

### Management Control Weaknesses

Description	Current Status	Resolution Target Date	Section 2	Section 4
<b>PAID System–Mission Performance</b> – VA’s central payroll and personnel system, PAID, lacked the ability to expand.	The PAID system has been modified to allow an employee’s pay/benefits to be allocated to four fund/cost center combinations and to pass this distribution labor cost to FMS. Final reports confirming this functionality were provided to the OIG in October 2004.	November 2004		X
<b>Internal Control Weaknesses in the Compensation and Pension Payment Process</b> – Erroneous and fraudulent payments were found.	Procedures are underway to augment internal controls in the area of erroneous payments. Measures are being taken to pinpoint the amount of overpayments in each program area and to determine the nature and causes of the overpayments.	December 2005	X	

## Federal Financial Management Improvement Act

The Federal Financial Management Improvement Act (FFMIA) encourages agencies to have systems that generate timely, accurate, and useful information with which to make informed decisions and to ensure accountability on an ongoing basis. The Department faces challenges in building and maintaining financial management systems that comply with FFMIA. Under FFMIA, VA is substantially compliant — with the exception of Federal financial management systems requirements. VA’s noncompliance in this area was to have been resolved with implementation of the Department’s Core Financial and Logistics System (CoreFLS) in 2006. Although the system was piloted at the Bay Pines VA Medical Center and two other VA sites, the results led to a decision to return these pilot sites to VA’s existing financial management system (FMS) at the beginning of FY 2005. Consequently, VA is

proceeding with a plan consisting of discreet activities to support an enhanced CoreFLS program moving forward to full deployment at VA facilities nationwide. Key early components of the plan include incorporation of lessons learned into our detailed project plan, analysis and re-evaluation of the "As Is" and the "To Be" business processes leading to department standardization of procedures, and validation of software alternatives. We plan to verify our activities using Independent Verification and Validation (IV&V). Other activities include resolution of gaps, implementation planning, pilot testing, and system deployment. Parallel planning for both evaluation and implementation activities will ensure VA can respond proactively to results of the analysis and validation. An executive project committee will make recommendations to the VA Secretary concerning the future of the program.