



# Department of Veterans Affairs

## Financial Policy

### Volume III

#### Miscellaneous Accounting Topics

### Chapter 5

#### Payroll Accounting

Approved:

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### 0501 Overview

This chapter establishes the Department of Veterans Affairs' (VA) financial policies regarding payroll accounting. VA's payroll activities include entering employee information, maintaining and updating systems, monitoring data interfaces with the payroll provider, reconciling errors in payroll charges to VA's appropriations, and reporting payroll expenses.

Key points covered in this chapter:

- Defense Finance and Accounting Service (DFAS) processes VA payroll transactions, except for VA's Office of Inspector General (OIG) whose payroll is processed by the Department of Agriculture's National Finance Center;
- The Financial Services Center (FSC) processes and reconciles accounting transactions related to payroll expenses; and
- VA reports payroll expenses as part of the annual financial statements.

### 0502 Revisions

Section	Revision	Office	Reason for Change	Effective Date
All	Reformatted and Consolidated	OFP (047G)	5-year Update	November 2020

### 0503 Definitions

**Defense Civilian Pay System (DCPS)** – System owned and operated by DFAS that is used to process payroll.

### 0504 Roles and Responsibilities

**Servicing Human Resources Offices** are responsible for entering and updating personnel record data in the HR system which interfaces with DCPS.

**Servicing Payroll Offices** are responsible for entering and updating pay impacting transactions from documents submitted by employees into DCPS.

**Employees** are responsible for working assigned hours, entering leave requests for absence, submitting deductions, and verifying pay, deductions, leave and work schedules.

**Timekeepers** are responsible for entering Time & Attendance (T&A) data subject to supervisor direction and certification.

**DFAS** is VA's designated payroll service provider responsible for payroll processing, disbursing pay, making appropriate deductions, and reporting expense to VA's line of accounting.

**FSC Nationwide Accounting** is responsible for reconciling pay period salary expense, entering necessary adjustments, determining monthly accruals of salaries and benefits, and providing financial statement reporting pay data.

**Payroll and HR Systems Division (PHRSD)** is the FSC division responsible for maintaining the VA systems needed for payroll operations and serves as the liaison for VA payroll operations management communications with the payroll service provider, DFAS.

## **0505 Policies**

### **050501 Payroll Processing**

- A. Under the E-Government Act of 2002, e-Payroll Initiative, Federal agencies' payroll processing operations were consolidated among a few agencies. The Office of Management and Budget (OMB) selected DFAS to process VA's payroll transactions. DFAS processes and disburses payments, and reports transactions to VA, Treasury, and taxing authorities using the Defense Civilian Pay System (DCPS).
- B. VA will transmit HR, timekeeping and employee data to DFAS.
- C. DFAS will calculate pay and other employee benefits and will generate salary payments in DCPS.
- D. DFAS will provide VA details related to salaries and employee benefits paid as well as, leave accrued and used, Leave and Earnings Statement and W-2 data.
- E. FSC will ensure that payroll transactions are interfaced to VA's accounting system and that their effect is reflected in the GL.
- F. FSC will reconcile each pay period's accounting system data with VA's Fund Balance with Treasury (FBWT) and DCPS.
- G. FSC will post necessary adjustments to VA's accounting system in a timely manner.
- H. On a monthly basis FSC will reconcile payroll expense data recorded in the GL with VA accounting system records and Treasury balances using Treasury's Central

Accounting Reporting System (CARS). This reconciliation is performed by Treasury Account Symbol (TAS) for reporting purposes. Associated reporting adjustments are recorded to match CARS for unreconciled payroll items due to timing differences.

### **050502 Payroll Reporting**

- A. VA will comply with Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements.
- B. VA will adhere to Treasury Financial Manual Volume I, Chapter 4700, Agency Reporting Requirements for the Financial Report of the United States Government.
- C. VA will report end of fiscal year employee salary and benefit accruals in accordance with Statement of Federal Financial Accounting Standards (SFFAS) No. 1, Accounting for Selected Assets and Liabilities, and will report salary expense in agency financial statements.
- D. VA will accrue salaries and benefits for services rendered in the period but not yet paid. See VA Financial Policy Volume VI, Chapter 11, Employees' Accrued Salaries and Benefits, for additional information.

### **0506 Authorities and References**

[E-Government Act of 2002](#)

[Statement of Federal Financial Accounting Standards \(SFFAS\) 1, Accounting for Selected Assets and Liabilities](#) (Scroll down past Concepts chapters to Standards chapters.)

[OMB Circular A-136, Financial Reporting Requirements](#)

[Treasury Financial Manual Volume I, Chapter 4700, Agency Reporting Requirements for the Financial Report of the United States Government](#)

[VA Financial Policy Volume VI, Chapter 11, Employees' Accrued Salaries and Benefits](#)

### **0507 Rescissions**

VA Financial Policy Volume III, Chapter 5, Payroll Operations and Accounting, approved in October 2010.

**0508 Questions**

Questions concerning this financial policy should be directed to the following points of contact:

VHA	VHA Financial Policy (Outlook)
VHA	VAFSC Nationwide Accounting (Outlook)
VBA	VAVBAWAS/CO/FINREP (Outlook)
VBA	VAVBAWAS/CO/OPERATIONS (Outlook)
NCA	NCA Financial Policy Group (Outlook)
NCA	NCA Budget Service (Outlook)
All Others	OFP Accounting Policy (Outlook)