	1,105	0	120	69	99	38	49	1,064	1,373
CHARLOTTESVILLE	311	375	107	19	65	59	32	31	515	484
DANVILLE		463		31		27		22		543
FAIRFAX		53		16		0		0		68
FRONT ROYAL	534	737	42	244	12	12	21	18	609	1,009
HAMPTON	1,791	1,771	598	633	41	41	23	21	2,453	2,465
LYNCHBURG	374	446	27	39	169	162	82	76	652	723
MCGUIRE		251		215		2		3		471
QUANTICO	716	779	121	133	9	18	16	15	862	945
RICHMOND	758	496	229	249	55	37	17	11	1,059	793
ROANOKE	561	455	254	89	73	78	43	47	931	669
SOUTH HILL	502	357	112	128	137	128	87	79	838	730
STAUNTON	949	949	152	144	195	196	92	77	1,388	1,791
TIDEWATER*	4,021	4,127	1,148	1,182	99	121	54	64	5,322	5,008
WYTHEVILLE	23	228	0	24	0	121	0	34	23	394
TOTALS	13,688	14,893	3,017	3,481	1,199	1,361	646	692	18,550	20,427

* Includes claims activity for the Norfolk Benefits Office

Terms used in table:

New: A first-time claim.

Reopen: Reopen a denied claim or make a modification to an existing claim, such as for a new medical condition or disability or an increase in an established disability.

21-8416: The VA Form 21-8416 is used to report a claimant's medical expenses for the previous year, so that the claimant may claim partial reimbursement for medical expenses. veterans service representatives frequently assist claimants in completing this form.

EVR: Eligibility Verification Report. Submitted annually by some pension recipients to verify income and continuing eligibility. veterans service representatives frequently assist pension recipients in completing this form.

Table 4
Client Contacts - Sorted by Month

MONTH	WALK-INS		PHONE		ITINERANT POINTS		TOTAL CONTACTS	
	FY05	FY06	FY05	FY06	FY05	FY06	FY05	FY06
JULY	2,910	2,590	6,976	5,952	347	432	10,233	8,974
AUGUST	2,935	3,586	6,947	6,875	306	309	10,188	10,770
SEPTEMBER	2,904	2,715	5,976	6,693	287	398	9,167	9,806
OCTOBER	2,895	2,925	5,835	6,542	321	622	9,051	10,089
NOVEMBER	2,620	2,689	6,344	5,989	252	648	9,216	9,326
DECEMBER	2,330	2,648	6,694	5,758	216	563	9,240	8,969
JANUARY	3,385	4,190	7,707	7,644	451	477	11,543	12,311
FEBRUARY	2,956	3,789	5,549	7,275	424	877	8,929	11,941
MARCH	3,083	4,274	7,270	8,261	432	778	10,785	13,313
APRIL	2,631	3,648	6,553	7,182	521	841	9,705	11,671
MAY	2,717	3,277	6,289	6,948	410	458	9,416	10,683
JUNE	2,786	3,828	6,408	7,802	429	837	9,623	12,467
TOTALS	34,152	40,159	78,548	82,921	4,396	7,240	117,096	130,320

Terms used in table:

Office Walk-Ins: Number of clients who visit a DVS field office

Phone: Number of phone calls received by DVS field offices

Itinerant Point: Number of clients who visit an itinerant service point

Table 5**Client Contacts - Sorted by Field Office**

	WALK-INS		PHONE		ITINERANT POINT		TOTAL CONTACTS	
	FY05	FY06	FY05	FY06	FY05	FY06	FY05	FY06
ACCOMAC	1,032	1,083	3,283	3,314	61	183	4,376	4,582
ALEXANDRIA		303		756		73		1,130
BIG STONE GAP	3,721	1,552	3,261	2,849	0	260	6,982	4,661
BRISTOL	1,613	2,319	2,379	3,193	0	111	3,992	5,623
CEDAR BLUFF	2,613	2,661	1,993	2,926	0	180	4,606	5,767
CHARLOTTESVILLE	994	1,274	784	2,695	0	100	1,778	4,069
DANVILLE		1,332		1,270		208		2,810
FAIRFAX		85		248		37		370
FRONT ROYAL	717	1,615	1,051	2,250	0	0	1,768	3,865
HAMPTON	4,706	4,329	6,701	5,879	220	320	11,627	10,528
LYNCHBURG	1,411	1,359	4,811	3,446	126	291	6,348	5,096
MCGUIRE		1,443		465		22		1,930
QUANTICO	1,025	758	3,753	4,016	202	440	4,980	5,214
RICHMOND	1,930	2,345	5,228	5,426	648	1,057	7,806	8,828
ROANOKE	1,439	873	5,624	4,455	78	228	7,141	5,556
SOUTH HILL	934	747	1,563	1,836	489	490	2,986	3,073
STAUNTON	2,750	2,837	2,993	3,272	456	431	6,199	6,540
TIDEWATER*	9,196	11,601	35,097	31,267	2,116	2,519	46,409	45,417
WYTHEVILLE	61	1,643	27	3,358	0	290	88	5,291
TOTALS	34,152	40,159	78,548	82,921	4,396	7,240	117,096	130,292

* Includes contact activity for the Norfolk Benefits Office

Terms used in table:

Walk-Ins: Number of clients who visit a DVS field office

Phone: Number of phone calls received by DVS field offices

Itinerant Point: Number of clients who visit an itinerant service point

Cemetery Services

Mission

Provide a dignified final resting place for veterans and eligible dependents at the Virginia Veterans Cemetery in Amelia and the Albert G. Horton, Jr. Memorial Veterans Cemetery in Suffolk.

Services and Organization

The Cemetery Services section of the Department of Veterans Services (DVS) operates Virginia's two state-owned veterans cemeteries – the Virginia Veterans Cemetery in Amelia and the Albert G. Horton, Jr. Memorial Veterans Cemetery in Suffolk. The cemeteries provide veterans and eligible family members with a dignified and honorable final resting place.

The cemeteries accommodate three types of interments: in-ground burial of casketed remains, in-ground inurnment of cremated remains, and above ground inurnment of cremated remains in a columbarium. Cremated remains are inurned in the same manner and with the same honors as casketed remains.

In-ground burials of casketed remains at the Virginia Veterans Cemetery are marked with upright marble headstones, with one garden section having flat granite markers. At the Horton Cemetery, casketed remains are marked with upright granite headstones. Ground inurnments are marked with flat granite markers at both cemeteries, while above ground (columbarium) inurnments are marked by an inscribed marble niche cover at the Virginia Veterans Cemetery and by an inscribed granite niche cover at the Horton Cemetery.

Any member of the U.S. armed forces who dies on active duty, anyone retired from military service, or any veteran discharged under conditions other than dishonorable or undesirable is eligible for interment in a Virginia veterans cemetery provided that they are a legal resident of Virginia at the time of their death, or were a legal resident of Virginia at the time of initial entry into the armed forces. Also eligible for burial, if they meet certain requirements, are members of the reserve forces and the National Guard, commissioned officers of the National Oceanic and Atmospheric Administration, American merchant seaman, and some others.

Dependents, including the legal spouse (or widow or widower) and/or an unmarried minor child under age 21, are also eligible to be buried in a Virginia veterans cemetery. In addition, an unmarried adult child, who, before the age of 21, became permanently incapable of self-support because of physical or mental disability, may also be interred.

There is no charge for the gravesite/columbarium or necessary interment services for a qualified veteran at a Virginia veterans cemetery. The Commonwealth furnishes the gravesite, opens and closes the grave, orders a grave marker from the U.S. Department of Veterans Affairs (USDVA), places the grave marker, and furnishes perpetual care of the gravesite without charge. The veteran, however, must purchase a casket and a vault or grave liner for in-ground burials, or a plastic, stone

(marbleized) or metal urn for cremated remains. Wooden urns are acceptable for above ground placement.

For each veteran buried in a state-operated veterans cemetery, DVS receives a \$300 reimbursement, called a plot allowance, from the USDVA. Dependents are charged an amount equal to the USDVA plot allowance. These monies, representing from 25 to 30 percent of the section's annual budget, are used to fund both current operations and maintenance projects. The bulk of the section's budget comes from the Commonwealth's General Fund.

To eliminate any administrative difficulties that may occur at the time of death, veterans are encouraged to complete a pre-application for burial in a Virginia veterans cemetery. While DV S will not assign a specific gravesite when a pre-application is submitted, the pre-application process ensures that all required paperwork has been submitted and verified. At present, 2,424 pre-applications are on file at the Virginia Veterans Cemetery, while the Horton Cemetery has 1,220 pre-applications on file. The pre-application process is free of charge.

The Cemetery Services section is led by the cemeteries director, who also serves as the on-site superintendent of the Horton Cemetery. Administrative duties at the Horton Cemetery are accomplished by two full-time administrative coordinators. While department staffing guidelines call for a groundskeeping staff of five, at present the Horton Cemetery groundskeeping staff consists only of a grounds supervisor and three funeral team leaders. A fifth grounds worker will be hired in FY07. Because the Horton Cemetery grounds staff is short-handed, the cemetery superintendent and administrative staff provide assistance to the groundskeeping staff. Finally, there is one full-time mechanic at the Horton Cemetery, who also maintains the equipment at the Virginia Veterans Cemetery.

The Virginia Veterans Cemetery, located southwest of Richmond in Amelia County, has a staff of five. A full-time superintendent and a full-time administrative coordinator are responsible for all administrative duties. The grounds staff consists of a full-time grounds supervisor and two full-time funeral team leaders.

Resources

	FY06	FY07	FY08
Budget	\$441,502	\$682,631	\$718,060
Positions	9	14	16

Activities

The Virginia Veterans Cemetery was dedicated in May of 1997, with the first burial service conducted on June 17, 1997. The Virginia Veterans Cemetery currently has 29 acres developed with an additional 100 acres – representing three additional phases – available for future development. To date, the average annual burial/inurnment rate at the Virginia Veterans Cemetery has been

approximately 150 burials per year, while 231 burials were conducted in FY06. At a rate of 200-250 burials per year, the Virginia Veterans Cemetery should be in full operation for another 80 years.

Phase One of the Albert G. Horton, Jr. Memorial Veterans Cemetery was dedicated on November 1, 2004, and the first burial service was conducted on December 13, 2004. Construction of three additional phases will be completed as needed. The annual burial/inurnment rate at the Horton Cemetery is expected to average 450 to 500 burials per year. If this rate remains relatively constant, the Horton Cemetery should be in full operation for approximately sixty years.

Both cemeteries host Memorial Day services sponsored by local veterans groups. The cemeteries hold Open House events on Veterans Day designed to inform veterans, family members, friends, and members of the public of the burial benefits available to veterans and eligible family members. Cemetery tours and assistance with completing pre-application documents are provided year-round upon request.

The Virginia Veterans Cemetery performed 231 burials in FY06, while the Horton Cemetery performed 478 burials. Table 7 shows burial activity from FY97 through FY06. Also included are burial figures for the first five months of FY07.

Table 7: Cemetery Burials FY1997 – FY2006

Virginia Veterans Cemetery, Amelia

	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
July	N/A	5	6	8	9	13	16	14	18	16	26
August	N/A	9	8	12	13	15	9	14	17	16	17
September	N/A	11	3	9	5	17	10	10	16	20	17
October	N/A	5	8	9	13	19	14	23	17	15	22
November	N/A	7	7	8	6	13	18	11	20	18	22
December	N/A	14	7	7	8	16	16	19	18	14	
January	N/A	7	8	10	12	11	19	17	16	19	
February	N/A	9	6	12	12	11	13	15	11	25	
March	N/A	12	9	11	12	18	18	13	16	21	
April	N/A	9	8	12	10	12	8	15	12	23	
May	N/A	3	9	17	12	16	12	13	11	23	
June	2	4	12	9	9	14	16	15	16	21	
Total	2	95	91	124	121	175	169	179	188	231	104

Albert G. Horton, Jr. Memorial Veterans Cemetery, Suffolk

	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
July	N/A	42	40
August	N/A	40	39
September	N/A	39	32
October	N/A	28	29
November	N/A	35	37
December	34	37	
January	47	36	
February	29	51	
March	40	43	
April	44	40	
May	28	46	
June	33	41	
Total	255	478	177

State Approving Agency for Veterans Education and Training

Mission

Enable access to post-secondary education opportunities for veterans and eligible family members.

Services and Organization

Operating under a contract with the U.S. Department of Veterans Affairs, the State Approving Agency for Veterans Education and Training (SAA) reviews, evaluates, and approves post-secondary education and training programs offered by educational institutions, businesses, and industries in the Commonwealth of Virginia. After a program has been approved, veterans and other persons eligible for benefits under Titles 38 and 10 of the U.S. Code may enroll and receive financial assistance from the U.S. Department of Veterans Affairs. The SAA ensures compliance with state and federal regulations through on-site visits to active institutions and establishments.

The SAA has a secondary mission of making veterans and eligible family members aware of veterans education and training programs. Outreach activities are conducted at job fairs, presentations at military bases in the Commonwealth, and at veterans expos hosted by the Department of Veterans Services.

With just seven full-time employees, the SAA is the smallest section in DVS, but has responsibility for providing supervision and support for 748 education and training institutions. While some institutions only offer one program, in many cases an institution offers multiple programs, each requiring separate approval. The institution with the most approved programs is George Mason University with 360 programs.

Resources

	FY06	FY07	FY08
Budget	\$473,194	\$627,859	\$622,859
Positions	5	7	7

Activities

As part of its mission to review, evaluate, and approve post-secondary education and training programs, the SAA performs two types of approval actions – program approval and other approval. Program approval actions deal with initial or revised approval of an educational program, while other approval actions focus on revisions to a previously approved publication or document containing program or policy information.

The SAA performed 4,632 program approval actions between October 2005 and September 2006, with 4,249, or 92 percent, being approved, and 383 being disapproved. During the same period,

SAA handled 1,006 other approval actions, of which 906, or 90 percent, were approved and 100 were disapproved. Table 8 shows program approval actions, while Table 9 details other approval actions. Data is presented for federal fiscal year 2006 since SAA activity is tracked on that basis.

A key element of the review, evaluation, and approval process is the supervisory visit, in which an SAA official visits the educational institution and meets with key staff members. SAA's contract with the USDVA called for visits to 240 (70 percent) of the 343 active institutions in FFY06. The SAA exceeded this goal, making supervisory visits to 327 facilities (95 percent). Supervisory visit activity is detailed in Table 10.

Totals for Federal Fiscal Year	IHL		NCD		APP		OJT		LIC/CERT	
	FFY05	FFY06	FFY05	FFY06	FFY05	FFY06	FFY05	FFY06	FFY05	FFY06
Number of Applications Received	2,800	2,623	1,799	1,908	10	16	17	38	3	47
Number Approved	2,715	2,477	1,657	1,673	10	16	17	37	3	46
Number Disapproved	85	146	142	235	0	0	0	1	0	1
Percentage of Applications Approved	97%	94%	92%	88%	100%	100%	100%	97%	100%	98%

IHL = Institute of Higher Learning
NCD = Non-College Degree Program
APP = Apprenticeship Program
OJT = On the Job Training Program
LIC/CERT = Licensing/Certification Program

Table 9
State Approving Agency for Veterans Education and Training
Other Approval Actions: FFY05 and FFY06

Oct - Dec	IHL		NCD		APP		OJT		LIC/CERT	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Number of Applications Received	108	370	71	125	6	6	36	13	0	2
Number Approved	99	354	70	111	6	6	34	13	0	2
Number Disapproved	9	16	1	14	0	0	2	0	0	0
Percentage of Applications Approved	92%	96%	99%	89%	100%	100%	94%	100%	N/A	100%

Jan - Mar	IHL		NCD		APP		OJT		LIC/CERT	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
Number of Applications Received	83	51	107	49	7	5	51	9	0	0
Number Approved	81	43	98	43	7	5	51	8	0	0
Number Disapproved	2	8	9	6	0	0	0	1	0	0
Percentage of Applications Approved	98%	98%	92%	92%	100%	100%	100%	89%	N/A	N/A

	IHL		NCD		APP		OJT		LIC/CERT	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
Apr - Jun										
Number of Applications Received	109	70	111	86	17	2	44	15	3	4
Number Approved	101	56	102	68	17	2	44	15	0	4
Number Disapproved	8	14	9	18	0	0	0	0	3	0
Percentage of Applications Approved	93%	80%	92%	79%	100%	100%	100%	100%	0%	100%

	IHL		NCD		APP		OJT		LIC/CERT	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
Jul - Sep										
Number of Applications Received	76	51	103	84	9	9	25	52	2	3
Number Approved	72	42	92	70	9	9	25	52	2	3
Number Disapproved	4	9	10	14	0	0	0	0	0	0
Percentage of Applications Approved	95%	82%	90%	83%	100%	100%	100%	100%	100%	100%

	IHL		NCD		APP		OJT		LIC/CERT	
	FFY05	FFY06	FFY05	FFY06	FFY05	FFY06	FFY05	FFY06	FFY05	FFY06
Totals for Federal Fiscal Year										
Number of Applications Received	376	542	392	344	39	22	134	89	6	9
Number Approved	353	495	363	292	39	22	132	88	2	9
Number Disapproved	23	47	29	52	0	0	2	1	3	0
Percentage of Applications Approved	94%	94%	93%	93%	100%	100%	99%	99%	40%	100%

IHL = Institute of Higher Learning
NCD = Non-College Degree Program
APP = Apprenticeship Program
OJT = On the Job Training Program
LIC/CERT = Licensing/Certification Program

Table 10

**State Approving Agency for Veterans Education and Training
Supervisory Visits: FFY05 and FFY06**

	IHL		NCD		APP		OJT		LIC/CERT	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Oct - Dec Number of Visits	4	6	6	11	0	2	1	1	11	20
	IHL		NCD		APP		OJT		LIC/CERT	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
Jan - Mar Number of Visits	33	33	31	19	6	6	3	1	73	59
	IHL		NCD		APP		OJT		LIC/CERT	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
Apr - Jun Number of Visits	63	94	41	52	11	5	26	23	141	174
	IHL		NCD		APP		OJT		LIC/CERT	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
Jul - Sep Number of Visits	47	36	59	27	3	5	13	6	122	74
	IHL		NCD		APP		OJT		LIC/CERT	
	FFY05	FFY06	FFY05	FFY06	FFY05	FFY06	FFY05	FFY06	FFY05	FFY06
Totals for Federal Fiscal Year Number of Visits	147	169	137	109	20	18	43	31	347	327

IHL = Institute of Higher Learning
NCD = Non-College Degree Program
APP = Apprenticeship Program
OJT = On the Job Training Program
LIC/CERT = Licensing/Certification Program

Virginia Veterans Care Center

Mission

Provide affordable, high quality, and comprehensive nursing and domiciliary care to Commonwealth of Virginia veterans residing in the Virginia Veterans Care Center.

Services and Organization

Opened on Veterans Day, 1992, the Virginia Veterans Care Center (VVCC) provides state-of-the-art long-term health care for up to 240 veterans in 120 semi-private rooms. Of the facility's 240 beds, 180 are dedicated as skilled nursing care beds, including 60 dedicated to the care of Alzheimer's patients. There are 60 beds serving assisted-living (domiciliary care) patients.

The Care Center provides on-site physical therapy, respiratory therapy, and podiatry care, as well as many other ancillary health care services. The Care Center also offers amenities such as a wheelchair accessible nature trail and deck, library, chapel, barbershop, billiard room, and wood working shop.

The Virginia Veterans Care Center is located adjacent to the Salem VA Medical Center, a 288-bed facility that provides a wide range of health care services.

With 225 authorized positions in FY06, the Care Center is by far the largest section in the Department of Veterans Services (DVS). The Care Center's largest operating divisions are the nursing, housekeeping, and dietary sections.

Volunteers play an important part in Care Center operations, assisting in many areas of patient care. The facility interacts with approximately 30 veterans service organizations (VSOs) and more than 120 individual volunteers, who, in addition to donating generously of their time, also donate both money and materials to improve the welfare of Care Center residents.

Working in conjunction with the VSOs and individual volunteers, staff members hold numerous activities for VVCC residents, including two carnivals for residents and their families. Attendance at each of the carnivals exceeds 400. The VVCC was pleased to again host a stop-over and dinner for more than 350 veterans on their way to Washington D.C. as part of the annual Run-For-The-Wall event. The bikers visited with VVCC residents, shared experiences, and showed off their bikes.

Each year, the VVCC conducts Operation Holiday Spirit (OHS) and raises approximately \$20,000 in donations to purchase Christmas gifts for all Care Center residents. As of November 30, 2006, OHS has a balance of approximately \$14,000. The funds will provide gifts and activities for the residents, and will ensure that every resident receives something for Christmas.

The Virginia Veterans Care Center receives no operating funds from General Fund appropriations and operates entirely on revenues produced through caring for veterans. Revenue sources include Medicaid, Medicare, per diem payments from the U.S. Department of Veterans Affairs (USDVA),

and private funding sources. Per diem payments from the USDVA accounted for approximately 23 percent of VVCC revenues in FY06. Of the balance, 40 percent of the funding for care was provided by Medicaid, 25 percent by private funds, 11 percent by Medicare, and one percent by Hospice Medicare.

The Virginia Veterans Care Center provided 62,400 patient days of nursing care and 20,686 patient days of assisted living care to Virginia veterans in FY06. The patient day measure is used for billing purposes and to track occupancy. A patient day is one day spent by one patient in the Care Center. Dividing the number of patient days in a given month by the number of days in that month gives the average occupancy for the period in question.

Resources

	FY06	FY07	FY08
Budget	\$12,914,745	\$15,626,998	\$26,370,237
Positions	225	305	488

Note: Resource levels for FY07 and FY08 include the Sitter-Barfoot Veterans Care Center, scheduled to open in July, 2007

Activities

The Virginia Veterans Care Center had a 94 percent average occupancy level in FY06 – with an average of 93 percent of the nursing care and 94 percent of the assisted living beds being occupied. In FY06, the Care Center provided 1,108 (approximately two percent) more days of nursing care than in FY05 and 98 more days of assisted living care than in FY05. The annual occupancy rates for nursing care and assisted living units for FY06 were 95 percent and 94 percent, respectively. Table 11 shows Care Center patient days and occupancy levels.

In July 2006, the USDVA conducted the annual survey/inspection of all of the departments of the Virginia Veterans Care Center. The Care Center was found to be in full compliance with USDVA standards in all areas and received no cited deficiencies.

In October 2006, the Care Center underwent a detailed state licensure and Medicaid/Medicare compliance inspection by the Virginia Department of Health’s Center for Quality Health Care Services and Consumer Protection to determine compliance with the federal requirements for nursing facilities participating in the Medicare and/or Medicaid programs. Only two deficiencies (with no patient harm) were cited, a testimony to the Care Center’s commitment to delivering quality health care to Virginia’s veterans.

This year the facility began a \$1 million construction/renovation project as part of the USDVA’s State Home Construction Grant program. In addition to completion of a 3,600 square foot storage/maintenance building and in-house resident clothing laundry facility, the Care Center will complete the first phase of a major face-lift that encompasses everything from flooring to wallpaper to furniture. This will be the facility’s first major renovation since its construction in 1992.

Table 11
Virginia Veterans Care Center
Patient Days and average occupancy level - FY05 and FY06

Month	Patient Days Nursing		Average # of Nursing Beds Occupied		Occupancy Level: Nursing		Patient Days Assisted Living		Average # of Assisted Living Beds Occupied		Occupancy Level: Assisted Living	
	FY05	FY06	FY05	FY06	FY05	FY06	FY05	FY06	FY05	FY06	FY05	FY06
July	5,303	5,034	171	162	95%	90%	1,757	1,735	53	56	94%	93%
August	5,292	5,053	171	163	95%	91%	1,775	1,737	51	56	95%	93%
September	4,984	4,980	161	166	92%	92%	1,707	1,655	50	55	95%	92%
October	5,207	5,275	168	170	93%	95%	1,758	1,737	49	56	95%	93%
November	5,002	5,245	161	175	93%	97%	1,769	1,739	50	58	98%	97%
December	5,279	5,327	170	172	95%	95%	1,816	1,812	51	58	98%	97%
January	5,191	5,341	167	172	93%	96%	1,650	1,734	51	56	89%	93%
February	4,792	4,957	155	177	95%	98%	1,504	1,648	53	59	90%	98%
March	5,263	5,415	170	175	94%	97%	1,664	1,853	56	60	89%	100%
April	4,984	5,244	161	175	92%	97%	1,773	1,723	58	57	99%	96%
May	5,099	5,415	164	175	91%	97%	1,788	1,731	58	56	96%	93%
June	4,896	5,114	158	170	91%	95%	1,627	1,582	57	53	90%	88%
Annual Maximum Capacity	65,700	65,700	180	180	100%	100%	21,900	21,900	60	60	100%	100%
Total Patient Days	61,292	62,400					20,588	20,686				
Monthly Average	5,108	5,200	168	171	93%	95%	1,716	1,724	56	57	94%	94%

Administrative Services

Mission

Support the delivery of quality services to Virginia's veterans.

Services and Organization

The Administrative and Support Services section provides accounting, budget, human resources, information technology, payroll, contracting/procurement, and marketing and communications support services to the four service-delivery programs.

During FY06 the Administrative and Support Services section was comprised of 18 authorized positions. Sixteen of these positions are currently filled; five are part-time positions and one is a position on loan from another state agency.

The functions of the two vacant positions (chief financial officer and procurement director) are currently being performed by part-time staff. The on-loan position and two of the part-time positions are performing communications, outreach and web development functions for the agency. Since DVS is in growth mode, use of part-time personnel for some positions best fits the agency's long range goals.

The current funding structure for this program generated an audit point from the Auditor of Public Accounts during the last audit conducted in the spring of 2006.

Resources

	FY06	FY07	FY08
Budget	\$1,522,085	\$1,594,755	\$1,607,373
Positions	18	18	18

Budget and Legislative Highlights

As a result of the strong, bi-partisan support of the executive and legislative branches, veterans issues enjoyed great success during the 2006 General Assembly session. Budget and legislative highlights include:

- A significant increase in the Department’s budget and position level

	FY06	FY07	FY08
Budget	\$17,824,732	\$22,189,709	\$32,845,562
Positions	308	402	598

- Additional positions for each of the Department’s service-delivery sections. For FY07, the positions include:

Benefit Services	<ul style="list-style-type: none"> • 3 Veterans Service Representatives • 2 Training Officers
Cemetery Services	<ul style="list-style-type: none"> • 2 full-time and 8 part-time Administrative Specialists • 2 Groundskeepers • 2 Administrative Specialists • 1 Mechanic
Care Center Services	<ul style="list-style-type: none"> • Virginia Veterans Care Center <ul style="list-style-type: none"> ○ 25 Certified Nursing Assistants ○ 1 Registered Nurse ○ 2 Licensed Practical Nurses ○ 1 Housekeeper ○ 1 Dietary Worker • Sitter-Barfoot Veterans Care Center <ul style="list-style-type: none"> ○ 50 positions
Education Services	<ul style="list-style-type: none"> • 2 Educational Specialists

- The authority for the Governor to request federal funds to construct a new veterans care center in the Hampton Roads area. Once the U.S. Department of Veterans Affairs determines that federal funds will be allocated for the new care center, the State Treasurer is directed to issue a short-term treasury loan for \$14.6 million to cover the state’s share of construction costs
- The authority for the Department of Veterans Services to accept donated property in southwest Virginia for construction of a third state-operated veterans cemetery
- The expansion of eligibility for the Virginia Military Survivors and Dependents Education Program (formerly the Virginia War Orphan Education Program)
 - Qualifying spouses now eligible

- Upper age for qualifying children raised from 25 to 29
- Spouses and children of qualifying 90% service-connected disabled veterans now eligible
- The granting of eligibility for in-state tuition rates at public colleges and universities to the dependents of active duty military personnel assigned to a permanent duty station in Virginia
- The creation of the Virginia Military Family Relief Fund. This special non-reverting fund assists Virginia members of the armed services who have been called to active duty and assists their families with living expenses. The bill also provides an income check-off to individuals who want to contribute all or part of their income tax refund or make an additional contribution to the fund
- The authority for the Department of Human Resource Management to offer a voluntary supplemental health care coverage program for state employees who have primary care coverage under the TRICARE military health system

Looking to the Future

As evidenced by the 2006 General Assembly session, Governor Kaine's commitment, and the cooperation of all state agencies, veterans issues have more support than they have had for several decades. DVS looks forward to continuing this momentum through Executive Order 19, the opening of the Sitter-Barfoot Veterans Care Center, acquisition of land for a third veterans cemetery in Southwest Virginia, and development of a third veterans care center in Hampton.

Improvements to the agency's technological infrastructure as well as additional positions in each of the service delivery areas will further strengthen the agency and improve service to our veterans. Aggressive marketing and outreach will ensure that Virginia delivers needed services to the state's veterans and their families.

Executive Order 19

Governor Timothy Kaine continues to support Virginia's veterans and strengthened that support with his Executive Order 19. The order directs DVS to prepare a comprehensive report on the status of Virginia's programs and services to the state's veterans. This report was submitted in October, and is included in Appendix 1.

The order also directs DVS and other state agencies to find ways to offer new, expanded or customized services that will meet the educational, health care and social service needs of Virginia's veterans. The order gives special attention to disabled veterans, and asks all state agency heads to renew their commitment to giving veterans preference when hiring. DVS will submit a final report detailing numerous ongoing and proposed veterans initiatives in April 2007.

Support Operations

Two critical IT projects are underway. Implementation of the Financial Management System (FMS) is slated for completion in late 2006 or early 2007. FMS will enable the agency to interface with other state systems and will make reporting functions easier and more streamlined. The system allows for increased breakdown of expenditures and facilitates statistical maintenance and analysis.

DVS uses internally-developed client-tracking software. Veteran Service Representatives enter client data into this software to create and track claims applications. However, the client data is stored in each field office's system and is not integrated statewide. The final phase of enhancements to this system, slated for completion in late spring 2007, will integrate all client data into a single database. Integration of the data into a single database will greatly enhance data security, especially since the database will be hosted on VITA servers.

The agency was cited on 13 points in the 2006 APA audit. Nine of the corrective items have been completed; two of the remaining three actions will be completed by July 2007; and the final item will be completed by July 2008. The audit points and corrective actions are detailed in Appendix 2 in the Plan of Correction.

Appendix 1

**Virginia Department
of Veterans Services**

**Executive Order 19
Serving Virginia's Veterans**

Interim Report

October 15, 2006

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Current State Agency Services to Virginia's Veterans

As citizens of the Commonwealth of Virginia, veterans have access to the state services available to the general population. This section outlines those state services available exclusively to veterans or targeted to the specific needs of veterans.

Listed below are the state agencies serving veterans, the secretariats to which the agencies are assigned, and the services provided by those agencies. The Department of Veterans Services is listed first, with other state agencies grouped by secretariat.

- Department of Veterans Services (Secretary of Public Safety)
 - Lead veterans services agency in state government
 - Four service delivery areas: benefit services, care center services, cemetery services, and education services
 - Benefit Services – Assists veterans and eligible dependents in accessing federal and state veterans benefits through claims development and representation
 - 28 Veterans Service Representatives (31 by end of FY07)
 - 20 Field Offices: Accomac, Alexandria, Big Stone Gap, Bristol, Cedar Bluff, Charlottesville, Danville, Fairfax, Front Royal, Hampton, Lynchburg, McGuire VAMC, Norfolk (2 offices), Quantico, Richmond, Roanoke, South Hill, Staunton, and Wytheville
 - New offices will open in Hampton, Portsmouth, and Salem in FY07
 - 20,424 claims filed in FY06
 - Care Center Services – Delivers skilled nursing and domiciliary care to veterans
 - Virginia Veterans Care Center
 - 240-bed facility in Roanoke
 - 93% average occupancy rate – 224 of 240 beds
 - Sitter-Barfoot Veterans Care Center (under construction)
 - 160-bed facility in Richmond
 - Scheduled opening – Summer 2007
 - 40-bed addition planned
 - Hampton Roads Veterans Care Center – in the early planning stages
 - Cemetery Services – Provides honorable burial and memorial services to veterans
 - Virginia Veterans Cemetery (Amelia) – 231 burials in FY06
 - Albert G. Horton, Jr. Memorial Veterans Cemetery (Suffolk) – 478 burials in FY06
 - Southwest Virginia Veterans Cemetery – in the early planning stages

- Education Services – Certifies that post-secondary educational institutions meet G.I. Bill funding and eligibility requirements, enabling veterans to use their G.I. Bill benefits to pursue educational opportunities
 - Over 750 institutions certified
 - Certified institutions include universities, colleges, community colleges, trade schools, vocational programs, and licensure certification programs
 - In Federal Fiscal Year 2005, 19,982 veterans were awarded educational benefits worth \$165.7 million

- Virginia War Memorial (Secretary of Administration)
 - On the soaring glass and marbles walls of the Virginia War Memorial are inscribed the names of over 11,600 Virginians who gave their lives in defense of freedom during World War II, the Korean War, the Vietnam War, and the Gulf War
 - The Virginia War Memorial also seeks to teach the children of Virginia of the sacrifice and service of Virginians during World War II, the Korean War, and the Vietnam War. This is accomplished through displays at the Memorial and through the Virginians At War series – video programs and classroom materials founded on the real-life wartime experiences of Virginians and their participation in events that changed history

- Department of Human Resource Management (Secretary of Administration)
 - Responsible for administering, developing, and overseeing the Commonwealth’s human resource management system
 - Provides veterans seeking employment with access to information about available services and assistance
 - Through the DHRM Veterans Outreach Council
 - Operates an active recruitment program that targets the employment of qualified veterans in state government
 - Works to enhance the exchange of information between veterans and state agencies that will facilitate the employment of individuals currently being discharged from the military and those with prior military service
 - Participates in career fairs targeted toward military personnel
 - Veterans preference in state government
 - If a veteran applies for employment with the Commonwealth that is based on the passing of any written examination, the veteran’s grade or rating on such examination is increased by five percent. If the veteran has a service-connected disability rating fixed by the U.S. Department of Veterans Affairs,

his grade or rating shall be increased by 10 percent on such written examination

- If any veteran applies for employment with the Commonwealth that is not based on the passing of any examination, such veteran's military service is taken into consideration by the Commonwealth during the selection process, provided that such veteran meets all of the knowledge, skill, and ability requirements for the available position. Additional consideration is given to veterans who have a service-connected disability rating fixed by the U.S. Department of Veterans Affairs

- Virginia Employment Commission (Secretary of Commerce and Trade)

- Promotes economic growth and stability by delivering and coordinating workforce services
- Serves Virginia veterans through the Disabled Veterans Outreach Program (DVOP) and Local Veterans Employment Representative (LVER) Program
 - Specifically focused on veterans employment and outreach
 - 38 DVOP and 40.5 LVER specialists work at VEC offices statewide
- Provides Transition Assistance Program (TAP) services at eight military bases
 - Targets personnel separating from the military
 - Three-day workshop that teaches job search and interview skills
 - Serves over 15,000 future veterans a year
- Registered 35,824 Virginia veterans in FY06
- Helped 20,775 Virginia veterans secure employment in FY06

- Virginia Housing Development Authority (Secretary of Commerce and Trade)

- Administers the Granting Freedom Program
 - Grant program that pays for modifications to make living spaces more accessible for servicemen or women who sustained injury during service in a combat theatre of operations
 - Funds can be used to widen doorways and add ramps to make a home wheelchair accessible, to install grab bars in a bathroom, or to make other modifications designed to improve a home's accessibility and functionality
 - Currently, over \$1 million of funding is available to pay for modifications to houses and apartments
 - The maximum award available for each dwelling unit is \$4,000
- Offers VA loans as part of 30-year fixed rate home loan program for first-time homebuyers

- Provides home ownership education classes on military bases (open to active duty and veterans)
- Department of Housing and Community Development (Secretary of Commerce and Trade)
 - Point in Time (PIT) counts put the number of homeless veterans in Virginia between 600 and 900. Through grants, DHCD supports homeless shelters that serve homeless veterans
 - The Governor's Housing Conference 2006 will feature a workshop on meeting the needs of homeless veterans. Sponsored by the Virginia Inter-Agency Council on Homelessness, the session will focus on the resources available to organizations seeking to meet the housing and service needs of homeless veterans
- Department of Education (Secretary of Education)
 - Offers the Virginia Veteran Honorary High School Diploma to recognize the life experiences of veterans who were unable to complete their high school education because of service in the armed forces during World War II, the Korean War, and the Vietnam War
 - Since the first honorary diplomas were issued in 2001, more than 1,000 have been awarded to veterans of the three wars
- Library of Virginia (Secretary of Education)
 - The Virginia World War II Separation Notices collection contains approximately 250,000 notices for World War II veterans who were discharged between 1942 and 1950 (with the bulk between 1944 and 1946) and were seeking employment in Virginia
 - For some veterans, these notices may be used as proof of service to access veterans disability and health care benefits
- Virginia's Public Colleges and Universities (Secretary of Education)
 - Through the Virginia Military Survivors and Dependents Education Program, waive tuition and required fees for qualified spouses and dependents
- Department of Game and Inland Fisheries (Secretary of Natural Resources)

- Offers the “Virginia Resident Disabled Veteran’s Lifetime State License to Hunt and Freshwater Fish in Inland Waters” for \$10
- Offers the “Virginia Resident Disabled Veteran’s Lifetime State License to Trap” for \$10
- Marine Resources Commission (Secretary of Natural Resources)
 - The Disabled Resident Lifetime Saltwater Fishing License is available to certain disabled veterans for \$5
- Department of Motor Vehicles (Secretary of Transportation)
 - Offers 33 military/veteran themed license plates, with four plates in development
- Virginia Department of Transportation (Secretary of Transportation)
 - Through the VDOT Wounded Veteran Program, offers disabled veterans internship positions that are designed to help the veterans gain skills relevant to employment in the public or private sectors

Opportunities for improving current services to Virginia's veterans, and for partnering with the Department of Veterans Services to offer new, expanded, or customized services

The Department of Veterans Services (DVS) has entered into initial discussions with over a dozen state agencies on ways to improve current services or to offer new, expanded, or customized services. Before the process is complete, DVS expects to open discussions with a dozen additional agencies.

Broadly speaking, efforts to improve current services or to identify new, expanded, or customized services fall into five categories:

1. In-depth, resource-intensive services that address the continuum of care needs of disabled veterans
 - a. Such services would capitalize on the expertise and service capacity of current state agencies and facilities
 - b. To address this category of service, DVS has had initial discussions with state agencies that include the Department of Rehabilitative Services, the Department of Mental Health, Mental Retardation, and Substance Abuse Services, and Virginia Commonwealth University
2. New benefits and services
 - a. Such services could be provided to targeted groups of veterans (disabled veterans, homeless veterans, etc.) or to the veterans population at large
 - b. To address this category of service, DVS has had initial discussions with state agencies that include the Department of Military Affairs and the State Council on Higher Education for Virginia
3. Referrals to/from other state agencies
 - a. Such services would serve to link Virginia's veterans with the broad range of services provided by other state agencies, and would help make Virginia's veterans aware of the services provided by the Department of Veterans Services
 - b. To address this category of service, DVS has had initial discussions with state agencies that include the Department for the Aging (SeniorNavigator.org), the Department of Mental Health, Mental Retardation, and Substance Abuse Services, the Department of Rehabilitative Services, the Department of Social Services, the Virginia Employment Commission, and the Secretary of Technology
4. Ways to recognize veterans for their service to our nation and Commonwealth
 - a. Such recognition would serve as an everyday reminder to veterans that the Commonwealth of Virginia recognizes the service and sacrifice they made in defense of freedom
 - b. To address this category of service, DVS has had initial discussions with state agencies that include the Department of Conservation and Recreation, the Department of Forestry, and the Department of Motor Vehicles

5. Partnerships with state agencies to assist the Department of Veterans Services with the business operations of the Department
 - a. Such partnerships would assist DVS in operating more efficiently as an enterprise, thereby enabling the Department to better serve Virginia's veterans
 - b. To address this category of service, DVS has had initial discussions with state agencies that include the Department of Conservation and Recreation, the Department of Forestry, the Department of Motor Vehicles, the Department of Mental Health, Mental Retardation, and Substance Abuse Services, and the Department of Rehabilitative Services

Appendix A: Executive Order 19

SERVING VIRGINIA'S VETERANS

Importance of Veterans' Services

For almost 400 years, Virginians have defended our great nation and Commonwealth. Today, the Commonwealth is home to 744,000 veterans who served the cause of freedom in war and in peace, at home and abroad. Our Commonwealth owes a great debt to the brave men and women and their families who answered liberty's call and protected all that we hold so dear, and it is only right that our Commonwealth do all that it can to ensure that our veterans and their families receive the benefits, support, quality care, and recognition they have earned through service and sacrifice.

Veterans accounted for almost \$6 billion in direct federal spending in Virginia in 2004. Expenditures by the U.S. Department of Veterans Affairs on compensation and pension benefits, health care, cemetery services, and construction totaled \$1.8 billion, while the U.S. Department of Defense paid \$4 billion in retirement pay to Virginia's veterans. Capitalizing on available federal funding not only benefits our veterans, but is a good for Virginia's economy.

Directives for Serving Virginia's Veterans

By virtue of the authority vested in me as Governor under Article V of the Constitution of Virginia and under the laws of the Commonwealth, including but not limited to, Chapter 1 of Title 2.2 and Section 2.2-2100 of the Code of Virginia, I hereby set forth the Commonwealth's policy for improving services to Virginia's veterans.

- I hereby direct the Commissioner of Veterans Services to prepare a comprehensive report on the status of current Commonwealth programs and services that are either offered exclusively to veterans or are tailored to the specific needs of veterans. The report shall identify opportunities for improving services and shall address the continuum of care needs of disabled veterans. An interim report shall be prepared by October 15, 2006, and a final report shall be completed by April 30, 2007. All executive branch agencies shall work with the Commissioner of Veterans Services to assist as requested.
- I hereby direct all state agencies to identify opportunities to partner with the Department of Veterans Services on ways to offer new, expanded, or customized services that meet the educational, health care, and social service needs of Virginia's veterans. Agencies will identify the resources required to implement the new, expanded, or customized services for veterans and will report such requirements to the Commissioner of Veterans Services no later than April 30, 2007.
- I hereby direct the Department of Veterans Services, working with all appropriate state agencies, to give special attention to opportunities for improving services to disabled veterans, including all aspects of the continuum of care and service delivery.

- I hereby request the Board of Veterans Services and the Joint Leadership Council of Veterans Service Organizations to jointly develop legislative proposals to be considered by the Governor for introduction in the 2007 General Assembly. Such proposals shall be submitted to the Governor's Office no later than September 30, 2006.
- I hereby direct the Commissioner of Veterans Services and the Veterans Services Foundation to continue to give high priority to efforts to obtain federal grants, private contributions, and other resources for improving services to veterans in Virginia.
- I hereby direct all state agency heads to renew their commitment to veterans' preference in hiring.

Effective Date of the Executive Order

This Executive Order rescinds Executive Order 40 (2002) issued by Governor Mark R. Warner. This Executive Order shall be effective upon its signing and shall remain in full force and effect until June 30, 2010, unless amended or rescinded by further Executive Order.

Given under my hand and the Seal of the Commonwealth of Virginia, this 16th day of June, 2006.

/s/ Timothy M. Kaine, Governor

Attest:

/s/ Secretary of the Commonwealth

Appendix 2

**Department of Veterans Services Plan of Correction for
Auditor of Public Accounts Audit Report
for the Period January 1, 2005 through March 31, 2006
August 15, 2006
Introduction**

The audit findings were identified under the general areas of Management Oversight and Review, Documenting Policies and Procedures and Compliance with Applicable Laws and Regulations. Plans of Correction have been developed, taking into consideration changes in functions, positions and location of key staff that are consistent with the development of a central office in Richmond as envisioned with the consolidation of veterans services in 2003. A restructuring of financial and procurement positions began when the Director of Finance and Administration position was established in the Richmond Central Office (Central Office) in 2005. More recently, the agency fiscal officer retired, and that position and the procurement officer's position, were abolished. The Director of Finance and Administration is performing the functions previously performed by the fiscal officer. Major procurement functions will be contracted with another state agency, in order to improve services and assist in addressing the audit findings.

The opening of the Sitter-Barfoot Veterans Care Center in Richmond in Summer of 2007 will provide the opportunity to align additional key functions in finance and administration in the Richmond area. In the meantime, the Director of Finance and Administration is primarily located in Roanoke to provide on-site supervision of the administration and finance operations. Once the Sitter-Barfoot Veterans Care Center is opened and fully operational, and the new automated Financial Management System (FMSII) is operational, the staffing and organizational realignment to Richmond and the Central Office should occur. This will complete the transfer of policy and management oversight from Roanoke to Richmond. The production of centralized management reports, policies and procedures from the Central Office already has begun. Specific findings and corrective action plans are as follows.

Findings and Corrective Action Plans

Ensure Accurate Time and Leave Reporting

Changes in time sheets have been implemented and now are being reviewed monthly by supervisory staff. New leave slip policies have been implemented and are being monitored. The use of a time clock for administrative staff will be discontinued, and time accounted for consistently by all administrative staff upon consolidation and relocation of staff from the Poff Building in Roanoke to the new offices at the Salem VA Medical Center, adjacent to the Virginia Veterans Care Center (VVCC).

Completion Date: November 2006

Primary Responsible Staff for Corrective Action: Director of Finance and Administration and Human Resource Manager

Strengthen Controls Over the Small Purchase Charge Program

New policies and procedures have been implemented, and most of the deficiencies were

addressed prior to completion of the audit. Closer monitoring of monthly purchases is being performed by the accounts payable, procurement and finance office staff. As requested by DVS, further review of the purchasing process for DVS will be conducted in August 2006 in an on-site review by the Department of General Services (DGS).

Completion Date: December 2006

Primary Responsible Staff for Corrective Action: Director of Finance and Administration

Improve Petty Cash Controls

New procedures have been developed and implemented to ensure accountability and compliance with DVS and Department of Accounts policies, prior to any check being written and issued. DVS staff has been informed on sales tax exemption requirements for state purchases. Petty cash balances and expenditures will be reconciled monthly by the VVCC Director of Accounting and signed off by the Director of Finance and Administration.

Completion Date: August 2006

Primary Responsible Staff for Corrective Action: VVCC Director of Accounting and Director of Finance and Administration

Properly Report Construction in Process

Financial statements for fiscal year 2006 will include all construction in process for both care centers.

Completion Date: August 2006

Primary Responsible Staff for Corrective Action: Director of Finance and Administration and VVCC Director of Accounting

Establish and Implement Adequate Policies and Procedures for the Veterans Services Foundation

A draft policy and procedure document was presented to the Veterans Services Foundation Board of Trustees (Board) in July, detailing new policies and procedures governing the handling and disbursement of donated funds. The new policy and changes in procedures were well received by the Board. Recommendations for edits and changes from the Board will be made and presented to the Board in October 2006 for approval and implementation. In addition, a plan is being developed for management and disbursement of current Foundation Fund balances, which should be approved and implemented by the Board by December 2006.

Completion Date: December 2006

Primary Responsible Staff for Corrective Action: Director of Finance and Administration and Director of Policy and Planning

Establish Process for Determining Negotiated Rates

Procedures have been established and implemented to determine negotiated room and board rates, based on an assisted living facility applicant's ability to pay, taking into account their other

recurring expenses. All requests and calculations will be reviewed and approved, as appropriate, by the VVCC Director of Accounting and the VVCC Administrator. These procedures will ensure consistency and equity in determining negotiated rates for assisted living residents.

Completion Date: August 2006

Primary Responsible Staff for Corrective Action: Chief Operating Officer, VVCC Administrator and VVCC Director of Accounting

Appropriately Allocate Administrative Costs for the VVCC

Changes have been implemented in order to allocate administrative staff time and costs that are directly associated with the VVCC. This will improve the accuracy of costs charged to the VVCC and reduce the risk of receiving inappropriate reimbursements for indirect costs. A more comprehensive department-wide administrative cost allocation review is necessary to assure uniform and accurate cost allocations. This also should confirm whether there are sufficient General Funds in the program areas to properly support the current budget methodology where central administration in Roanoke is funded by charging direct program areas for administrative services. Additional general funds, and or a reduction in services, may become necessary to assure that non-general funds and federal grants and contracts are not bearing a disproportionate share of the administrative costs for DVS. In order to fully address this issue, an increase in general funds by supplemental budget action may be necessary.

Completion Date: July 2007

Primary Responsible Staff for Corrective Acton: Director of Finance and Administration and DVS finance office

Information Systems Security Assurance

Access to systems for unauthorized employees identified at the time of the audit has been terminated. A departmental policy was distributed in May 2006, relating to client data and the off-site use of personal or lap top computers. In general, the overall assurance for increased security and development of comprehensive policies and procedures for an agency as small as DVS must come from VITA. The 2006-2007 agency contract with VITA has been amended to include the provision of additional information systems security assistance on infrastructure devices and risk analysis, and to deploy the appropriate controls and or appropriate corrective action plans. Additional costs associated with VITA providing contractual support to produce policies, procedures and system modifications specifically, as related to internal operations for DVS, may require supplemental budget actions. The FMSII has comprehensive security safeguards and should be of assistance as a model for internal controls on accessibility for other applications at DVS.

Completion Date: July 2008

Primary Responsible Staff for Corrective Action: DVS IT Manager, Director of Finance and Administration, VITA

Improve Petty Cash Records and Compliance Requirements

New procedures have been developed and implemented to ensure accountability, compliance with DVS and Department of Accounts policies and accuracy prior to any check being written and issued. DVS staff has been informed on sales tax exemption requirements for state purchases. Petty cash balances and expenditures will be reconciled monthly by the VVCC Director of Accounting and signed off by the Director of Finance and Administration.

Completion Date: August 2006

Primary Responsible Staff for Corrective Action: VVCC Director of Accounting and Director of Finance and Administration

Comply with Commonwealth Human Resource Overtime Standards

Changes in procedures and employee practices have been implemented to restrict earning overtime and compensatory time to those specified in DHRM regulations. Fair Labor Standards Act training is being conducted in August, 2006 for further education of staff on the earning and reporting of overtime and compensatory time.

Completion Date: August 2006

Primary Responsible Staff for Corrective Action: Human Resources Director

Implement and Monitor Procedures to Ensure Proper Use of Funds

Changes in the classification of Federal VA subsidy funds from non-general funds to Federal Trust in the Commonwealth Accounting and Reporting System (CARS) and the state budgeting process were implemented at the beginning of fiscal year 06-07 or July 1, 2006. Financial Statements for FY 06 will be noted and adjusted to address the proper classification of these funds as well as in the Schedule of Expenditures of Federal Awards. The usage and budgeting of the VA subsidy has been the subject of internal study since February 2006, and DVS staff identified the incorrect classification of these funds internally before the APA audit was conducted. A plan is being developed for utilization of these funds as part of the operating and capital budget for the care centers as well as for providing financial assistance to veterans that may have inadequate resources to fully meet the charge rates. Final implementation of the budget and policy changes relating to the use of these funds may include policy recommendations by the Board of Veterans Services and action by the state legislature.

Completion Date: July 2007

Primary Responsible Staff for Corrective Action: Director of Finance and Administration, VVCC Director and VVCC Director of Accounting

Improve Bad Debt Collection Efforts and Account Write-Offs

New debt collection procedures are being formulated to ensure timely action and follow-up on delinquent accounts. Accounts will be properly classified according to payment source. Supporting documentation will be maintained on all correspondence and collection issues. Accounts Receivable will be reviewed no less than quarterly to determine problems or anomalies which need attention.

Correction Date: November 2006

Primary Responsible Staff for Corrective Action: Director of Accounting for VVCC

Establish a Memorandum of Understanding with the Department of General Services

A formal agreement for support from DGS for Capital Construction and Procurement Assistance will be developed upon completion of the Procurement Review being conducted by DGS in August 2006.

Completion Date: October 2006

Primary Responsible Staff for Corrective Action: Director of Finance and Administration and DGS staff