

**VA Financial Policies and Procedures, Volume I, Chapter 3A
PAID Accounting Operations**

CHAPTER 3A

0301 OVERVIEW.....	2
0302 POLICIES	2
0303 AUTHORITY AND REFERENCES	3
0304 ROLES AND RESPONSIBILITIES.....	4
0305 PROCEDURES.....	4
0306 DEFINITIONS	7
0307 RESCISSIONS	8
0308 QUESTIONS.....	8

0301 OVERVIEW

This chapter establishes financial management policies and procedures for the Department of Veterans Affairs' (VA) Personnel Accounting Integrated Data (PAID) system accounting operations. PAID is VA's 40-year-old legacy system comprised of 2 integrated components, one for Payroll and another for Human Resources (HR). Work began over five years ago to migrate the Payroll portion of PAID to VA's e-Gov designated provider, Defense Finance and Accounting Service (DFAS)¹. Upon completion of the Payroll migration, PAID will support on-going maintenance of interfaces to and from the DFAS provider, receive interfaces from DFAS to update internal VA data repositories, accounting system, and reports, receive timecard data from VA Medical Centers and transmit to DFAS via interface file, and continue to provide HR systems support. Until migration to the new HR LoB provider, PAID will continue to be the on-going HR system.

The provisions of this chapter are designed to supplement existing regulations bearing on the subjects covered herein and are intended to complement the [Chief Financial Officers Act of 1990](#) and the [Financial Systems Integration Office's Financial Management Systems Requirements, Core Financial System Requirements](#). This chapter also provides the procedures for the maintenance of the general ledger accounts under the PAID system. The system provides for maintaining a "split" general ledger, wherein individual stations maintain certain segments of the general ledger, while other segments are maintained on a centralized basis, located at the VA's Financial Services Center (FSC), Austin, TX.

The division of the operating ledger between accounts maintained at the FSC and the individual stations requires a revision of the related general ledger control accounts. This revision, together with the maintenance of all appropriation accounts at individual stations, requires maintenance of reciprocal interoffice accounts. These accounts will provide accounting control over the segments of the general ledger and assure the validity of consolidated reports. In addition, the general ledger accounts directly related to payroll processing will be maintained at the FSC.

0302 POLICIES

030201 VA must ensure that, on the first workday of each fiscal quarter, field activities will transfer disbursing authority to the FSC an amount based on a system-generated monthly accrual. The stations should make any adjustments to this accrual resulting from any information that they may have that will either increase or decrease the system-generated accrual amount (e.g. retirement, lump-sum pay, overtime, and award).

¹ This chapter does not cover those stations that have already converted to DFAS. The latter will be covered in a subsequent chapter on Payroll in Volume XV.

030302 VA will ensure that transfers are made, although facilities may not have received their allotted funds. To avoid additional transfers during a quarter, each transfer should be adequate to ensure sufficient disbursing authority for the costs to be incurred during the period. Because the control of station funds is based on unobligated allowance rather than on unexpended disbursing authority, and because of the normal time lag between obligation and disbursement, there should be no major problems in providing adequate disbursing authority at the FSC at all times.

030203 VA will ensure that fiscal year-end adjustments of disbursing authority balances for annual appropriated funds will be accomplished through normal closing entry processing. For multi-year and no-year appropriations, VA stations must submit year-end adjustments of the disbursing authority.

030204 VA will ensure that, in the event it becomes necessary to effect adjustments in the FSC and station accounts, the field station will make the adjusting entries to its accounts using OF 1017g, *Journal Voucher*.

030205 VA will ensure that the integrated PAID system provides for the automatic generation of most general ledger transactions through processing-related payroll transaction.

030206 VA will ensure that, with the exception of transfers of disbursing authority and certain adjustments not affecting payroll processing, facility input to the FSC general ledger will not be required.

0303 AUTHORITY AND REFERENCES

030301 [Chief Financial Officers \(CFO\) Act of 1990](#)

030302 [Office of Management and Budget \(OMB\) Circular No. A-127, Financial Management Systems](#)

030303 [OMB Circular No. A-134, Financial Accounting Principles and Standards](#)

030304 [OMB Circular No. A-136, Financial Reporting Requirements](#)

030305 [1 Treasury Financial Manual \(TFM\), Part 2 – Chapter 1500, Description of Accounts Relating to Financial Operations](#)

030306 [Financial Systems Integration Office \(FSIO\) Federal Financial Systems Requirements, Core Financial Systems Requirements](#)

0304 ROLES AND RESPONSIBILITIES

030401 The Assistant Secretary for Management/Chief Financial Officer (CFO), as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309, 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. As part of this Program, the CFO coordinates various accounting support functions with the Financial Services Center, one of which relates to the PAID accounting operations.

030402. 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.

030403 The Financial Services Center is primarily responsible for implementing a full range of accounting support activities, including PAID accounting operations, which include payroll functions, payment and cancellation transactions, processing salary overpayment and collection activities, recording personal services accruals, preparing payroll adjustments, and maintaining overall accounting records.

030404 The VA facility official responsible for the fiscal function, through the chief of the accounting activity, is responsible for the maintenance and reporting of the prescribed general ledger accounts and the preparation and verification of inputs, as delineated in this chapter.

0305 PROCEDURES

030501 Processing Payroll²

The processing of each payroll by the computer will automatically affect recordings for all applicable entries into FSC's accounts. FSC will provide each facility a payroll summary listing for each payroll processed to include Net Charges to Appropriations for Station and Net Out-of-System Adjustments. Payroll operations, as a whole, will be covered at length in Volume 15, *Payroll*.

030502 Processing "Out-of-System" Payments

² More specificity on VA's payroll operations will be covered in Volume XV, *Payroll*

A. FSC processes all “out-of-system” payment adjustments. These transactions are not included as part of the computer payroll processing for the specific pay period having such adjustments.

B. FSC makes entries to its account as a debit to account 4275, *Actual Collections from Liquidating Fund*, and a credit to account 1012, *Funds Disbursed*, at the time for the total of all checks issued. The applicable amounts are not included in the payroll summary listing for the pay period.

1. When the next payroll is processed by the computer, the applicable entries for the previous “out-of-system” payments will be included in the processing and will be automatically recorded in the FSC accounts. The applicable amount will be reflected in the payroll summary listing for that pay period.

2. With the exception of the net amount of the payments, the amounts will be included as a part of the amounts shown as “Net Charges” to the appropriation. The net amount of the payments will be included as a part of the “Net Out-of-Systems Adjustments.”

C. FSC will consider the applicable amount to be recorded as “Net Charges” to the appropriation, when determining each appropriation and allotment restriction and the amount of “Net-Out-of-Systems Adjustment” applicable to each appropriation and allotment restriction.

030503 Cancelling Salary Checks

A. FSC will cancel only PAID salary checks, the proceeds of which are not due. These, and cash collections for employees on the payroll, are processed in a similar manner to the out-of-system payments discussed above, except that the initial entry recorded in the FSC’s accounts will be debited to account 1012 and credited to account 4275. When the next payroll is processed, the canceled checks and cash collections will be included and the applicable amounts will be automatically included in the entries to the FSC’s accounts. With the exception of the actual amount of the checks canceled and cash collected, the other amounts will be included in the amounts of the net “charges” to the applicable appropriations. In such cases, the amount of the net “adjustment” may reflect as a credit amount.

B. FSC will record salary checks that are undeliverable and for which proceeds are due according to account guidance maintained by the FSC. These salary checks will be scheduled by field facilities for Agency Locator Code (ALC) 36000200 on SF 1098 *Schedule of Canceled Checks or Undelivered Checks*. Upon receipt of this form submitted by the Regional Disbursing Office (RDO), FSC will determine the proper disposition of each line item on the form. Field facilities will be asked to assist in this disposition. FSC will make the proper accounting entry in the appropriate suspense accounts.

1. If it is determined the employee is not entitled to the salary check, FSC will clear the budget clearing account via OF 1017g, *Journal Voucher*, transferring the funds to the appropriation to which the employee was journalized. If a receivable has been established for a recertified payment, the funds will be used to clear it.
2. If it is determined that the employee is entitled but does not have a correct address, FSC PAID Unit will notify the facility to furnish a proper address. FSC will then disburse the check from the budget clearing account to the employee.
3. If it is determined that the employee is entitled but there exists an indebtedness or a death, the FSC PAID unit will prepare an OF 1017g, *Journal Voucher*, to transfer the budget clearing account from the FSC PAID unit to the budget clearing account of the respective VA facility. A copy of the OF 1017g will be provided to the VA facility; it will contain sufficient information so that the facility can properly identify the employee and take appropriate financial action.

030504 Processing Salary Overpayments and Collections

A. FSC processes salary overpayments and collections in a manner that depends on whether the overpayment pertains to a current or prior taxable year, whether the employee has been separated from the rolls, and whether the refund pertains to a prior fiscal year appropriation.

1. FSC will process deductions from the payroll to apply against salary overpayments pertaining to the current taxable year as a result of transactions prepared by the payroll activity at the field facilities. The results of these deductions will appear on the payroll summary listings and entries will be made to both the FSC and facility accounts. For prior taxable year salary overpayments, FSC will transfer deductions from the payroll pertaining to such overpayments to the facility using budget clearing accounts for credit to the applicable appropriation or fund.
2. FSC will deposit cash collections for salary overpayments from separated employees at the field facilities against the receivable established from the OF 1114 *Bill for Collection*. FSC accounts will be updated when the receivable is established for current fiscal year appropriations. There will be no entries made to the FSC accounts for prior year appropriations.
3. FSC will deposit cash collections for salary overpayments relating to the current taxable year received from employees still on the payroll at the field facility using budget clearing accounts. The station Payroll activity will prepare a VA Form 4-5642, *Notice of Check Cancellation or Cash Collection*, and transfer the collections to FSC's PAID Unit. Before forwarding the form, the station Chief Accountant will certify that the funds have been deposited.

4. FSC's PAID Unit, upon receipt of the VA Form 4-5642, will process payroll adjustment transactions, which will result in the funds being withdrawn from the facility's related budget clearing account. General Ledger accounts will be updated in accordance with account guidance maintained by the FSC.

030505 Preparing Payroll Adjustment Transactions

Whenever the payroll activity that requires an FSC payment prepares payroll adjustments from prior fiscal year appropriations, the accounting activity will be notified. Availability of funds in account 1015, *Undistributed Disbursements*, will be determined, and if no funds are available, a transfer document will be prepared and transmitted to the FSC. The transactions will not be forwarded to the FSC until funds are available.

030506 Accruing Personal Services

A. On the first workday of each fiscal quarter, FSC will receive a transfer of disbursing authority from field activities in an amount that is based on a system-generated monthly accrual. The field stations will make any necessary adjustments to this accrual resulting from information (e.g. retirement, lump-sum pay, overtime, award, etc...) they possess which will cause the system-generated accrual amount to increase or decrease.

C. The accrual run is programmed to compute an accrual for the monthly period for all employees, with normal hours, who are included in the run. As a result, accrual adjustments may be required for employees who accede or separate during the accrual period.

0306 DEFINITIONS

030601 Agency Locator Code. The ALC is a unique symbol, assigned by the Treasury for reporting purposes. It can be in the form of 3 digits for Regional Financial Centers, 4 digits for Non-Treasury Disbursing Offices, and 8 digits for reporting entities. In most cases, the first two digits of an 8-digit ALC identify the department or agency, the next two digits identify the bureau, and the last 4 digits identify the particular agency account section within the bureau.

030602 Budget Clearing Accounts (Suspense). Accounts established by Treasury to temporarily hold unidentifiable general, special, or trust fund collections that belong to the Federal Government until they are classified to the proper receipt or expenditure account by the Federal entity. An "F" preceding the last 4 digits of the fund account symbol identifies these accounts

030603 Split General Ledger. An instance in which individual stations maintain certain segments of the general ledger, while other segments are maintained on a centralized basis at the FSC.

0307 RESCISSIONS

This Chapter rescinds MP-4, Part V, Chapter 15, *PAID Accounting Operations*, MP-6, Part V, Supplement 2.3, Chapter 1, *General PAID Information and Procedures*, and OF Bulletin 06GA2.16, *Incorrect PAID Overtime Calculations*, dated, April 28, 2006.

0308 QUESTIONS

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

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