

Message From the Chief Financial Officer



DEPARTMENT OF VETERANS AFFAIRS
Office of the Assistant Secretary for Management
Washington DC 20420

On behalf of the Department of Veterans Affairs (VA), I am pleased to present the VA Franchise Fund Fiscal Year 2003 Annual Report and I invite you to **Capture the Momentum of a Thriving Government Business**. This report highlights how we are meeting our franchise fund objectives of promoting efficiencies in the delivery of common administrative services, reducing duplication of effort, fostering competition, recovering full cost, maintaining customer satisfaction, and implementing improved financial management and best practices to promote efficiency and conserve resources at VA as well as other government agencies.

I would like to commend the VA Franchise Fund for successfully meeting this year's challenge of having their audit completed in calendar year 2003 under the accelerated schedule. This accomplishment greatly improves the timeliness of financial information for decision-making and demonstrates our commitment to improving financial management. Audits have been conducted on the Fund since FY 1998, and I am happy to report that we have received our sixth consecutive unqualified "clean" audit opinion. Our customers can certainly count on our financial integrity and sound stewardship.

As knowledgeable government professionals, we understand how to tailor our services to provide federal program managers with creative, cost-effective and practical solutions. Although federal agencies have unique missions, our collective experience enables us to give expert advice and counsel from an insider's point of view. We, too, as a federal agency have unique requirements and financial constraints. The American public also holds us accountable to high standards as we spend their tax dollars to administer government programs. Expensive and wasteful practices are not acceptable. Government program managers are looking to us for better information and ways to reduce costs.

Our federal customers rely on us to provide creative, cost-effective and practical solutions to fulfill their common administrative services support needs. We continue to receive exceptional reviews from our customers regarding the professionalism of our staff and the quality of our service. Because of this, a significant part of our business results from repeat business and referrals from satisfied customers.

An underlying tenet of a fee-for-service organization is competition. Competition is making us better and more accountable to our customers. We primarily serve VA—our parent agency; however, we have made great strides in acquiring business from other federal agencies. Our total revenue increased from \$136 million in FY 2002 to \$202 million in FY 2003. This dramatic increase was attributed to the significant increase in external sales. Ending FY 2002 with just over \$7.9 million in external business, we earned over \$46.5 million in FY 2003, an impressive \$38.6 million increase during a 12-month period! The dramatic growth in our revenue is but one indicator of our success, much of which can be attributed to strong leaders and managers within the individual Enterprise Centers. Their businesslike practices have enabled them to become more efficient, responsive, and cost conscious. Together they have successfully combined best business practices and state-of-the-art technology to improve service delivery and increase revenues.

William H. Campbell