# VA Financial Policies and Procedures, Volume I, Chapter 1A
# Process to Update/Develop Financial Policy and Procedures

## CHAPTER 1A

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## 0101 OVERVIEW

This chapter establishes the Department of Veterans Affairs' (VA) process to ensure that its financial policies and procedures are always current and useful for their intended audience. The process streamlines, simplifies, and standardizes VA's financial policies and procedures to preclude multiple interpretations.

Maintaining an updated library of financial policy and procedural chapters helps VA employees to gain the confidence that the underlying financial policies and procedures are being implemented in a consistent and reliable manner across the Department. Adherence to uniform financial policies and procedures will provide the assurance that common business events, across all VA operations, are being accounted for and reported in a similar fashion, thus avoiding different interpretations by different VA offices.

The chapter describes the various roles of VA employees, who are responsible for developing, updating, maintaining, and sustaining VA's financial policies and procedures. VA Directive 6630, *Directives Management,* is not applicable to the development, revision, and/or rescission process for financial policies and procedures due to the specific delegated authority vested in VA's Chief Financial Officer (CFO) for issuing financial policy.

## 0102 POLICIES

010201 VA will maintain an up-to-date inventory of financial policies and procedures that are to be implemented consistently across the entire Department.

010202 VA will implement periodic review procedures over a three-year cycle to ensure that the financial policy and procedures chapters are always updated to address gaps and deficiencies that may be caused by changes in new legislation, regulatory requirements, or institutional policies and procedures.

010203 VA will establish new financial policy and procedures in concert with regulations promulgated by other Federal bodies, such as the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury), within 90 days of being notified officially of any new requirements.

010204 VA will engage employees from both the central office and field locations in the process of reviewing existing financial policy and procedures chapters, as well as in developing new financial policies and procedures chapters that are necessary to address changing circumstances or new business events.

010205 VA will ensure that all newly developed or revised financial policy and procedures chapters are:

A. Written to be user friendly with minimal technical jargon

B. Consistent in format, layout, distribution, and communication

C. Aligned with the relevant internal and external governing authorities

D. Compliant with internal VA Information Technology (IT) Directives 06-1 through 06-5.

010206 VA will produce financial policy and procedures chapters that comply with the requirements of the Rehabilitation Act of 1998.

010207 VA will maintain an inventory of financial policy and procedures chapters that are prepared in hypertext format, allowing for search capability, and utilize hyperlinks to ensure that each financial policy and procedures chapter is compatible with any related financial policy and procedures chapter within the existing inventory.

010208 VA will ensure that all financial policy and procedures chapters are hyperlinked to all relevant external requirements documents, whether they are legislation, regulatory circulars and bulletins, or best practice guidance, such as those documents that are contained within the Federal GAAP Hierarchy.

## 0103 AUTHORITY AND REFERENCES

010301 Chief Financial Officers (CFO) Act of 1990

010302 38 U.S.C. 309, Veterans' Benefits

010303 Federal Accounting Standards Advisory Board (FASAB)

010304 Government Performance Results Act (GPRA) of 1993

010305 Office of Management and Budget (OMB) Circular A-134, *Financial Accounting Principles and Standards*

010306 Rehabilitation Act of 1998 (Amended), Section 508, Compliance

010307 Treasury Financial Manual

## 0104 ROLES AND RESPONSIBILITIES

010401 The Assistant Secretary for Management/Chief Financial Officer, as required by the Chief Financial Officers Act of 1990 and codified in Title 38,

Section 309 of the U.S. Code, oversees all financial management activities relating to the Department's programs and operations. Specific responsibilities include the direction, management, and provision of policy guidance and oversight of VA's financial management personnel, activities, and operations. The CFO establishes financial policy, systems and operating procedures for all VA financial entities, provides guidance on all aspects of financial management, and directs and manages the Department's financial operations and systems support.

010402 The Office of Financial Policy (OFP), under the CFO's direction, provides VA-wide financial policy and guidance. Among its responsibilities, OFP develops, coordinates, issues, evaluates, and reviews VA financial policies, systems, and procedures for compliance with all financial laws and regulations; it also develops policies and procedures for cash and debt management in accordance with the Debt Collection Improvement Act of 1996 and other government-wide programs and initiatives. The Associate Deputy Assistant Secretary (ADAS), OFP, has the immediate responsibility to initiate periodic reviews and assessments of the existing library of financial policies and procedures, as well as to comply with the 90-day requirement for developing new and/or eliminating old policy and procedural guidance that affect VA-wide financial activities. The ADAS will consult with the appropriate VA management Heads, in 010403 below, to designate project team members to assist in the development of new and/or update existing financial policies and procedures.

010403 All VA management Heads in Administrations, staff offices, staff organizations, and other key officials have the responsibility to implement financial policies and procedures established by the CFO, including compliance with the policies and procedures set forth in this chapter.

## 0105 PROCEDURES

010501 Existing Financial Policy and Procedures Chapters

A. The entire inventory of existing financial policy and procedures chapters will be reviewed over a continuing three-year cycle by a team designated by OFP. This review period will ensure that existing financial policy and procedures chapters are always current and that action is commenced to identify those financial policies and procedures that are no longer applicable to VA's operations.

B. A project team will be convened, consisting of subject-matter experts chosen from all VA offices, to plan the review process and identify what the requirements are to update the current financial policy and procedures chapters. Members of the project team will possess the appropriate subject-matter expertise for each chapter and have a thorough understanding of VA's operations to ensure that all

existing financial policy and procedures chapters reflect the needs of each VA office and location. During the planning phase, the project team will:

1. Determine the scope of the financial policy and procedures chapters that need to be updated or rescinded, and perform a gap analysis to identify where specific changes are required

2. Develop a detailed schedule, with assignments and milestones, and track the update process to ensure that the effort remains on course and the three-year cycle of review is accomplished

3. Obtain existing documentation, to include financial policy and procedures chapters, business process narratives, process maps and flowcharts, and cycle memoranda to solidify understanding of the financial policies and procedures

4. Examine current financial policy and procedures chapters to determine their continued relevance to VA's operations

5. Ensure that all revisions to existing financial policy and procedures chapters include the proper legal and other regulatory citations applicable to the subject matter, such as OMB Circulars or Treasury's Financial Manual.

010502 New or Updated Financial Policy and Procedures Chapters

A. OFP will select a team of subject-matter experts, in cooperation with leadership from each Administration area, to develop new financial policy and procedures chapters that address deficiencies identified during the above gap analysis or are necessary to implement any new legislation, regulations, or internal VA mandates. If a team is not necessary, OFP will appoint the most appropriate VA employee(s) with the necessary expertise to draft such chapters.

B. New chapters must meet the following conditions before final approval is granted by the CFO:

1. New chapters will include the proper legal and other regulatory citations applicable to the subject matter

2. New chapters will contain the proper references to any related existing financial policy and procedures chapters and are properly hyperlinked

3. Subject-matter experts will review preliminary draft chapters to ensure that the chapters meet the requirements intended by new legislation, regulatory bodies, and internal VA management officials, who are ultimately responsible for overall policy implementation.

C. Final revisions to the draft financial policy and procedures chapters will be returned to the appropriate VA program officials for concurrence before being forwarded to OFP for final approval, processing, and distribution.

010503 Review Comments

A. Upon receipt of feedback, the project team or designated VA employee(s) will coordinate all revisions among the proper VA stakeholders in order to address the comments received. Several approaches for establishing concurrence include the following activities:

1. Develop a Comments Review Matrix to establish an audit trail that tracks the disposition of each comment

2. Conduct additional research or discussion on areas that need to be updated or expanded based on review feedback

3. Facilitate work group sessions to discuss feedback received and actions necessary to resolve any open review comments

4. Incorporate revisions negotiated and re-issue draft versions of the materials that reflect these revisions.

010504 Final Quality Assurance Review

A. Conduct a final, comprehensive quality assurance review before issuance to ensure that no typographical or policy-specific content errors exist, once concurrence has been obtained on each document.

B. Confirm that chapter procedures are properly linked to those procedures that change annually and are not part of the chapter, but are contained in separate operating guidance to VA employees, similar to operating desk procedures.

C. Take the necessary steps to ensure that policy updates or new policy documents comply with the Rehabilitation Act of 1998, Section 508.

D. Ensure that the approval process for developing and updating financial policy and procedures chapters adheres to the requirements in this chapter.

010505 Approved Policy and Procedures Chapters Issued by CFO

Issue the final financial policy and procedures chapter to internal and external stakeholders, as applicable, once it is approved by the CFO. This may involve communicating the new policies and procedures in multiple ways, to include delivering hardcopies to the appropriate VA managers, posting material on the

VA website or any existing knowledge portal, or disseminating electronic copies to employees.

010506 Implement an Update Schedule

Devise and implement an update schedule designed to be deliberative, allowing for consideration of multiple viewpoints, consensus-building, and thorough clearance and cross-referencing of policies and procedures. Policy updates will occur over a three-year cycle of review.

## 0106 DEFINITIONS

010601 Project Team. A group of VA employees and/or contractors who have been assembled to conduct the necessary research and analysis of existing financial policy and procedures chapters and to recommend the necessary changes to maintain a current inventory, including advising on any recommended new policies and procedures to be developed.

010602 Comments Review Matrix. A log used to capture review comments and to identify the comment author, the rationale for the comment, the date of comment receipt, and the time of the acceptance/rejection decision.

010603 508 Compliant. A term that describes the Federal requirement for agencies to make their electronic and information technology accessible to people with disabilities.

## 0107 QUESTIONS

Questions concerning these financial policies and procedures should be directed as shown below:

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|---|---|
| VHA | VHA Accounting Policy (Outlook) |
| VBA | VAVBAWAS/CO/FINREP (Outlook) |
| All Others | OFP Accounting Policy (Outlook) |