

Message To Our Stakeholders



D. Mark Catlett, Principal Deputy
Assistant Secretary for Management

VA is committed to the continuous improvement and growth of its Franchise Fund operations, which have been a resounding success since the pilot program was launched in FY 1997. We have continued our tradition of financial excellence—having received an unqualified “clean” audit opinion for the seventh consecutive year on our financial statements.

On behalf of the Department of Veterans Affairs (VA), I am pleased to present the VA Franchise Fund Fiscal Year (FY) 2004 Annual Report. Our commitment to continuous improvement and customer service has proven to be a very successful business model. Since our initial operating year as a federal provider of common administrative support services in FY 1997, the VA Franchise Fund has increased its annual revenue in a dramatic fashion—from \$59 million in FY 1997 to \$208 million in FY 2004.

We have continued our tradition of sound financial stewardship—having received an unqualified “clean” audit opinion for the seventh consecutive year on our financial statements. Our strong financial stewardship and customer focus are attracting more business from other government agencies (OGA).

OGA revenue in FY 2004 (\$65.6 million) increased by 31 percent over FY 2003 levels (\$46.6 million). The addition of this OGA business accrues benefits to all of our customers because it allows us to spread our overhead costs to a wider customer base.

Our federal workforce and commercial partners work together to leverage technology and apply innovative solutions to meet a wide range of customer requirements.

Some of our most noteworthy FY 2004 accomplishments include:

- Received seventh consecutive unqualified “clean” audit opinion
- Increased OGA revenue—31 percent over FY 2003 levels (from \$46.6 million to \$65.6 million)
- Earned VA \$30.3 million in credit card rebates—compared to \$18.2 million during the same period in FY 2003
- Ranked in the top 6 percent in an information technology (IT) customer satisfaction survey among private and public sector organizations in Gartner Measurement’s database
- Received Site Accreditation from VA’s Office of Cyber and Information Security for IT infrastructure
- Established BuyIt.gov—a Federal Acquisition Center to assist customers in acquiring IT-related supplies and services
- Received the final shipment of retired veteran records from the National Archives and Records Administration (NARA), which completed a monumental project of relocating 940,000 cubic feet of Veterans Health Administration records from 14 NARA facilities located across the country into the Records Center & Vault

While we are proud of these accomplishments, we will continue to strive to be the “best-valued” source of competitive, high quality services for all of our federal government customers. We look forward to the coming year and are confident of our ability to meet the challenges that lie ahead.



On behalf of the Department of Veterans Affairs (VA), I offer my sincere appreciation to the VA Franchise Fund subject matter experts at the Financial Services Center and the Enterprise Fund Office for their significant contributions that led to our seventh consecutive unqualified “clean” audit opinion. The Franchise Fund exhibits the highest standards for financial stewardship.

I would also like to acknowledge the VA Office of Inspector General and Brown & Company CPAs, PLLC for the professional manner in which they conducted the audit of the VA Franchise Fund FY 2004 Consolidated Financial Statements.

In addition, I commend our primary editor, Loleisa Davis and the VA Franchise Fund (Austin Automation Center, Debt Management Center, Financial Services Center, Law Enforcement Training Center, Records Center and Vault, Security and Investigations Center and the Enterprise Fund Office) for their significant contributions to this report.