Department of Veterans Affairs

Financial Policy

Volume VIII

Cash Management

Chapter 1A

Invoice Review and Certification

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VA Financial Policies and Procedures
Invoice Review and Certification

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0101 OVERVIEW

This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures regarding invoice review and certification and other controls for ensuring that payments are proper and accurate. VA processes several different types of invoices, to include vendor, Veteran benefit, employee travel, salary payments, and other miscellaneous payments. This chapter focuses on the general processes used to review and certify vendor invoices for payment and payment reviews including the roles and responsibilities of a Certifying Officer and Certifying Official.

VA's financial and other automated systems are designed to eliminate the majority of the manual processes that historically were related to a voucher audit[1] prior to payment. Appendix A, VA Financial Systems, lists the various systems used in the process of reviewing and certifying invoices and in the payment reviews.

0102 POLICIES

010201 INVOICE REVIEW AND CERTIFICATION. All invoices will be date stamped upon receipt, stamped paid, either manually or electronically, and maintained for purposes of audit requirements.

010201.01 Invoice Review.

A. VA will follow the Prompt Payment Act (PPA) for accepting goods, establishing the payment due date, and calculating any applicable discounts or interest required for procurement contracts, vendor payments, and utility payments per 5 C.F.R. Part 1315 and other regulatory guidance. Refer to Appendix B, Additional VA Guidance for Prompt Payment Act, for VA-specific information.

B. VA will conduct invoice reviews based upon manual and/or automated processes. Invoice reviews provide assurances that invoices include necessary substantiation and documentation for lawful and proper payment before payment certification. The principal objectives are to determine whether:

- The goods have been received or the services have been performed and are in accordance with the contract, purchase order, or agreement.

- The prices, subtotals and totals are accurate.

- The invoice includes the contract, purchase order, or agreement number and is in accordance with the terms of the contract, purchase order, or agreement.

[1] Vouchers were forms required to be submitted by a vendor along with an invoice to request payment. Two examples of vouchers required were the SF 1034, Public Voucher for Purchases and Services Other than Personal, and the SF 1113, Public Voucher for Transportation Charges. Both are still in use, but are not required to be submitted with a vendor invoice.

- The payee, vendor, and vendor code (as applicable) is correct. A Tax Identification Number or Payee Identification Number, is provided for each payee.

- The invoice is not a duplicate or has not been paid previously.

- All applicable deductions were made and credited to the proper account in the correct amount.

- The appropriation or fund from which the payment will be made is available for that purpose.

Refer to Appendix C, Review of Medical Services Invoices, for additional information on certain health care invoices.

C. VA will annotate invoices and supporting documents so that they are processed for payment only one time. All invoices will be sent directly to the designated agency office (e.g., the Financial Services Center (FSC), the VBA Regional Office, or other office per the contract, purchase order, or agreement).

1. It is the responsibility of the vendor to ensure invoices are sent to the proper office identified in the terms of the contract, purchase order, or agreement.

2. It is the responsibility of the designated agency office (when different from the payment office) to ensure that the certified invoices are routed and submitted to the designated payment office in accordance with the PPA to ensure timely payment. They will also handle vendor inquiries on payments made by their office, e.g., subsistence payments and certified payments, and the contracting officer will handle discrepancies.

D. When incorrect or improper invoices (not in accordance with the terms of the contract, purchase order, or agreement) are received, they may be returned to the vendor according to the following dates (or in accordance with the PPA) from invoice receipt:

- 7 calendar days for general services or goods;

- 3 days for meat products or fish, or

- 5 days for perishable goods, perishable agricultural commodities, edible fats or oils, and food products prepared from edible fats or oils.

010201.02 Invoice Certification. Certifying Officials will review invoices to ensure that the information on the invoice, as described in 010201A and 010201B above, agrees with the contract, purchase order, or agreement and that the invoice is correct and proper for payment. Refer to Volume VIII Chapter 1, *Administrative Fiscal Policies and Procedures* for additional information on Certifying Officials.

A. Certifying Officials are responsible for the verification and accuracy of facts stated on an invoice, payments, and in supporting documents and records. An FMS Form 210 designation is not required.

B. Certifying Officials will respond in a timely manner to any reviewing official's questionable-payment inquiry.

C. To promote professionalism and strengthen internal controls, a Certifying Official will generally have knowledge of the subject matter, knowledge of appropriations and other funds and accounting classifications, and knowledge of the payment process (e.g., availability of funds and location of designated paying and accounting offices).

D. By manually, electronically, or digitally signing an invoice, a Certifying Official certifies to a Disbursing Officer that the items listed are correct and proper for payment from the appropriation(s) or other funds designated thereon or on supporting invoices, and that the proposed payment is legal, proper, and correct. Manual certifications on invoices, when appropriate, will include the Certifying Official's signature, typed or printed name, the title "Authorized Certifying Official," date signed, date of acceptance, and dollar amount.

E. Occasionally, there may be more than one Certifying Official involved with a given payment; this is known as "successive certification." In this circumstance, the successive Certifying Official actions do not diminish the responsibility of the official who certified the original invoice. If the official who certifies an additional related invoice is different than the one who certified the original, the initial Certifying Official is responsible for the correctness of the original invoice, and the successive Certifying Official is responsible only for the additional related invoice. If an invoice is certified and subsequently changed (e.g., to take a discount, add interest penalties), the Certifying Official certifying the legality, propriety, and correctness of the changes is monetarily liable for only the payments based on those changes; that is, successive Certifying Officials are monetarily liable for only the changes they certify.

010202 DOCUMENTATION. All invoices certified, whether in hard copy or by electronic means, will be supported with sufficient documentation to enable the audit of the transactions as required by law.

A. For individual claims, the audit requirement may include, but is not limited to, the requisition of goods, request for proposals or solicitations, issuance of purchase order or contract, or preparation of a receiving report or other evidence of performance or receipt.

B. Audit requirements for the entire process may include, but are not limited to, identification of accounting classification codes, maintenance of relevant dates, such as preparation date, receipt date, and accounting date, maintenance of records (e.g., authorization of individuals to perform specific functions, signature cards, letter of

authorization) or maintenance, in an automated environment, of batch control logs, header and trailer records, error listings, suspense and exception reports, etc.

C. Certified invoices and associated papers, information, data, or services used to support them will be kept for 6 years and 3 months or in accordance with the National Archives and Records Administration (NARA) guidance.

010203 INTERNAL CONTROLS.

A. General Accounting Segregation of Duties. VA facilities, stations, and finance activities will ensure that Certifying Officers and Certifying Officials are not responsible for other financial and accounting functions that are in conflict with their duties. As identified by auditing standards[2], individuals will not have authority for more than one function:

- Authorizing or approving the request for the obligation or related transaction;
- Recording the obligation or related transactions; and
- Certifying the receipt of the goods or services and processing the payment.

Key duties and responsibilities will be divided or segregated among different individuals to reduce the risk of error or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual will control all key aspects of a transaction or event. For example, a manager authorizing obligations would not be responsible for entering obligations into financial management systems or handling the payment of invoices.

B. 1358 Obligations (VA Form 1358) Segregation of Duties. In accordance with the Office of Financial Policy (OFP) Volume II, Chapter 6, *1358 Obligations*, segregation of duties has been further defined to prohibit any one official from performing more than one of the following:

- Requesting the 1358 obligation[3];
- Approving the 1358 obligation;
- Recording the obligation of funds; or

[2] Derived from Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government,* http://www.gao.gov/special.pubs/ai2131.pdf.
[3] For 2237's, the requestor of the purchase order is also a separate individual with similar functions as requesting the 1358 obligation.

- Certifying delivery of receipt of goods or services and approving payment.

C. Management Controls. VA management control objectives are achieved by instituting a system of supervision to ensure policy and procedures are being followed. Supervision of invoice review and certification includes assigning responsibilities and duties to appropriate personnel and reviewing the work periodically.

010204 INVOICE QUALITY ASSURANCE REVIEWS.

VA will conduct periodic invoice quality assurance reviews as determined appropriate based on the procedure or system used for review and subsequent payment. Various publications provide guidance on sampling methods for invoice and payment quality assurance reviews (e.g., the Office of Management and Budget (OMB) Circular A-123, *"Management's Responsibility for Internal Control," Appendix C, Requirements for Effective Measurement and Remediation of Improper Payments*); however, there is no one universal procedure appropriate for every type of disbursing system.

The appropriateness of these reviews conducted by VA personnel who are performing their quality assurance duties or the VA Inspector General depends largely on the extent of automation of the system that computes and processes payments. Fully automated financial systems that perform reviews of all records through extensive edit checks and balances before payment essentially replace manual invoice reviews. They may also negate the need to perform pre-payment statistical random reviews for population-trend identification. In such cases, post-payment statistical sampling of invoice payments replaces the pre-payment reviews as a means to validate the accuracy of the automated system calculations and ensure that edit checks and balances are operating properly.

010205 ADMINISTRATIONS AND STAFF OFFICES. Administrations and staff offices may have specific policies and procedures for invoice reviews (e.g., invoice certifying official/VBA administrative certifying officer). The invoice certification process may be different between the Administrations or staff offices depending on the system being used to process the payment (e.g., Centralized Administrative Accounting Transaction System (CAATS), Invoice Payment Processing System (IPPS), or manual processes, as applicable). Refer to Appendix C, Review of Medical Services Invoices, for additional information on certain health care invoices.

010206 PAYMENT CERTIFICATION.

A. VA will certify payments made from appropriated funds to individuals and commercial activities.

B. Construction Payments. The Prompt Pay Act, Title 31 U.S.C. 3901-3907, and 5 C.F.R. Part 1315 require that construction contract progress payments be paid within 14 days after VA first receives a payment request from the contractor, unless a longer payment period is called for in the contract. VA Office of Construction and Facilities

Management (CFM) contracting officers are required to determine the adequacy of payment requests during that time period.

1. Payment requests which are determined to be deficient will be returned to the contractor within 7 days after receipt, accompanied by a statement identifying the deficiency.

2. Interest payments are due if progress payments, approved as payable, remain unpaid for a period of more than 14 days after receipt of the payment request, unless a longer period of time is called for in the contract.

3. Contract payments will be made as close as possible to, but not later than, the 30th day following final acceptance.

010207 PAYMENT REVIEW. VA will perform payment reviews on selected payments. VA will use sampling procedures for both prior and post-payment certification. VA relies upon a system of automated and manual controls to ensure that payments are proper before disbursement. A key control is the review and approval of all payments by approving officials prior to certification. Certifying Officers and Certifying Officials rely upon reviews by approving officials and the preparation of appropriate documentation by contracting officers and approving officials. In the case of invoices that are post-certified based on dollar criteria, the approving official also serves de facto as the Certifying Official when the uncertified invoice is paid. Failure to appropriately discharge the duties of an approving official may result in disciplinary action through VA's personnel system.

A. Accelerated Payment Methods. VA may use accelerated payment methods when processing invoices. Refer to 5 C.F.R. 1315.5 for the types of payments meeting the requirements for accelerated payment.

B. Fast Pay/Statistical Sampling Method. Both 5 CFR Subpart 1315.6 and 48 CFR Subpart 13.3, permit the use of "fast pay" procedures to pay vendor invoices before supplies have been received. The Government Accountability Office (GAO) Policy and Procedures Manual for Guidance of Federal Agencies: Title 7 - Fiscal Guidance, Chapter 7, Section 7.4F, authorizes the use of the Fast Pay/Statistical Sampling method. When employing the Fast Pay/Statistical Sampling method, payments will be made prior to obtaining administrative certifications.

1. The use of statistical sampling for post-payment review in conjunction with "fast pay" procedures is allowable, subject to several conditions:

- The economic benefit to the Government must exceed the risk of loss,

- The plan will provide for a meaningful sampling of all invoices not subject to a 100 percent audit, and

- The plan will provide a reliable and defensible basis for the certification of payments.

2. Invoices are subject to the same internal controls and reconciliation procedures as other payments. Invoices for payment will meet the following criteria:

- Payment of invoices utilizing the Fast Pay/Statistical Sampling method will be properly identified in the automated accounting system for a subsequent statistical sample.

- All invoices will be date stamped upon receipt, stamped paid, either manually or electronically, and maintained for audit and audit requirement purposes.

- All invoices will be properly matched with obligations prior to payment authorization.

- Program offices will notify the finance activity if items are not received in a timely manner or there is some other receiving problem.

- The finance activity must have the ability to withhold fast pay payments to certain vendors until approval and authorization of the invoice is received.

- Payments made prior to verification that goods or services have been received will be reviewed at least quarterly by a valid statistical sample, and verification of receipt for goods or services will be obtained.

- Detailed accounting reports showing payments made at the obligation document level will be regularly provided to both the fiscal/finance office and program office.

010208 CLAIMS.[4] VA will review claims made by vendors for non-receipt of payment and will examine the accounting records to see whether an earlier claim or cancellation has been processed. VA will determine if the vendor is entitled and identify the source from which the funds were originally paid. VA may re-certify a payment from the appropriation or fund from which the original payment was made (or its successor account).

010209 MONETARY LIABILITY.

A. VA is responsible for assessing the personal liability and obligations of its Certifying Officers and Certifying Officials[5]. VA's Certifying Officers and Certifying Officials may

[4] Prior to Public Law 104-53, the Government Accountability Office (GAO) had responsibility for settlement claims. Public Law 104-53 granted this authority to OMB. In two OMB memorandums titled Determination *with Respect to Transfer of Functions Pursuant to Public law 104-53*, dated June 18, 1996, and December 17, 1996, the OMB Director subsequently delegated the authority to the executive branch agency out of whose activity the claims arose.
[5] Refer to Volume VIII Ch 1, Administrative Fiscal Policies and Procedures for additional information on designating certifiers and the roles of a Certifying Officer and Certifying Official.

be monetarily liable for any payments resulting from illegal, improper or incorrect certifications in accordance with 31 U.S.C. 3528 and other applicable laws.

B. Certifying Officers, Certifying Officials and Disbursing Officers are responsible for proving, in the relief of liability process, that it is more likely than not that they either were not negligent or were not the proximate cause of the fiscal irregularity. When an improper or incorrect payment is certified by a Certifying Officer or Certifying Official, relief may be granted by the Comptroller General of the United States.[6] The Comptroller General may relieve a Certifying Officer or Certifying Official of responsibility for the physical loss or deficiency of public money, checks, securities, or records or authorize reimbursement from an appropriation or fund available for the activity in which the loss or deficiency occurred. Refer to Volume VIII, Chapter 3, *Agent Cashier Accountability Policy,* Appendix M: Losses and Overages for additional information.

C. Certifying Officers and Certifying Officials acting in good faith and in conformity with an authorized control system and/or statistical sampling procedure will not be held liable for any certification or payment that was not subject to specific examination because of the procedure.

D. Factors considered by the Comptroller General in relieving liability are, whether the obligation was incurred in good faith, that no law specifically prohibited the payment, the U. S. Government received value for the payment, and evidence that the payments were accurate and legal relating to the automated system rather than the individual transactions. Information showing that the system on which Certifying Officers or Certifying Officials rely is functioning properly and evidence that reviews are made periodically to determine that the automated systems are operating effectively, and can be relied on to produce payments that are accurate and legal, may be used by the Comptroller General to relieve liability.

0103 AUTHORITY AND REFERENCES

010301 31 U.S.C. 3321, Disbursing Authority in the Executive Branch

010302 31 U.S.C. 3325, Vouchers

010303 31 U.S.C. 3521, Audits by agencies

010304 31 U.S.C. 3528, Auditing and Settling Accounts

010305 31 U.S.C. 3702, Authority to Settle Claims

010306 31 U.S.C. 3901–3907, Prompt Payment

[6] The Comptroller General of the United States is the head of the GAO, a legislative branch agency established by Congress in 1921 to ensure the fiscal and managerial accountability of the Federal Government.

010307 5 C.F.R. Part 1315, Prompt Payment Act

010308 38 C.F.R. Subparts 17.52-17.56, Use of Public or Private Hospitals

010309 48 C.F.R. Subpart 13.3, Simplified Acquisition Methods

010310 48 C.F.R. Part 32.9, Prompt Payment

010311 OMB Circular A-123, Management's Responsibility for Internal Control

010312 OMB Circular A-127, Financial Management Systems

010313 GAO, Policy and Procedures Manual for Guidance of Federal Agencies: Title 7 - Fiscal Guidance

010314 GAO, Streamlining the Payment Process While Maintaining Effective Internal Control

010315 GAO, Standards for Internal Control in the Federal Government

010316 Office of Financial Policy Publications Library

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. 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 (Administrations' CFOs, other office CFOs), 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.

010403 Certifying Officer. VA will appoint Certifying Officers through delegation of authority from the Secretary of VA in the form of written authorization (i.e., FMS Form 210 filed with the Department of the Treasury (Treasury). Only Certifying Officers (i.e., authorized individuals as defined within VA or VBA) shall perform the certification of payments (e.g., batch payments) to Treasury. Certifying Officers will be Federal government employees and U.S. citizens. Certifying Officers may not serve as both the Authorizing (Approving) Official and the Disbursing Officer. Refer to Section 010203, for additional information on prohibiting dual functions.

FSC's Certifying Officer[7] approves schedules of payments transmitted to Treasury for disbursements and is responsible only for errors made in the processing of the voucher schedule, such as the number of individual vouchers and total dollar amount of vouchers submitted to Treasury for payment, not the individual vouchers (see Comptroller General B-302789). Accordingly, the role performed by the Financial Services Center (FSC) is not the same as the role of "approving payment" as identified below.

This role of "approving payments" for individual invoices, as accomplished in the Veterans Health Information System and Technology Architecture (VISTA) Fee system, CAATS (VBA only), or IPPS is not to be confused with the role of a Certifying Officer at the FSC in Austin, TX, who approves a schedule of payments transmitted to Treasury. The "approving payment" role noted in this policy is the official (including administration and staff offices) who approves payment in the VISTA Fee system, CAATS, IPPS, or other subsidiary payment systems used by VA.

010404 Certifying Official. The Certifying Official is responsible for certifying invoices for payments and ensuring these payments are proper and accurate. The Certifying Official does not require a filing of FMS Form 210. Under 31 U.S.C. 3528, Certifying Officials are responsible for information stated in the invoice, supporting records, the computation of a certified invoice, and the legality of a proposed payment under the appropriation or fund involved. In addition, they may be responsible for reimbursing the Federal government for any payment determined to be illegal, improper, or incorrect because a certification was determined to be prohibited by law, or does not represent a legal obligation under the fund or appropriation involved.

010405 Disbursing Officers. Treasury Disbursing Officers (FMS Form 210 designation on file) and VA Agent Cashiers (for further information, see Volume VIII, Chapter 3, *Agent Cashier Accountability Policy)* who have been granted disbursing authority by the Chief Disbursing Officer, whose principal functions consist of the disbursement, collection and reporting of public funds. VA will designate certain employees to become disbursing officials, as authorized in 31 U.S.C. 3321 and 3325, to expend public money.

0105 PROCEDURES

010501 General procedural and other guidance for the following topics is in Section 0102, Policies:

- 010201 Invoice Review and Certification
- 010202 Documentation
- 010203 Internal Controls

[7] VBA has Certifying Officers who submit schedules to Treasury for benefit payments.

- 010204 Invoice Quality Assurance Reviews
- 010205 Administrations and Staff Offices
- 010206 Payment Certification
- 010207 Payment Review
- 010208 Claims
- 010209 Monetary Liability

010502 Other guidance and information is in the appendices, as indicated below:

- Appendix A: Relevant Financial Systems
- Appendix B: Additional VA Guidance For Prompt Payment Act
- Appendix C: Review of Medical Services Invoices

0106 DEFINITIONS

010601 Approval. The attestation by an authorized individual that the provider of goods or services for which the payment is being prepared is entitled to that payment, subject to the goods being received or services performed being accepted as satisfactory. Receipt and payment approval may be reflected in a combined attestation.

010602 Audit Requirements. The evidence in place (as a hard copy or in an authorized electronic system) that allows for the retracing of a transaction to its source.

010603 Approving (Authorizing) Official. An approving (authorizing) official is an agency head or designee who manages the Certifying Officers. All agency heads or designees have the authority to delegate the Certifying Officer appointments and revocation responsibility within the agency.

010604 Certification. The act of verifying the legality of the obligation to be paid under the particular appropriation, the correctness of the information contained in the invoice and supporting records, and the accuracy of any computations.

010605 Certifying Officer. An individual who is personally accountable and individually responsible for verifying that the Federal government payments under his/her jurisdiction are legal, proper, and correct. If any payment, that is certified by the Certifying Officer is found to be illegal, improper, or incorrect, that individual may be held individually responsible for reimbursing the Federal government for the amount of that payment.

010606 Certifying Official. An individual who has been charged with the "approving payment" responsibility for certifying invoices for payments and ensuring these payments are proper and accurate. If any payment certified by the Certifying Official is found to be illegal, improper, or incorrect, that individual may be held individually responsible for reimbursing the Federal government for the amount of that payment. The Certifying Official does not require a filing of FMS Form 210. The Certifying Official shall be appointed in writing (e.g., job description, email, memo, etc.) by whomever has the authority to do so.

010607 Disbursing Officers. Treasury Disbursing Officers (FMS Form 210 designation on file) and VA Agent Cashiers (for further information, see Volume VIII, Chapter 3, *Agent Cashier Accountability Policy)* who have been designated disbursing authority by the Chief Disbursing Officer, whose principal functions consist of the disbursement, collection and reporting of public funds. VA will designate certain employees to become disbursing officials, as authorized in 31 U.S.C. 3321 and 3325, to expend public money.

010608 Fast Pay. A payment procedure under the Federal Acquisition Regulation at Part 13.4 which allows payment under limited conditions to a vendor prior to the Government's verification that supplies have been received and accepted.

010609 Improper Payment. Any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements, and includes any payment to an ineligible recipient, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), and any payment that does not account for credit for applicable discounts.[8]

010610 Internal Controls. The organizational policies and procedures used to reasonably ensure:

- Programs achieved their intended results;
- Resources are used consistent with the organization/Department mission;
- Programs and resources are protected from waste, fraud, and mismanagement;
- Laws and regulations are followed; and
- Reliable and timely information is obtained, maintained, reported and used for decision making.

[8] As defined in Public Law 111-204, Improper Payments Elimination and Recovery Act of 2010, July 22, 2010.

010611 Invoice. A bill, written document, or electronically transmitted document provided by a vendor requesting payment for goods received or services rendered. A proper invoice or an electronically transmitted document meets the requirements of the Prompt Payment Act under 5 C.F.R. 1315. The term “invoice” also includes a receiving report and delivery tickets when contractually designated as invoices.

010612 Invoice Review. An examination of documentation prior to payment of an item, such as an invoice or other payment request.

010613 Legal Payment. Legal means the payment is permitted by law and is consistent with the purpose of the funding appropriation. Proper means that funds are available, the transaction or contract is properly documented, goods are received and accepted and the invoice has been reviewed. Correct means the payee, address and amount are correct, and the payment is not a duplicate.

010614 Payment Review. Examination of a transaction after its occurrence. A post-payment review determines if VA’s policies and procedures have been properly followed. The test may be to verify if paid invoices have necessary documentation and approvals. This test verifies internal control procedures and work performed by financial staff.

010615 Monetary Liability. Personal financial liability for fiscal irregularities of Disbursing ,Certifying Officers and Certifying Officials as an incentive to guard against errors and theft by others, and also to protect the government against errors and dishonesty by the officers themselves.

010616 Receipt of Goods or Services. The acknowledgment (usually identified with a signature) that goods ordered have been received or that services have been performed. This acknowledgment is the basis for approval of an invoice.

010617 Segregation of Duties. The assigning to different individuals, the responsibilities for authorizing transactions, recording transactions and maintaining custody of assets. Segregation of duties reduces the opportunities for one person to both perpetrate and conceal errors of fraud and reduces the risk of error, waste, and wrongful acts.

010618 Statistical Sampling. Statistical sampling allows conclusions to be made about (1) the universe of invoices from which the sample was selected, and (2) the procedures in effect used to process all invoices in the universe. Examination of the sample and evaluation of the results permit correction of errors and other deficiencies found in the items sampled and the procedures and controls directly related to the items. Statistical sampling also permits projections as to the quality of all invoices in the universe.

010619 Successive Certification. More than one Certifying Official authorizes an invoice for payment.

0107 RESCISSIONS

010701 MP-4, Part 3, VA Controller Policy Voucher Auditing - Foreword

010702 MP-4, Part 3, Chapter 1, General

010703 MP-4, Part 3, Chapter 2, Examination of Vouchers and Contracts

010704 MP-4, Part 3, Chapter 3, Various Vouchers and Special Requirements

010705 MP-4, Part 3, Chapter 4, Related Procedures

010706 MP-4, Part 3, Chapter 5, Insurance Voucher Auditing

010707 MP-4, Part 3, Chapter 6, Statistical Sampling Procedures for Insurance Refunds

010708 OF Bulletin 03GC1.05, Prompt Payment Policy Supplement

010709 OF Bulletin 01GC1.02, Prompt Payment Policy Update

010710 Volume VIII, Ch 1A *Invoice Review and Certification*, dated November 2011

0108 QUESTIONS

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

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

0109 REVISIONS

Section	Revision	Office	Date
Appendix A	Changed FMS to VA's accounting system to standardize terminology	OFP	June 2020
Appendix B	Clarified sections (A)(1) and (A)(2) on Prompt Payment Act interest and non-interest requirements for Community Care	VHA	June 2020
Appendix D	Added OGC Memorandum for information on the applicability of the Prompt Payment Act to Individual Authorizations	OFP	June 2020

Section	Revision	Office	Date
Overall	Updated the terms and usages of Certifying Officer and Certifying Official throughout policy for consistency purposes	APPS	October 2013
0101 Overview	Updated first paragraph "including the roles and responsibilities of a Certifying Officer and Certifying Official"	APPS	October 2013
010201.02 Invoice Certification	Referred to Certifying Official instead of Certifying Officer throughout section	APPS	October 2013
010205 Administrations and Staff Offices	Added examples for the types of individuals that perform reviews for Administrations and staff offices; changed reference throughout policy from OLCS to Invoice Payment Processing System (IPPS)	APPS	October 2013
010206 Payment Certification	Moved (B) & (C) to Vol VIII Ch 1; Deleted (D); moved construction payments to (B)	APPS	October 2013
010209 Monetary Liability	Added a new sentence in (A); added reference to "Certifying Officials" throughout section	APPS	October 2013
0103 Authority and References	Added reference and link for 010301 31 U.S.C. 3321, Disbursing Authority in the Executive Branch; re-checked links	APPS	October 2013
0104 Roles and Responsibilities	Revised 010402 to include reference to "Administration CFO, other office CFO;" revised 010403 "Certifying Officer" role	APPS	October 2013
0106 Definitions	010605 revised definition for "Certifying Officer;" added definition for "Certifying Officer and Disbursing Officer"	APPS	October 2013
0107 Rescissions	Added Rescission for current policy Vol VIII Ch 1A	APPS	October 2013
0109 Revisions Table	Added Revisions Table	APPS	October 2013
Appendix A	Updated the name of system: Fee Basis Claims System (FBCS); spelled out GUI – Graphical User Interface; added NFC system that makes employee salary and benefit payments for OIG	APPS	October 2013
Appendix B (A) (1)	Deleted reference to "who uses the Govt travel charge card" – the Prompt Payment Act applies to travel reimbursements, whether or not they use a travel card or not	APPS	October 2013
Appendix C	Updated VHA placeholder– VHA will update appendix subsequent to standardizing its procedures for the material on invoice review of medical services	APPS	October 2013

APPENDIX A: RELEVANT FINANCIAL SYSTEMS

A. The following table outlines VA financial systems used in invoice review, invoice certification and/or issuing payment.

System	Administration or Staff Office	Description
Benefits Delivery Network (BDN)	VBA	Used for accounting and payment of certain educational, compensation, and pension benefits.
Centralized Administrative Accounting Transaction System (CAATS)	VBA and NCA	Used by VBA for invoicing, accounting and issuing payment. Used by NCA for administrative accounting functions.
"Corporate" and the five BETA test stations: Waco, Indianapolis, Newark, Roanoke and Seattle) CWINRS	VBA (Vocational Rehabilitation and Employment Division)	An automated case management system used to track and manage caseloads and program costs.
e-Gov Travel System	All	Used for travel authorizations and expense reports (payments).
VA's accounting system	All	Used for goods and services and some benefit payments.
Insurance General Ledger System (IGLS)	VBA	Used by VBA for accounting and payment of insurance claims.
Integrated Funds Distribution, Control Point Activity, Accounting, and Procurement (IFCAP)	VACO, VHA and other select offices	Part of the Veterans Health Information Systems and Technology Architecture (VISTA) system used for accounting, budget, purchase card, or procurement.
Loan Guarantee Programs: VA Loan Electronic Reporting Interface (VALERI)	VBA	Used to monitor servicing loans, generate loss mitigation recommendations, review adequacy of services, review non-routine claims and incentives, and conduct post audits. VALERI and VA's accounting system interface to upload payment certification and bill of collection certification data to VA's accounting system and download vendor file updates, payment status details and cash receipts to VALERI.

System	Administration or Staff Office	Description
Centralized Property Tracking System (CPTS)	All Staff Offices and Administrations, except VBA field offices	A web-based property tracking and oversight system. CPTS provides support for property contract or oversight activities and is used to review and process property contractor invoices for payment.
Invoice Payment Processing System (IPPS)	FSC (online certification system)	Used for invoice certification.
Station Inquiry System (SIS)	VBA	Used to search for vendor information, payment history, etc.
VETSNET	VHA	Used for accounting and payment of compensation, pension, and education claims and recurring payments.
VISTA Fee Application Software	VHA	Used for authorization and payment of non-VA medical care claims.
Fee Basis Claims System (FBCS)		Used for graphical user interface (GUI) interface to Vista Fee Application Software.

B. The following systems are operated by other agencies but used by VA to review, certify, and/or issue a payment.

System	Administration or Staff Office	Description
Department of Defense, Defense Finance and Accounting Service (DFAS)	Defense Civilian Pay System (DCPS)	Used in conjunction with VA HR and Payroll systems for employee salary and benefit payments.
Department of State (DOS)	DOS Financial System	Used by Manila for foreign payments. The VA Manila Office posts payments manually into VA's accounting system to record transactions.
Department of Health and Human Services	Health and Human Services, Payment Management System (HHS/PMS)	Used for approval and issuance of grant payments.
U.S. Department of Agriculture (USDA) National Finance Center	USDA Payroll and Processing System	Used in conjunction with VA HR and Payroll systems for employee salary and benefit payments.

APPENDIX B: ADDITIONAL VA GUIDANCE FOR PROMPT PAYMENT ACT

A. TYPES OF PAYMENTS. The Prompt Payment Act applies to payments incurred as the result of a procurement contract. A procurement contract means any enforceable agreement, rental and lease agreement, purchase order, delivery order, requirements-type (open-ended) service contract, or blanket purchase agreement between VA and a vendor. A vendor means any person, organization, or business concern engaged in a profession, trade, or business and any not-for-profit entity operating as a vendor, including State and local governments and foreign entities, but excluding Federal entities.

The Act does not apply to contract financing payments, payments related to emergencies and Commodity Credit Corporation payments. A contract financing payment means an authorized disbursement of monies prior to acceptance of goods or services including advance payments, progress payments based on cost, progress payments (other than under construction contracts) based on a percentage or stage of completion, payments on performance-based contracts and interim payments on cost-type contracts. Contract financing payments do not include invoice payments, payments for partial deliveries, or lease and rental payments.

1. VA payments subject to Prompt Payment Act. Examples include:

   a. Payments to State, local governments and vendors for goods and services authorized by a contract;

   b. Loan guaranty invoices for expenses associated with foreclosure, management, repair, sale of the acquired properties and certain expenses associated with specially adapted housing grants;

   c. Travel reimbursement to VA employees for official Government travel;

   d. Payments to community nursing homes and contract hospitalization;

   e. Payments for medical and dental services which fall under Community Care and are covered in a contract or sharing agreement including:
      - Choice and Community Care with Third Party Administrators (Community Care Network (CCN) and Patient-Centered Community Care (PC3));
      - Veterans Care Agreements; and
      - Individual Authorization (IA) as governed by 38 C.F.R. §§17.52-17.56, which allows for patient care by non-VA providers paid for with VA funding (IAs may no longer be used to refer care after September 30, 2019). For more information on the applicability of the Prompt Payment Act to IAs see Appendix D;

   f. Progress payments on construction and architectural contracts;

g. Utility payments for which State, local or foreign authorities do not impose late payment fees; and

h. Payments for meat, meat food products, fish, fresh eggs, dairy products and other perishable agricultural commodities.

2. VA payments exempt from Prompt Payment Act. Examples include:

a. Payments to other Federal entities;

b. Payments to beneficiaries, survivors, including travel reimbursements;

c. Payments to individuals for personal services not covered by a contract;

d. Advance payments, contract financing, progress payments (other than construction and architectural contracts);

e. Utility payments for which State, local or foreign authorities impose late payment fees;

f. Payments of loan guaranty claims and property acquisitions; and

g. Payments for medical and dental services which fall under Community Care and are not covered in a contract or sharing agreement including:
   - Claims for payments of Civilian Health and Medical Programs administered by VA (CHAMPVA);
   - Emergency care at non-contract facilities (Mill Bill); and
   - Pharmacy claims at non-network pharmacies.

APPENDIX C: REVIEW OF MEDICAL SERVICES INVOICES

NOTE: This Appendix will be a placeholder until such time as VHA standardizes its procedures for the material on invoice reviews of medical services. For additional information, forward medical services inquiries to the VHA Policy shared inbox at VHA CFO Accounting Policy (10A3A).

APPENDIX D: OGC MEMO PPA PROVISIONS FOR NON-VA CARE PAYMENTS

Department of Veterans Affairs

Memorandum

Date: October 2, 2015

VAOPGCADV 8-2015

From: Deputy General Counsel for Legal Policy (025)

Subj: Applicability of Prompt Payment Provisions to Purchase of Non-VA Care
GCL 37876; VAIQ 7540279

To: Chief Business Office for Purchased Care (10NB)
Attn: Stephanie D. Mardon

QUESTIONS PRESENTED:

a) Under 5 C.F.R. § 1315.1(b), do Prompt Payment Act requirements apply to any episode of non-VA medical care authorized by VA in advance (under 38 U.S.C. § 1703 or Public Law 113-146) and performed by a non-VA health care provider?

b) If non-VA medical care as described in question (a) is found to be subject to the Prompt Payment Act, what are VA's legal responsibilities in identifying those claims for which the Prompt Payment Act requirements were not applied, including the calculation and payment of interest for late payments?

CONCLUSIONS:

a) 1. The Prompt Payment Act is applicable to an episode of non-VA medical care authorized by VA in advance pursuant to 38 U.S.C. § 1703 and performed by a non-VA health care provider.

a) 2. The Prompt Payment Act is applicable to an episode of non-VA medical care authorized by VA in advance pursuant to Public Law 113-146, the Veterans Access, Choice, and Accountability Act of 2014 (VACAA), and performed by a non-VA health care provider pursuant to a contract – one of the three types of instruments defined in VACAA as constituting an agreement. The remaining two types of instruments defined in VACAA as agreements, i.e., intergovernmental agreements and provider agreements, are not subject to the Prompt Payment Act.

b) VA is legally required to calculate and process interest payments to non-VA health care providers in accordance with the Prompt Payment Act without a specific request from the vendor. VA may be liable for any claim by a contractor relating to Prompt Payment Act interest submitted within six years after the accrual of the claim in accordance with the Contract Disputes Act of 1978.

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DISCUSSION:

38 U.S.C. § 1703

1. The Prompt Payment Act provides that "the head of an agency acquiring property or service from a business concern, who does not pay the concern for each complete delivered item of property or service by the required payment date, shall pay an interest penalty to the concern on the amount of the payment due". 31 U.S.C. § 3902(a). Implementing regulations in 5 C.F.R. Part 1315 (commonly known as the "prompt payment rule"), which apply to "contracts for the procurement of goods or services" awarded by most Executive Branch agencies (including VA), provide for payment of interest when payments for such goods or services are made after the due date. 5 C.F.R. §§ 1315.1(a) and 1315.4(i). Section 1703 of Title 38, United States Code, provides authority by which VA may contract for hospital care and medical services for certain Veterans. It includes no exceptions to the provisions of the Prompt Payment Act. [1]

2. The prompt payment rule is applicable to procurement contracts between VA and health care providers under 38 U.S.C. § 1703[2]. This is the case whether the contracts are unilateral or bilateral in nature. Pursuant to 38 U.S.C. § 1703, as implemented by 38 C.F.R. § 17.52 and VAAR 48 C.F.R. §§ 801.670-3 and 813.307, individual authorizations are issued that establish unilateral contracts between VA and health care providers. These individual authorizations are the equivalent of purchase orders, valid VA offers, and unilateral contracts are created when the provider indicates acceptance by providing the needed care.[3] In our opinion, when individual authorization forms are submitted to a provider and include VA-authorized services and rates (including those previously discussed or negotiated with the provider), the form(s) constitute a valid VA offer that the provider can accept by performance. By performing, a provider has indicated its acceptance of the terms contained in the offer and a contract is created. Consequently, the prompt payment rule is applicable to payments under 38 U.S.C. § 1703 contracts.

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[1] In contrast, 38 U.S.C. § 8123, Procurement of prosthetic appliances, provides, "[t]he Secretary may procure prosthetic appliances and necessary services required in the fitting, supplying, and training and use of prosthetic appliances by purchase, manufacture, contract, or in such other manner as the Secretary may determine to be proper, without regard to any other provision of law" (emphasis added).
[2] This same discussion and conclusion applies to contracts entered into pursuant to 38 U.S.C. §§ 7409 and 8153.
[3] Unilateral contracts need not have a single contract document signed by each contracting party. Bilateral contracts, in contrast, are negotiated and have a single contract document signed by each contracting party. As described in the VA General Counsel opinion VAOPGCADV 6-2009, VA Authority to Negotiate Payment Amounts for Services Provided by Non-VA Providers, September 10, 2009, "[w]hen a non-VA provider agrees to provide a medical service at a particular cost, the provider has entered into a contract with VA.

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3. The General Counsel previously addressed the "Applicability of the Prompt Payment Act to VA Fee Basis and Contract Hospital programs" in a 1992 advisory opinion, VAOPGCADV 51-92 (O.G.C. Adv. 51-92), which inaccurately concluded, in part, that "[t]he interest penalty provision of the Prompt Payment Act, 31 U.S.C. § 3902, which requires the Federal government to pay interest on overdue accounts[,] is limited to payments for Government acquisitions and, thus, does not apply to the payment of medical benefit claims, e.g., claims submitted by private physicians for services rendered to veterans authorized fee-basis care under 38 U.S.C. § 1703." This inaccuracy was based on the erroneous rationale that furnishing an authorization card to a Veteran was a benefit by which payment for the care provided was assigned to the health care provider. Section 1703 creates no such authority[4] and by its plain terms, which refer repeatedly and exclusively to contracts, is purely a contracting authority.[5] Payments under section 1703 represent payments on contracts, not payments of assigned benefits. Any statements to the contrary in VAOPGCADV 51-92 or elsewhere (see Prompt Payment Act Applicability to Contracted Health Services, Unpublished Opinion, July 23, 2004 (following VAOPGCADV 51-92), are hereby overruled.

4. For these reasons, we conclude that VA is legally required to comply with the prompt payment rule for episodes of non-VA medical care authorized in advance under 38 U.S.C. § 1703, whether this care is ordered by individual authorization, also referred to as fee-basis care, via unilateral contracts, as provided for in the Federal Acquisition Regulation (FAR) and VA Acquisition Regulation (VAAR), or pursuant to bilateral contracts entered into in accordance with FAR/VAAR.

Veterans Access, Choice, and Accountability Act of 2014

5. Title I of VACAA mandates in section 101(d)(1)(A) that "[t]he Secretary shall enter into agreements for furnishing care and services to eligible veterans under this section."

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[4] By contrast, see 38 U.S.C. §§ 1725 and 1728, which authorize VA to reimburse certain Veterans (or their health care providers) for emergency care not previously authorized, ordered, or approved by VA.

[5] The legislative history associated with section 1703 (which was formerly section 603) also makes this abundantly clear.

> [T]he Committee bill would add a new section 603 providing expressly that a requirement or authority in section 610 or in section 612, relating to outpatient medical services, to furnish hospital care or medical services includes a requirement or authority, as the case may be, to contract with non-VA facilities in order to provide care or services in certain circumstances. Those circumstances . . . include the universally applicable prerequisite to the use of contract care that the VA be unable to furnish economical care directly because of geographic inaccessibility or be incapable of directly furnishing the care required.

S. Rep. 99-146, Pub. L. 99–272, Comprehensive Omnibus Budget Reconciliation Act of 1986, p.534 (Oct. 2, 1985) (emphasis added). The specific statutory language referenced in the Committee report remains unchanged except for technical terminology and citation updates.

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In section 101(d)(1)(B), "agreement" is defined to include three types of instruments, i.e., contracts, intergovernmental agreements, and provider agreements. Title I, subsection 105(a), expressed the sense of Congress that VA "shall comply with part 1315 of title 5, Code of Federal Regulations (commonly known as the 'prompt payment rule'), or any corresponding similar regulation or ruling, in paying for health care **pursuant to contracts** entered into with non-Department of Veterans Affairs providers to provide health care under the laws administered by the Secretary" (emphasis added). The congressional conference report on the legislation that became VACAA explained regarding section 105 Congress' concern that VA "is not paying claims for services provided to veterans by non-Department providers in a timely manner" and that such delay "hinders access to care for veterans who need non-VA services." 160 Cong. Rec. H6968 (July 28, 2014). Congress thus made clear its intent that the prompt payment rule apply to contracts established pursuant to VACAA to ensure the availability of necessary medical services for Veterans.

6. Congress could have easily referenced provider agreements in section 105, as it did in section 101, but it did not. The rule of statutory construction, *expressio unius est exclusio alterius*, means express mention of one thing excludes all others. Further, "Congress is presumed to act intentionally and purposely when it includes language in one section but omits it in another." *Estate of Bell v. Commissioner*, 928 F.2d 901, 904 (9th Cir. 1991); *accord Chicago v. Environmental Defense Fund*, 511 U.S. 328, 338 (1994). Also, "[w]here Congress knows how to say something but chooses not to, its silence is controlling." *In re Griffith*, 206 F.3d 1389, 1394 (11th Cir. 2000) (quoting *In re Haas*, 48 F.3d 1153, 1156 (11th Cir. 1995)). Further, provisions governing interest penalties are strictly construed in favor of the Government. *See United States v. N.Y. Rayon Importing Co.*, 329 U.S. 654, 658-59 (1947). Consequently, we conclude that since only the term "contract" is cited in section 105, Congress intended that only contracts, not provider agreements, be subject to the prompt payment rule. [6]

7. Just 50 days after enacting VACAA, Congress enacted the Department of Veterans Affairs Expiring Authorities Act of 2014 (Expiring Authorities Act), Public Law 113-175, section 409(a)(2) of which modified VACAA section 101(d)(1)(A) by adding "[a]n agreement entered into pursuant to this subparagraph may not be treated as a Federal contract for the acquisition of goods or services and is not subject to any provision of law governing Federal contracts for the acquisition of goods or services." Thus, this supplemental legislation states that any contract, intergovernmental agreement, or provider agreement entered into under section 101(d)(1)(A) is not subject to any law governing Federal acquisition contracts. Necessarily, this supplemental legislation must be read relative to VACAA section 105 concerning the prompt payment rule. First, the prompt payment rule regulates payments under procurement contracts. 5 C.F.R.

[6] The Prompt Payment Act, which applies only to payments to "business concern[s]", is inapplicable in the case of intergovernmental agreements. 31 U.S.C. §§ 3901(a)(2) and 3902.

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§ 1315.1(a).[7] The amendment to VACAA section 101(d)(1)(A) made by section 409(a) of the Expiring Authorities Act refers to an "agreement" entered into pursuant to that subparagraph, meaning, per section 101(d)(1)(B), a contract, intergovernmental agreement, or provider agreement. If, then, the Prompt Payment Act, together with its implementing regulation, the prompt payment rule, is considered for this purpose a law governing Federal contracts for the acquisition of goods or services for purposes of the section 409(a) amendment, the Prompt Payment Act and the prompt payment rule would be inapplicable to contracts under section 101(d)(1)(A). However, we do not believe that this is what Congress intended. Such a construction would run directly counter to Congress' expressed intention in enacting section 105 to ensure access to care for Veterans who need non-VA services by encouraging prompt payment by VA for such services. Given that purpose, if Congress had intended to repeal or limit section 105 of VACAA through section 409 of the Expiring Authorities Act, it may be presumed that it would have so stated. Implied repeals of statutes are not favored, and the presumption against implied repeals is all the stronger if two laws were passed in the same session of Congress. *Pullen v. Morgenthau*, 73 F.2d 281, 283 (2d Cir. 1934). Of particular note in this regard is the fact that section 409 of the Expiring Authorities Act not only added language to section 101(d)(1)(A), but also, in section 409(c), made several amendments to VACAA section 105 itself. It seems inconceivable that had Congress, in enacting section 409 of the Expiring Authorities Act and thereby explicitly amending section 105, intended to severely restrict the scope of section 105, it would not have done so by amending section 105 itself, instead of relying on a general reference to laws governing Federal acquisition contracts. This convinces us that section 409(a) of the Expiring Authorities Act should not be viewed as an implied repeal or limitation of VACAA section 105 with regard to prompt payment for non-VA care.

8. Section 105 is a clear expression of congressional intent to make contracts for VACAA care subject to the prompt payment rule. We conclude that Congress did not intend to repeal or limit that expression by implication in enacting section 409 of the Expiring Authorities Act. Therefore, in accordance with section 105 of VACAA, prompt payment interest for late payments is recoverable with respect to all contracts for medical services entered into by VA, whether these contracts are entered into pursuant to 38 U.S.C. § 1703 or VACAA, but prompt payment interest is not recoverable for late payments on intergovernmental agreements or provider agreements entered into pursuant to VACAA.

VA's Responsibility Concerning Late Payments

9. Should VA identify claims from individual authorizations wherein payment delay of a proper invoice has triggered the interest penalty of the Prompt Payment Act, VA is

[7] The terms "acquisition" and "procurement" are interchangeable pursuant to FAR definitions. 48 C.F.R. § 2.101.

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legally required to calculate and process interest payments to those health-care-provider contractors. Section 1315.4(i) of Title 5, Code of Federal Regulations, provides that, "[w]hen payments are made after the due date, interest will be paid automatically in accordance with the procedures provided in [Title 5, Part 1315]." Thus, payments are to be made "automatically", regardless of whether VA has received a request from the vendor. In making such a payment, VA must provide the vendor with notice of the interest penalty amount, the number of days late, and the rate used for calculating the late-payment interest penalty. 5 C.F.R. § 1315.10(b)(2). When an interest penalty is owed and not paid, interest will accrue on the unpaid amount until paid for up to one year. 5 C.F.R. § 1315.10(a)(4) and (5)(ii). VA is required to pay any late payment interest penalties from the funds available for administration of the program for which the penalty was incurred. 5 C.F.R. § 1315.10(b)(5). The Prompt Payment Act does not authorize the appropriation of additional amounts to pay penalties. *Id.* A claim by a contractor against VA relating to a contract must be submitted within six years after the accrual of the claim. 5 C.F.R. § 1315.16(a)(1); 41 U.S.C. § 7103(a)(4)(A).

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