

VA Financial Policies and Procedures
Administrative Fiscal Policies and Procedures

CHAPTER 1

0101 OVERVIEW	2
0102 POLICIES	2
0103 AUTHORITY AND REFERENCES	3
0104 ROLES AND RESPONSIBILITIES	4
0105 PROCEDURES	5
0106 DEFINITIONS	8
0107 RESCISSIONS	8
0108 QUESTIONS	8
APPENDIX A	9

0101 OVERVIEW

This Chapter establishes the Department of Veterans Affairs (VA) administrative fiscal policies and procedures, including policy hierarchy, prohibited dual functions, shortages of funds and reporting of irregularities. The Secretary of VA has delegated the responsibility for daily overall fiscal responsibility to the Chief of Finance or other fiscal official at a facility, station or other appropriate office.

VA's Office of Financial Policy (OFP) is responsible for updating, developing and disseminating administrative fiscal policy. The Administration Chief Financial Officers (A/CFO) or other office CFOs are responsible for updating and publishing specific procedures to meet the OFP financial policy requirements.

VA is responsible for maintaining all aspects of the facility or station fiscal operations by performing the following functions:

- Administering Fiscal Operations
- Contacting Treasury
- Prohibiting Dual Functions
- Designating Certifying Officials
- Reporting Shortages of Funds
- Reporting Fiscal Irregularities
- Retaining Supporting Documents

0102 POLICIES

010201 ADMINISTERING FISCAL PROCEDURES. The Chief of the Finance Activity or other designated fiscal official, is responsible for the fiscal activities at a particular office or facility. Appendix A illustrates the hierarchy for submitting inquiries regarding VA policy.

010202 CONTACTING TREASURY. OFP will notify Treasury's Financial Management Service (FMS) of all planned changes in organizational structure or operations that may affect disbursing services performed by the Treasury's Regional Financial Center (RFC) at the Financial Services Center (FSC) in Austin, TX.

010203 PROHIBITING DUAL FUNCTIONS.

A. The Chief or other fiscal official will ensure effective internal controls are in place to ensure proper segregation of duties. For example, segregation of duties will preclude an employee from performing both certifying and disbursing functions or to preclude an employee from serving both as an Agent Cashier and as a Patients Funds Clerk or Payroll Clerk.

Refer to Volume VIII, Chapter 3, *Agent Cashier Policy* and Volume VIII, Chapter 4, *Personal Funds of Patients*, for additional information on the respective functions.

B. As established by Federal guidelines, the Chief or other fiscal official will avoid circumstances that might lead to the conclusion of a connection between VA and the employees' credit unions or other organizations established and operated for the benefit of employees. No activity incident to the handling of funds or control of the fiscal affairs of the organizations will be conducted by a VA official or employee within the Finance Activity.

010204 DESIGNATING CERTIFYING OFFICERS. VA will appoint Finance Activity employees as VA's primary certifying officers, except those employees certifying vouchers covering expenditures and withdrawals from restricted accounts of Personal Funds of Patients.

010205 REPORTING SHORTAGES OF FUNDS.

A. The director of a VA facility, station or other office, as designated, may act as settlement officer for claims arising from a shortage of funds valued at \$200 or less, due to the action of an employee at his or her station, unless the loss involves the director.

B. The A/CFO, or other office CFO under whose jurisdiction a director serves, will be the designated settlement officer for all claims arising from any loss involving a director.

C. For shortage of funds greater than \$200, refer to Volume VIII, Chapter 3, *Agent Cashier Policy*, for VA's financial policies and procedures relating to fund shortage of this magnitude.

010206 REPORTING OF IRREGULARITIES.

A. The Chief or other fiscal official will report all irregularities to the A/CFO or other office CFO.

B. The A/CFO or other office CFO will report all irregularities affecting the accounts of accountable officers or VA employees, to the Deputy Assistant Secretary for Finance in VA's Central Office (VACO) for review and further action.

010207 RETAINING SUPPORTING DOCUMENTS. VA will adhere to the requirements in 44 U.S.C. Chapter 31, *Records Management by Federal Agencies*, to implement a Departmentwide Records Management Program through developing the appropriate Records Schedules to meet the various needs of each VA organization and complying with laws and regulations relating to overall records management.

0103 AUTHORITY AND REFERENCES

010301 U.S. Government Accountability Office (GAO), Title 7, Policy and Procedures Manual for Guidance of Federal Agencies, Fiscal Guidance

010302 31 U.S.C. 3528, Responsibility and Relief from Liability of Certifying Officials

010303 31 U.S.C. 3716, Administrative Offset

010304 44 U.S.C. Chapter 31, Records Management by Federal Agencies

010305 Federal Managers' Financial Integrity Act of 1982 (FMFIA)

010306 Office of Management and Budget (OMB) Circular A-123, Management Accountability and Control

010307 Treasury Financial Manual, Volume I, Part 4, Chapter 1000, Disbursing

010308 Department of Veterans Affairs, Records Management Service Website

010309 Office of Financial Policy Publications Website

0104 ROLES AND RESPONSIBILITIES

010401 The Assistant Secretary for Management/Chief Financial Officer (CFO) oversees all financial management activities relating to the Department's programs and operations, as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309. 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 and provides guidance on all aspects of financial management.

010402 Under Secretaries, Assistant Secretaries, Chief Financial Officers, Finance Officers, Chiefs of Finance Activities, Fiscal Officials, Chief Accountants and other key officials are responsible for ensuring compliance with the policies and procedures set forth in this chapter.

010403 VA's Office of Financial Policy, Cash and Debt Management Division, will update, develop and disseminate administrative fiscal policy. The Administrations will put into practice specific fiscal procedures for meeting VA's overall financial policy requirements. The Cash and Debt Management Division notifies Treasury FMS on all VA anticipated changes in organizational alignment and operations that may have an effect on the operations of Treasury's disbursing functions.

010404 The Financial Services Center (FSC), located in Austin, Texas, is a franchise fund (fee-for-service) organization in the Department of Veterans Affairs (VA). Under the authority of The Government Management Reform Act of 1994 and The Military Quality of Life and Veterans Affairs Appropriations Act, 2006, Public Law 109-114, the FSC offers a wide range of financial and accounting products and services to both VA and other Government agencies.

0105 PROCEDURES

VA fiscal policy is developed, updated and disseminated by the Cash and Debt Management Division of the Office of Financial Policy. The A/CFOs and other office CFOs will put into practice specific procedures for meeting financial policy requirements. As illustrated in Appendix A, inquiries regarding VA policy should be submitted through the A/CFO to the Cash and Debt Management Division of the Office of Financial Policy.

010501 ADMINISTERING FISCAL PROCEDURES. The Chief of the Finance Activity, or other designated fiscal official, is responsible for all fiscal activities at each facility and will maintain sufficient records as required in support of fiscal and accounting functions. Regional directors and facility directors are authorized to make the final selection for fiscal officers.

010502 CONTACTING TREASURY. OFP's Cash and Debt Management Division is responsible for notifying Treasury FMS as soon as possible in advance of the proposed effective date of all planned organizational structure or operational changes in VA that will affect disbursing services rendered by the Treasury RFC at the FSC in Austin. The Cash and Debt Management Division will analyze the proposed changes and develop suitable plans for an orderly transition before notifying the affected Treasury RFC.

010503 PROHIBITING DUAL FUNCTIONS. The Chief or other fiscal official will ensure effective internal controls are in place.

A. The Chief or other fiscal official should ensure that proper segregation of duties is in place to prevent an employee from performing both certifying and disbursing functions. For example, Agent Cashiers and their alternates will not be authorized to certify vouchers, nor will certifying officials be assigned as Agent Cashiers or alternates. To the extent practicable, the same employee should not serve as both Agent Cashier (or alternate) and Patients Funds Clerk or Payroll Clerk. Refer to Volume VIII Chapter 3, *Agent Cashier Policy* and Volume VIII, Chapter 4, *Personal Funds of Patients*, for additional information on the respective functions.

1. If the appointment of an employee as both Agent Cashier (or alternate) and Payroll Clerk is unavoidable, the employee will not be permitted to make cash payment of salary or receive and distribute salary checks for any of the employees whose pay accounts he/she maintains.

2. If the appointment of an employee as both Agent Cashier (or alternate) and Patients Funds Clerk is unavoidable, the employee will not maintain the Personal Funds of Patients account while serving as cashier.

B. The Chief or other fiscal official will ensure that the proper segregation of duties is employed when accessing VA's automated financial systems. Duties of employees with system access will be properly assigned and controlled so that no employee violates his or her system privileges needed to perform assigned duties. Failure to properly monitor

computer access levels compromises separation of duties, could result in fraudulent or improper payments and leaves VA funds vulnerable to loss or theft.

C. The Chief or other fiscal official will avoid any circumstances which might lead to the conclusion of a connection between the Government and employees' credit unions or other organizations established and operated for the benefit of employees. No activity incident to the handling of funds or control of the fiscal affairs of such organization will be conducted in the Fiscal activity. Furthermore, no Fiscal employee will participate in such activity during official office hours. However, Fiscal employees may maintain membership in such organizations or participate actively during non-duty hours, including holding an official capacity in the organization.

010504 DESIGNATING CERTIFYING OFFICERS.

A. The A/CFO or other office CFO is responsible for delegating to the Director or other appropriate personnel, the authorization to appoint certifying officials or Agent Cashiers at VA facilities, stations or other organizations. The A/CFO or other office CFO will submit FMS Form 2958, *Delegation of Authority*, to the appropriate VA Finance Activity for approval prior to submission and final acceptance by Treasury FMS.

All delegations of duty actions for the Veterans Benefits Administration, National Cemetery Administration and VA's Central Office (VACO), excluding the Veterans Health Administration (VHA), are processed through the Cash and Debt Management Division for final acceptance by Treasury FMS, using FMS Form 2958, *Delegation of Authority*. VHA (173) processes all of the VHA VACO and VA medical centers' delegation of authority actions.

B. The Director or other official is responsible for appointing the certifying officers, using FMS Form 2958, except those employees certifying vouchers covering expenditures and withdrawals from restricted accounts of Personal Funds of Patients. Certifying officers should be Finance Activity or other fiscal employees.

010505 REPORTING SHORTAGES OF FUNDS.

A. Directors are designated as settlement officers for claims arising from a shortage of funds valued at \$200 or less, due to the action of an employee at his/her station, unless the loss involves the Director.

1. VA's authority to offset is enforceable after the employee has been allowed due process. Refer to Volume XII, *Debt Management*, for VA's financial policies and procedures relating to debt collection actions.

2. Refer to Volume VIII, Chapter 3, *Agent Cashier Policy*, for shortages involving Agent Cashier funds and Volume VIII, Chapter 4, *Personal Funds of Patients* (PFOP) for additional information.

B. The A/CFO or other office CFO under whose jurisdiction a director serves, is the designated settlement officer for all claims arising from any loss involving a director.

C. Refer to Volume VIII, Chapter 3, *Agent Cashier Policy*, for shortages greater than \$200 and Volume VIII, Chapter 4, *Personal Funds of Patients (PFOP)*, for additional information.

010506 REPORTING FISCAL IRREGULARITIES.

A. The director of the facility or station will report all irregularities affecting the accounts of accountable officers or employees to the A/CFO or other office CFO for review and further action. The station will retain a copy of the report of irregularities with the responsible officer's accounts for use by GAO in any audit of the accounts.

Examples of reportable irregularities may include:

- shortages due to physical loss of public or patient funds;
- illegal activities resulting from fraud or forgery;
- alteration of vouchers and other improper practices;
- improper accounting for receipts, disbursements or cash advances; or
- any other irregularity which involves accountability to the United States.

B. Refer to the Fiscal Policy Hierarchy in Appendix A for the proper chain of command to follow in reporting fiscal irregularities.

010507 RETAINING SUPPORTING DOCUMENTS.

A. In accordance with 44 U.S.C. Chapter 31, *Records Management by Federal Agencies*, the head of each Federal agency will make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency and designed to furnish the information necessary to protect the legal and financial rights of the Government and of persons directly affected by the agency's activities.

B. The Chief of the Finance Activity or other fiscal official will retain supporting financial documentation, as required by VA's Records Management Service, which serves as the principle means of providing a structured review of all records management programs and operations within VA. Refer to VA's Records Management Service's Web site at <http://www.rms.oit.va.gov/Records.asp> for additional guidance on current VA records policies and procedures. This Web site provides all current Records Schedule, Laws, Statutes and VA Policy and Procedures relating to records management.

C. The Record Schedules provide guidance on the management of records and other types of accumulated documentary materials to assist senior agency officials, program managers, records officers and information resource managers in creating and

maintaining accurate and complete records of VA functions and activities and in ensuring the authorized, timely and appropriate disposition of documentary materials that are no longer needed to conduct business.

0106 DEFINITIONS

010601 Internal Control. An accounting procedure or system designed to promote efficiency, assure the implementation of a policy or safeguard assets to avoid fraud and error.

010602 Records Management. The planning, controlling, directing organizing, training, promoting and other managerial activities involved with respect to records creation, records maintenance and use, and records disposition in order to achieve adequate and proper documentation of the policies and transactions of the Federal Government and effective and economical management of agency operations.

010603 Separation of Duties. Separation of duties is one of the key concepts of internal control and implements an appropriate level of checks and balances upon the activities of individuals. One of the primary objectives of this control procedure is the prevention of fraud and errors. This objective is achieved by disseminating the tasks and associated privileges for a specific business process among multiple users.

010604 Treasury Regional Financial Center (RFC). The RFC processes and disburses payments, including veterans' benefits, Federal salary, vendor payments, tax refunds and other miscellaneous payments.

0107 RESCISSIONS

010701 VA Directive 4000, Administrative Fiscal Policy

010702 VA Handbook 4000, Administrative Fiscal Procedures

0108 QUESTIONS

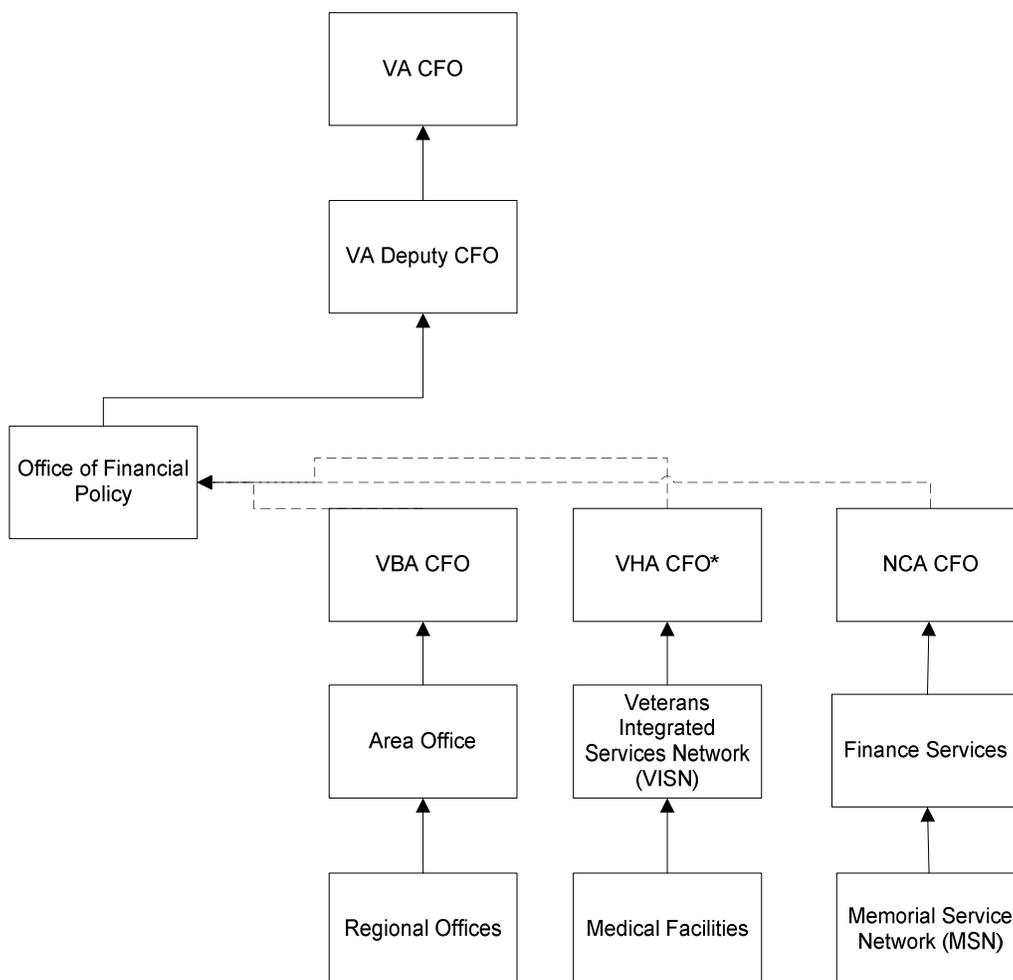
Questions concerning these financial policies and procedures should be directed as follows:

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

APPENDIX A

FISCAL POLICY HIERARCHY

VA fiscal policy is developed and disseminated by the Office of Financial Policy's Cash and Debt Management Division. The Administration CFOs and other office CFOs will put into practice specific procedures for meeting financial policy requirements. As illustrated below, inquiries regarding implementation of VA administrative fiscal policy should be submitted through each Administration to the Office of Financial Policy, Cash and Debt Management Division, as follows.



*The Financial Management Advisory Council (FMAC) serves as the financial policy advisor to the VHA CFO, assisting and working with designated staff offices and VHA field fiscal offices in the development and evaluation of financial policies and other financial management initiatives.