



Department of Veterans Affairs

Financial Policy

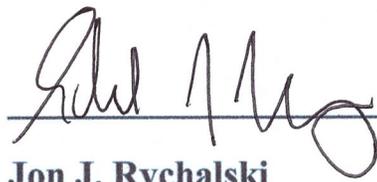
Volume I

General Accounting

Chapter 1B

Quality Financial Information

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Date

CHAPTER 1B

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This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures on the quality of financial information. This chapter reflects statutory requirements as prescribed in the Information Quality Act of 2001 (also known as the Data Quality Act) and Office of Management and Budget (OMB) A-123, *Management's Responsibility for Internal Control*. VA is committed to the core principles of transparency, participation, and collaboration as directed in the President's Memorandum of January 21, 2009, titled Transparency and Open Government. Adhering to such principles is fundamental to VA achieving its mission and vision.

VA must be accountable to the Veteran and taxpayer while improving its infrastructure to promote openness and ensure quality financial information. As continuous progress is made to improve timeliness, completeness, and accuracy of financial information, VA will ensure compliance with OMB-issued guidance.

0102 POLICIES

010201 QUALITY FINANCIAL INFORMATION. VA will ensure and maximize the quality¹, objectivity, utility, and integrity of its information (including statistics). VA will maximize the quality of information relative to VA's use of public funds by exercising effective performance-based decision making. Refer to Appendix A, *Quality Financial Information Guidance*, for additional information.

A. VA will implement control activities to ensure the quality and integrity of the data while leveraging processes and activities. Refer to VA Office of Financial Policy (OFP) Vol. II Ch. 5, *Management Accountability and Responsibility for Internal Controls*.

B. VA will develop, document, and implement new financial processes identified by new or changing requirements to improve the quality of Government financial information in an effort to provide error-free data.

010202 REPORTING REQUIREMENTS.

A. VA will submit timely and quality information in the quarterly and Consolidated Financial Statements and in response to requests from OMB and other Federal entities.

B. The Office of Finance, Strategic Management Analytics Reporting Team (SMART) will submit VA's information, related to USA Spending and the Data Act, to OMB, per requirements. SMART will report quality-related issues that may adversely impact other VA operations or organizations to the CFO.

C. SMART will work with Office of Acquisition, Logistic and Construction (OALC) to submit an annual *Open Government Data Quality Plan* to the Senior Accountable Official.

¹ As defined by OMB standards for "quality" within Section 515 of the Treasury and General Government Appropriations Act, 2001 ("Information Quality Act").

010301 [38 U.S.C. Chapter 5, Authority and Duties of the Secretary, January 5, 2009](#)

010302 [Federal Funding Accountability and Transparency Act of 2006](#)

010303 [Information Quality Act, Public Law 106–554; H.R. 5658, Section 515\(a\) of the U.S. Treasury and General Government Appropriations Act for FY 2001](#)

010304 [Federal Financial Management Improvement Act of 1996 \(FFMIA\)](#)

010305 [Federal Accounting Standards Advisory Board Statement of Federal Financial Concepts Number 1; Objectives of Federal Financial Reporting, Chapter 6: Qualitative Characteristics of Information in Financial Reports](#)

010306 [President's Memorandum \(FR Doc. E9–1777\) for the Heads of Executive Departments and Agencies on Transparency and an Open Government, January 21, 2009](#)

010307 [OMB Memorandum No. 09-19, Guidance on Data Submission under the Federal Funding Accountability and Transparency Act \(FFATA\), June 1, 2009](#)

010308 [OMB Memorandum No. 10-06, Open Government Directive, December 8, 2009](#)

010309 [OMB Memorandum for Senior Accountable Officials over the Quality of Federal Spending Information, Open Government Directive – Framework for the Quality of Federal Spending Information, February 8, 2010](#)

010310 [OMB Memorandum for Senior Accountable Officials over the Quality of Federal Spending Information, Open Government Directive – Federal Spending Transparency, April 6, 2010](#)

010311 [OMB Circular A-123 Management's Responsibility for Internal Control, Appendix A, Internal Control over Financial Reporting, December 21, 2004](#)

010312 [VA Office of Financial Policy Publication Web site](#)

010313 [VA Open Government Plan, June 2010](#)

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 The Senior Accountable Official (SAO) assumes responsibility for coordinating and collaborating VA's efforts pursuant to the development and implementation of a data quality framework for VA federal spending information. The SAO will leverage the Senior Assessment Team (SAT) as the primary governing body within its data quality framework. Currently, the CFO has been designated by the VA Secretary to serve as SAO.

010403 The VA Senior Assessment Team (SAT) advises the CFO on issues of enterprise-wide importance. This advice includes support of the SAO as well as the VA Data Quality Plan. The SAT acts as the coordinating and approving body for policies and procedures relative to the collection and dissemination of VA federal spending financial data, financial spending data sets per OMB guidelines, and performance measures and monitoring.

010404 The Office of Internal Controls (OIC), is responsible for managing the implementation and execution of the Department's OMB Circular A-123, Appendix A, internal control over reporting assessment activities across VA. The OIC has authority to design and maintain an internal controls monitoring program consistent with the requirements of OMB Circular A-123, Appendix A. This includes performing or monitoring OMB Circular A-123, Appendix A reviews and advising the SAT of significant issues identified during Appendix A reviews.

010405 The Office of Finance, Strategic Management Analytics Reporting Team (SMART) is responsible for:

- reviewing and interpreting new and existing OMB guidance on data quality for VA federal spending;
- serving as the central operational authority for data quality reporting per OMB guidelines;
- collecting, analyzing, disseminating and reporting financial data pertaining to federal expenditures, contracts, grants, loans, and other assistance to the DATA Act and USAspending.gov;
- performing a final quality review of the timeliness, completeness, and accuracy prior to reporting financial spending data;
- certifying the timeliness, completeness, and accuracy of VA financial spending data to OMB and/or the SAO/CFO on behalf of the reporting program offices; and
- monthly reporting to the SAT of performance metrics for timeliness, completeness, and accuracy.

010406 The Office of Finance, Office of Financial Policy (OFP) is responsible for 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. OFP is also responsible for preparing various comprehensive Departmental financial reports, such as those required by the President and the Executive Branch, including OMB and Treasury reports.

010407 Under Secretaries, Assistant Secretaries, Chief Financial Officers, Fiscal Officers, Chiefs of Finance Activities, Chief Accountants, and Other Key Officials are responsible for ensuring compliance with the policies and procedures set forth in this chapter.

0105 PROCEDURES

010501 QUALITY FINANCIAL INFORMATION. VA Administration CFOs and other office CFOs will strive to provide high quality and error free data by implementing key governing principles, establishing a communications strategy, and monitoring their data quality for accuracy, timeliness, and completeness. The key governing principles for providing quality data are:

- **Presentation and Disclosure:** Present information in a logical and coherent format; place the information in a proper context and cross-reference the information to the same data in other datasets.
- **Existence and Occurrence:** Report information from activities or events, make supporting information available, and ensure the supporting documentation complies with Government-wide guidance.
- **Rights and Obligations:** Own and be responsible for information and ensure adequate internal controls.
- **Completeness:** Present all required information and implement a process to ensure data completeness.
- **Valuation:** Assign the correct value to information and verify information for reliability and consistency within and outside of VA.²

A. VA Administration CFOs and other office CFOs will perform internal control activities to mitigate risks of misstating, misrepresenting, or losing information.³ Basic control activities may include proper segregation of duties, physical controls and security protocols over assets and system's access, controls over data center operations and the management of the systems and information, and appropriate documentation.

² For example, multiple systems capturing the same data should produce the same information.

³ Refer to VA OFP Volume II Chapter 5, *Management Accountability and Responsibility for Internal Controls*.

B. VA Administration CFOs and other office CFOs will ensure appropriate financial policies and procedures are developed, documented, and implemented for all financial processes identified by new or changing requirements to improve the quality of Government financial information. Financial and accounting data have a direct effect on financial information quality since it is through accounting functions of classifying, recording, controlling, reporting, and analyzing that the financial information is built. Data is analyzed in various contexts to support the following accounting functions:

1. Illustrate the cost to achieve the mission;
2. Evaluate performance;
3. Display the status of financial condition and results of operations through the preparation of financial statements and other required reporting;
4. Provide a basis for financial planning;
5. Safeguard public funds and other resources; and
6. Ensure compliance with applicable laws.

010502 REPORTING REQUIREMENTS.

A. VA will strive to provide error-free data in all reporting requirements. Refer to OFP Publications Library Web site and Volume VII, *Financial Reporting*, for guidance on specific reporting requirements for the quarterly and Consolidated Financial Statements.

VA will ensure that quality-related issues or problems with products or services that may adversely impact other agency operations or organizations are reported to the CFO.

B. SMART will ensure compliance with the principles of transparency and accountability over VA federal spending data disseminated to the public per requirements in OMB M- 09-19M-09-19, *Guidance on Data Submission under the Federal Funding Accountability and Transparency Act (FFATA)* for the Federal Funding Accountability and Transparency Act and the American Recovery and Reinvestment Act. Refer to Appendix B, OMB USASpending Requirements, for current requirements.

0106 DEFINITIONS

010601 Data. Values or sets of values representing a specific concept(s). Data becomes “information” when analyzed and possibly combined with other data, in order to extract meaning and provide context.

010602 [Data] Accuracy. A quantitative metric that represents the degree in which information correctly reflects the real world event being described.

010603 Collaboration. Cooperative arrangement in which two or more parties (which may or may not have any previous relationship) work jointly towards a common goal.

Encourages partnerships and cooperation within the Federal Government, across levels of government and between the Government and private institutions.

010604 [Data] Comparability. A qualitative characteristic that sanctions the connection among specific functions and implies that differences occur by substantive variances in information versus a selection of alternating accounting procedures or practices.

010605 [Data] Completeness. A quantitative metric that includes the extent to which the expected attributes of data are provided in their entirety.

010606 [Data] Consistency. A qualitative characteristic where information is used in a similar fashion, unless there is a good reason to change the valuation method or basis of accounting. If there are changes, the nature and reason will be disclosed.

010607 [Data] Reliability. A qualitative characteristic that is verifiable, unbiased, and represents comprehensive information that is not misleading. This does not imply accuracy and includes narratives about the degree of estimation and underlying uncertainties.

010608 [Data] Relevance. A qualitative characteristic where there is a logical connection between the information provided and its purpose, while also ensuring it makes a difference in the user's assessment of the problem, condition, or event.

010609 [Data] Timeliness. A qualitative characteristic and quantitative metric for information to be submitted by the date(s) specified. The passage of time tends to diminish the usefulness of information; therefore, data must be provided soon enough to affect decisions.

010610 [Data] Understandability. A qualitative characteristic expressing information with simple terms to help the public interpret accounting principles in the proper context such as the goals, service efforts, and accomplishments of the agency.

010611 Objectivity. A measure of whether disseminated information is accurate, reliable, and unbiased and whether that information is presented in an accurate, clear, complete, and unbiased manner.

010612 Participation. Refers to different mechanisms for the public to express opinions - and ideally exert influence - regarding political, economic, management, or other social decisions.

010613 Qualitative. A characteristic that is based on judgment, can be observed, and is subject to varied responses from different decision makers.

010614 Quality. Information that cannot be compromised, falsified, or changed without proper authorization; refers to the usefulness of the information to the intended user and must also be transparent and reproducible.

010615 Quantitative. A metric that includes numbers, may be measured, and is subject to "yes" and "no" decisions.

010616 Transparency. Implies openness, communication, and accountability. Transparent procedures include open meetings, financial disclosure statements, freedom of information legislation, budgetary review, audits, etc.

010617 Utility. Refers to the usefulness of the information for the intended audience's anticipated purposes.

0107 RESCISSIONS

None required.

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)

0109 REVISIONS

Section	Revision	Office	Reason for Change	Effective Date
Various	Changed the title of Data Quality Service to Strategic Management Analytics Reporting Team.	FBO (047E)	Organizational Name Change	February 2018
0104 Roles and Responsibilities, Appendix B	Changed the title of the Office of Business Oversight to the Office of Internal Controls.	OFP (047G)	Organizational Name Change	February 2018
0109 Revisions	Insert Revision Table	OFP (047G)	Revision table needed for reference.	February 2018

APPENDIX A: QUALITY FINANCIAL INFORMATION GUIDANCE

A. [Information Quality Act, Public Law 106–554; H.R. 5658, Section 515 \(a\) of the U.S. Treasury and General Government Appropriations Act for FY2001](#)

This act directs Federal Agencies to ensure and maximize the quality, objectivity, utility, and integrity of information (including statistical information) disseminated by the agency, to include dissemination to the public and to another Federal Agency.

B. [Presidential Memorandum, Transparency and Open Government, January 21, 2009](#)

In Federal Register Doc. E9–1777, the President instructed OMB to create an Open Government Directive in an effort to provide guidance to executive agencies on the requirements of implementing the principles of transparency, participation, and collaboration in support of an open government initiative.

C. [OMB Open Government Directive, M-10-06, December 8, 2009](#)

This memorandum instructs executive departments and agencies to take specific actions to implement the principles of transparency, participation, and collaboration in support of an open government initiative; to be accountable for the quality of information disseminated to the public; and to work to improve the quality and integrity of information.

D. [OMB Memorandum for Senior Accountable Officials over the Quality of Federal Spending Information, Open Government Directive – Framework for the Quality of Federal Spending Information, February 8, 2010](#)

The Open Government Directive – Framework for the Quality of Federal Spending Information outlines a framework that agencies should adopt to improve the quality of federal spending information disseminated to the public.

E. [OMB Guidance on Data Submission under the Federal Funding Accountability and Transparency Act \(FFATA\), M-09-19, June 1, 2009](#)

This document provides operational guidelines for reporting data to USAspending.gov.

F. [OMB Open Government Directive - Federal Spending Transparency and Subaward and Executive Compensation Reporting and Appendices: Appendix A - *Subaward and Executive Compensation Data Reporting Requirements for FFATA Implementation* and Appendix B - *Awardee Reporting Architecture*, August 27, 2010](#)

This memorandum provides guidance on reporting subaward and compensation data for federal contracts and grants, as required by the Federal Funding Accountability and

Transparency Act and subsequent OMB guidance, information on the first-tier sub awards related to federal contracts and grants, and that the executive compensation of awardees will be made publicly available. This memorandum and accompanying appendices provide agencies with guidance to implement these reporting requirements.

APPENDIX B: OMB USASPENDING REQUIREMENTS

VA's Open Government Plan may be accessed via the Web site:

<http://www4.va.gov/OPEN/>.

A. ROLES AND RESPONSIBILITIES.

1. The Office of Finance, Strategic Management Analytics Reporting Team (SMART) is responsible for:

- serving as the central operational authority for data quality reporting to the OMB USAspending.gov website;
- collecting, analyzing, and disseminating financial data pertaining to contracts, grants, loans, and other assistance to USAspending.gov;
- ensuring USAspending.gov source data submissions are reasonable;
- certifying the timeliness, completeness, and accuracy of VA financial spending data to OMB and/or the SAO/CFO on behalf of the reporting program offices; and
- reporting monthly to the SAT on the monthly performance metrics of timeliness, completeness, and accuracy to USAspending.gov.

2. The Office of Policy and Planning (OPP) is responsible for:

- leading the development of initiatives and comprehensive analysis for the Secretary and VA senior leaders in the areas of Veteran policy, interagency policy, program development, strategic planning, and management;
- supporting effective and efficient delivery of benefits and services to the Nation's Veterans;
- coordinating the development of the Department's five-year Strategic Plan with periodic updates, as needed; and
- ensuring alignment of all policy, programs, strategy, and operations with the strategic direction of the Secretary. OPP will also conduct the Open Government Plan Self Evaluation and define all data elements, per the USAspending.gov data dictionary.

3. The Program Office (PO) may be defined by the VA CFO, an Administration CFO or other office CFO to SMART. The PO may be a business line or may be created in response to a specific law or legislation. For example, POs by business lines may be Grants, Education, Pharmaceuticals, and Insurance. An example relating to a specific law is the PO for the American Recovery and Reinvestment Act of 2009. PO's are responsible for:

- understanding the data quality, reporting requirements, the data to report, and how data quality will be monitored;
- adopting a basic standard of quality at all program levels;

- performing data quality processes and key control activities as part of their normal daily operations;
- executing initial quality reviews of program data prior to monthly submission;
- documenting data quality processes and maintaining all associated documentation;
- monitoring and reporting compliance with SMART' data quality requirements and reporting progress;
- working with OI&T to develop and implement efficient and effective data quality processes, policies, and procedures;
- providing operational support and involvement in reviews of internal control data quality;
- assuring remediation efforts are completed as required;
- remediating deficiencies as appropriate; and
- identifying the Program Office Representative.

4. The Program Office Representative (POR) is identified when the PO is defined and an individual is made responsible for:

- serving as the key point of contact for SMART and facilitating access to the program office's facilities, systems, documentation, and necessary personnel for the purposes of documenting, evaluating and testing internal controls;
- managing the respective program office's processes and outputs by reviewing each output against VA standards prior to the monthly submission to SMART;
- submitting the program office's outputs to SMART in a timely manner;
- assisting the program area in identifying key control data and data quality processes;
- managing remediation efforts and providing regular status reports to the OIC on remediation activity and corrective action plans; and
- participating as advisors to the SAT, when requested by the SAT chair.

5. The Office of Acquisition, Logistics and Construction is responsible for:

- submitting automated contract information and populating spending data (e.g., eCMS, IFCAP, direct entry) to the General Services Administration's Federal Procurement Data System (FPDS) Web site that provides daily feeds into USAspending.gov; and
- documenting procedures to capture and report sub-award information.

B. PROCEDURES. In accordance with OMB M-10-06 Open Government Directive, SMART will submit VA's quality information to OMB's USAspending.gov by the 5th of each month. Refer to VA's *Open Government Plan*, located at <http://www4.va.gov/open/> for additional information.

1. Quantitative metrics for the data including timeliness, completeness, and accuracy will be reported by OMB.⁴ VA will monitor, measure, and improve data quality by conducting a baseline assessment of data quality by September 30, 2010. The assessment is VA's endeavor to show a minimum of 10% improvement each quarter for each measure of data quality beginning December 31, 2010, with a goal of 100%

complete and accurate reporting to USAspending.gov by October 2011 reporting of September 2011 data and thereafter.

2. Program Office's Responsibilities. VA Program Offices (POs) will monitor the qualitative and quantitative data characteristics of understandability, reliability, relevance, timeliness, consistency, and comparability⁵ with other spending reporting web sites to reconcile data and correct rejection processes.

a. VA POs will submit required information to the POR, who will conduct a quality review prior to passing on the information to SMART.

b. POs will ensure all corrections for the prior month are reviewed and submitted by the 20th of each month, per USAspending.gov agency file processing guidelines.

c. The process for correcting transactions is identical to new submissions, except the indicator signifies that the transaction is a correction.

3. VA will provide all spending data to USAspending.gov monthly with sub-award information commencing on September 30, 2010.

a. VA will aggregate outlays to Veterans and their beneficiaries per USAspending.gov guidelines. This will avoid reporting information that uniquely identifies anyone receiving VA benefits and violates privacy laws and regulations.

b. VA will ensure the key data reported on USAspending.gov will not disclose any individual's personally identifiable information.

C. GUIDANCE.

1. [OMB Open Government Directive, M-10-06, December 8, 2009](#)

This directive instructs executive departments and agencies to take specific actions to implement the principles of transparency, participation and collaboration in support of an open government initiative; to be accountable for the quality of information disseminated to the public; and to work to improve the quality and integrity of information.

2. [OMB Memorandum for Senior Accountable Officials over the Quality of Federal Spending Information, Open Government Directive – Framework for the Quality of Federal Spending Information, February 8, 2010](#)

⁴ OMB initial reporting will begin by September 30, 2011.

⁵ The qualitative data characteristics are consistent with the SFFAC No. 1 – Objectives of Financial Reporting – Chapter 6: Qualitative Characteristics of Information in Financial Reporting (Par. 156).

The Open Government Directive – Framework for the Quality of Federal Spending Information outlines a framework that agencies should adopt to improve the quality of federal spending information disseminated to the public.

3. [OMB Guidance on Data Submission under the Federal Funding Accountability and Transparency Act \(FFATA\), M-09-19, June 1, 2009](#)

This document provides the operational guidelines for reporting data to USApending.gov.

4. [OMB Open Government Directive - Federal Spending Transparency and Subaward and Executive Compensation Reporting and Appendices: Appendix A - Subaward and Executive Compensation Data Reporting Requirements for FFATA Implementation and Appendix B - Awardee Reporting Architecture, August 27, 2010](#)

This directive provides guidance on reporting subaward and compensation data for federal contracts and grants, as required by the Federal Funding Accountability and Transparency Act and subsequent OMB guidance, information on the first-tier sub awards related to federal contracts and grants, and that the executive compensation of awardees will be made publicly available. This directive and accompanying appendices provide agencies with guidance to implement these reporting requirements.