Financial Policy

Volume 1

General Accounting

Chapter 1

VA Financial and Accounting Policy Overview

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0101 OVERVIEW

This chapter establishes the Department of Veterans Affairs’ (VA) policies and procedures for financial activities to ensure they are current and useful for their intended audience and the overall financial and accounting functions within VA. The purpose of this chapter is to outline the financial and accounting responsibilities under the purview of the VA Chief Financial Officer (CFO). This chapter is the first in several volumes/chapters that make up the complete financial policies and procedures as referenced by CFO Act of 1990, OMB Circular A-134, Financial Accounting Principles and Standards, and other regulatory guidance.

Pursuant to the Chief Financial Officer’s Act of 1991 and Office of Management and Budget (OMB) Circular A-134, Financial Accounting Principles and Standards, the VA has designated the Assistant Secretary for Management as the CFO for the Department. The CFO Act outlines the financial and accounting responsibilities under the purview of the CFO. The responsibilities include establishing policy and procedures for all financial activities to include:

- Oversight of agency financial management personnel, activities, and operations, including the implementation of agency asset management systems, systems for cash management, credit management, and debt collection;

- Develop and maintain an integrated agency accounting and financial management system, including internal controls, which provides for complete, reliable, consistent, and timely information prepared on a uniform basis which is responsive to the financial information needs of agency management; and

- Reporting of cost information, integration of accounting and budgeting information, and systematic measurement of performance.

In order to maintain an updated library of financial policy, the Financial Policy Steering Committee (FPSC) is established to assist the VA CFO and all VA financial organizations in implementing and adhering to uniform financial policies and procedures. These policies and procedures will ensure common business practices across all VA operations and that these processes are being accounted for and reported in a similar fashion. In addition, the library of financial policy and procedures is used to ensure that the additional functions required by the CFO Act are maintained in the accounting and financial systems. The current library of VA financial policy chapters is accessible on the Internet, http://www.va.gov/finance/policy/pubs/.

VA financial policies include information on VA’s financial systems. The financial systems play a key role in assuring that VA management has quality financial information available to complete internal and external reporting and analysis requirements. The financial systems should provide for the proper accounting of VA’s financial information, to include

classifying, recording, controlling, reporting, and analyzing financial data to: (1) show the
cost of carrying out responsibilities; (2) provide a basis for financial planning; (3) provide
data for evaluating performance; (4) show the status of financial condition and results of
operations through the preparation of financial statements and other required reporting;
(5) safeguard public funds and other resources; and (6) ensure compliance with applicable
laws. Refer to Volume I, Chapter 4, Financial Management Systems, for additional
information.

0102 REVISIONS

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<td>0104</td>
<td>Added Executive Director, Office of Accountability and Whistleblower</td>
<td>OFP (047G)</td>
<td>New Key Official</td>
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<td>Protection to Other Key Officials</td>
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<td>Various</td>
<td>5 year review and update to new</td>
<td>OFP</td>
<td>Reorganize the chapter</td>
<td>August 2017</td>
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<td>format. Eliminated duplication found in both the charter and policy.</td>
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<td>Referenced Policy Procedure Guide and updated references to match the</td>
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<td>Financial Policy Steering Committee Charter.</td>
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0103 DEFINITIONS

**Accounting** - The function of classifying, recording, controlling, analyzing, and reporting
financial data.

**Accounting Standards or Principles** - Conventions, rules, and procedures necessary
to define acceptable accounting practices at a particular time.

**Asset** - Tangible or intangible items owned by the Federal Government which have
probable economic benefits obtained or controlled by a Federal Government entity.

**Financial Management System** - The total of VA financial and accounting systems,
both manual and automated.

**508 Compliant** - A term that describes the Federal requirement [Rehabilitation Act of
1998] for agencies to make their electronic and information technology accessible to
people with disabilities.

0104 ROLES AND RESPONSIBILITIES

The Assistant Secretary for Management and Chief Financial Officer (VA 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.

Under Secretaries, Assistant Secretaries, Other Key Officials, and Financial Officials, are responsible for ensuring compliance with the policies and procedures set forth in this chapter.

Other Key Officials refers to: Executive Director, Office of Accountability and Whistleblower Protection; Chairman, Board of Veterans’ Appeals (BVA); Chief of Staff of Veterans Affairs (COSVA); Director, Center for Faith Based and Neighborhood Partnerships (00FB); Director, Center for Minority Veterans (CMV); Director, Center for Women Veterans (CWV); Director, Office of Small and Disadvantaged Business Utilization (OSDBU); Director, Office of Survivors’ Assistance (00SA); General Counsel, Office of General Counsel (OGC); Inspector General, Office of Inspector General (OIG); Principal Executive Director for Office of Acquisition, Logistics, and Construction (OALC); and the Chief Veterans Experience Officer (VEO).

Financial officials are: Chief Financial Officers, Fiscal Officers, Chiefs of Finance Activities, and Chief Accountants” in other chapters, includes the administration CFOs; VHA Veterans Integrated Service Network (VISN) CFOs; VBA Regional Office Chiefs of Support Service; NCA Finance Service; VHA Medical Center Chief Fiscal or Financial Officers; CFOs of Staff Offices and other VA entities; chief accountants; and other financial staff manage operations within their purview and provide support to their CFOs.

The Office of Finance Policy (OFP) is responsible for the financial policy process in VA to include developing, coordinating, reviewing, evaluating, and issuing VA financial policies, including those that impact financial systems and procedures for compliance with all financial laws and regulations.

0105 POLICIES

The VA CFO will ensure that accounting and financial policy is updated as required when there are changes to laws, regulations, standards, or other authoritative guidance, or is established when new requirements dictate. This includes guidance disseminated through the United States Code (U.S.C.); Code of Federal Regulations (C.F.R.); Federal Accounting Standards Advisory Board (FASAB) concepts, standards, bulletins, and other pronouncements; Office of Management and Budget (OMB) circulars, bulletins, and memoranda; Department of the Treasury (Treasury) guidance, and applicable VA policy.

A. The VA CFO will publish guidance that adheres to the Federal generally accepted accounting principles (GAAP) hierarchy as listed under the FASAB Statement of Federal Financial Accounting Standards 34, The Hierarchy of Generally Accepted Accounting Principles, including the application of standards issued by the Financial
Accounting Standards Board, when reviewing and issuing financial policy.

B. The VA CFO will publish Department-wide policies for effective financial management and control. The VA CFO develops and communicates this policy as part of the Financial Policy Steering Committee (FPSC) process as outlined in the FPSC Charter. The voting members identified in the FPSC Charter will assign senior members of their staff to review policy before it is voted on by the FPSC members. These senior members are consolidated in the Financial Policy Working Group (FPWG) email distribution list. FPWG members represent the FPSC members in providing recommendations for how financial policy is written. FPSC members will also provide subject matter experts (SME) to develop and update initial drafts to policy before it is provided to the FPWG for review. The Office of Financial Policy (OFP), as directed by the VA CFO, coordinates the FPSC process and will follow the procedures as established by the Financial Policy Steering Committee (FPSC) Charter.

C. OFP will maintain procedures to ensure that the FPSC Charter is followed and policy chapters are properly reviewed prior to FPSC review and approval. Refer to the VA Financial Policy Procedure Guide for additional guidance. Once the policy has been approved by the VA CFO, OFP will ensure that the policy is disseminated through an Alert Notification to the FPSC and FPWG members and documents are published on the OFP Publications Website. OFP will periodically review the current inventory of chapters over a five year cycle, or earlier as needed, to ensure that the policy is updated to address gaps or deficiencies that may be caused by changes in existing or new legislation, regulatory requirements, or institutional policies and procedures.

D. VA Administrations, Staff Offices, and Other Key Officials are responsible for adhering to the policies and the implementation of these policies is the responsibility of VA officials at all levels of the Department. Offices are responsible for incorporating them into their organization-specific procedures, as appropriate.

1. VA Administration, Staff Office, and Other Key Official’s procedures should avoid being more restrictive than the VA policy. Organization specific procedures must be supportable and enforceable. For example, a review or reconciliation frequency requirement may be greater than the minimum VA requirement.

2. The general chain of command for field facilities and Staff Offices shall be used and maintained. Initial policy inquiries should be directed to the appropriate VA Administration, Staff Office, or Other Key Official. The Administration, Staff Office, or Other Key Official will forward requests to OFP if they cannot ascertain the answer to the question. Refer to Section 0108, Questions for contact information.

E. VA will follow the National Archives and Records Administration (NARA) General Record Schedule for determination and disposition of finance and accounting records.
F. VA will maintain strong internal controls for safeguarding assets, promoting the accuracy and reliability of financial data, and encouraging adherence to approved policies. Refer to Volume I Chapter 5, Management Accountability and Responsibility for Internal Controls, and OMB Circular A-123, Management’s Responsibility for Enterprise Risk Management and Internal Control, for additional guidance.

0106 AUTHORITY AND REFERENCES


31 U.S.C. Chapter 35 Accounting and Collection

Federal Financial Management Improvement Act (FFMIA) of 1996

Rehabilitation Act of 1998 (Amended), §508, Compliance

FASAB Handbook of Federal Accounting Standards and Other Pronouncements


OMB Circular A-134, Financial Accounting Principles and Standards

National Archives and Records Administration (NARA)

VA Directive 0000, Delegations of Authority, dated September 9, 2009

VA Financial Policy Steering Committee Charter

VA Financial Policy Procedure Guide

0107 RESCISSIONS

VA Financial and Accounting Policy Overview, Volume 1 Chapter 1, August 2017.

0108 QUESTIONS

Questions concerning these financial policies should be directed to:

VHA VHA CFO Accounting Policy (10A3A) (Outlook)
VBA VAVBAWAS/CO/FINREP (Outlook)
NCA NCA Financial Policy Group
All Others OFP Accounting Policy (Outlook)