CHAPTER 1

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Volume VII, including this chapter, sets forth the purpose, authorities and references, policies, roles and responsibilities, procedures, definition and rescissions of any existing policy and procedures documents relating to financial reporting requirements.¹ In accordance with 31 U.S.C. 3513, the Secretary of Treasury (the Secretary) is required to prepare reports that will inform the President, Congress and the public about the financial operations of the U.S. Government. These reports must include the financial information that the President requires. In addition, each Executive Branch agency must prepare and submit financial data reports about their agency’s financial conditions and operations. This data will be used in preparing the financial reports as required by the President.

Financial reporting is the means of communicating financial information. For financial reports to be effective, the stated information must be understandable, reliable, relevant, timely, consistent and comparable.

A. Understandable. For reports to be understandable to a broad spectrum of users, distinctive reports may be necessary to provide information relevant to specific users, with the appropriate amount of detail, explanation and related narrative. To be fully intelligible, financial information in general purpose reports may need to be presented in relation to the goals, service efforts and accomplishments of the reporting entity.

B. Reliable. For reporting to be reliable, the stated information should be verifiable, free from bias, and comprehensive, ensuring that nothing material relative to underlying events and conditions has been intentionally omitted or that nothing has been included that would likely cause the information to be misleading to the user.

C. Relevant. For reporting to be relevant, a logical relationship must exist between the information provided and its intended use. Information is relevant if it impacts a user’s assessment of a problem, condition or event and their ability to make decisions and assess accountability.

D. Timely. In some circumstances, the knowledge that a report will be made public can influence how and when it is prepared. Timeliness alone does not make information useful, but the passage of time may diminish the usefulness of the information. In some instances, timeliness may be so essential that it requires sacrificing a certain amount of precision or detail.

E. Consistent. Financial reports should be consistent over time. The concept of consistency in financial reporting extends to areas such as valuation methods, basis of accounting and determination of the financial reporting entity. If accounting principles

¹Prior VA financial policy and procedures documents consisted of manuals, directives, bulletins and related handbooks. The newly developed policy and procedures will supplant these older documents, except where the current new subjects do not cover all prior subject areas. Any remnants from the older policies and procedures will be replaced in the future.
have changed or if the financial reporting entity has changed, the nature and reason for the change, as well as the effect of the change, should be disclosed.

F. Comparable. Financial reporting should help users make relevant comparisons among similar Federal reporting units, such as comparisons of the costs of specific functions or activities. Comparability implies that differences among financial reports result from substantive differences in the underlying transactions or organizations rather than the selection of different alternatives in accounting procedures or practices.

These attributes add predictability to the financial statements, and they help senior VA management with making better decisions from the assumptions in those statements and corroborating economic data.

31 U.S.C. 3513, along with other legislation, regulations and other financial reporting guidance, requires that the Department of Veterans Affairs (VA) submit financial management, budgetary, performance and related reports to external organizations.

0102 POLICIES

010201 VA will meet all external reporting requirements in a timely manner. Managers with financial management responsibilities will complete and submit required reports, as set forth in this chapter to the external organizations as indicated.

010202 Each VA reporting office will maintain complete documentation of valid transactions and other sources of information used to compile external reports. The documentation must be readily available for review by VA management, auditors and others who have oversight responsibilities.

010203 VA will ensure compliance with all applicable accounting principles and standards promulgated by the Federal Accounting Standards Advisory Board (FASAB), as well as the standards in effect to implement the Federal Government’s United States Standard General Ledger (USSGL) in accordance with the Financial Management Improvement Act of 1996.

010204 VA will produce accurate financial reports on the time schedule prescribed by Office of Management and Budget (OMB) Circular A-136, Attachment B, Financial Reporting Requirements. It is essential that the maximum degree of accuracy and uniformity be attained in the preparation of all financial reports. Such reports constitute basic data from which various summary and consolidated financial statements are developed for submission to the Secretary of Veterans Affairs, OMB and the Department of the Treasury (Treasury). Strict observance of the prescribed release dates for reports will be enforced, because the highest degree of synchronization must be attained in the summarization of pertinent data to ensure that consolidated financial reports and statements are submitted within prescribed time frames established by the regulatory fiscal agencies of the Government.
0103 AUTHORITY AND REFERENCES

010301 Federal Managers’ Financial Integrity Act (FMFIA) of 1982

010302 Chief Financial Officers Act of 1990, Section 902a(6)

010303 Government Performance and Results Act (GPRA) of 1993, Section 4

010304 Government Management Reform Act of 1994

010305 Federal Financial Management Improvement Act (FFMIA) of 1996

010306 Office of Management and Budget (OMB) Circular A–11, Preparation, Submission and Execution of the Budget (June 2008)

010307 OMB Circular A-123, Management’s Responsibility for Internal Control, Appendix A, Internal Control over Financial Reporting

010308 OMB Circular A-136, Financial Reporting Requirements - Revised


010310 OMB Bulletin 01-09, Form and Content of Agency Financial Statements

010311 OMB Bulletin 07-04, Audit Requirements for Federal Financial Statements

010312 OMB Memorandum M-08-25, Guidance for Completing FY 2008 Financial and Performance Reports

010313 OMB Memorandum M-09-10, Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009


010316 U.S. Standard General Ledger TFM (Fiscal 20XX Reporting)

010317 Pronouncements of the Federal Accounting Standards Advisory Board

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2This User Guide will help agency financial managers understand the new financial reporting submission process and the benefits of the MAX Federal Community Web site. The new submission process was initiated starting with the 3rd Quarter, Fiscal Year 2008.

0104  ROLES AND RESPONSIBILITIES

010401  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 and provides guidance on all aspects of financial management.

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

010403  Chief Financial Officers within the Veterans Benefits Administration (VBA), Veterans Health Administration (VHA) and the National Cemetery Administration (NCA) must assist and cooperate with the Departmental CFO in carrying out VA’s overall responsibility for meeting external financial reporting requirements.

0105  PROCEDURES

The following chapters within this volume describe the procedures designed to comply with VA policy for each major financial reporting requirement.

A.  Chapter 1 – General Financial Reporting Requirements
B.  Chapter 2 – Consolidated Financial Statements and Footnotes
C.  Chapter 3 – Quarterly Financial Statements
D.  Chapter 4 – Governmentwide Financial Report System (GFRS)
E.  Chapter 5 – Intra-Governmental Activity and Reconciliation
F.  Chapter 6 – FACTS II Budget Execution Reporting
G.  Chapter 7 – Miscellaneous Reporting Topics
H.  Chapter 8 – Management’s Discussion and Analysis (MD&A)
I. Chapter 9 – Erroneous and Improper Payment Reporting under OMB Circular A-123, Appendix C

0106 DEFINITIONS

010601 Central Office. All VA Administrations (Veterans Health, Veterans Benefits and National Cemetery) and staff offices located within the Washington, DC metropolitan area.

010602 FASAB (Federal Accounting Standards Advisory Board). The Board that promulgates Federal accounting standards after considering the financial and budgetary information needs of citizens, Congressional oversight groups, executive agencies and other users of Federal financial information.

010603 MAX Federal Community. A “Wiki” tool created and maintained by OMB. Like Wikipedia, this tool is an interactive, real-time Web site dedicated to sharing information and ideas across various audiences. The financial reporting submissions will be between the agencies and OMB; however, interaction can occur between agencies or within a specific agency using the MAX Federal Community’s Financial Management Community Web site.

0107 QUESTIONS

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

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<thead>
<tr>
<th>Agency</th>
<th>Contact Information</th>
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<tbody>
<tr>
<td>VHA</td>
<td>VHA Accounting Policy (Outlook)</td>
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<tr>
<td>VBA</td>
<td>VAVBAWAS/CO/FINREP (Outlook)</td>
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<tr>
<td>All Others</td>
<td>OFP Accounting Policy (Outlook)</td>
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