

ACCOMPANYING INFO

AFRH IG PERSPECTIVE

MANAGEMENT & PERFORMANCE CHALLENGES

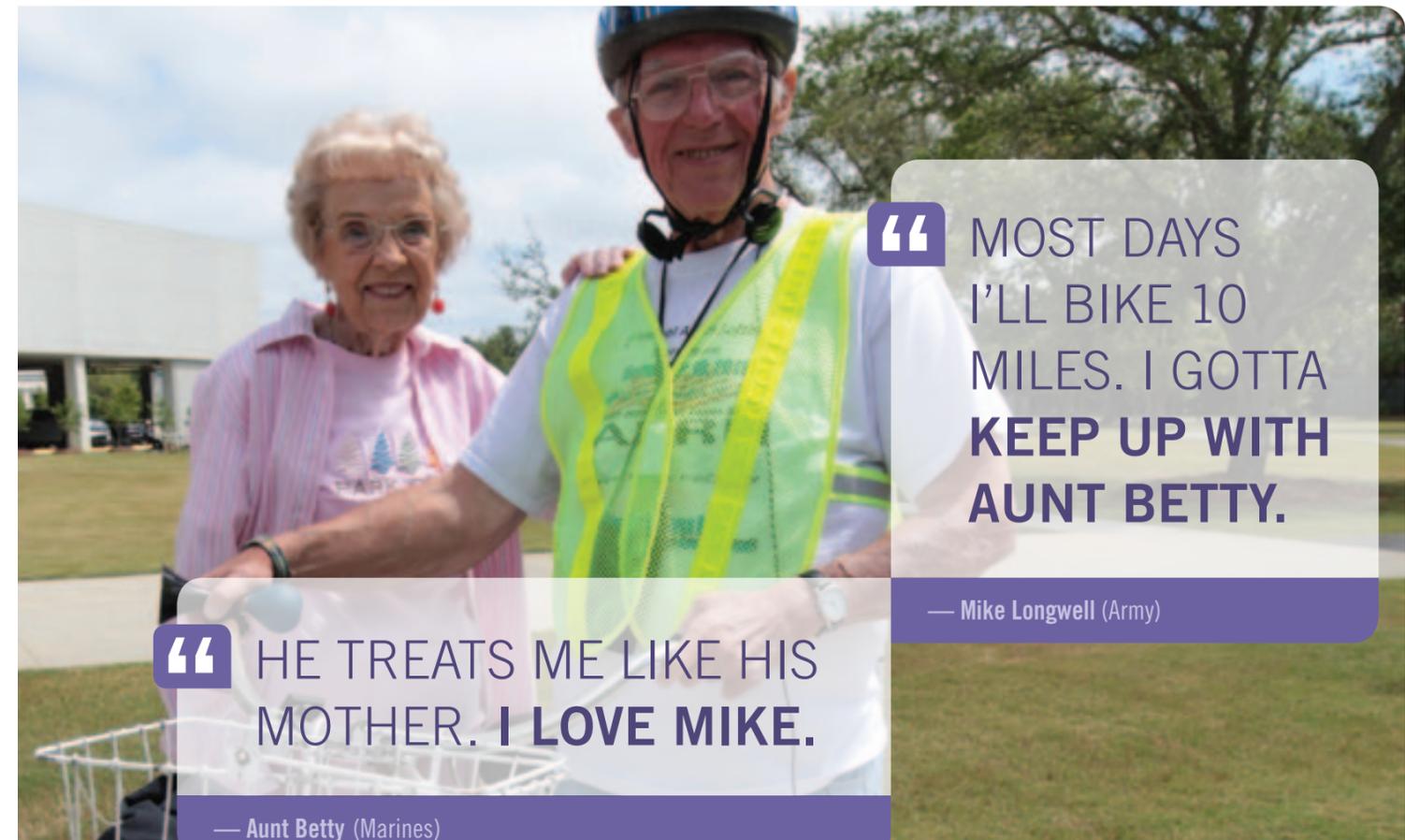
AFRH MANAGEMENT RESPONSE

FY12 IMPROPER PAYMENTS

SUMMARY OF FINANCIAL STATEMENT AUDIT

LIST OF ACRONYMS

MANY SPECIAL THANKS



“ MOST DAYS I’LL BIKE 10 MILES. I GOTTA KEEP UP WITH AUNT BETTY.”

— Mike Longwell (Army)

“ HE TREATS ME LIKE HIS MOTHER. I LOVE MIKE.”

— Aunt Betty (Marines)

Mike retired in 1985 after 20 years in the Army. Now, he thoroughly enjoys life at AFRH-G. Since arriving, he’s lost a lot of weight by eating less and bike riding.

Mike purposely bought a one-speed so it would be harder to pedal. “When you’re going against the wind it’s tough. I’ve fallen a few times, but I wear my helmet and safety vest.”

Besides on-campus biking, Mike rides three miles round-trip to Wendy’s each day for a modest meal: “a baked potato, chili, and senior Diet Coke. I love it! And I’m not tired of it!”.

Mike enjoys the Home’s great diet options, too. And he manages diabetes with regular checkups at the Wellness Center, which helps him reach his health goals. “Above all, I’ve got Aunt Betty here to keep me in line!”

Betty was an accomplished Sergeant in WWII from 1943–1945. While she never crossed paths with her childhood friend and fellow Marine, after the war they married.

In 2008, Betty saw how happy her nephew Mike was living at AFRH—so she decided to move in. “It’s peaceful here, and I can do anything I want. I have independence.” She flies to California to see her siblings and to Alabama and North Carolina to visit her children. Last year, all her siblings came down to celebrate her 90th birthday.

Betty also volunteers in our art room. She loves to walk three miles a day and attends exercise class twice a week. “I’m in great health. The doctors can never find a thing wrong with me!” Surely, having a loving nephew is an excellent health benefit.

ATTENTIVE INSPECTION

THE AFRH INSPECTOR GENERAL PLAYS A KEY ROLE IN PROTECTING THE AGENCY FROM WASTE, FRAUD, AND ABUSE BY CONDUCTING OBJECTIVE AND INDEPENDENT AUDITS. THE IG RECOMMENDS POLICIES THAT PROMOTE ECONOMIES AND EFFICIENCIES IN THE ADMINISTRATION OF PROGRAMS AND OPERATIONS. ABOVE ALL ELSE, THE IG KEEPS THE COO INFORMED ABOUT PROBLEMS AND DEFICIENCIES, THE NEED FOR CORRECTIVE ACTIONS, AND THE PROGRESS THAT MAY RESULT FROM THOSE ACTIONS.

Altogether, the AFRH IG provides essential leadership that helps this organization grow effectively and fulfill its mission. In 2012, Sheila Abarr was selected as the new AFRH IG in tandem with her responsibilities as Public Affairs Officer.

The Reports Consolidation Act of 2000 requires each Federal agency IG to identify and report each year on the most serious management and performance challenges. The IG also reports what steps have been taken for the mitigation and correction of those challenges.

“ I WILL CAREFULLY OBSERVE, RECOMMEND, AND SUPPORT OUR RESIDENTS AND STAFF.

— Sheila Abarr (New AFRH IG)



Office of the AFRH Inspector General (IG)
Armed Forces Retirement Home
3700 N. Capitol Street
Washington, DC 20011-8400

DATE: November 2, 2012
TO: Steven G. McManus, COO
SUBJECT: IG Statement on FY13 Challenges

In accordance with Section 3 of the Reports Consolidation Act of 2000, each Federal agency IG must provide a statement outlining the most serious challenges facing the organization. Per the new Government Performance and Results Modernization Act, these challenges link directly to the President’s initiative to improve performance via AFRH Key Strategic Performance Goals.

In the past decade, the AFRH has undergone significant changes. Management deployed a long-range strategy to move towards Person-centered Care, which will increase service and quality of life and decrease health-related costs. This new movement created the need to change the physical surroundings, Agency programs, resident activities, living spaces, and dining services. The IG’s responsibility is to ensure objective oversight with evaluations and audits, as needed. This job has been, and continues to be, one of advising and monitoring as the AFRH achieves its program objectives.

The ultimate AFRH vision is to transform the Agency from a regimented ‘institution’ to a person-centered ‘home’. Starting in the early 2000s, we repeatedly set key milestones to achieve this vision. The Challenges outlined here are the ‘next steps’ in a long line of actions that will propel us towards our ultimate goal.

I am very proud of everything that we have achieved so far in such a short period of time. Yet, as we face these next steps, I will carefully observe, recommend, and support our staff in my capacity as their IG.



Respectfully,

Sheila Abarr
Inspector General
Armed Forces Retirement Home

For safety, the AFRH-G walking path is routed away from the driveway.

2013 Management Challenges as identified by the IG:

MANAGEMENT CHALLENGES

RECOMMENDED ACTIONS

Transitioning to and operating the new AFRH-W Scott Building

- » Maintain oversight of schedule & construction budget
- » Work with all staff to enhance the understanding of floor plans before move-in
- » Clarify to staff all operational changes dependent on new designs once building opens

Optimizing strategy for the Washington Master Plan revival

- » Work with Corps of Engineers on updates to property appraisal and partner with DoD to secure investors and funding as forecast in financial analyses

PERFORMANCE CHALLENGES

RECOMMENDED ACTIONS

Continuing progress in PCC operations & enhancing its service delivery

- » Empower staff by expanding PCC knowledge & skills
- » Achieve acceptable performance & alter services as needed

Continuing the expansion of Aging-in-Place

- » Reduce higher levels of care and related costs via right-sizing AFRH-W
- » Promote independence via ILP on both campuses
- » Finalize construction of the 'new' living spaces
- » Move in and operate in the new model

Advancing IT throughout all of the AFRH

- » Deploy Electronic Health Record System (EHRS)
- » Move to Cloud technology for email & files
- » Enhance networking / videoconferencing & reduce IT costs
- » Create / implement an overall IT strategy and process to implement electronic records, networking & videoconferencing

Maintaining optimum financial management

- » Ensure Trust Fund solvency, keep expenses down & create revenue via the Washington Master Plan
- » Continue to put added emphasis on Internal Controls
- » Develop procedures & measures that will arm us with vital data to make ongoing process improvements



“ AS A BLUE ANGEL I WAS ASKED TO WAVE THE FLAG AT THE AFRH. SO, I ALWAYS HAD IT IN MIND I'D COME HERE.

— Les Crawshaw (Marines)

Young Les joined the Marine Corps “going wherever Uncle Sam sent me”. In 1971, he made flight engineer, and in 1978 he interviewed with the Blue Angels. “I never heard anything, and then I went overseas.



I returned in 1981, and the Angels finally called saying, ‘We need you. Can you come now?’. So I did!” During his years of flying, Les toured 57 countries and clocked 13,000 miles.

Les arrived at Gulfport in 2011 as the 500th resident. He’s a huge travel buff and keeps his RV in the parking lot. He’s traveled extensively through America, Canada, and Mexico—with an old marked-up map to prove it. Les captured his great travel moments in over 5,000 photos, which he has turned into a slide show on his computer screen.

HEEDFUL ACTIONS

ALL THROUGHOUT THE AFRH, OUR MANAGERS WERE MONITORING COSTS, CONTROLLING SPENDING, AND IMPROVING SERVICES. SIGNIFICANT GAINS WERE REALIZED, ALBEIT THE TECHNOLOGY THAT WE HOPED TO DEPLOY WAS REGRETTABLY DELAYED. WE REGROUPED AND FOUND A SMART SOLUTION FOR FY13.

At the Washington community, FY12 was literally a year of rebuilding all across campus. There, we took on construction projects in three of the main buildings of campus activity. Progress is abundant and morale is high.

Meanwhile, Gulfport managers were adjusting operations and striving to reach full capacity by welcoming new residents. This relatively new team was enhanced with the appointment of a new Administrator.

On the next page we've outlined the management responses to the FY12 Challenges, as laid out by our former IG.

2012 MANAGEMENT CHALLENGES

Rehabbing Sherman Building: repairing, reconstructing, funding & reinstating corporate staff

Maintaining Financial Solvency: keeping costs down and ensuring Trust Fund solvency as Trust Fund is expended for the Scott Project

Enhancing Resident Services: establishing baseline contracts to support resident needs (for medical supplies, dental services, pharmacy, optometry, and rehab at both AFRH-W & -G); and implementing EHRS on both campuses

RESPONSE AND PROGRESS

With Congressional funding, the contract to repair earthquake damage began in mid-summer 2012. Work will continue to Nov. 2012. Corporate staff cannot return until repairs are complete in FY13. STATUS: On Schedule

Via an update to the LRFP, analysis has shown Trust Fund withdrawals for the Scott Project will not affect Fund solvency if a conservative spending pattern is maintained and revenue is realized from the Washington Master Plan. STATUS: On Track

Adjusting all contracts for PCC & environmental changes at both Homes has been a priority. Contracts were adjusted for new configurations at AFRH-W & -G. The software chosen in FY11 was ready to be deployed. Yet, we discovered it did not have the functionality AFRH required. So, managers selected new software in FY12 that is more fitting. Staff training, records conversion, and overall rollout will begin in FY13. STATUS: On Track

2012 PERFORMANCE CHALLENGES

Evolving Resident- & Staff-centered Care: cultivating this cornerstone philosophy at the Agency and continuing training for all staff and residents

Advancing Professional Development: providing and encouraging staff to take advantage of growth training from no-cost or fee-based sources

Developing Aging in Place: reducing upper levels of care, thereby reducing costs through rightsizing AFRH-W as well as ILP expansion on both campuses

RESPONSE AND PROGRESS

PCC education has been ongoing as a module in all required training. At the annual offsite, expanded concepts in PCC were presented. The dining survey enhanced the concept of PCC food services and delivery. We are preparing for the shift to a 'small house concept' in the new Scott. A renewed emphasis on staff roles in PCC has yielded action committees to address staff concerns.

A committee was formed to explore how staff can obtain education & training while expanding personal growth. This stems from the Key Strategic Performance Goal: Create a Staff-Centered Environment.

The expansion of ILP has yielded fewer residents entering healthcare units. At AFRH-G, 43 ILP residents are cared for; at AFRH-W, the number is 46. The new Scott Building is near complete, and its small house concept for healthcare will lower LTC entry.



VIGILANT UPKEEP

THE IMPROPER PAYMENTS INFORMATION ACT (IPIA) OF 2002 (PUBLIC LAW 107-300), AS AMENDED BY THE IMPROPER PAYMENTS ELIMINATION & RECOVERY ACT (IPERA) OF 2010, WAS ENACTED TO SOLICIT ESTIMATES AND REPORTS OF IMPROPER PAYMENTS MADE BY FEDERAL AGENCIES TO VENDORS, SERVICE PROVIDERS, AND CONTRACTORS.

The Act requires that Federal agencies estimate improper payments and report on actions to reduce them. An improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.

Each year, our partner BPD reviews each AFRH business program for improper and erroneous payments. Effective in November 2011, the AFRH transitioned to the Internet Payment Platform that eliminated manual processes and greatly reduce inefficiencies in the approval process.

The process flows from BPD when they catch erroneous payments and correct them. Then, BPD notifies the AFRH Business Office, Contracting Officer's Representatives (CORs), and technicians. In FY12 our efforts in improved processes proved successful with no improper payments for the first time.

RESULT: NO IP FOR FY12

AFRH IP Trends:

- FY05: 1
- FY06: 30
- FY07: 4
- FY08: 4
- FY09: 179*
- FY10: 2
- FY11: 4

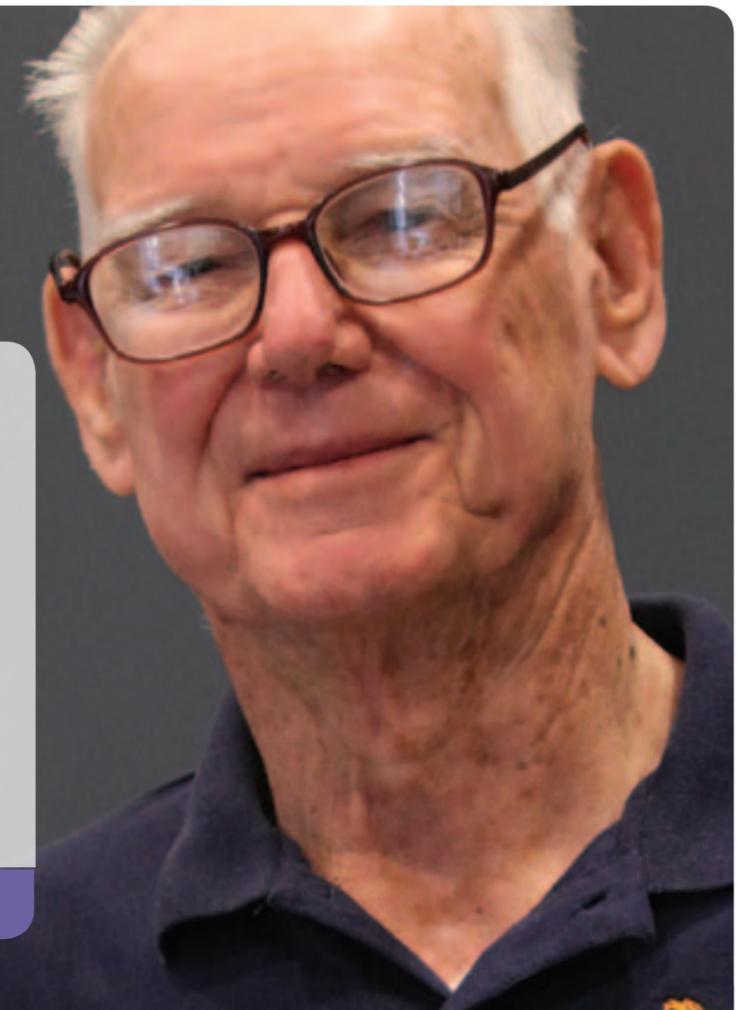
FY12: 0

**172 by McKesson over 2 fiscal years (just detected in FY09)*

'Submarine Alley' at AFRH-G features US subs and honors sailors who died serving America.

“ WHEN WE REALIZED OUR PLANE WAS HIJACKED, I WROTE EVERYTHING DOWN THAT HAPPENED AND WAS SAID.

— Hugh Wingo (Navy)



In his 94 years, Hugh's led an exciting life. As a sailor for 20+ years, he was involved in the Battle of Midway. Another significant life experience occurred when Hugh and his wife were returning from visiting their daughter overseas in 1971.

Two men hijacked their plane: "They said we weren't landing in New York. They took our passports searching for anyone who was from an enemy country of the PFLU – Palestine Free Liberation Unit." Suddenly, the plane made a

U-turn and landed in Cairo, Egypt. The hijackers told the passengers they were blowing up the plane and they had three minutes to deplane. Thankfully, all escaped the plane in time and no one was killed.

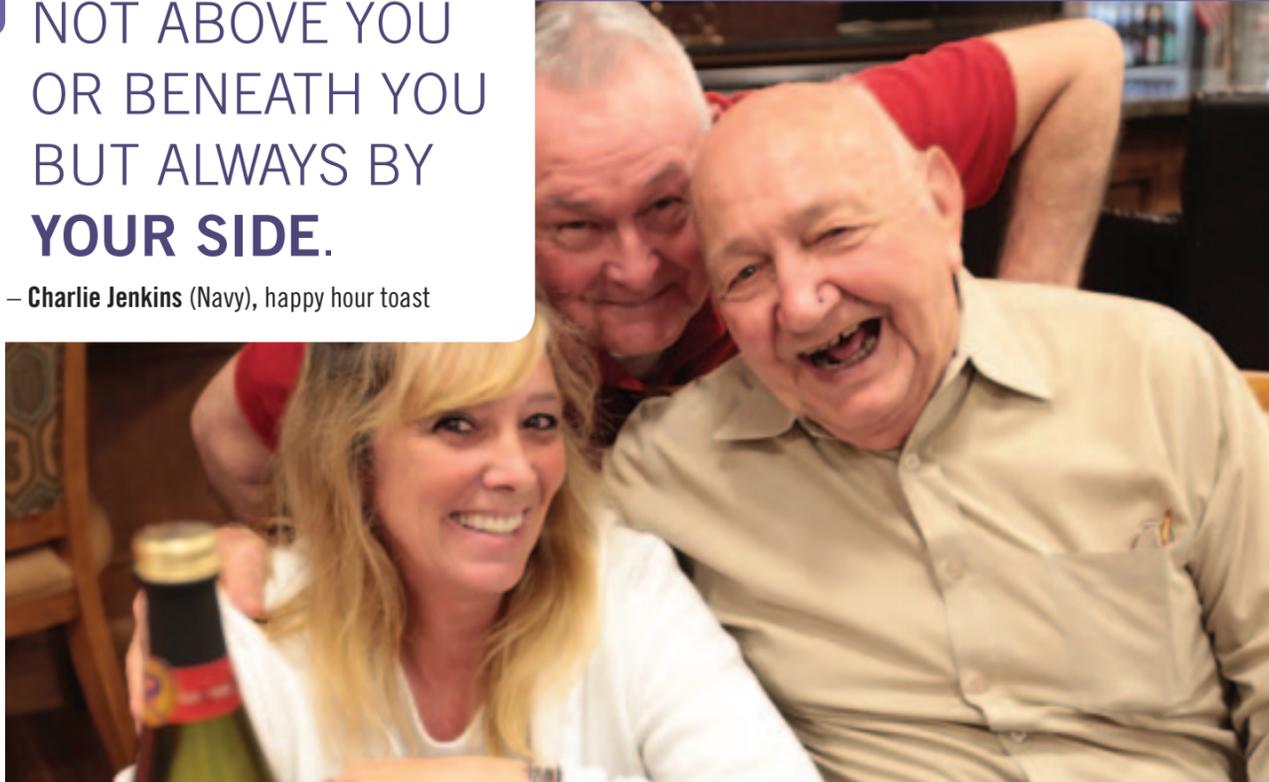
Once the hijacking began, Hugh started writing everything down on whatever paper he could find. Later, the pilot asked for a copy of it for their report. Now, at AFRH-G, Hugh partakes in less dangerous activities such as water aerobics, line dancing, and art.

TACTFUL MANNERS

PRESENTING THE AFRH SUMMARY OF FINANCIAL STATEMENT AUDIT FOR FY 2012: IN ACCORDANCE WITH OMB CIRCULAR NO. A-136, FINANCIAL REPORTING REQUIREMENTS, SECTION II.5.7, ALL FEDERAL AGENCIES ARE REQUIRED TO PRESENT AND DISCUSS EACH MATERIAL WEAKNESS, NON-CONFORMANCE, AND NON-COMPLIANCE. THE AUDITORS FOUND NO MATERIAL WEAKNESSES. MANAGEMENT ASSURANCES FOR FMFIA ARE PRESENTED IN MANAGEMENT'S DISCUSSION & ANALYSIS. THE COO IS PLEASED TO REPORT NEITHER NON-COMPLIANCE NOR NON-CONFORMITY IS PRESENT.

“NOT ABOVE YOU OR BENEATH YOU BUT ALWAYS BY YOUR SIDE.”

— Charlie Jenkins (Navy), happy hour toast



Presenting the PAR to residents is an annual tradition for the COO.



“WE HAVE A LOT OF BEAUTIFUL RESIDENTS HERE.”

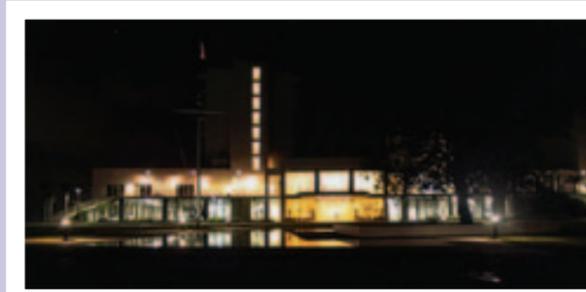
— Richard “Gunny” Ranzo (Marines)

“Gunny” spent 20 years in the Marine Corps as a Gunnery Sergeant, winning medals in Vietnam. Yet, afterwards, he lived on the streets for many months: “I had post traumatic stress disorder. But, I recovered through treatment and I’m happier than ever.”

He then worked in the restaurant business and

for Lockheed Aircraft Company. In 2009, he came to AFRH-Gulfport. One day, Gunny found a fishing rod in the lake at Keesler Air Force Base while learning to fish with a fellow resident. He was hooked.

Puppy drums and trout are what Gunny fishes for most nowadays. He and his buddies use their catches to throw ‘fish fries’ a couple times a month. Gunny is thrilled the kitchen is open to all residents and that the Home provides safety training. Fish on!



Gunny traded his gun for a camera. Now, he shoots a range of photography like this scenic of AFRH-G.

List of Acronyms

Acronym	Meaning	Acronym	Meaning
AAFES	Army and Air Force Exchange Service	IL	Independent Living
ADA	Americans with Disabilities Act	ILP	Independent Living Plus Pilot
AL	Assisted Living	IPAC	Intragovernmental Payment and Collection System
ARC	Administrative Resource Center	IPERA	Improper Payments Elimination and Recovery Act 2010
AFRH	Armed Forces Retirement Home	IPIA	Improper Payments Information Act 2002
BPD	Bureau of Public Debt	IT	Information Technology
C&A	Certification and Accreditation	IP	Internet Protocol
CARF/CCAC	Commission on Accreditation of Rehabilitation Facilities and Continuing Care Accreditation Commission	JFMIP	Joint Financial Management Improvement Act
CCRC	Continuing Care Retirement Community	KHC	King Health Center
CFO	Chief Financial Officer	LEED	Leadership in Energy and Environmental Design
CHCO	Chief Human Capital Officer	LPN	Licenses Practical Nurse
CMMS	Computerized Maintenance Management System	LRFP	Long Range Financial Plan
CNA	Certified Nursing Assistant	LTC	Long Term Care
COO	Chief Operating Officer	MCOC	Management Control Oversight Council
COR	Contracting Officer's Representative	MEO	More Efficient Organization
COTS	Commercial-Off-The-Shelf	MS	Memory Support
CRA	Continuing Resolution Act	NBC	National Business Center
CWOA	Chief Warrant & Warrant Officers Association	NCPC	National Capital Planning Commission
DAPS	Document Automation and Production Service	NAVFAC	Naval Facilities
DAV	Disabled American Veterans	NCOA	Non Commissioned Officer Association
DCOO	Deputy Chief Operating Officer	NDAA	National Defense Authorization Act
DEIS	Draft Environmental Impact Statement	NFC	National Finance Center
DEOMI	Defense Equal Opportunity Management Institute	NLT	No Later Than
DFAS	Defense Finance and Acquisition System	NPSG	National Patient Safety Goals
DoD	Department of Defense	OMB	Office of Management and Budget
DOI	Department of Interior	OPM	Office of Personnel Management
DRMS	Defense Reutilization and Marketing Services	OSD	Office of the Secretary of Defense
EEO	Equal Employment Opportunity	OSHA	Occupational Safety and Health Administration
EFT	Electronic Funds Transfer	PART	Program Asset Rating Tool
EHRS	Electronic Health Records System	PC	Personal Computer
FAIR	Federal Activities Inventory Reform	PI	Performance Improvement
FAR	Federal Acquisition Regulation	PMD	Power Mobility Device
FASAB	Federal Accounting Standards Advisory Board	PPE	Property, Plant, and Equipment
FECA	Federal Employees Compensation Act	QIP	Quality Improvement Plan
FEMA	Federal Emergency Management Agency	RADM	Rear Admiral
FEDInvest	Federal Investment (software application)	RFP	Request for Proposal
FFMIA	Federal Financial Management Improvement Act	RFQ	Request of Qualification
FISMA	Federal Information Security Management Act	RIS	Resident Information System
FMFIA	Federal Managers Financial Integrity Act	RN	Registered Nurse
FTE	Full-time Equivalents	SAS	Statement on Auditing Standards
FY	Fiscal Year	Seabees	Naval Construction Battalion
GAAP	Generally accepted accounting principles	SHCP	Strategic Human Capital Plan
GPRA	Government Performance and Results Act	SF	Square Feet
GPRMA	Government Performance and Results Modernization Act	SME	Subject Matter Experts
GSA	General Services Administration	SOP	Standard Operating Procedure
HCMR	Human Capital Management Report	SSAE	Statement on Standards for Attestation Engagements
HCSF	Human Capital Strategic Plan	SSG	Service Study Group
HSPD-12 PIV	Homeland Security Presidential Directive 12 – Personal Identification Verification	STAR	Systems Time and Attendance Report
ICB	Internal Control Board	TeamSTEPPS	Team Strategies and Tools to Enhance Performance and Patient Safety
IG	Inspector General	TREA	The Retired Enlisted Association
		USC	United States Code
		USSGL	US Standard General Ledger
		VSO	Veteran Service Organization
		WG	Washington Gas



“ WE ARE THE LUCKIEST WOMEN IN THE WORLD BECAUSE WE LIVE IN THE AFRH!

— Mary Allen (Army)

Pure Patriotism drove Mary, a Mississippi speech teacher, to join the Women's Army Auxiliary Corps in 1942. Years later, her grandson asked why she joined. "We were losing that war! Didn't you learn that in school?" she declared. "If Japan had sent another wave after Pearl Harbor they'd have had us."

After enlisting, Mary capitalized on her speech skills to recruit and speak on behalf of Army women. "There was great opposition to women in uniform." Through her speeches, Mary dispelled

stereotypes and encouraged parents to let their daughters serve. Beyond mere words, Mary led by example as a strong service woman.

She later worked in radio and television and even owned a medical transcription business. Now, Mary manages AFRH volunteers and their timesheets. She says she's embarrassed when asked about her service "with all the real heroes here". Given her passionate patriotism and brave endorsement of Army women, Mary shouldn't be so modest. She's a true heroine in anyone's eyes.

Many Special Thanks

HEARTFELT APPRECIATION

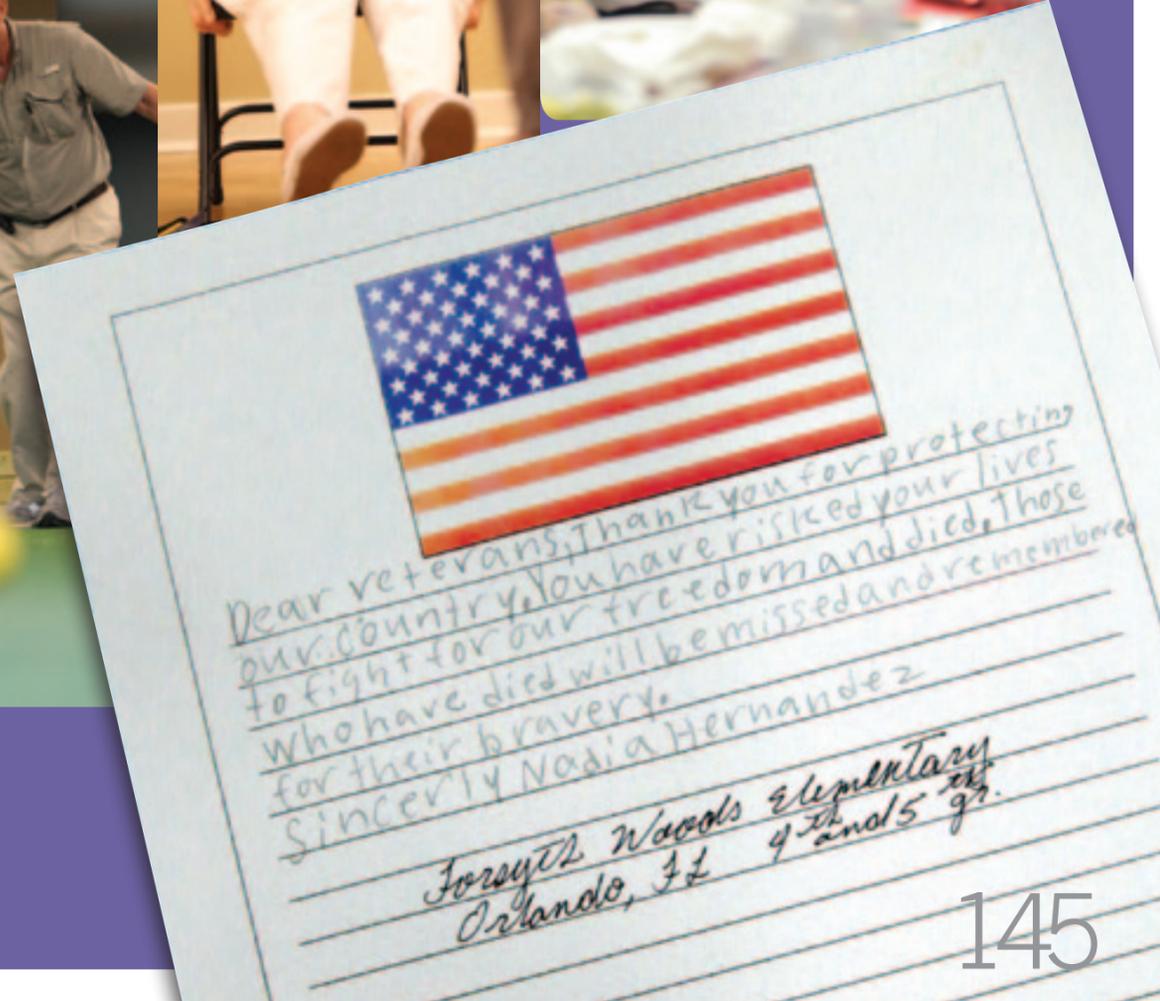
TO OUR WONDERFUL STAFF, SUPPORTERS, VISITORS, VOLUNTEERS, AND RESIDENTS: THANK YOU SO MUCH FOR YOUR ONGOING SUPPORT OF OUR PLANS, EFFORTS, AND ACHIEVEMENTS. WE COULD NEVER SUCCEED AND THRIVE WITHOUT YOUR SUPPORT. TO THOSE WHO GENEROUSLY GIVE THEIR TIME AND INTERACT WITH THE AFRH DAILY: YOU ARE TRULY HELPING US ALL TO DELIVER: **MINDFUL CARE, MEANINGFUL LIVING.**



Also, thank you for taking the time to learn about the exciting AFRH transformation, as summarized in this 2012 Annual Report. Our innovative changes will help enrich the lives of everyone associated with both Homes. We welcome your input on how we may improve this Report. Simply contact us:



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