



THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

November 15, 2021



I am pleased to present the United States Department of Veterans Affairs' (VA) Fiscal Year (FY) 2021 Agency Financial Report. This report provides complete and reliable financial and performance information demonstrating our commitment to fiscal transparency and responsibility as we provide Veterans with world-class healthcare; ensure access to the benefits they have justly earned; and honor them with a lasting tribute for their service.

VA received its 23rd consecutive unmodified audit opinion from independent public accounting firm CliftonLarsonAllen. While we are pleased to report this accomplishment, we are mindful that we still have much work to do to address financial weaknesses and other areas the auditors identified. Information on our remediation efforts is detailed in the Management Statement of Assurance discussion.

Our most significant financial management accomplishment this year was our first "go live" of the new Integrated Financial and Acquisition Management System (iFAMS). The National Cemetery Administration (NCA) and the Veterans Benefits Administration general administration account are both operational on iFAMS. Notably, NCA is approaching its first full year using this modern accounting and acquisition system that replaces our obsolete 30+ year old legacy Financial Management System. Although the road to this point has not been without significant challenges, iFAMS has already proven to be a viable solution that will greatly strengthen our financial management and transparency.

Looking ahead, VA is investing in our top financial priorities including the continued deployment of iFAMS; becoming more agile and responsive in providing financial information to our valued stakeholders like the Office of Management and Budget, Congress and the American Taxpayer; and re-doubling our efforts to improve our processes and internal controls as evidenced by a reduction of \$6.25 billion in reported improper payments this year. Ultimately, every dollar we are provided must be accounted for and devoted to the health and wellness of Veterans and their families.

Sincerely,

A handwritten signature in black ink, appearing to read "DMcDonough".

Denis McDonough