

VHA FINANCE QUALITY ASSURANCE REVIEWS

- 1. REASON FOR ISSUE.** This Veterans Health Administration (VHA) Handbook provides procedures for VHA facilities on the use of the VHA finance quality assurance program and its self-assessment reviews to evaluate the quality of work performed within finance operations and related activities.
- 2. SUMMARY OF CONTENTS/MAJOR CHANGES.** This revised VHA Handbook:
 - a. Encompasses all new VHA financial procedures;
 - b. Reflects changed verbiage for new procedures in the Payroll Program;
 - c. Clarifies the facility Director's responsibilities; and
 - d. Adds procedures regarding convenience checks under the Purchase Card Program.
- 3. RELATED ISSUES.** VHA Directive 1730 (to be published).
- 4. RESPONSIBLE OFFICE.** The VHA Chief Financial Officer (17) is responsible for the material contained in this Handbook. Questions should be addressed to VHA Financial Management and Accounting Systems Office at VHA Accounting Policy 173 mailbox.
- 5. RECISSIONS.** VHA Handbook 1730.02, Fiscal Quality Assurance System issued September 4, 2008, is rescinded.
- 6. RECERTIFICATION.** This VHA Handbook is scheduled for re-certification on or before the last working day of March 2016.

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VHA FINANCE QUALITY ASSURANCE REVIEWS

1. PURPOSE

This Veterans Health Administration (VHA) Handbook provides procedures for VHA facilities to implement the Financial Quality Assurance Review program and its self-assessment reviews to evaluate the quality of work performed within fiscal operations. The purpose of the evaluation is to establish a basis of reliance in determining the nature, timing, and extent of corrective measures that may be necessary to ensure that fiscal year end rolled-up data is correct and sufficient to generate an unqualified opinion on financial statements. *Note: The numbering in this Handbook reflects the comparative numbering in the Excel spreadsheet in Appendix D.*

2. BACKGROUND

a. The quality assurance system is a procedural reference and guideline to be used for the internal review and evaluation of fiscal operation activities occurring within VHA.

b. The quality assurance system 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 fiscal operations.

c. The quality assurance system is comprised of eight review areas: Local Management, Agent Cashier, Employee Accounts, Patients' Funds Operation, Voucher Audit, Accounting, General Post Fund, and Property, Plant and Equipment. Each review must be completed throughout the fiscal year.

3. DEFINITIONS

a. **Facility Director.** The facility Director is the official head of any VHA installation or facility.

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 Handbook.

c. **Convenience Checks.** Convenience checks replaced third-party drafts and fall under the policies for purchase cards.

d. **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. SCOPE

a. The quality assurance system is a method to evaluate and report on significant VHA fiscal

activities. Through a system approach, the focus is placed on the process of performing the work and providing the product (services), as well as establishing confidence that fiscal activities are functioning properly and the results obtained are correct and useful. It serves toward the achievement of higher levels of effectiveness by:

- (1) Isolating areas in need of improvement,
- (2) Identifying procedural weaknesses,
- (3) Evaluating the performance of the work completed by employees, and
- (4) Reporting and eliminating recurring errors.

b. The quality assurance system can be used as a training manual or guide to improve effectiveness. Higher levels of effectiveness occur when corrective action is taken toward eliminating problem areas, such as procedural weakness and recurring errors identified by the system review and evaluation process.

c. Each review must be scheduled separately throughout the fiscal year. The reviews must be conducted during the fiscal quarters as designated in subparagraph 6a. Facilities with more than one disbursing fund (as the Agent Cashier Advance) are required to review each advance on separate work papers and submit one Quality Assurance Report (see App. A), which includes the combined findings and corrective actions.

d. A schedule of reviews must be prepared at the beginning of each fiscal year. The schedule must indicate the start date of each review and the employee designated to conduct each review. A specific time must be allocated for each review and, if at all possible, the employee conducting the review should not be assigned any other duties until the review is completed.

e. The facility Director (or equivalent executive) must designate a medical center supervisor or manager to conduct the Local Management Review. The employee designated needs to be familiar with the areas involved in order to conduct a proper review.

f. Throughout the reviews, various sample sizes are recommended. Depending on the total population, sample sizes may be adjusted upward (not downward) so that the reviewer can gain an adequate picture of the quality of the particular process being examined.

g. The random-systematic-sampling method is recommended for use by reviewers because it allows the reviewer to make inferences about the entire universe of like items. Where practical, and when an automated system for random sampling selection is not available, the following method is suggested to determine the intervals to identify the samples.

- (1) Determine the total number of items to be reviewed (e.g., 500 unrestricted patient fund account cards).
- (2) Using the sample size as given in the appropriate section of the Handbook (e.g., the sample

of unrestricted patient fund cards is 15), divide the total number of items to be reviewed by the sample size (e.g., dividing 500 by 15 equals 33).

(3) Pick the first item at random from among the first thirty-three records. Then select each thirty-third item after that (e.g., 17, 50, and 83, or 5, 38, and 71).

h. Reconciliations prescribed throughout this Handbook have three implied steps.

(1) First, review previous reconciliations and identify carryover items.

(2) Second, initiate immediate follow-up action for irregularities discovered through the reconciliation process. Effective and early follow-up reduces, if not eliminates, carryover items from prior reconciliations.

(3) Third, follow-up after subsequent reconciliations to ensure corrective actions were made. Use trend analysis to investigate fiscal management areas of concern such as reject rates and unreconciled line items.

i. The reviewer needs to investigate areas of non-conformance, especially where a large percentage of sample items (20 percent or more) deviate from the requirements. Problems discovered are only a part of a review. Understanding why a problem exists and how it can be remedied are the real objectives in conducting an internal review using the Financial Quality Assurance Reviews.

5. FACILITY DIRECTOR'S RESPONSIBILITIES

Each facility Director (or equivalent executive) is responsible for:

a. Ensuring the Financial Quality Assurance Review system is established and operational at the facility and ensuring if there is more than one Disbursing Fund, each advance is reviewed on a separate worksheet

b. Ensuring that facility staff adheres to the Financial Quality Assurance Reviews.

c. Establishing adequate and feasible procedures to correct discovered problem areas and take the appropriate action where problems persist.

d. Ensuring a schedule of reviews is prepared at the beginning of each Fiscal Year.

e. Designating a medical center supervisor or manager to conduct the Local Management Review.

f. Ensuring documentation of reviews is sufficient to support the findings and recommendations.

g. Signing each Quality Assurance Report and forwarding to the appropriate VISN Director.

- h. Submitting the Quality Assessment Report to the appropriate VISN Director.
- i. Establishing an internal financial control policy.
- j. Ensuring unannounced audits of the Agent Cashier are randomly conducted every 90 days, or more frequently if needed.
- k. Approving any uncommon tours of duty.
- l. Retaining all end-of-month reconciliation from Personal Funds of Patients (PFOP) restricted accounts.
- m. Approving all withdrawals from PFOP restricted accounts.
- n. Verifying purchase card and travel card oversight.
- o. Ensuring General Post Funds (GPF) purchases are in accordance with the expressed needs of the donor.

6. REPORT ON FINDINGS OF THE FINANCE QUALITY ASSURANCE REVIEW

a. The quality assurance system is comprised of eight review areas to be completed during specific fiscal year quarters. In total, ten reviews and evaluations must be performed and reported as follows:

Quarter	Areas Reviewed	Due Date of Report
First Quarter	Local Management, Accounting, and Voucher Audit Operations	January 31 st
Second Quarter	Employee Accounts, Patients' Funds Operation, And Agent Cashier	April 30 th
Third Quarter	Accounting and Voucher Audit Operations	July 31 st
Fourth Quarter	General Post Fund and Property, Plant and Equipment	October 31 st

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. Facilities are required to maintain sufficient documentation to fully support any findings and recommendations. The completed report, including actions deemed necessary to improve operations, must be submitted to the facility Director (or equivalent executive).

c. A quality assurance report (see App. A), signed by the facility Director (or equivalent

executive), must be prepared, including all findings, corrective action plans and follow-up review, and submitted to the Veterans Integrated Service Network (VISN) Director. The quality assurance report must be uploaded to the “VHA Financial Assistance Office Sharepoint” site located at: <http://vaww.teamshare.finance.va.gov/sites/174/default.aspx> . *NOTE: This is an internal web site and is not available to the public.* Facilities and VISNs are responsible for local distribution of their quality assurance reports.

d. Periodically, requests are made by Department of Veterans Affairs (VA) Central Office for supporting documentation to be provided for review.

e. VHA Financial Assistance Office reviews and provides consolidated VISN reports 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 (VA 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.

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

7. LOCAL MANAGEMENT REVIEW

The Local Management Review must be reported using the format provided in Appendix A and submitted based on the report dates in paragraph 6 (see App. B, Item 1 for review work papers for the Local Management Review).

a. Requirements for Local Management

(1) **Human Resources (HR) Requirements.** Determine if Finance position descriptions, performance requirements, and charts depicting the organizational and functional alignment of fiscal activities are current and accurate.

(2) **Review of Audits.** Review the fiscal activity files to determine if corrective action was taken on deficiencies noted in fiscal audits, including Finance Quality Assurance Reviews completed within the past 12 months. The corrective action or actions must be documented by each FQAM for compliance and completion of the action plan within 30 days or the agreed upon time frame set by the facility or VISN Director (whomever is the certifying official of the Finance Quality Assurance (QA) Review report).

(3) **Review Reports**

(a) Internal Reports. Review the Fiscal or Finance Office reports file for the prior 12 months and determine if any reports were submitted by the fiscal activity for use within the facility by Top management, service chiefs, control point staff, etc.

(b) External Reports. Review the Fiscal or Finance Office reports file for the prior 12 months

and determine if controls were in place for accurate and timely submission of the reports to the VISN or VA Central Office, etc.

b. **Internal Control Procedures.** Combining some functions, such as authorizing and certifying the disbursement of funds and performing the actual disbursement of the funds, violates sound internal control and must be avoided at all costs.

(1) Determine if fiscal management established an internal control policy at the facility level on all fiscal functions regardless of facility alignment of some fiscal functions.

(a) Verify that the facility policy complies with the Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control, as well as, VA Volume I, Chapter 1, Introduction to VA's Accounting Policy; VA Volume I, Chapter 5, Management Responsibility for Internal Controls; VA Volume II, Chapter 6, Miscellaneous Obligations (compliance with segregation of duties); and VA Volume XVI, Chapter 1, Government Purchase Card.

(b) Verify that the facility policy complies with VA and VHA policy including, but not limited to the following: MP-4, Part V, 1A; Office of Finance (OF) Bulletin 06GA1.04; VHA ALERT Volume 2007 Issue 04, Periodic Reconciliation of Subsidiary Accounts; VA Volume I, Chapter 2, Standard General Ledger; VA Volume I, Chapter 6, Reconciliations; VA Volume II, Chapter 7, Various Appropriations Law Related Topics; and VA Volume V, Chapter 9, General Property, Plant, and Equipment.

(2) Review the work processes of each fiscal employee to determine if a separation of duties exists. Serious violations in internal controls can include, but are not limited to, situations where one employee is:

(a) Functioning as Agent Cashier, or alternate, and certifying vouchers for payment.

(b) Functioning as Agent Cashier, or alternate, and serving as the patients' funds clerk or payroll technician.

(c) Approving and maintaining time and attendance records and functioning as a payroll technician.

(d) Directly responsible for establishing and maintaining accounting records and having the authority to write off accounts receivable, property, or other assets.

(e) Establishing and maintaining accounts receivable records and accepting and recording payments for these records.

(f) Authorizing the disbursement of cash and recording the expenditures.

(g) Establishing obligations and processing the payments.

(3) Determine if Integrated Funds Distribution, Control Point Activity, Accounting and Procurement (IFCAP), Veterans Health Information Systems and Technology Architecture (VistA), and other computer access privileges are reviewed at the end of every fiscal quarter for revocation for terminated, retiring, or relocating employees; granting of access or change in menu access privileges for new employee users; and access menu status for current employee users in accordance with VA Directive 6500, Information Security Program.

(a) Contact the Information Technology (IT) coordinator and Information Security Officer (ISO) about local operating procedures-related Menu access policies.

(b) Check for compliance with VA, VHA, and local guidelines for access revocation and training for new and current employees.

(c) A list of terminated and transferred employees is to be examined for revocation of access. The review must demonstrate an ongoing maintenance and proper upkeep of valid access.

NOTE: It is suggested that a notice from HR could be submitted to the IT Coordinator and the ISO for their information purposes to do revocation or granting access as soon as needed for new, current, terminated, or transferring employees.

c. **Training by Local Management.** Training by local management is the responsibility of the Fiscal Officer. The type and amount of training depends on the needs of the fiscal activity and the experience of the individual employees. Training may include both on-the-job and structured classroom training. Determine if the following exist:

(1) A training program guide and/or program has been established that meets the requirements of the fiscal activity, including adequate training for new employees.

(2) Documentation of training for all fiscal employees, such as staff meeting minutes, in service training, or Learning Management System records must be reviewed.

(3) Applicable segments of audit reports are made available to employees to aid them in the performance of their duties.

d. **Summary of Results of the Local Management Review.** To summarize the Local Management Review:

(1) List areas in need of improvement.

(2) Outline the procedures to implement corrective actions for the areas in need of improvement.

(3) Develop a schedule of follow-up actions and anticipated completion dates for the corrective actions.

(4) Transfer all findings and corrective action plans and follow-up review for the audit to the Report on Quality Assurance (see App. A), which is to be forwarded to the appropriate VISN

and VHA.

8. AGENT CASHIER REVIEW

NOTE: See Appendix B Item 2 for review work papers for the Agent Cashier Review.

Facilities with more than one disbursing fund (Agent Cashier Advance) are required to review each advance on separate work papers (see App. B, Item 2) and submit one combined findings and corrective actions (see App. A).

a. Receipts and Related Records

(1) Randomly select twenty-five VA Forms 4-1027, Field Service Receipt (FSR)-General, and twenty-five VA Forms 4-1028, Field Service Receipt-Patient Funds, from the month prior to the review:

(a) Determine if the appropriate deferred credit date (2 working days for Paper Check Conversion (PCC) Over the Counter (OTC) or 10 days for non-PCC OTC processing) are shown on receipts covering personal checks for deposit to Personal Funds of Patients (PFOP), General Post Funds (GPF), and special deposits (see VA Vol. VIII, Ch. 3, Agent Cashier Accountability Policy).

(b) Determine that Official Form (OF) 1114, Bill of Collection, is referenced on all receipts when required or applicable. If the collection closes the bill of collection, the OF 1114 must be attached to the field service receipt and the bill of collection number referenced on the field service receipt. If the collection is considered a partial payment, thus leaving a balance on the bill of collection, the bill of collection number must be referenced on the field service receipt and the open bill of collection in the Agent Cashier's files is annotated with the collection amount and date and the calculated remaining balance.

(c) Determine that the proper appropriations or receipt accounts are shown on the receipts in the selected audit sample.

(d) Determine that receipts for copies of checks from third parties (remitter name not the same as for the account to be credited) show the name of the drawer, bank number, date and check number and are maintained at the facility level. The copies may be in any form available for use in the facility (see VA Vol. VIII, Ch. 3, App. G, par. D2).

(e) Compare the dates on the randomly selected sample from subparagraph 7a(1), VA Form 4-1027, and VA Form 4-1028 to the Standard Form (SF) 215, Deposit Ticket, to ascertain that deposits have been made promptly in accordance with instructions in Treasury Financial Manual (TFM) (see Vol. 1, Part 6, Ch. 8000, Section 8030.20, Timeliness of Deposits; and VA Vol. XII, Ch. 5, Medical Care Debts).

(f) Determine that a new VA Form 4-1027 and VA Form 4-1028 were issued if there was an error in the dollar amount field and that the new number is entered on the original voided receipt.

Make sure all three copies of the voided receipt have been retrieved and stapled together.

(2) Determine that the supply of unused pre-numbered receipts in the Agent Cashier's office matches the accounting section inventory of receipts for VA Form 4-1027 and VA Form 4-1028. From the previous 12 months, examine 3 months of used accountable receipts to ensure that all field service receipts are accounted for. *NOTE: Special attention needs to be given to voided receipts by verifying that all copies of each voided receipt are intact.*

(3) From the month prior to the review, randomly select ten VA Forms 10-2815, Temporary Receipt for Funds. If less than ten, review all documents. Compare these with the related VA Forms 4-1027 or VA Forms 4-1028, paying special attention to any discrepancy in amounts and that delivery to the Agent Cashier of all collections by next business day.

(4) Randomly select twenty-five VA Forms 4 -1011, Record of Shipment of Valuables, completed within the last 6 months of the review. If less than twenty-five, review all documents. Determine if:

(a) The Deposit to Federal Depository totals agree with SF 215 and the Agent Cashier total.

(b) The cash and checks listed on VA Form 4-1011, agree with the Agent Cashier total.

(c) The check number, dates, and amounts of replenishment checks exchanged for cash are entered under "Other Valuables," or on the reverse side of VA Form 4-1011, and that the totals agree with the bank slip and the Agent Cashier total.

(d) Each VA Form 4-1011 is witnessed and signed.

(e) The frequency of deposits is determined by the daily dollar volume of funds received within a week after the date of the last deposit. Verify that:

1. Receipts of \$5,000 or more were deposited on a daily basis.

2. Receipts less than \$5,000 were deposited by Thursday of each week.

b. Disbursements and Replenishments

(1) Select every fifth Optional Form (OF) 1129, Cashier and Reimbursement Voucher, to a maximum of ten, submitted in the previous 6 months and verify that:

(a) The OF 1129 was prepared properly. The status of funds portion must be completed in its entirety to show all items which comprise the funds advanced, including any losses, shortages, interim receipts, bank charges, etc., and the OF 1129 is certified by the Certifying Officer. Verify the OF 1129 was signed by the individual assigned the advance, normally the Agent Cashier or alternate.

(b) Sub-voucher numbers were assigned and all sub-vouchers were stamped "paid" with the date of payment shown and attached to the OF 1129. Paid vouchers are to be cross-checked to the

appropriate computer listings.

(c) Vouchers were certified and/or audited when required prior to payment, and all vouchers not pre-audited were audited prior to certification.

(2) For Electronic Funds Transfer (EFT) Replenishments, from each quarter in the previous 12 months, select one SF 1149, Statement of Designated Depository Account, to verify the form was prepared properly and the reconciliation between the bank statement and the OF 1129 was completed. Verify that:

(a) Lines 1 through 20 on the SF 1149 were completed in agreement with the source documents (e.g., checkbook, previous SF 1149, bank statement, etc.).

(b) The reverse side of the SF 1149 contains a list of all transactions occurring within the reporting month. This includes prior balance, check numbers, dates, dollar amounts, cancelled checks, adjustments, and outstanding checks.

(c) The dollar amount on the OF 1129 and/or the Accountability Report, the Status of Funds, and the "Checkbook Balance" amount field is the same dollar amount in the "Balance per checkbook" field on the SF 1149.

(d) The Fiscal or Finance Officer has certified the end of month accountability reports.

(e) The accountability reports are properly prepared with pending reimbursements noted on the reverse side by date and dollar amount.

(3) If the facility has an imprest fund cashier, determine if those funds are replenished at a minimum of once a month.

c. **Security Controls**

(1) Determine that the Agent Cashier's safe combination and door lock key were changed at least once in the past 12 months, and whenever there was a change in personnel (e.g., an Agent Cashier or alternate leaves the position), or when an emergent need to the access the Agent Cashier safe arises.

(2) Verify there are sealed envelopes held in the safe in the facility Director's Office or in a secured environment. The envelopes are to be non-transparent, cannot be opened without detection, are dated and signed by the cashier or alternate, and witnessed by the Fiscal or Finance Officer, or designee. There are to be sealed envelopes for the following:

(a) The Agent Cashier safe combination.

(b) A duplicate key for each cash box and/or drawer.

(c) A duplicate key, combination or override key to the Agent Cashier's office.

(3) Verify the Agent Cashier's office door is locked at all times. If a duplicate key to the Agent Cashier's office is stored nearby for emergent purposes, verify there are adequate safeguards for the key to deny access to individuals not authorized. Verify that there is a tracking system in place to determine who obtains access to the duplicate key.

(4) Verify that all checks, receipts, and cash are put in the Agent Cashier's safe overnight and that the safe is locked during non-business hours. The Reviewer must observe this when the reviewer enters the Agent Cashier's office unannounced.

(5) Verify that the cashier is unable to open the night depository unassisted. The person assisting the cashier in the opening of the night depository must not be another cashier or alternate cashier. If there are items in the night depository, ensure the item log is filled in and initialed by the receiving employee and supervisor. The item log needs to contain a complete list of all items received from each patient.

(6) Verify a complete transfer of responsibility and accountability was turned over to an alternate for a period of at least 2 consecutive weeks once every 12 months from the last transfer date. Check OF 1129s to verify the alternate cashier prepared the replenishment during the period of the transfer. During this period, if not on leave, the Agent Cashier needs to be assigned alternative duties outside the Agent Cashier area.

(7) Verify that cashiers and alternates have access only to their advances.

(8) Determine that the Agent Cashier has receipts for all funds advanced to others. Ascertain whether the advances are in accordance with the provisions of VA Volume VIII, Chapter 3, Agent Cashier Accountability.

(9) Verify that the undeliverable salary checks for employees are not held more than 5 calendar days after the Agent Cashier receives them for distribution in accordance with VA Volume VIII, Chapter 3, Agent Cashier Accountability, Appendix K. *NOTE: The only exception to this requirement is if the employee is on leave.*

(10) Verify that cash collections and cash advances are not co-mingled.

(11) Verify that a log is maintained by pharmacy listing co-payments as they are received, if prescription co-payments are received in outpatient pharmacy along with prescription renewals. At the time the co-payments are turned over, the cashier needs to verify the prescription co-payments and initial and date the log.

(12) Verify that each of the following physical security requirements listed are in place for the Agent Cashier activity, as required by VA Handbook 0730, Security and Law Enforcement, Appendix B and VA Volume VIII, Chapter 3, Agent Cashier Accountability.

(a) The cash is secured in a Class 5 safe or a vault.

(b) The Agent Cashier's office has a protective glass for the cashier window.

- (c) The Agent Cashier's counter is in a secured environment.
- (d) The Agent Cashier's office door has a device that automatically locks the door upon closure.
- (e) There is a motion-detecting alarm system installed.
- (f) There is no other access to the Agent Cashier's office from another office, room, or space.

d. **Unannounced Agent Cashier Audits**

(1) Determine that unannounced audits of the Agent Cashier were conducted randomly (e.g., no pattern) at least every 90 days for the preceding 12 months. The facility Director (or equivalent executive) can require greater frequency.

(2) Determine whether unannounced Agent Cashier audit procedures were followed in accordance with the provisions of VA Volume VIII, Chapter 3, Agent Cashier Accountability, Appendix N, and other departmental guides. Specifically verify from the work papers:

(a) That the procedures included inspecting the Agent Cashier's safe for undeposited collections.

(b) That the assets held by the Agent Cashier included cash balances and the number and dollar value of un-deposited collections such as third-party insurance checks.

(3) Verify that each unannounced Agent Cashier audit report of the Agent Cashier was e-mailed to VHA Agent Cashier Policy MS Outlook mailbox.

e. **Miscellaneous Agent Cashier Activity**

(1) Review all Departments of the Treasury, Financial Management Service (FMS) Forms 2958, Delegation and Designation of Authority, to ensure the facility Director has a current Delegation and/or Designation of authority form on file at the Department of Treasury. Verify all facility Agent Cashiers and alternates have delegated authority to disburse cash by checking to see that each individual has an OF 211, Request for Change or Establishment of an Imprest Fund, on file at the VA Financial Services Center (FSC) in Austin, TX, and at the facility.

(2) Ensure that all shortages within the past 12 months are reported in accordance with VA Volume VIII, Chapter 3, Agent Cashier Accountability. Determine if:

(a) The report was submitted to the appropriate officials.

(b) The report was submitted promptly.

(c) The report contained a description of: how the irregularity occurred and its effect on the accountable officer's account; the procedural deficiencies that may have contributed to the irregularity; and the corrective action taken to avoid reoccurrence in the future.

(d) A complete audit was performed to determine the extent of the shortage.

(e) There is a bill of collection for payment from the employee, if it is determined an employee was found responsible for the shortage.

(f) Every effort was made to effect collection from the responsible employee.

(3) Determine if the Agent Cashier has access to a current United States (U.S.) Treasury Manual of Procedures and Instructions and the most current VA manual, bulletin, directive, and/or handbook associated with the Agent Cashier activity.

(4) Review the action taken to correct deficiencies noted in the most recent audits and/or reviews of the Agent Cashier. Determine if proper and complete action was taken and that the deficiencies have not been repeated.

f. **Summary of Results of the Agent Cashier Review.** To summarize the results of the Agent Cashier Review:

(1) List areas in need of improvement.

(2) Outline the procedures to implement corrective actions for the areas in need of improvement.

(3) Develop a schedule of follow-up actions and anticipated completion dates for the corrective actions.

(4) Transfer all findings and corrective action plans and follow-up review for the audit to the Quality Assurance Report (see App. A) which is to be forwarded to the appropriate VISN and VHA.

9. PAYROLL ADMINISTRATION AND EMPLOYEE ACCOUNTS REVIEW

NOTE: See Appendix B, Item 3 for Payroll Administration and Employee Accounts Review.

a. **Electronic Time and Attendance System.** Samples for this review are extracted from the electronic pay period time cards. The selection must cover pay periods in the quarter immediately preceding the review. The auditor must contact Payroll for a listing of timecards processed for employees.

(1) Randomly select twenty-five (or all available if total is less than twenty-five) records; obtain printouts of both electronic timecards and the employee entitlements. *NOTE: The following detailed information is provided for the convenience of the auditor; however referencing*

current HR and payroll policies is recommended. From the records determine that:

(a) The facility Director (or appropriate official or designee) and HR have approved any uncommon tours of duty. Verify that any tour of duty does not reflect a break of more than 1 hour. The second tour, on the same day, must be posted as a separate tour for that day. Verify that all scheduled hours from midnight beginning on the first Sunday through midnight ending on the last Saturday match the normal hours for the pay period.

(b) Night, tour, or shift differential is correct, including the period of overtime and compensatory time, holidays, and approved leave. Night differential is payable only when work is performed on a properly established tour of duty for periods of regularly scheduled overtime and compensatory time between the hours of 6 p.m. and 6 a.m., and for scheduled overtime and compensatory work scheduled in advance of the administrative workweek. A nurse, Physician Assistants (PA), or Expanded Function Dental Assistant (EFDA) who performs service within the period commencing at 6 p.m. and ending at 6 a.m. must receive additional pay for each hour of service provided 4 or more hours fall between 6 p.m. and 6 a.m. When fewer than 4 hours fall between 6 p.m. and 6 a.m., a nurse, PA, or EFDA must receive only differential pay for each hour of service performed between these hours. When on annual or sick leave, a nurse, PA, or EFDA is entitled to tour differential pay, otherwise appropriate, provided the total amount of such leave in a pay period is fewer than 8 hours

(c) Holiday pay, if applicable, was correctly posted. Employees who are required to perform regularly scheduled non-overtime work on a designated holiday must receive pay at the rate of two times their hourly rate for actual hours worked on their tour, but not less than at least 2 hours. Employees who perform overtime work on a holiday must be compensated at their regular overtime rate. When the basic workweek of a nurse, PA, or EFDA includes portions of 2 tours on a holiday, the tour that commences on the holiday must be treated as the holiday for pay and leave purposes. When assigned to duty on a holiday, a nurse, PA, or EFDA must receive a minimum of 2 hours of holiday pay. A part-time nurse is entitled to holiday pay only for service performed on the actual calendar holiday. Holiday premium is not paid if the employee was in a leave without pay status immediately before and immediately after the holiday (see MP-6, Pt. V, Supp 2.2 (105.07); Title 38 United States Code (U.S.C.) 7453; and VA Handbook 5011, Pt. II, Ch. 2).

(d) Periods of on-call were reduced to reflect any overtime or compensatory time for actual duty performed. When called back to perform overtime work, such personnel must receive overtime pay in accordance with VA Handbook 5007, Part V, Chapter 2 or Chapter 5, as appropriate. On-call pay must be suspended during the period of actual overtime duty; when released from overtime duty, such personnel must return to the remaining scheduled on-call duty, if any, and receive on-call pay accordingly. When the period of callback overtime merges with the employee's regular tour of duty, the 2 hours minimum overtime pay rule does not apply (see 45 Comptroller General Decision 53). An employee who is relieved from scheduled on-call duty does not receive on-call pay during the period from which relieved.

(e) Sunday and/or Saturday premium pay is posted correctly, including periods of overtime and compensatory time. Full-time, part-time, or intermittent employees who are entitled to weekend premium pay, (Saturday or Sunday) will receive weekend premium pay for service, any part of

which is between midnight Friday and midnight Sunday (see 38 U.S.C. 7401(3)). Employees who are only entitled to Sunday premium pay must receive Sunday premium pay for work performed during a regularly-scheduled non-overtime tour, any part of which falls between midnight, Saturday and midnight Sunday (see VA Handbook 5007).

(f) Any absences not approved electronically must have a properly prepared a hardcopy OPM-71, Request for Leave or Approved Absence, signed by the employee and the certifying official, on file with the approving service.

(g) The necessary “Remarks” must be recorded when required (e.g., Military Leave, Jury Duty, travel status, administrative leaves as detailed in VA Handbook 5011 Leave Administration, Absent Without Leave (AWOL), advanced leave, detail, education, and training, etc.).

(h) Corrected timecards must have appropriate remarks detailing the reason for the correction and the corrected timecard is approved by two higher approving officials. Corrected timecards are processed within two pay periods after receipt in payroll.

(i) Overtime or compensatory time requests must be entered electronically and approved by the supervisor and the certifying official. Compare the overtime or compensatory time requests with the electronic timecard to verify the number of hours and dates of the overtime or compensatory time are posted correctly.

(j) If the employee has negative leave balances, verify there is the proper authorization for advanced sick or annual leave. Verify that any leave taken under the Family Friendly Leave Act, the Family Medical Leave Act, or the Voluntary Leave Transfer Program was used in accordance with the leave balance requirements outlined in VA Handbooks 5007 and 5011.

(k) Verify that any family care, adoption, or approved donor leave was taken in accordance with the leave balance requirements outlined in current VA Directives and Handbooks.

(l) The release of completed and approved time cards transmitted to the FSC for processing must be reviewed for:

1. A properly-delegated certifying official approved the timecards of each employee under their supervision (if delegated to approve other functions, a letter of delegation or acting directive must be maintained locally).

2. The regular tour of duty hours was not arbitrarily changed to a Compressed Work Schedule tour to accommodate the employee needs but for the agency’s convenience or mission needs.

3. Display prior pay period exceptions for the Time and Leave (T&L) units associated with the selected electronic timecards. Any exceptions not corrected within two pay periods list as a deficiency. Exceptions are not considered to be outstanding when extenuating circumstances prevent the exception(s) from being cleared. Review the exceptions report to verify the following:

a. Leave requests were entered for all periods of leave posted to the timecard, or an OPM 71, Request for Leave or Approved Absence, is on file with the approving office.

b. The appropriate officials approved the overtime or compensatory time posted on the timecards.

c. That payroll has a process for following up each pay period with Services having exceptions and that unresolved exceptions are brought to the attention of top management.

b. **Timekeeping Training**

(1) **For Timekeepers**

(a) Review delegation of authority to timekeepers. Determine if initial training of new timekeepers (delegated authority in the prior 12 months) was accomplished within 30 days of the delegation of authority and prior to assigning the Timekeeper Menu.

(b) Verify mandatory timekeeper training is performed annually or completed through Learning Management System (LMS).

(c) Verify the fiscal office has ensured that no timekeepers or alternate timekeepers are permitted to maintain their own time and attendance record except as permitted in MP-6, Part V, Supplement 2.2, Chapter 1. Verify if a waiver for this exception is on record. Waiver of this exception must indicate an exception to the requirement is due to a lack of clerical personnel, leave status of the unit timekeeper or the alternate timekeeper.

(2) **For Certifying Officials.** Determine if the training of newly designated certifying officials is accomplished prior to assigning the supervisor and/or certifying official menu. Verify that Certification authority for the electronic time keeping system is at the supervisory level having leave-approving authority, or at a higher-supervisory level.

(3) Ensure that no employee has both the timekeeper, or supervisor or overtime or compensatory time Certifying Official menus for the same Time and Leave (T&L) Unit. There are no exceptions or waivers.

c. **Desk Audit of Timekeepers.** Review documentation for the prior 12 months to determine if semiannual timekeeper desk audits were performed. Determine if all pay period exceptions were reported to the timekeepers and the certifying officials for corrective action, and verify if the services are correcting pay period exceptions within two pay periods..

d. **Audit Review of Employee Pay Folders.** Obtain a listing from HR of employees who have not been employed at the station for the last 6 months or since the last audit. Randomly select twenty pay folders from each listing. If there are less than twenty names on each listing, review all pay folders. Determine if:

(1) Inactive pay folders contain a copy of SF-1150, Record of Leave Data. Determine if SF-1150s were received from HR once the pay period has been finalized. The SF 1150s are required to be maintained by HR in the employees' Official Personnel File (OPF).

(2) Separation SF 50s, Notification of Personnel Action, were generated by Personnel and Accounting Integrated Data System (PAID) when the employee is separated or transferred from the agency and filed in the employee's official payroll folder once received (see VA Vol. I, Ch.r 3a, PAID Accounting Operations).

(3) Monthly LC004 accessions and separations Rogers Software Development (RSD) report number M112 were verified correct by Fiscal and HR and annotated "verified correct," initialed, and dated (see MP-6, Pt. V, Supp 2.3, Ch. 13).

e. **Federal Employees Unemployment Compensation.** Randomly select twenty-five (or all available if total is less than twenty-five) State Employment Services Agency Requests for Wage and Separation Information (Employment Service (ES) Form 931, Request for Wage and Separation Information; ES Form 931A, Request for Separation Information for Additional Claim; ES Form 934, Request for Information or Reconsideration of Federal Findings; or ES Form 935, Claimant's Affidavit for Federal Civilian Service Wages and Reason for Separation) prepared in the 6 months prior to the review.

(1) Determine if the forms were completed and returned within 4 workdays after receipt at the facility.

(2) Examine half of the ES Forms 931 selected in subparagraph 9e(1), to a maximum of five of the forms, and determine if the computation of wages was correct.

f. **Employee Benefits.** For the quarter preceding the review, confirm carrier copy of SF 2809, Employee Health Benefits Election Form, are transmitted weekly and RSD reports Prepaid FEHB (MEPH) and Repaid FEHB (MEQG) are verified for accuracy.

g. **VA Form 5321, Record of Payroll Adjustments and Recording Transactions**

(1) Review twenty-five (or all available if total is less than twenty-five) Record of Payroll Adjustments and Recording Transactions, RSD Report MP61 and MD61 for the previous 5 pay periods to ensure that the verifying payroll technician has initialed each transaction and the supervisor of the payroll activity has certified each listing (see MP-6, Pt. V, Supp. 2.3, Ch. 13). MP61 is for transactions processed by PAID and the MD61 is for payroll transactions processed through the Defense Finance and Accounting System (DFAS) for pay periods prior to conversion. No reports are generated for transactions processed for pay periods after conversion.

(2) For each of the five previous pay periods, examine ten source documents or VA Forms 5638, Pay Adjustments and Cash Payment Code Sheet, and verify that payments and deductions were processed correctly and did not allow the pay to exceed the biweekly or annual aggregate pay limits. VA Form 5638 is used for pay adjustment transactions for pay periods prior to conversion, certain award payments, and for recording transactions.

(3) **PAID Control Point.** Review PAID reject listings, RSD reports OLDE Reject (MOLD), DFAS Transaction Status (MEPD), Non SF50 Reject Report (MEP5), DFAS SF50 Error Listing (MEP1), - Returns Rejected (Non SF50) keyed in DCPS (MF5R) for the prior 3 months to

determine if corrective action was taken to avoid repeated rejects (see VA Vol. I, Ch. 3a, PAID Accounting Operations).

h. **Workers Compensation, “Continuation of Pay”(OF 01GA2.02, Adjusting Continuation of Pay (COP) Hours).** Review quarterly reports for the past 12 months to determine if the reports were submitted by the 10th calendar day following the last reporting period.

i. **Miscellaneous Payroll Administration and Employee Accounts Activity**

(1) Convenience checks are not to be used for payroll. Corrections or modifications for payroll, including missing checks must be done through DFAS. If payroll is notified of an employee not receiving 90 percent of their base pay for the pay period, a Special Pay Remedy Ticket must be on file. While a prohibited practice, if any cash (or convenience check) payment was issued in the last 6 months related to payroll, determine why each payment was made and whether proper follow-up action was taken to prevent duplicate payments. Also, determine if the payment was recorded to the employee’s earnings and is reflected on the W-2, Wage and Tax Statement.

(2) Examine the last three record copies of VA Form 5642, Notice of Check Cancellation or Cash Collection, and Department of Defense Form (Form DD) 2481, Request for Recovery of Debt due the United States Government, to determine if the forms were completed properly and employee’s pay records adjusted for the cash collection, check cancellation and the recovered debt.

(3) Examine VA Form 71, PAID Master Record Printout, and RSD report Master Record Print Out (MRPO) to determine if errors were properly resolved and resubmitted for the past 2 pay periods. Review the biweekly Conversion of Hours Report and the Invalid Transactions report to ensure transactions were cleared or certified correct.

(4) Verify all fee basis employees are paid by direct deposit or electronic funds transfer (EFT).

(5) Verify that there is a station level process to review fee basis aggregate earnings to ensure annual pay does not exceed the limits.

(6) Ensure that Payroll has procedures to review the DFAS Conversion of hours, Invalid Transactions and Missing Time reports daily during payroll processing week, and retro Invalid Transaction and Conversion of Hours reports are worked as needed. Verify that prompt corrective actions were taken to ensure that all employees listed are paid properly. The reports must be maintained for 90 days.

(7) Review the action taken to correct deficiencies noted in the most recent audit or review of the payroll function. Determine if proper and complete action was taken and that the deficiencies have not been repeated.

(8) Determine if the most current VA and VHA policies, manuals, Directives, and/or Handbooks associated with the payroll activity is available to employees in hardcopy or by internet access.

j. **Summary of Results of the Payroll Administration and Employee Accounts Review.**

To summarize the Payroll Administration and Employee Accounts Review:

- (1) List areas in need of improvement.
- (2) Outline the procedures to implement corrective actions for the areas in need of improvement.
- (3) Develop a schedule of follow-up actions and anticipated completion dates for the corrective actions.
- (4) Transfer all findings and corrective action plans and follow-up review for the audit to the Quarterly Assurance Report (see App. A) which is to be forwarded to the appropriate VISN and VHA.

10. PERSONAL FUNDS OF PATIENTS (PFOP) REVIEW

NOTE: See Appendix B Item 4 for review work papers for the Personal Funds of Patients (PFOP) Review.

a. **Reconciliation of Accounts to the General Ledger.** Determine the end-of-month reconciliations of PFOP accounts with the general ledger control accounts were performed for the preceding 6 months and that the reconciliation for the month of September was completed. Verify that the following reconciliation requirements were met:

- (1) The reconciliation statements were signed by the Fiscal or Finance Officer and routed to the Facility Director. The reconciliation statement is to be retained in the facility Director's Office.
- (2) A duplicate copy of the reconciliation, signed by the Chief of Accounting and the patient funds clerk, was retained as part of the accounting records.
- (3) Reconciling items were resolved monthly (see VA Handbook 4020).

b. **Maintenance of Manual and/or Electronic Record Accounts.** Randomly select fifteen restricted and fifteen unrestricted VA Forms 10-1083, Patient's or Member's Account, or the electronic records from Veteran Personal Finance System (VPFS). If there are less than fifteen in any category, review all the records in that category. Verify that:

- (1) The forms are complete and maintained in accordance with VA Handbook 4020, Paragraph 6.
- (2) Postings are in agreement with VA Form 4-1028, applicable vouchers or other original posting documentation.
- (3) Deferred credit dates shown on the field service receipts are posted to the accounts and are considered before making withdrawals.

(4) The social security number on VA Form 10-1083 or electronic card or media agrees with the social security number on VA Form 4-1028 or electronic version.

(5) Deposits are posted to the patient's funds account no later than the next workday after the receipts are issued.

(6) Availability of funds was verified prior to the authorization of payment voucher.

(7) All withdrawals are posted to the patient's funds account immediately.

(8) Each patient with a PFOP account has a signature card on file in the patients' funds office.

(9) Patients' competency status is shown on all account cards.

(10) The approval for withdrawal from restricted accounts is over the signature of the facility Director (or equivalent executive) and the amounts of withdrawals conform to any authorizations on file from conservators or guardians.

(11) Accounts for incompetent patients (restricted accounts) are maintained in such a manner that the balance on deposit derived from gratuitous benefits and the balance derived from other sources is maintained separately on the account card.

(12) The Patients' Fund Clerk examines accounts that show no posting activity for a period of 3 months to determine if the individual is still an inpatient.

(13) The method used for recording receipts (e.g., temporary receipts) is sufficient to prevent pilferage of cash received through the mail, cash left with patients, or cash found in personal effects at the time of death.

(14) Balances of restricted accounts are reported to the Regional Office, when required.

(15) Any personal funds of a patient's account showing an overdrawn balance has been, or is being, handled in accordance with VA Handbook 4020 and VA Volume VIII, Chapter 3, Agent Cashier Accountability.

(16) Funds of patients with restricted accounts are not improperly used for items that are entitled to be furnished at government expense.

(17) Daily Patient Gains and Losses Sheets are used to identify patients who were transferred to other facilities and the account cards are annotated and retained to indicate all remaining funds were properly transferred to the appropriate facility.

(18) Semi-annual reviews are completed on all restricted accounts.

c. **Disposition of Funds.** Randomly select fifteen VA Forms 90-2064, Authority to Release and Ship Effects and Funds, prepared in the last 12 months. If there are less than fifteen VA Forms 90- 2064, select all for review. Determine that:

(1) The monetary amount agrees with the closing balance of the patient’s or member’s account maintained on VA Form 10-1083 or the electronic card.

(2) The Patients’ Funds Clerk reviewed the account card or VPFS electronic entry to verify whether or not any recent deposit represented an institutional award, which may have been received and deposited after the patient’s death.

(3) The authority to release the funds of a deceased patient is on file and the funds are properly transferred to the patient’s family, or to the GPF, or back to the appropriation according to the circumstances.

d. **Miscellaneous PFOP Activity**

(1) Review the action taken to correct deficiencies noted in the most recent review or audit of the personal funds of patients' function. Determine if proper and complete action was taken and that the deficiencies have not been repeated.

(2) Determine if the most current VA and VHA policies, manuals, directives, and/or handbooks associated with the PFOP activity is available to employees in hardcopy or by internet access.

e. **Summary of Results of the PFOP Review.** For a summary of the PFOP Review results:

(1) List areas in need of improvement.

(2) Outline the procedures to implement corrective action for the areas in need of improvement.

(3) Develop a schedule of follow-up actions and anticipated completion dates for the corrective actions.

(4) Transfer all findings and corrective action plans and follow-up review for the audit to the Quality Assurance Report (see App. A), which is to be forwarded to the appropriate VISN and VHA.

11. VOUCHER AUDIT REVIEW

NOTE: See Appendix B, Item 5 for review work papers for the Voucher Audit Review.

The Voucher Audit Review is a bi-annual review that must be performed in the 1st and 3rd Quarters.

a. **Local and Temporary Duty Travel.** Randomly select ten, or if less than ten select all, SF 1164, Claim for Reimbursement for Official Business; twenty expense reports; and ten travel authorizations with Advances authorized SF 1038, Advance of Funds Application and Account, from the previous quarter and determine that:

- (1) The employee and the appropriate approving official signed the SF 1164 documents.
- (2) SF 1164 documents were signed by the certifying official.
- (3) The required documentation is attached (receipts, travel authorization, etc.).
- (4) All dollar amounts are correct (mileage rate, mileage and mathematical computations).

(5) The travel advance, documented on the travel authorization, was issued to an employee without a government travel card. If the employee had a government travel card previously and lost the use of the travel card as a result of misuse, non-payment, or any other reason caused by the employee's actions, the employee is not entitled to a travel advance. Determine that the travel advance was appropriate, non-excessive, properly approved, and liquidated in a timely manner. Determine if an EFT payment was made. If paid by cash, review to ensure EFT waiver guidelines were followed.

(6) The record of dates, destinations, and reimbursable expenditures claimed are proper, complete and specific as defined in the Federal Travel Regulations (FTR) and VA travel regulations. *NOTE: This is only applicable to SF 1164 and the expense report.*

(7) The traveler submitted the expense report or SF 1164 to the fiscal activity within 5 workdays after completion of the official travel.

b. **Beneficiary Travel**

(1) Randomly select from the previous quarter twenty-five VA-Forms 3542, Authorization to Report-Voucher for Mileage Allowance, and determine if:

- (a) The approving official signed the voucher.
- (b) The beneficiary signed the voucher.
- (c) All dollar amounts are correct (mileage rate, mileage and mathematical computations).

(2) Review a minimum of twenty-five Special Mode Transportation Vouchers. Identify obligation number for Special Mode. Use the SQL launcher of the On-Line Certification System found on the Financial Service Center, to choose twenty-five invoices and determine if:

- (a) The approving official signed the voucher electronically.
- (b) All dollar amounts are correct (by reviewing, contracts or mileage rate, mileage and

mathematical computations).

(c) Verify that there is a tracking mechanism to match the invoice with the patient trips and invoiced amounts are consistent with the contract rates.

c. **Subsistence Vouchers.** Randomly select twenty-five subsistence vouchers other than Prime Vendor from the previous quarter to review and ensure that:

(1) The applicable invoice was date stamped by the first VA office receiving the document in accordance with the Prompt Payment Act.

(2) The proper certifying official signed the invoice in accordance with the Prompt Payment Act.

(3) Payment was made in compliance with the Prompt Payment Act by verifying the:

(a) Correct goods-received date and invoice-received date were entered into the accounting system of record.

(b) Available and cost effective discounts were taken.

(c) Payment and billing was made in accordance with the terms of the contract.

d. **Government Purchase and Travel Card Program**

(1) **Government Purchase.** From the current list of government purchase card orders, randomly select twenty-five purchases more than 30 days old and determine if the:

(a) Purchase limit was not exceeded.

(b) Cardholder maintained a receipt and record of the transaction.

(c) Purchase orders were recorded in IFCAP within 1 workday of the purchase card purchase (see VA Vol. XVI, Ch. 1, Government Purchase Card).

(d) The cardholder reconciled the charge within 10 workdays.

(e) Approving Officials completed approving Purchase Card reconciliation within 14 calendar days as required.

(f) The purchase card transaction has the appropriate cost center and budget object code (BOC) or the appropriate expenditure transfer was processed.

(2) **Convenience Check Security.** Verify all convenience checks are properly accounted for each authorized convenience check holder (see VHA Procurement and Logistics Office, Standard Operating Procedure, Purchase Card Program #008).

- (a) Verify that each check writer is assigned their own account (or book of checks).
 - (b) Verify all convenience checks are properly accounted for with the authorized convenience check holder or in the accounting section including voided checks.
 - (c) Verify that all voided convenience checks have “VOID-NOT NEGOTIABLE” written on the front of the check, and that all signatures are obliterated as required by VA Volume VIII, Chapter 3, Agent Cashier Accountability.
 - (d) Verify that an inventory and log are maintained by the authorized convenience check holder to show the receipt, issuance of all convenience checks and unused convenience checks. If the logs and related records are maintained on a shared drive, access to that shared drive must be restricted to the Agent Cashier and the Agent Cashier’s backups and must be password protected.
 - (e) Review and verify that all convenience checks are safeguarded and secured (locked container), as required for all negotiable items and accountable forms.
 - (f) Any employee with responsibility for issuing convenience checks must be properly delegated by the Network Contract Manager and have taken purchase card and convenience check training, prior to issuing checks. A copy of the signed VA Form 0242c, Government-wide Convenience Check Certification Form, must be maintained on file by the account holder and the Program Coordinator.
 - (g) Verify completion of required purchase card training in VA LMS within the last 24 months.
- (3) **Convenience Checks Audit.** Randomly select twenty-five of the prior 12 month's convenience checks to determine that:
- (a) The convenience checks contain the applicable accounting purchase order data.
 - (b) The convenience checks were prepared correctly to reflect appropriate accounts payable entry.
 - 1. The convenience checks are prepared with an account holder name; a brief description of the goods or services procured; an authorization number; a date; the payee’s name; a payment amount; and a valid signature. Verify that the name and signature on the convenience check are validated for the account holder.
 - 2. The supporting documentation authorizing the issuance of the draft is attached.
 - 3. Upon issuance of the convenience check, the first copy of the convenience check was forwarded with supporting documentation to the accounting activity.
 - (c) No instances of multiple checks were issued in order to prevent exceeding the micro purchase limit. Those micro purchase amounts are as follows:

- a. Supplies - \$3,000.
- b. Services - \$2,500.
- c. Construction - \$2,000.

(d) Convenience checks were written only to vendors who do not accept the purchase card, for emergency incident response, and for other Agency-approved purposes that comply with Public Law 104-134, the Debt Collection Improvement Act of 1996. Verify the vendors meet those requirements.

(e) One month following the advance being established in the financial systems of records, the draft document was offset to the obligation, clearing the non-Federal advance as required by VA Volume VIII, Chapter 3 Agent Cashier Accountability.

(f) Verify no convenience checks were issued for payments VA should have paid using EFT (including purchase cards) as required by VA Volume XVI, Chapter 1, Government Purchase Card; current VHA policy; and OMB Circular A-123, Appendix B, Chapter 12.

(4) **Travel Card Program.** From the current Travel Card Vendor Report, randomly select twenty-five individual accounts listed for individual travel cards holders for review and determine if:

- (a) Employees were on official temporary duty travel during the periods in question.
- (b) There were any possible abuses of government Travel Cards.
- (c) Travelers submitted their travel vouchers within 5 business days after completion of travel.
- (d) If the account is listed as delinquent for the period in question, in addition, determine if salary offsets have been initiated for the past due accounts.
- (e) Any administrative and/or disciplinary actions were taken due to card misuse or abuse.
- (f) The facility HR gains and losses documentation for the past 6 months shows that a government purchase card, travel card, and/or convenience checks were surrendered and inactivated when the employee cardholder separated from the facility.

(5) **Card Oversight.** Verify purchase card and travel card oversight is provided at the facility by verifying:

- (a) Documentation that approving officials and card holders completed LMS purchase card training within the last 24 months.
- (b) Every purchase cardholder and approving official received a financial and logistic review during the last 12 months.

(c) The following purchase card reports were completed and submitted thru the Financial Indicator Data collection monthly. For the previous 2 quarters verify the reports support the data submitted for:

1. Timeliness Report (The Fileman template known as the Headquarters Report).
2. Report on payments 30 days or older and un-reconciled.
3. Approving Official Report.

(d) The individually-billed travel card reports on aging balances for the prior quarter were reviewed and the appropriate action taken to resolve the outstanding items.

(e) The cardholder warrants are current.

e. **Miscellaneous Voucher Audit Activity**

(1) Review the action taken to correct deficiencies noted in the most recent review or audit of the voucher auditing function. Determine if proper and complete action was taken and that the deficiencies have not been repeated.

(2) Determine if the most current VA, and VHA policies, manual, Directive, and/or Handbooks associated with the voucher audit activity is available to employees as hardcopy, or by internet access.

f. **Summary of Results of the Voucher Audit Review.** For a summary of the Voucher Audit Review:

- (1) List areas in need of improvement.
- (2) Outline the procedures to implement corrective action for the areas in need of improvement.
- (3) Develop a schedule of follow-up actions and anticipated completion dates for the corrective actions.
- (4) Transfer all findings and corrective action plans and follow-up review for the audit to the Quality Assurance Report (see App. A) which is to be forwarded to the appropriate VISN and VHA.

12. ACCOUNTING REVIEW

NOTE: See Appendix B, Item 6 for review work papers for the Accounting Review.

The Accounting Review is a bi-annual review that must be performed in the 1st and 3rd

Quarters.

a. **Verification and Reconciliation of Subsidiary Records**

(1) Ensure that for the past 6 months subsidiary records are reconciled on a monthly basis to their appropriate general ledger (GL) accounts (see VA Vol. I, Ch. 2, Standard General Ledger and Vol. I, Ch. 6, Reconciliations). Check for any repeated differences in GL accounts that have not been corrected.

(a) Accrued Services Payable (RPEVGLV or F851), GL accounts 2110, 2111, 2190 and 2191.

(b) Undelivered Orders (RPEDUOV2 or F850), GL accounts 480F and 480N.

(c) Equipment (Inventory) Accounts (RGLLIAV or F832 or F852), GL accounts 1750, 1751, and 1830.

(d) Suspense Accounts 36F3875, 36F3878, 36F3880, and 36X6278 (RGSUDVV or F856), GL account 2400.

(e) Accounts Receivable (RAPVGLV or F853), GL accounts 1310-1317, 1321, 1323, 1326, and 1333.

(f) Advance Payments (RAPVGLV or F855), GL accounts 1410, 1411 and 1412.

(g) Supply Fund (RGLLIAV), GL account series 1520.

(h) Compensated Work Therapy Fund 0160X4, SGL 4610.

(i) PFOF (SGL 2403 and VPFS Patient Summary Report).

(j) FMS 830 Cost Report is reconciled to the Decision support System (DSS) Cost Report and signed off by the supervisor to indicate supervisory review (see VA Vol. I, Ch. 6, Reconciliations).

(2) Randomly select any month and review the facility's trial balance report F911 for each appropriation to ensure it is in compliance with its corresponding "normal balance" as described in VA Volume I, Chapter 2, Standard General Ledger. For any account that shows an abnormal balance, determine the reason for the variance and if follow-up action was taken to correct the out-of-balance condition.

(3) Determine if any balance shown in any accounts receivable GL account (the 1300 series of GL accounts) has a corresponding amount in the allowance for bad debts in the Assets and Miscellaneous Accounts Fund (AMAF) account listing. Specifically:

(a) 1319 Allowance for Bad Debt;

- (b) 1338 Allowance for Tort Feasors;
- (c) 1339 Allowance for Contractual Adjustment pre-Medical Remittance Advice (MRA); and
- (d) 133N Allowance for Contractual Adjustment post-MRA.

(4) Verify the Agent Cashier advance reconciles to GL account 2990 in the AMAF (36AMAF). If not, initiate the appropriate action to resolve the discrepancy.

(5) Determine if any appropriation other than 36AMAF shows a balance in GL account 6710 Depreciation Expense Account. If an amount is shown, ascertain the reasons and take corrective action if necessary.

(6) Verify managerial oversight of all monthly reconciliations using the supervisor's or manager's signature (see VA Vol. 1, Ch. 6, Reconciliations).

(7) Verify that the master reconciliation is e-mailed to VHACFOFINANCIALANALYSIS@va.gov monthly.

b. Liability Accounting

(1) During the 1st Quarter Accounting Review only, evaluate the year-end salary accrual, including the supporting work papers for the final month of the previous fiscal year. Determine if the facility liability adjustment(s) for accrued salaries and wages payable were accurate. Verify that the balance in GL account 6122 (the difference between actual salary expense and accrued salary (system generated and manual) expense did not exceed \$1000 or 5 percent of the facility's manual accrual adjustment. *NOTE: The spreadsheet in Appendix D provides a method for evaluating year-end-salary accrual (see App. C).*

(2) Examine a total of ten transaction items that comprise the balance in Suspense Account 36F3875, 36F3885, 36F3880, and 36X6278. *NOTE: VA Volume II, Chapter 2c, Clearing (Suspense) and Deposit Funds provides guidance on timeliness.* There needs to be a sampling of all accounts. Determine if:

- (a) Adequate supporting documents exist for each item.
- (b) Follow-up action was taken to account for unidentified remittances.

c. Undelivered Orders and Accounts Payable Accounting

(1) Randomly select twenty-five undelivered order documents (RPEDUOVM or F850) listed on the month prior, including both current and prior fiscal year orders, for the review and verify that:

(a) All documents and data are accurate and include cost centers, BOCs, and end dates (see VA Vol. XIII, Ch. 1, Cost Centers, and VA Vol. XIII, Ch. 2, Budget Object Codes). Verify that

the data in FMS matches the records in IFCAP.

(b) Appropriate obligations are supported by:

1. The Advanced Procurement Planning documentation (1997 VA Acquisition Regulations (VAAR) 807.102);

2. A Record of Procurement Request Reviews (1997 VAAR 8 19.502); and

3. The Federal Procurement Data System (Federal Acquisition Regulations (FAR) Part 4.602).

(c) All VA Forms 1358, Estimated Miscellaneous Obligations or Change in Obligation, and VA Form 2237, Request, Turn-In, and Receipt for Property or Services, were adjusted in the respective month of occurrence.

(d) The undelivered order files are analyzed monthly and the initiating offices are notified in writing of those that remain outstanding for an unreasonable length of time (e.g., 90 days). This refers to orders with no activity for 90 days including centrally-funded construction orders or outstanding obligations over 90 days after the end date; therefore, if the obligation is for an entire year and the end date is September 30th, the first outstanding day would be October 1st; however, if no payments were made from obligation, the first review for inactivity would be in January. Verify centrally-funded construction orders are followed-up monthly.

(2) Randomly select twenty-five accounts payable or accrued services payable documents (RPEVGLVM or F851) listed on the month prior (including current and prior fiscal years in the sample) to the review and verify that:

(a) All documents are accurate for amounts, cost centers, BOCs, and end dates. Verify that the data in FMS matches the records in IFCAP. For VA Forms 1358, reviewers may need to use purpose to verify end dates (VA Vol. XIII, Ch. 1, Cost Centers, and VA Vol. XIII, Ch. 2, Budget Object Codes). Verify all manually prepared obligation documents were date stamped in the Accounting Office (e.g., SF 182s, Authorization, Agreement, and Certification of Training, Government Bills of Lading (GBLs), etc.).

(b) The accounts payable or accrued services payable files are analyzed monthly and the initiating officers are notified in writing (actual email traffic) of those that remain outstanding or inactive for an unreasonable length of time (e.g., 90 days).

(c) The most recent monthly Accounts Payable Report (RPEVGLVM or F851) are reviewed and select any ten items over 90 days old. Determine if any adjustments, based on the follow-up were taken.

d. **Accounts Receivable.** The reconciliation and management of accounts receivable is extremely important to the function of the field facility. Un-reconciled balances provide management with an incorrect view of the financial operations when making strategic decisions.

(1) Randomly select twenty-five accounts receivable (non-Healthcare Debt) documents listed in the month prior to review and verify that:

(a) All documents and data are accurate.

(b) The monthly administrative and interest costs are added to the net amount due to the debtor (see VA Vol. XII, Ch. 1A, Interest, Administrative Costs, and Penalty Charges).

(c) Appropriate follow-up and aging reviews of accounts receivable accounts were completed as required by VA Vol. 1, Chapter 6, Reconciliations.

(d) Outstanding balances were reviewed monthly for validity (see VA Vol. XII, Ch. 5, Medical Care Debts, and VA Vol. I, Ch. 6, Reconciliations).

(2) Randomly select twenty-five Medical Care Cost Fund (MCCF) accounts receivable documents listed in the month prior to review, and verify that:

(a) All documents and data are accurate.

(b) The monthly administrative and interest costs are added to the net amount due to the debtor (see VA Vol. XII, Ch. 1a, Interest, Administrative Costs, and Penalty Charges).

(c) Appropriate follow-up and aging reviews of accounts receivable transactions were completed as required by VA Volume XII, Chapter 5, Medical Care Debts.

(d) Outstanding balances were reviewed monthly for validity (see VA Vol. XII, Ch. 5, Medical Care Debts; and VA Vol. I, Ch. 6, Reconciliations).

(3) Verify that during the past 6 months, the MCCF and non-MCCF reconciliation between the VHA VistA Accounts Receivable Program (AR 4.5) and the FMS is completed on a monthly basis (see VA Vol. I, Ch. 6, Reconciliations).

(4) Examine every fourth accounts receivable written off during the past 6 months to a maximum of twenty-five. If ten or less, examine all of them. Determine that the proper procedures were followed, before the receivables were written off or if the receivables should have been sent to the District Counsel, the Department of Justice, or the Department of Treasury to get into the Treasury Offset Program (see VA Vol. V, Ch. 6, Accounts Receivable; VA Vol. XII, Ch. 1i, Termination of Collection Action and Debt Close Out; and VA Vol. XII, Ch. 5, Medical Care Debts).

(5) Examine all sharing agreement documents within the past 6 months to a maximum of twenty items to determine the following:

(a) An obligation or receivable is established for each sharing agreement.

(b) The appropriate BOC is used in the obligation transaction:

1. BOC 2586 for Sharing Medical Resource.
2. BOC 2590 for VA-Department of Defense (DOD) Sharing Agreements.

(c) The appropriate revenue source code was used in the receivable transaction (8002, 8006, 8014, 8017, 8018, 8025, 8026, 8027, 8028, 8029, 8030, 8035, 8060, 8065, or 8084).

(6) Determine the contractual adjustments and allowance for bad debts are reviewed and updated monthly for MCCF accounts and the allowance for bad debts are reviewed and updated monthly for the non-MCCF accounts (see VA Vol. V, Ch. 6, Accounts Receivable).

e. **Cost Adjustments.** Examine GL accounts 4650 and 7400 to ascertain that they were used to record adjustments for the prior year's overstatement or understatement of applied cost expense amounts. Randomly select ten entries that show an amount over \$2,500 made in the 6 months prior to the fiscal year close, and ten entries that show an amount over \$2,500 made 3 months subsequent to the prior fiscal year close. Determine why the entries were made, and if they were proper.

f. **System Reconciliation (Input and Output)**

(1) Examine the error and reject file (RGSGDPV3 or F897) and verify that corrections were made within 1 workday after receipt.

(2) Review the FMS Exception Transaction Report for any action taken after a 3-day waiting period, and determine if corrections were appropriate.

(3) Review the delegation of responsibility by IFCAP fund control point officials file and listing to determine if it is current (see VA Vol. VIII, Ch. 1, Administrative Fiscal Policies and Procedures).

(4) Examine the suspense table in FMS (SUSF Table) which shows rejected or held documents. Review any documents over 10 days old and determine if the appropriate corrective action was taken. *NOTE: FMS report RGSGDPV3 shows how long rejects have been outstanding on the SUSF table.*

g. **Miscellaneous Accounting Activity**

(1) Review five expenditure transfer documents in FMS and examine the documentation justifying each expenditure transfer document for accuracy and completeness.

(2) Review 3 monthly trial balance reports to ensure their corresponding certifications were made by the Fiscal or Finance Officer, or designee, who is General Schedule (GS)-510 qualified.

(3) Review the current outstanding listing report (RTAVGLVM) for advances that are over 90 days old. Determine if the fiscal staff took the appropriate action to clear the outstanding advances to include reporting the advance to the Internal Revenue Service as income to the

employee.

(4) Review the action taken to correct deficiencies noted in the most recent audit or review of the accounting activity. Determine if proper and complete action was taken and that the deficiencies have not been repeated.

(5) Determine if the most current VA and VHA manual, Directive and/or Handbooks associated with the accounting activity is available to employees, or is available by internet access.

h. **Summary of Results of the Accounting Review.** For a summary of the Accounting Review:

(1) List areas in need of improvement.

(2) Outline the procedures to implement corrective actions for the areas in need of improvement.

(3) Develop a schedule of follow-up actions and anticipated completion dates for the corrective actions.

(4) Transfer all findings and corrective action plans and follow-up review for the audit to the Quality Assurance Report (see App. A) which is to be forwarded to the appropriate VISN and VHA.

13. GENERAL POST FUND (GPF) REVIEW

NOTE: See Appendix B, Item 7 for review work papers for the GPF Review.

a. **Review and Reconciliation**

(1) Ascertain whether VA Form 10-1083, Patient's Account, or the IFCAP Running Balance (if used in lieu of account cards and/or End-of-Month Status of Allowance) were reconciled monthly for the past 12 months to the VA Standard General Account 4610-Allotments Available for Obligation for 8180S and 8180A. Verify managerial oversight of this reconciliation using the supervisor's or manager's signature.

(2) Verify that the facility Director (or equivalent executive) is in receipt of the monthly reconciliation reports.

(3) Review GL account 5606, General Cash Donations, and review GL account 5607, Specific Cash Donations, to determine if the amounts shown should be in fund code 8180G (General) or 8180S (Specific).

b. **Subsidiary Accounts.** Randomly select twenty-five VA Forms 10-1083 or the electronic cards or media, or the IFCAP running balance reports. If less than twenty-five subsidiary accounts

are available, review all GPF accounts that are maintained. Determine if:

(1) The accounts are properly maintained and show the approving official, as well as the specific intent of the donor. All opening balances, deposits, disbursements, and ending balances must be shown on the subsidiary accounts.

(2) The fiscal activity transferred, or attempted to return any funds to the donor, for any account that was more than 1 year in an inactive status.

c. **Donations.** Pull thirty VA Forms 4-1027, FSR, used to deposit funds into the GPF within the past 12 months. Compare the FSR to the donor's letter, note or memorandum and applicable GPF accounting card or IFCAP running balance report, to determine if:

(1) VA Form 4-1027 complies with the donor's letter of intent. ***NOTE: Voluntary Service, Finance Service, and Control point staff should have copies of the donor letter.***

(2) The fiscal activity posted the donated funds to the appropriate GPF account 8180G (General) or 8180S (Specific).

(3) The donation was deposited with the facility Agent Cashier within 1 business day of the initial receipt of the donation.

(4) The appropriate deferred dates (2 working days for PCC OTC or 10 days for non-PCC OTC processing) were correctly posted on VA Form 4-1027, FSR, by the Agent Cashier and correctly posted to the GPF account card or electronic record by the accounting activity (see VA Vol. VIII, Ch. 3, Agent Cashier Accountability).

d. **Obligations.** Randomly select twenty-five liquidated obligation documents. If less than twenty-five are available, review all.

(1) Ensure that funding is available in advance of any impending purchase and the purchase is correctly classified in the account.

(2) Verify that each purchase was in accordance with the expressed wishes of the donor and approved by the facility Director (or official authorized by VHA Handbook 4721).

(3) Ensure no direct expenditures for employee personal services and benefits were incorrectly journalized to the GPF.

e. **Miscellaneous GPF Activity**

(1) Review the action taken to correct deficiencies noted in the most recent audit or review of the GPF activity.

(2) Determine if the most current VA and VHA policies, manuals, Directives, and Handbooks associated with the GPF activity is available to employees in hardcopy or by internet access.

f. **Summary of Results of the GPF Review.** To summarize results of the GPF Review:

- (1) List areas in need of improvement.
- (2) Outline the procedures to implement corrective actions for the areas in need of improvement.
- (3) Develop a schedule of follow-up actions and anticipated completion dates for the corrective actions.
- (4) Transfer all findings and corrective action plans and follow-up review for the audit to the Quality Assurance Report (see App. A) which is to be forwarded to the appropriate VISN and VHA.

14. PROPERTY, PLANT, AND EQUIPMENT REVIEW

NOTE: See Appendix B, Item 8 review work papers for the Property, Plant, and Equipment Review.

a. **Reconciliations**

- (1) Review monthly reconciliations for Work-in-Process (WIP) and Real Property to verify that they were completed and reviewed by supervisors for the past 12 months prior to the review (see VA Policy Vol. V, Ch. 9, General Property, Plant, and Equipment).
- (2) Review the adequacy of separation of duties to ensure they are maintained so that employees receiving equipment do not also prepare the monthly reconciliations of Automated Engineering Management System (AMES)-Medical Equipment Reporting System (MERS) and Fixed Asset Package (FAP) (see VA Handbook 7002, Logistics Management Policy, Pt. 9, par. 3, and OF Bulletin 06GA1.04, Revisions to Internal Control Guidelines).
- (3) Review the adequacy of policies and procedures that define roles and responsibilities over the reconciliation and review of medical center construction projects

b. **Fixed Assets and Real Property**

- (1) Review the daily F852, General Ledger Reconciliation of FMS and Fixed Asset Subsystem report for the last week of the previous month. Determine if any out of balances were allowed past the end of month.
- (2) From GL accounts 1750 and 1751, report F832, randomly select three entries from the previous quarter trial balance and determine if:
 - (a) The entries conform to the Department's capitalization policy.
 - (b) Items capitalized were input correctly in the FAP system to ensure appropriate

depreciation is calculated (Report RFAO3V).

(3) Verify GL accounts 1711-Land, 1730-Buildings and Improvements, and 1740-Other Structures and Facilities equal their corresponding subsidiary totals (Summary Trial Balance by Station – Report RGLSTBV).

(4) With the trial balance as a reference, ensure that accumulated depreciation accounts and respective amounts do not exceed the asset account being depreciated (see GL accounts 1712 and 1719, 1730 and 1739, 1740 and 1749, 1750 and 1759, 1751 and 1758 or 1898, 1811 and 1818, 1812 and 1819, 1820 and 1829, 1830, and 1839).

(5) Verify the monthly 830 Cost Report was reconciled to the GL in FMS during the past 6 months.

(a) The total expenses on the 830 Report are reconciled to the total of GL accounts 6100, 6122, and 6400 for all fiscal years.

(b) The total asset acquisitions on the 830 Report is reconciled to the total ending balance of GL account 1720, less the opening balance of the same GL account and GL account 1832 (WIP).

c. Capitalization and Disposition

(1) Select ten entries posted in the current month WIP Account (RVAWAPV or F876 and RVAWIPV2 or F762) and determine if:

(a) The project is still active.

(b) Projects were capitalized or costs expensed properly no later than the month following the date the project was completed or put into service (see VA Vol. V, Ch. 9, Property, Plant, and Equipment).

(c) Correct useful lives were assigned to the capitalized assets according to Engineering guidance.

(d) Verify supporting documentation that aging projects are regularly reviewed with the engineering group.

(2) Review the propriety of selected sample of assets capitalized during the period under review and ensures they are properly recorded. Capitalized assets include all General Property, Plant, and Equipment acquired by construction, purchase, transfer, donation, trade-in, or exchange, when the acquisition cost or fair market value is \$100,000 or more, and the assets meet the criteria for the General Property, Plant, and Equipment category. VA’s capitalization threshold is \$100,000 with a useful life of 2 years or more.

(3) Select at least 5 percent of completed projects in the last fiscal year and placed in service to ensure that they were recorded correctly.

(4) Select a sample of assets disposed of by transfer, sale, trade-in, abandonment or demolition to ensure that they were removed from the accounting records in a timely manner (for real property, timely capitalization or disposition occurs when the asset is recorded within the fiscal month, but no later than the next fiscal month, after the property is disposed of or put into use).

d. **Recording of Environmental Liabilities and Deferred Maintenance**

(1) Review the propriety of the estimates of environmental liabilities and cleanup costs recorded by stations.

(a) Verify environmental liabilities cost estimates were recorded in GL 2996 for the current year. If no estimates recorded, verify that justification from the engineering services for zero liabilities is documented by fiscal service.

(b) For recorded liabilities, verify that the Fiscal Officer, or designee, signed off on the cost estimates prepared by the engineering service.

(c) Verify that the estimates recorded are supported by the detailed calculation worksheet from Engineering service (see VA Vol. V, Ch. 9, General Property, Plant, Equipment; and VA Vol. VI, Ch. 8, Environmental and Disposal Liabilities).

(2) Review the propriety of the deferred maintenance costs recorded by the station.

(a) Verify deferred maintenance cost estimates were recorded in the appropriate GL Accounts 9201 through 9206 for the current fiscal year. If no estimates recorded, verify that justification from the engineering service for zero deferred maintenance costs is documented by fiscal service.

(b) For recorded costs, verify that the Fiscal Officer, or designee, signed off on the cost estimates prepared by the engineering service.

(c) Verify deferred maintenance costs for heritage assets are properly recorded in GL account 9205 and not combined with GL account 9202 (Building) transaction.

(d) Verify that the estimates recorded are supported by the detailed calculation worksheet from engineering service (see VA Vol. V, Ch. 9, General Property, Plant, and Equipment).

e. **Cultural Resources**

(1) Identify if a Cultural Resource Management Officer (CRMO) had been designated (VA Handbook 7545, par. 3).

(2) Verify if the CRMO reviewed the Inventory of Historic and Cultural Resources and reported modifications, corrections, or deletions to VA Central Office at least annually (see VA

Handbook 7545).

f. **Summary of Results of the Property, Plant, and Equipment Review.** To summarize the results of the Property, Plant, and Equipment Review:

- (1) List areas in need of improvement.
- (2) Outline the procedures to implement corrective actions for the areas in need of improvement.
- (3) Develop a schedule of follow-up actions and anticipated completion dates for the corrective actions.
- (4) Transfer all findings and corrective action plans and follow-up review for the audit to the Quality Assurance Report (see App. A) which is to be forwarded to the appropriate VISN and VHA.

15. REFERENCES

- a. Title 38 United States Code (U.S.C.) 7401.
- b. Title 38 U.S.C. 7453.
- c. Public Law 104-134, Debt Collection Improvement Act of 1996.
- d. VA Handbook 0703, Security and Law Enforcement, Appendix B.
- e. VA Directive 4100, Payroll Administration.
- f. VA Handbook 4020, Personal Funds of Patients Procedures.
- g. VA Handbook 5007, Pay Administration.
- h. VA Handbook 5011, Part II, Chapter 2, Hours Of Duty and Leave.
- i. VA Directive 6500, Information Security Program.
- j. VA Handbook 7002, Logistics Management Policy.
- k. VA Handbook 7125, General Procedures.
- l. VA Handbook 7545, Cultural Resource Management Procedures.
- m. VA Volume I, Chapter 1, Introduction to VA's Accounting Policy.
- n. VA Volume I, Chapter 2, Standard General Ledger.

- o. VA Volume I, Chapter 3, Maintenance of Standard General Ledger.
- p. VA Volume I, Chapter 3a, PAID Accounting Operations.
- q. VA Volume I, Chapter 5, Management Accountability and Responsibility for Internal Controls.
- r. VA Volume I, Chapter 6, Reconciliations.
- s. VA Volume II, Chapter 2c, Clearing (Suspense) and Deposit Funds.
- t. VA Volume II, Chapter 6, Miscellaneous Obligations.
- u. VA Volume II, Chapter 7, Various Appropriations Law Related Topics.
- v. VA Volume III, Chapter 6, Heritage Assets.
- w. VA Volume V, Chapter 6, Accounts Receivable.
- x. VA Volume V, Chapter 9, General Property, Plant, and Equipment.
- y. VA Volume VI, Chapter 8, Environmental and Disposal Liabilities.
- z. VA Volume VIII, Chapter 1, Administrative Fiscal Policies and Procedures.
- aa. VA Volume VIII, Chapter 3, Agent Cashier Accountability.
- bb. VA Volume VIII, Chapter 4, Personal Funds of Patients.
- cc. VA Volume XII, Chapter 1a, Interest, Administrative Costs, and Penalty Charges.
- dd. VA Volume XII, Chapter 1i, Termination of Collection Action and Debt Closeout.
- ee. VA Volume XII, Chapter 5, Medical Debts.
- ff. VA Volume XIII, Chapter 1, Cost Centers.
- gg. VA Volume XIII, Chapter 2, Budget Object Codes.
- hh. VA Volume XIII, Chapter 4, Charges and Full Cost Recovery.
- ii. VA Volume XVI, Chapter 1, Government Purchase Card.
- jj. VHA Directive 4721, General Post Fund Policy.
- kk. VHA Handbook 4721, General Post Fund Procedures.

- ll. MP-1, Part II, Chapter 2, Travel Policies and Procedures.
- mm. MP-1, Part II, Chapter 3, Beneficiary Travel Policy and Procedures.
- nn. MP-4, Part III, Chapter 1, General Voucher Auditing.
- oo. MP-4, Part III, Chapter 2, Examination of Vouchers and Contracts.
- pp. MP-4, Part III, Chapter 3, Various Vouchers.
- qq. MP-4, Part III, Chapter 15, Special Requirements.
- rr. MP-4, Part V, Chapter 1, Controller Policy and Administrative Accounting.
- ss. MP-4, Part V, Chapter 3, Allotment Accounting.
- tt. MP-4, Part XI, Chapter 3, Quality Assurance Reviews.
- uu. MP-6, Part V, Supplement 2.2, Time and Leave and Coding of Time and Attendance Reports.
- vv. MP-6, Part V, Supplement 2.3, PAID Payroll Operating Procedures, Chapter 6.
- ww. MP-6, Part V, Supplement 2.3, PAID Payroll Operating Procedures, Chapter 13.
- xx. OF Bulletin 01GA2.02, Adjusting Continuation of Pay (COP) Hours.
- yy. OF Bulletin 06GA1.04, Revisions to Internal Control Guidelines.
- zz. VHA Procurement and Logistics Office, Standard Operating Procedure, Purchase Card Program #008.
- aaa. VHA ALERT Volume 2007, Issue-04 (173), Periodic Reconciliation of Subsidiary Accounts.
- bbb. FAR, 4.6, Contract Reporting.
- ccc. 1997 VAAR, Part 807.102., Acquisition Planning Policy.
- ddd. 1997 VAAR, Part 819, Small Business and Small Disadvantage Business Concerns.
- eee. OMB Circular A-123, Appendix B, Chapter 12.
- fff. TFM Volume 1, Part 6, Chapter 8000.

SAMPLE FORMAT FOR REPORT ON QUALITY ASSURANCE

TO: VISN __ Director
(Address)

1. A quality assurance review was conducted on the __ (Insert the Review Name (e.g., Accounting Activities)) of __ (Insert Station Name and Number) for the quarter ending __ (Insert the Quarter and Year the Review is Actually Due, e.g., December, 2003)__. This review was performed to evaluate the system and functional operations pursuant to and as required by Veterans Health Administration (VHA) Handbook 1730.02. Under VHA Handbook 1730.02, the purpose of the evaluation is to establish a basis of reliance in determining the nature, timing, and extent of other corrective measures that may be necessary to ensure that fiscal year end rolled-up data is correct and sufficient to generate an unqualified opinion on financial statements.
2. The objective of the quality assurance review is to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition; financial system of records can be relied upon to generate financial statements or other reports; and system of controls exist; and they are operating efficiently for maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of quality assurance should not exceed the benefits derived and also recognizes that the evaluation of these factors may require estimates and professional judgments by fiscal officials.
3. There are inherent limitations that need to be recognized in considering the potential effectiveness of any quality assurance review. In the performance of most procedures, errors can result from misunderstanding of instructions, mistakes in judgment, carelessness, or other personal factors. Procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, procedures can be circumvented intentionally by management by execution and recording of transactions with respect to estimates and judgments in recording transactions. Also future evaluation of quality assurance procedures is subject to risk in that they may become inadequate because of changes in conditions, and thus the degree of compliance may deteriorate.
4. The quality assurance review on Fiscal Activity disclosed the following conditions. The corrective action plan for each condition is also included in the following: __ (Transfer all findings and corrective action plans and follow-up review for the audit from the Summary Section)__. .

FACILITY DIRECTOR

Date

cc: VHA Financial Assistance (174) sent by e-mail to the "VHA FISCAL QA REPORTS"
VISN Fiscal Quality Assurance Manager (FQAM)

HYPERLINKS TO WORKSHEETS

- 1. Local Management Review Worksheets** (page 4) at:
http://vaww.cfo.med.va.gov/173/fiscal_quality_assurance/Local_Management_Review_9_2010.xls
- 2. Agent Cashier Review Worksheets** (page 6) at:
http://vaww.cfo.med.va.gov/173/fiscal_quality_assurance/Agent_Cashier_review_9_2010.xls
- 3. Payroll Administration and Employee Accounts Review Worksheets** (page 11) at:
http://vaww.cfo.med.va.gov/173/fiscal_quality_assurance/Payroll_review_9_2010.xls
- 4. Personal Funds of Patients Review Worksheets** (page 17) at:
http://vaww.cfo.med.va.gov/173/fiscal_quality_assurance/Personal_Funds_Pts_9_2010.xls
- 5. Voucher Audit Review Worksheets** (page 19) at:
http://vaww.cfo.med.va.gov/173/fiscal_quality_assurance/Voucher_Audit_Review_9_2010.xls
- 6. Accounting Review Worksheets** (page 24) at:
http://vaww.cfo.med.va.gov/173/fiscal_quality_assurance/Accounting_Review_9_2010.xls
- 7. General Post Fund Review Worksheets** (page 29) at:
http://vaww.cfo.med.va.gov/173/fiscal_quality_assurance/General_Post_Fund_review_9_2010.xls
- 8. Property Plant and Equipment Review Worksheets** (page 30) at:
http://vaww.cfo.med.va.gov/173/fiscal_quality_assurance/prop_plant equip_review_9_2010.xls

EVALUATING THE YEAR END SALARY ACCRUAL

1. Validate that End of Fiscal Year (EOFY) Salary Accruals processed into Standard General Ledger (SGL) 2210, Accrued Salaries-Wages; for example tab "Accrual = SGL 2210."
2. Add September Gross to Net, Accrual "Net Charges to Appropriations for Station XXX" report to the EOFY Manual Salary Accrual.
3. Gross to Net. Normal assumes that there are no accessions, separations, premium pay adjustments, LWOP, intermittents working, awards or relocation.
4. Gross to Net. Accrual shows the system generated accrual to reflect payroll transactions that have processed between the last pay period in the month and the accrual period.
5. Gross to Net. Actual shows the distribution of the actual pay period
6. Manual Salary Accrual adjusts the SGL to reflect payroll transaction that process during the accrual period after the system generated accrual
7. EOFY Salary Accrual is to reflect payroll transactions that process during the accrual period after the system generated accrual plus any known salary related liabilities whether they will be processed during the current accrual period or at a later date, i.e., retro payroll adjustments
8. The system generated and manual salary accruals are to reverse at the close of the accounting period, except at EOFY
9. Variances between SGL 2210 and the combined EOFY salary accrual are normally caused by:
 - a. Prior month accruals were not reversed, or
 - b. Not all supporting documentation for the EOFY Manual Salary Accrual was included in the validation process. Determine the reason for the variance.
10. Gross to Net. Accrual "Net Charges to Appropriations for Station XXX" are listed by appropriation. The analysis code is used to separate all Other, Outreach, and Trainees.

NET CHARGES TO APPROPRIATIONS FOR STATION XXX			
APPROP	AMOUNT	FTE	Appropriation/Limitation/Analysis
36 80151-1	91,224.87	18.00	
36 80152	1,487,956.89	436.30	
36 80160.01	8,266,351.74	1,953.36	36 80160A1.01 - All Other
36 80160.25	44,929.71	12.00	36 80160A1.25 - Outreach
36 80160.26	73,434.23	34.00	36 80160A1.26 - Trainees
36 80162	614,217.82	239.50	
368/90161	550,678.34	143.52	
368/90167	144,730.37	35.00	

11. Verify that the balance of general Ledger (GL) 6122 (the difference between actual salary expense and accrued salary (system generated and manual)) expense did not exceed \$1,000 or 5 percent of the facility's manual accrual adjustment example tab "SGL 6122

A METHOD FOR EVALUATING YEAR-END-SALARY ACCRUAL

This spreadsheet provides a method for evaluating year-end-salary (EOY) accrual (also see App. C).



Test of EOY Salary
accrual..xlsx