Department of Veterans Affairs
Washington, DC 20420

VA Directive 4520
Transmittal Sheet
March 17, 1998

GENERAL LEDGER ACCOUNTING

1. REASON FOR ISSUE: To issue for the Department of Veterans Affairs (VA) accounting policy for general ledger accounting.

2. SUMMARY OF CONTENTS/MAJOR CHANGES: This Directive establishes the policies and responsibilities for general ledger accounting in VA. The VA general ledger is based on the United States Standard General Ledger and implements its requirements. The VA chart of accounts prescribes control over all financial transactions and resource balances.

3. RESPONSIBLE OFFICE: Administrative Accounting Policy Division (047GA1), Office of the Deputy Assistant Secretary for Financial Management.

4. RELATED HANDBOOK: VA Handbook 4520, General Ledger Handbook.

5. RESCISSION: None.

CERTIFIED BY:

NADA D. HARRIS

Deputy Assistant Secretary for

Information Resources Management

BY DIRECTION OF THE SECRETARY

OF VETERANS AFFAIRS:

D. MARK CATLETT

Assistant Secretary for Management

Distribution: RPC 0415

FD

GENERAL LEDGER ACCOUNTING

1. PURPOSE

This Directive provides the general ledger accounting policy for the Department of Veterans Affairs (VA).

2. POLICY

a. The United States Standard General Ledger (USSGL) is the basis for the VA chart of general ledger accounts and is used throughout the Department. The chart of accounts provides control over all financial transactions and resource balances:

(1) The chart of general ledger accounts includes both budgetary and proprietary accounts.

(a) Budgetary transactions involve either anticipating resources, realizing resources that have been anticipated, or changing the status of the resources. Resources equal status of the resources; and,

(b) Proprietary transactions provide information on how operations are functioning and data for the equation that assets equals liabilities plus equity.

(2) The VA chart of accounts has been developed so that the budgetary accounts are self-balancing. General ledger accounts will provide data for budgeting and financial reports.

b. Source documents are those items which support the recording of transactions in the general ledger. The documents may be in the form of purchase orders, invoices, receiving reports, travel orders, and/or employee advances. They will provide a tracking system or an audit trail for posting to the general ledger and subsidiary ledgers.

c. Adequate audit trails will be maintained to permit tracking a transaction from beginning to completion. They allow for the detection and systematic correction of errors that arise. The primary means of researching an error in a transaction are through source documents and subsidiary accounts.

d. A method of double entry accounting for recording transactions in the general ledger will be maintained at all times. Double-entry accounting requires that each record of a transaction have debits and credits with total debits equal to total credits.

e. Reconciliation will be performed monthly, quarterly, and at year-end closing; i.e., adjusting, closing and reversing entries will be recorded. All subsidiary accounts and records will be reconciled to the general ledger.

(1) Subsidiary accounts will be maintained to provide further breakdown of the amounts carried in the control accounts in the general ledger. All subsidiary accounts and records will be reconciled to the general ledger.

(2) All reconciliation of general ledger balances to subsidiary report balances are to be performed at the end of each accounting period (unless otherwise indicated). The total on each subsidiary report should equal the corresponding general ledger account balance on the RGLSTBV "Summary Trial Balance by Station" generated at the end of the accounting period.

(3) On a quarterly basis, stations will perform a review and reconciliation of source documents to the applicable subsidiary reports. Each subsidiary report must be signed by the accountant or accounting technician performing the review and approved by the supervisor. Exceptions, such as documents listed on a report which have not been physically accounted for, must be annotated and investigated. In addition, initiating offices must be notified in writing of delinquent items that have been outstanding for an excessive period of time.

(4) In unusual cases where reconciliation between general ledger control accounts and subsidiaries cannot be achieved, the Administration CFO’s office must be notified. All adjusting entries to attain reconciliation in such cases must be approved by the responsible element in the Administration CFO’s office.

f. Annual year-end closing reviews will be conducted. Stations will review all payables in terms of prospect of payment and receivables in terms of prospect of collection giving due regard to the statute of limitations effecting unpaid accounts. A payable or a receivable should be removed when it meets the requirements for termination. Undelivered orders will also be reviewed to determine that they meet the requirements of an obligation. All documents supporting receivables, payables, and undelivered orders shown on the September 30 trial balance will be annotated to show that they have been reviewed.

3. RESPONSIBILITIES

a. The Assistant Secretary for Management, as VA's Chief Financial Officer (CFO), has redelegated to the Deputy Assistant Secretary for Financial Management (DAS/FM) the authority to provide policy guidance based on the Delegations of Authority contained in Memorandum No. 00-92-5, Supplement #1, and Memorandum No. 00-92-7, Supplement #2 to the Deputy Assistant Secretary for Budget. While such delegations do not address specific individual responsibilities, financial policy guidance encompasses general ledger accounting policy.

b. Administrative Heads, Assistant Secretaries, Fiscal Officers, Accounting Chiefs and other key fiscal personnel are responsible for implementing the general ledger accounting policy.

4. REFERENCES:

a. Chief Financial Officers Act of 1990.

b. JFMIP Financial Management System Requirements "Core Financial System Requirements."