

VHA FINANCE QUALITY ASSURANCE REVIEWS

- 1. REASON FOR ISSUE:** This Veterans Health Administration (VHA) directive establishes the requirements for performing and conducting the finance quality assurance program, performing self-assessment reviews, and evaluating the quality of work within finance operations and related activities.
- 2. SUMMARY OF CONTENT:** This VHA directive encompasses all current VA financial policies and procedures issued by the Office of Financial Policy (OFP), provides detailed guidance on conducting separate finance quality assurance reviews, and associated work papers for reporting results.
- 3. RELATED ISSUES:** VA Handbooks 4020, 5007, 5011, 7002, 7125 and 7545; VA Directives 0730, 4100 and 6500.
- 4. RESPONSIBLE OFFICE:** The VHA Chief Financial Officer (10A3) is responsible for the material contained in this directive. Questions should be addressed to VHA Financial Management and Accounting Systems Office at the VHA CFO Accounting Policy (10A3C) (VHACOAPOLICY2@va.gov) mailbox.
- 5. RESCISSIONS:** VHA Handbook 1730.02 dated March 16, 2011, is rescinded.
- 6. RECERTIFICATION:** This VHA directive is scheduled for recertification on or before the last working day of September 2022. This VHA directive will continue to serve as national VHA policy until it is recertified or rescinded.

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DISTRIBUTION: Emailed to the VHA Publication Distribution List on September 20, 2017.

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VHA FINANCE QUALITY ASSURANCE REVIEWS

1. PURPOSE

This Veterans Health Administration (VHA) directive establishes the responsibilities and requirements for the implementation of the Finance Quality Assurance Review (FQAR) Program. **AUTHORITY:** Title 38 United States Code (U.S.C.) 7301(b).

2. BACKGROUND

The Department of Veterans Affairs (VA) is required to establish an effective internal control program per the Information Quality Act of 2001 (also known as the Data Quality Act) and Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control. VA is committed to the core principles of transparency, participation, and collaboration as directed in the President's Memorandum of January 21, 2009, titled Transparency and Open Government. Adhering to such principles is fundamental to VA achieving its mission and vision.

a. The quality assurance reviews are a procedural reference and guideline to be used for the internal review and evaluation of financial management operating activities occurring within VHA.

b. Each quality assurance review is designed to assist management in reviewing, analyzing, evaluating, and reporting on its financial procedures, accounting records, and internal controls. Although an internal review and evaluation may not conform to strict auditing standards, it can serve as a management tool to identify strengths and weaknesses in VHA financial management operations and be a tool to design Corrective Action Plans for findings.

c. The quality assurance reviews are comprised of nine review areas: Local Management, Agent Cashier, Payroll Administration and Employee Accounts, Personal Funds of Patients, Voucher Audit, Accounting, General Post Fund, Property, Plant and Equipment, and Employee Travel. **NOTE:** *These areas may be adjusted based on the identification of emerging financial areas identified as potential areas of risk to VHA's annual external financial statement review.*

3. DEFINITIONS

a. **Convenience Checks.** Convenience checks are written against a purchase card account. Convenience checks are a payment and/or procurement tool intended only for use with merchants who do not accept purchase cards and for other authorized purposes where charge cards are not accepted. Convenience checks should be used as a payment method of last resort when no reasonable alternative merchant is available who accepts the charge card. **NOTE:** *See VA Financial Policies and Procedures, Agent Cashier Accountability Policy, Volume VIII, Chapter 3, dated May 2014, <https://www.va.gov/finance/docs/VA-FinancialPolicyVolumeVIIIChapter03.pdf>.*

b. **Fiscal Officer, Finance Officer, or Financial Manager.** The Fiscal Officer, Finance Officer or Financial Manager is the official directly responsible to the facility Director (or equivalent executive) for the performance of fiscal operations; this person is noted as the Fiscal or Finance Officer in this directive.

c. **Quality Assurance Reviews.** Quality assurance reviews are a method to evaluate program performance towards measurable goals and report on significant VHA financial management activities.

d. **Reasonable Assurance.** Reasonable assurance that the organization's risks have been managed effectively and that the organization's goals and objectives will be achieved efficiently and economically.

e. **Sub-Vouchers.** Sub-Vouchers are documents supporting cash payments that are paid out of the Agent Cashier Advance. Each type of document has a sequential number schema determined by the Agent Cashier at the time of replenishment and accountability reporting.

4. POLICY

It is VHA policy that mandatory self-assessment reviews are conducted in order to provide reasonable assurance that fiscal year-end data are sufficient to roll up to the summary level, helping to minimize the number of findings that can impact VA's external financial statement.

5. RESPONSIBILITIES

a. **Under Secretary for Health.** The Under Secretary for Health is responsible for ensuring:

(1) Overall VHA compliance with this directive.

(2) A process is in place to evaluate the quality of the work performed within finance operations and related activities.

b. **VHA Chief Financial Officer.** The VHA Chief Financial Officer is responsible for:

(1) Developing procedural guidelines for conducting financial quality assurance reviews;

(2) Establishing the review schedule;

(3) Evaluating, analyzing and reporting on findings at the corporate level at least annually to mitigate risk and ensure reasonable assurance that the program goals and objectives are being achieved; and

(4) Providing training and guidance to facility staff conducting reviews as appropriate.

c. **VA Medical Facility Director.** Each VA medical facility Director (or equivalent executive) is responsible for:

(1) Ensuring the Finance Quality Assurance Review system is established and operational based on the requirements of this directive.

(2) Establishing adequate and feasible procedures to correct discovered problem areas and taking the appropriate action where problems persist.

(3) Ensuring a schedule of reviews are prepared at the beginning of each Fiscal Year.

(4) Designating a VA medical facility supervisor or manager who is not assigned to Financial Management to conduct the Local Management Review.

(5) Ensuring documentation of reviews is sufficient to support the findings and recommendations.

(6) Signing each Quality Assurance Report and forwarding it to the appropriate VISN Director or designee.

d. **VA Medical Facility Staff Conducting Reviews.** The VA medical facility staff conducting reviews is responsible for:

(1) Following the precise procedures set forth in paragraph 7 of this directive, which provides details on conducting these reviews.

(2) Completing reviews based on the schedule set forth in paragraph 6 of this directive.

(3) Retaining appropriate documentation to support review findings for 6 years and 3 months.

6. REQUIREMENTS OF THE FINANCE QUALITY ASSURANCE PROGRAM

a. Quality assurance reviews are a method to evaluate program performance towards measurable targets and report on significant VHA financial management activities. Through a systems approach, the focus is placed on the process of performing the work and providing the product (services), as well as establishing confidence that financial management activities are functioning properly and the results obtained are correct and useful. Reviews and evaluations must be performed each year and reported as follows:

Fiscal Year Quarter	Area Reviewed	Due Date of Report
First Quarter	Local Management Review Agent Cashier Personal Funds of Patients	January 31st
Second Quarter	Payroll/Employee Accounts Voucher Audit Review	April 30th
Third Quarter	Accounting Review Employee Travel	July 31st
Fourth Quarter	General Post Funds Property, Plant and Equipment	October 31st

b. The results of each completed review must be formally summarized with particular emphasis placed on describing areas in need of improvement, plans for corrective actions, and follow-up review. Follow-up will be performed until there is reasonable assurance of compliance with requirements of this directive. VA medical facilities are required to maintain sufficient documentation to fully support any findings and recommendations. The completed report, including actions necessary to improve operations, must be submitted to the VA medical facility Director (or equivalent executive) for concurrence or non-concurrence.

c. A quality assurance report signed by the VA medical facility Director (or equivalent executive), must be prepared, including all findings, corrective action plans and follow-up reviews, and submitted to the Veterans Integrated Service Network (VISN) Director or designee. The signed quality assurance report must be uploaded to the "VHA Financial Assistance Office SharePoint" site located at: <https://vaww.portal2.va.gov/sites/10A3/QAR10A3C/default.aspx>. **NOTE:** *This is an internal VA Web site and is not available to the public. VA medical facilities and VISNs are responsible for local distribution of their quality assurance reports.*

d. Periodically, requests are made by VA Central Office and internal/external auditors to review the supporting documentation of the quality assurance report.

e. The VHA Finance Quality Assurance Office reviews and provides a consolidated VISN quality assurance report to the Deputy Undersecretary for Health Operations and Management and VISN Directors.

f. Reports and supporting documentation, to include all work papers, must be retained for a period of 6 years and 3 months as required by VA Financial Policy and Procedures Volume VIII, Chapter 1, Administrative Fiscal Policies and Procedures, and are subject to review at any time by VA Central Office representatives and independent auditors. <https://www.va.gov/finance/docs/VA-FinancialPolicyVolumeVIIIChapter01.pdf>

g. Reports are distributed to the Fiscal Quality Assurance Manager (FQAM), for their review, follow-up monitoring for required corrective actions, and distribution to VISN leadership.

h. To ensure internal control, consistency, and quality, the VHA Finance Quality Assurance Program requires that all financial reviews follow a standard set of procedures, as described in paragraph 7 of this directive.

7. PROCEDURES OF THE FINANCE QUALITY ASSURANCE PROGRAM

VHA staff members who are responsible for Quality Assurance Reviews are to comply with the procedures set forth by the VHA Chief Financial Officer. Those procedures may be found on the VHA Chief Financial Officer intranet site at <https://vaww.portal2.va.gov/sites/10A3/QAR10A3C/default.aspx>. **NOTE:** *This is an internal VA Web site that is not available to the public. This site includes applicable worksheets and procedural guides for the finance quality assurance review process.*