

VHA FISCAL QUALITY ASSURANCE SYSTEM

- 1. REASON FOR ISSUE:** This Veterans Health Administration (VHA) Handbook provides procedures for VHA facilities on the use of the fiscal quality assurance program and its self-assessment reviews to evaluate the quality of work performed within fiscal operations.
- 2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This Handbook replaces the VHA Fiscal Quality Assurance System Handbook issued October 27, 1997.
- 3. RELATED DIRECTIVE:** VHA Directive 1730, VHA Fiscal Quality Assurance System (to be published).
- 4. RESPONSIBLE OFFICE:** The VHA Chief Financial Officer (17), VHA Central Office, is responsible for the material contained in this Handbook. Questions may be addressed to 202-273-8340.
- 5. RECISSIONS:** VHA Handbook 1730.2, Fiscal Quality Assurance System Handbook issued October 27, 1997, is rescinded.
- 6. RECERTIFICATION:** This VHA Handbook is scheduled for re-certification on or before the last working day of September 30, 2008.

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Under Secretary for Health

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APPENDIX

A Report on Quality Assurance A-1

VHA FISCAL QUALITY ASSURANCE SYSTEM

1. PURPOSE

This Veterans Health Administration (VHA) Handbook provides procedures for VHA facilities on the use of the fiscal quality assurance program and its self-assessment reviews to evaluate the quality of work performed within fiscal operations.

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, and evaluating its accounting records, financial procedures, and internal control. Although an internal review and evaluation may not conform to strict auditing standards, it can serve as a management tool to help identify strengths and potential weaknesses in VHA fiscal operations.

c. The quality assurance system is comprised of seven parts that must be completed throughout the fiscal year. During the first quarter, a review and evaluation is conducted for Local Management and Agent Cashier operations. During the second quarter, a review and evaluation is conducted for Employee Accounts and Patients' Funds operations. During the third quarter, a review and evaluation is conducted for Accounting and Voucher Audit operations. During the fourth quarter, a review and evaluation is conducted for the General Post Fund.

3. SCOPE

a. The quality assurance system is a method to evaluate significant VHA fiscal activities. Through a systems approach, the focus is placed on employees who actually perform the work and provide 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) Eliminating recurring errors.

b. The quality assurance system can also 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 2c. Facilities with more than one disbursing fund (Agent Cashier Advance) are required to review each fund separately.

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 have a familiarity with the areas involved in the Local Management Review. *NOTE: An employee designate unfamiliar with the local management functions may not take the time and effort necessary to conduct a review properly thus jeopardizing potential benefits that could be realized.*

f. Throughout the reviews, various sample sizes are suggested for examination of a process. 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, the following method is suggested to determine the intervals to pull 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 patients funds 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 two 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 will reduce, if not eliminate, carryover items from prior re-conciliations.

i. The reviewer needs to investigate areas of non-conformance, especially where a large percentage of sample items (20-25 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 fiscal quality assurance system procedures.

j. Financial Managers are encouraged to use trend analyses of time series data. This is especially important in reviewing reject rates, un-reconciled line items, or other items that can be tracked over a period of time. Trend analyses may involve an additional effort; however, the end results may be more useful to fiscal management in identifying areas of concern.

4. FACILITY DIRECTOR'S RESPONSIBILITIES

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

- a. Ensuring the Fiscal Quality Assurance System is established and operational at the facility.
- b. Ensuring that facility staff adhere to the Fiscal Quality Assurance System.
- c. Establishing adequate and feasible procedures to correct discovered problem areas.

5. REPORT ON FINDINGS OF THE FISCAL QUALITY ASSURANCE REVIEW

a. The results of each completed review must be formally summarized with particular emphasis placed on describing areas in need of improvement. Facilities are required to maintain sufficient documentation to fully support any findings and recommendations. Sample review work papers are provided on the VHA Chief Financial Officer (CFO) web site <http://vaww.cfo.med.va.gov/17/default.asp>. The completed report, including actions deemed necessary to improve operations, will be submitted to the facility Director (or equivalent executive).

b. A quality assurance report (see App. A), signed by the facility Director (or equivalent executive), must be prepared and submitted to the Veterans Integrated Service Network (VISN) Director and e-mailed to the Office of Finance and Budget (173) in the Department of Veterans Affairs (VA) Central Office. The quality assurance report must be e-mailed to the Microsoft (MS) Outlook mailbox entitled VHA Fiscal Quality Assurance.

c. Periodically, requests are made by VA Central Office for supporting documentation to be forwarded for review.

d. Reports and supporting documentation are subject to on-site review at any time by VA Central Office representatives and independent auditors.

6. LOCAL MANAGEMENT REVIEW (See <http://vaww.cfo.med.va.gov/17/default.asp> for review work papers for the Local Management Review.)

a. Requirements for Local Management

(1) **Human Resources Management Requirements.** Determine if 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 Fiscal Quality Assurance Reviews completed within the past 12 months.

(3) **Internal Reports.** Review the Finance Office reports file for the prior 12 months and determine if any reports are submitted by the fiscal activity for use within the facility.

(4) **External Reports.** Review the Finance Office reports file for the prior 12 months and determine if controls are in place for accurate and timely submission of the reports.

b. **Internal Control Procedures (See web site <http://www.va.gov/publ/direc/finance>).** Combining some functions, such as authorizing and/or 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.

(a) Verify the facility policy complies with the Office of Management and Budget (OMB) Circular A-123.

(b) Verify the facility policy complies with VA and VHA policy.

(2) Review the work processes of each fiscal employee to determine if separation of duties exists. Serious violations in internal control 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 patients' funds clerk or payroll technician.

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

(d) Being 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 expenditures.

(g) Establishing obligations and processing payments.

(3) Determine if adequate local controls exist to prevent abuse in the disbursing authority process.

c. **Training by Local Management.** This area of review is extremely important. Its rating is subjective, but needs to involve careful thought since 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 have been established and it meets the requirements of the fiscal activity.

(2) Training given to new employees is adequate and ongoing.

(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**

(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.

7. AGENT CASHIER REVIEW (See web site www.va.gov/publ/direc/finance for VA Directive and Handbook 4010, Agent Cashier Policy and Agent Cashier Procedures. See <http://vaww.cfo.med.va.gov/17/default.asp> for review work papers for the Agent Cashier Review.)

a. **Receipts and Related Records**

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

(a) Determine if a deferred credit date is shown on receipts covering personal checks for deposit to Personal Funds of Patients, General Post Funds and Special Deposits.

(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 sample.

(d) Determine that receipts for checks from third parties show the name of the drawer, bank number, date, and check number.

(e) Compare the dates on the sample 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) 6-8030.20.

(f) Determine that the 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 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) Verify third-party drafts.

(a) Verify all third-party drafts are properly accounted for, including voided drafts.

(b) Verify that all voided third-party drafts have "VOID-NOT NEGOTIABLE" written on the front of the draft.

(c) Verify that an inventory and log are maintained by the agent cashier to show the receipt, distribution and issuance of all third-party drafts and unused drafts.

(d) Review and verify that all third-party drafts are safeguarded and secured, as VA Handbook 4010, Agent Cashier Procedures, requires all negotiable items and accountable forms to be secured.

(e) Verify each employee holding third-party drafts maintains an individual inventory of the drafts received and issued, and submits monthly reports to the agent cashier in a timely manner.

(4) From the month prior to the review, randomly select ten VA Forms 10-2815, Temporary Receipt Log for Funds. If less than ten, review all documents. Compare these with the related VA Forms 4-1027 and VA Forms 4-1028, paying special attention to any discrepancy in amounts and to the promptness of delivery to the agent cashier of all collections.

(5) 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 tapes.

(b) The cash and checks listed on VA Form 4-1011, agree with the agent cashier tape.

(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 tape.

(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 \$5000 or more were deposited on a daily basis.

2. Receipts less than \$5000 were deposited weekly.

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 Fiscal or Finance Officer as required by VA Handbook 4010, Section C. Verify the OF 1129 was signed by the agent cashier or alternate.

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

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

(d) Compensated Work Therapy (CWT) and/or Industrial Therapy (IT) payrolls contained in replenishments were reviewed for accuracy with close attention paid to the time cards.

(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 1-20 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, Cashier Replenishment Voucher and/or 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.

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

(4) Randomly select twenty-five of the prior month’s third-party drafts to determine that:

(a) The drafts contain the applicable accounting purchase order data.

(b) The drafts were prepared correctly and the appropriate accounts payable entry was posted.

1. The drafts are prepared with a printed station number and serial number; 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.

2. The supporting documentation authorizing the issuance of the draft is attached.

3. On a daily basis, the first copy of the draft is forwarded with supporting documentation to the accounting activity for recording.

(c) The dollar limitation was not exceeded.

(d) The draft document was offset, in a timely manner, to the obligation, clearing the non-federal advance.

(e) Verify the cardholder warrants are current.

(5) Verify the Fiscal or Finance Officer, as required by VA Handbook 4010, Section C, certifies the monthly accountability reports.

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

c. **Security Controls**

(1) Determine the agent cashier’s safe combination was changed at least once in the past 12 months, and whenever there is a change in personnel (e.g., an agent cashier or alternate leaves the position; a change in the Fiscal or Finance Officer; a change in facility Director, etc.).

(2) Verify there are sealed envelopes (e.g., they are non-transparent and cannot be opened without detection, are dated and signed by the cashier or alternate, and witnessed by the Fiscal Officer, Finance Officer, or designee) held in the safe in the facility Director’s Office or in a secured environment. Verify there are 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 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. Also 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. **NOTE:** *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.

(6) Verify a complete transfer of responsibility and accountability was turned over to an alternate for a period of at least 2 consecutive weeks during the preceding 12 months. Check OF 1129s to verify the alternate cashier prepared the replenishment during the period of the transfer.

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

(8) Determine the agent cashier has receipts for all funds advanced to others. Ascertain whether the advances are in accordance with the provisions of VA Handbook 4010, Agent Cashier Procedures.

(9) Verify the undeliverable salary checks for employees are not held more than 5 calendar days after the agent cashier receives them for distribution. **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 be verifying the co-payments and initialing and dating the log.

(12) Verify that each of the following physical security requirements listed are in place for the agent cashier activity, as required by VHA Supplement MP-1, Part 1, Appendix B and VA Handbook 4010, Section A.3.

(a) The cash is secured in a 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 all audit procedures were followed in accordance with the provisions of VA Handbook 4010, Section A-9, and other departmental guides.

(3) Verify the each announced audit report of the agent cashier function was e-mailed to the Office of Finance and Budget (173) in the Department of Veterans Affairs (VA) Central Office. The unannounced agent cashier audit reports must be e-mailed to the MS Outlook mailbox entitled VHA Agent Cashier Policy.

e. Miscellaneous Agent Cashier Activity

(1) Review all Department of the Treasury, Financial Management Service (FMS) Forms 2958, Delegation of Authority Department of the Treasury, to ensure the facility Director has a current delegation of authority form on file at the Department of Treasury. Verify all facility agent cashiers and alternates are delegated the authority to disburse cash by checking to see that each individual has a TFS Form 2958, certified by a Treasury official on file, and an Official Form (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) Review any memoranda for Shortage of Funds completed within the past 12 months. 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 re-occurrence in the future.

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

(e) A demand 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) Verify the adequacy of the agent cashier's advance by adding the amounts of replenishments (SF 1129), or any other replenishment from other sources that may apply, for the prior 12 months. Divide the total by the amount of the agent cashier's current advance. Round to the nearest whole number; the turnover rate should be twelve or larger.

(4) Determine if the agent cashier has a current United States (U.S.) Treasury Manual of Procedures and Instructions and the most current VA manual, directive, and/or handbook associated with the agent cashier activity.

(5) 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**

(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.

8. PAYROLL ADMINISTRATION AND EMPLOYEE ACCOUNTS REVIEW (See web site <http://vaww.cfo.med.va.gov/17/default.asp> for review work papers for the Payroll Administration and Employee Accounts Review.)

a. **Electronic Time and Attendance (ETA)**. Samples for this review need to be extracted from the ETA pay period records. The selection needs to be for pay periods in the quarter immediately preceding the review. *NOTE: If required to complete the payroll review, pull the copy of the employee's earnings and leave statement to compare to the ETA record.*

(1) Randomly select twenty-five records and display the employee entitlements. From the records determine that:

(a) The facility Director (or appropriate official or designee) appropriately approved the tour of duty.

(b) Night, tour, or shift differential is correct, including the period of overtime, holidays, and approved leave. Night differential is payable only when duty is performed on a properly established tour of duty for periods of regularly scheduled overtime work, and for scheduled overtime work scheduled in advance of the administrative workweek.

(c) Holiday pay, if applicable, was correctly posted. See MP-6, Part V, Supp 2.2 (105.07); Title 38 United States Code (U.S.C.) 4114(a)(1)(A), and 38 U.S.C. Chapter 73.

- (d) Periods of on-call were reduced to reflect any actual duty performed.
 - (e) Sunday premium pay is posted correctly, including periods of overtime performed by nurses (full time, part time, and intermittent), from 12 midnight Saturday to 12 midnight Sunday.
 - (f) Any absences not approved via the ETA have a properly prepared SF-71, Request for Leave or Approved Absence, on file.
 - (g) The necessary "Remarks" are recorded when required, e.g., travel status, administrative leave, Absent Without Leave (AWOL), advanced leave, detail, education and training, etc.
 - (h) Corrected timecards are adequately explained and approved by a higher administrative officer.
 - (i) Properly prepared ETA 1098, Request for Overtime or Compensatory Time, are on file for posted overtime.
 - (j) If the employee has a negative leave balance, there is the proper authorization for advanced sick or annual leave.
 - (k) Any family care, adoption, or approved donor leave was taken in accordance with the leave balance requirements outlined in current VA directives and handbooks.
- (2) Display prior pay period exceptions for the Time and Leave (T&L) units associated with the selected ETA records. If the same exception occurred more than 2 pay periods prior to the review, list as a deficiency. Review the exceptions report to verify the following:
- (a) Leave requests were entered for all leave posted to the ETA record.
 - (b) The appropriate official approved overtime posted on the reviewed ETA records.

b. Payroll (Timekeeper) Training

(1) 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.
- (b) Ensure timekeeper training is performed annually.

(2) **Certifying Officials.** Determine if the training of newly designated certifying officials is accomplished prior to assigning the ETA certifying official menu.

(3) Ensure that no employee has both the timekeeper and supervisor menu access for the same T&L Unit.

c. **Desk Audit of Timekeepers.** Review documentation for the prior 12 months to determine if semiannual timekeeper audits were performed. Determine if all exceptions were reported to the timekeepers and the certifying officials for corrective action, and if such action was taken.

d. **Audit Review of Employee Pay Folders.** Review the last two computer-generated accession and separation listings and randomly select ten pay folders from each listing. If there are less than ten names on each listing, review all pay folders.

(1) Determine if basic information in the active pay folders agree with the latest Earnings and Leave Statements.

(2) Determine if the inactive pay folders contain a record copy of SF-1150, Record of Leave Data. Determine if SF 1150s were forwarded to Human Resources Management within 5 days of receipt of separation action.

(3) Determine if the inactive pay folders contain VA Form 5691, Record of Salary Payment.

(4) Determine if the listings were verified correct by Fiscal and Human Resources Management activities and annotated “verified correct,” initialed and dated.

e. **Federal Employees Unemployment Compensation**

(1) Randomly select 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, Unemployment Compensation for Federal Employers, or ES Form 935, Claimant’s Affidavit fore Federal Civilian Service Wages and Reason for Separation) prepared in the 6 months prior to the review. If less than twenty-five, select all. Review the suspense control to 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 8e(1), to a maximum of five of the forms, and determine if the computation of wages was correct.

f. **Employee Benefits Reconciliation**

(1) For the 12 months preceding the quality assurance review, determine that all reconciliations between SF 2811, Transmittal and Summary Report to Carrier, and SF 2812, Journal Voucher and Report of Withholdings and Contributions for Health Benefits, Group Life Insurance and Civil Service Retirement, have been accomplished at least semi-annually.

(2) For the quarter preceding the review, determine all SF 2811 and carrier copy of SF 2809, Health Benefits Registration Form, are transmitted weekly.

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

(1) Review twenty-five VA Forms 5321, Record of Payroll Adjustments and Recording Transactions, for the previous 5 pay periods to ensure that the verifying employee has initialed each transaction and the supervisor of the payroll activity has certified each listing.

(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.

h. **Personnel Accounting Integrated Data (PAID) Control Point.** Review PAID reject listing for the prior 3 months to determine if corrective action was taken to avoid generation of further rejects.

i. **Workers Compensation, "Continuation of Pay" (see OF 00GA2.01, Quarterly Continuation of Pay Report, dated 10/22/99).** Review quarterly reports for the past 12 months to determine if the reports were submitted by the fifth workday of the month following the close of each calendar quarter (see MP-4, Pt. II, Ch. 6).

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

(1) Review five cash payments made in the previous three months to determine why each payment was made and whether proper follow-up action was taken to prevent duplicate payments. If there were less than five cash payments, review all.

(2) Examine the last three record copies of VA Form 5642, Notice of Check Cancellation or Cash Collection, to determine if the forms were completed properly.

(3) Examine VA Form 71, PAID Master Record Printout, to determine if errors were properly resolved and resubmitted for the past two pay periods (see MP-6, Pt. V, Supp. 2.3, subparagraphs 6.03, 6.04, and 6.05).

(4) Verify all fee basis employees are paid by direct deposit (DD) EFT.

(5) 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.

(6) Determine if the most current VA manual, directive, and/or handbook associated with the payroll activity is available to employees.

k. **Summary of Results of 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.

9. PERSONAL FUNDS OF PATIENTS REVIEW (See web site www.va.gov/publ/direc/finance for VA Directive and Handbook 4020, Personal Funds of Patients Policy and Agent Cashier Procedures. See <http://vaww.cfo.med.va.gov/17/default.asp> for review work papers for the Personal Funds of Patients Review.)

a. **Reconciliation of Accounts to the General Ledger.** Determine the end-of-month reconciliations of Personal Funds of Patients (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 the following reconciliation requirements were met:

(1) The reconciliation statements were signed by the Fiscal Officer, Finance Officer, or designee, and routed to the facility Director (or equivalent executive).

(2) A duplicate copy of the reconciliation was signed by the Chief of Accounting, or designee, and the Patients Funds Clerk, and was retained as part of the accounting records.

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. 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, third-party drafts, 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 agrees with the social security number on VA Form 4-1028.

(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 is verified prior to the authorization of payment voucher. All withdrawals are posted to the patient's funds account immediately.

(7) Each patient with a Personal Funds of Patients Account has a signature card on file in the patients' funds office.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) Balances of restricted accounts are reported to the regional office, when required.

(13) Any personal funds of a patient's account showing an overdrawn balance has been or is being handled in accordance with VA Handbook 4020, Section 11, and Bulletin OF 02GC1.03, Reporting of Agent Cashier/Accountable Officer Irregularities.

(14) Funds of patients with restricted accounts are not improperly used for items which are entitled to be furnished at government expense. *NOTE: Barber or beautician service is furnished without cost only to indigent patients.*

(15) 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.

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

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

(18) Facilities using a computer system for the maintenance of PFOP accounts have a daily backup disk or backup process in place. The backup information should be stored in a separate, secured location from the computer itself.

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 card or the electronic card.

(2) The Patients' Funds Clerk reviewed the account card or the electronic card 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 General Post Fund.

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 manual, directive, and/or handbook associated with the PFOP activity is available to employees.

e. **Summary of Results of the PFOP 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.

10. VOUCHER AUDIT REVIEW (See web site <http://vaww.cfo.med.va.gov/17/default.asp> for review work papers for the Voucher Audit Review.)

a. **Temporary Duty or Other Travel.** Randomly select ten, or if less than ten select all, SF 1164, Claim for Reimbursement for Official Business; twenty SF 1012, Travel Vouchers; and ten SF 1038, Advance of Funds, from the previous quarter and determine that:

(1) The employee and the appropriate approving official signed the voucher.

(2) SF 1164 and SF 1012 documents were signed by the certifying official.

(3) The required documentation is attached (receipts, travel authority, etc.).

(4) All dollar amounts are correct.

(5) The travel advance, documented on SF 1038, 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, and liquidated in a timely manner.

(6) The record of dates, time, 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 SF 1012.*

(7) The traveler submitted SF 1012 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.

(2) Review a minimum of twenty-five Special Mode Transportation Vouchers and determine if:

- (a) The approving official signed the voucher.
- (b) All dollar amounts are correct.

c. Subsistence Vouchers. Randomly select twenty-five subsistence vouchers 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. Certified Invoices. Randomly select twenty-five liquidated certified invoices from the previous quarter for review to 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.

e. **Government Charge Card Program**

(1) 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) Approving official certified the purchase.

(d) Purchase has the appropriate cost center and budget object code (BOC) or the appropriate cost transfer was processed.

(2) Review the facility Human Resources (HR) gains and losses documentation for the past 12 months, to ensure that a government purchase card was surrendered and inactivated when the employee cardholder separated from the facility.

(3) Verify purchase card and travel card oversight is provided at the facility by verifying that:

(a) The financial and logistic organizations work together to provide annual training for the purchase card program.

(b) Every purchase cardholder and approving official received a financial and logistic review during the last 12 months.

(c) The VA FSC quality review samples of purchase card transactions are reviewed and findings submitted to the FSC in a timely manner.

(d) The following purchase card reports were completed and the summaries were submitted to VA Central Office timely each month.

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.

(e) The individually billed travel card reports on aging balances for the prior 3 months were reviewed and the appropriate action was taken to resolve the outstanding items.

(f) The cardholder warrants are current.

f. **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 manual, directive, and/or handbook associated with the voucher audit activity is available to employees.

g. **Summary of Results 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.

11. ACCOUNTING REVIEW (See web site <http://vaww.cfo.med.va.gov/17/default.asp> for review work papers for the Accounting Review.)

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

(1) Ensure computer-generated listings and hard copy subsidiaries are reconciled on a monthly basis as appropriate to their appropriate general ledger (GL) accounts for the past 12 months and verification is submitted to the VHA Office of Finance by the 25th calendar day of the subsequent month:

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

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

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

(d) Suspense Accounts 36F3875, 36F3878, 36F3880 (RGSUDVV), GL account 2400.

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

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

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

(2) Randomly select any month and review the facility's trial balance for each appropriation to ensure it is in compliance with its corresponding "normal balance" as described in VA Handbook 4520, Appendix A. 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. If so, ensure that follow-up action was initiated for debt collection.

(4) Verify the agent cashier advance reconciles to GL account 2990 in the Assets and Miscellaneous Accounts Fund (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 6104 Depreciation Expense Account. If an amount is shown, ascertain the reasons and take corrective action if necessary.

b. Fixed Assets and Real Property (See web site www.va.gov/publ/direc/finance.)

(1) From accounts 1750 and 1751, 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 are appropriately depreciated (Report RFAO3V).

(2) Verify GL accounts 1722-Land, 1730-Buildings and Improvements, and 1740-Other Structures and Facilities equal their corresponding subsidiary totals (Summary Trial Balance by Station – Report RGLSTBV).

(3) 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 1730 and 1739, 1740 and 1749, 1750 and 1759, 1751 and 1898).

(4) Select ten entries posted in the current month Work In Process Account (RVAWAPV) and determine if:

- (a) The project is still active.
- (b) Costs were capitalized or expensed properly.

(5) Verify the monthly 830 Cost Report was reconciled to the GL in FMS during the past 12 months.

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

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

c. **Liability Accounting (See web site <http://www.va.gov/publ/direc/finance>.)**

(1) 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 did not exceed \$1000 or 5 percent of the facility's manual accrual adjustment.

(2) Examine a total of ten transaction items that comprise the balance in Suspense Account 36F3875. Determine if:

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

d. **Undelivered Orders and Accounts Payable Accounting (See web site <http://www.va.gov/publ/direc/finance>.)**

(1) Randomly select twenty-five undelivered order documents (RPEDUOVM) listed on the month prior to the review and verify that:

- (a) All documents and data are accurate.
- (b) All manually-prepared obligation documents were date stamped in the Accounting Office.
- (c) All VA Forms 1358, Estimated Miscellaneous Obligations or Change in Obligation, 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)

(2) Randomly select twenty-five accounts payable or accrued services payable documents (RPEVGLVM) listed on the month prior to the review and verify that:

- (a) All documents and data are accurate.
- (b) All manually prepared obligation documents were date stamped in the Accounting Office.
- (c) The accounts payable or accrued services payable files are analyzed monthly and the initiating officers are notified in writing of those that remain outstanding for an unreasonable length of time (e.g., 90 days).

(3) Review the most recent monthly Accounts Payable Report (RPEVGLVM) and select any ten items over 90 days old. Determine what follow-up action, if any, was taken to liquidate the obligation.

e. **Accounts Receivable (See web site <http://www.va.gov/publ/direc/finance>).** 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-Medical Care Cost Fund (MCCF)) 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.

(2) Randomly select twenty-five 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.

(3) Verify that during the past 12 months, the MCCF reconciliation between the VHA VistA Accounts Receivable Program (AR 4.5) and the FMS is completed on a monthly basis.

(4) Examine every fourth accounts receivable written off during the past 12 months to a maximum of twenty-five. If ten or less, examine all of them. Determine that the proper procedures were followed before they were written off or if the receivables should have been sent to District Counsel or the Department of Justice or to the Department of Treasury to get into the Treasury Offset Program.

(5) Examine all sharing agreement documents to a maximum of twenty 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 Enhanced Healthcare Resources Sharing Agreements.

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 monthly.

f. **Cost Adjustments (See web site <http://www.va.gov/publ/direc/finance>).** Examine GL accounts 4650 and 7400 to ascertain that they were used to record adjustments for prior year 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.

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

(1) Integrated Funds Distribution Control Point Activity, Accounting and Procurement (IFCAP).

(a) Examine the error and reject file (RGSGDPV2) and verify that corrections were made within 1 workday after receipt.

(b) Select ten individual IFCAP control points and verify they are in balance with corresponding amounts shown in FMS.

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

(d) Review the delegation of authority by IFCAP fund control point officials file and listing to determine if it is current.

(2) The Department FMS. 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 RGSGDPV43 shows how long rejects have been outstanding on the SUSF table.*

h. **Miscellaneous Accounting Activity**

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

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

(3) Review the current outstanding listing report (RTAVGLVM) for advances that are over 90 days old. Determine if the Finance Office 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 manual, directive and/or handbook associated with the accounting activity is available to employees.

i. **Summary of Results 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.

12. GENERAL POST FUND REVIEW (See web site <http://www.va.gov/publ/direc/finance>. See <http://vaww.cfo.med.va.gov/17/default.asp> for review work papers for the General Post Fund Review.)

a. **Reconciliation**

(1) Ascertain whether VA Form 10-1083, Patient's or Member's Account, or VA Form 10-1083b, Patient's or Member'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.

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

(3) Review GL account 5606, VACO General Donations, to determine if amounts shown should be in fund code 8180A or 8180S.

b. **Subsidiary Accounts.** Randomly select twenty-five VA Forms 10-1083 or VA Forms 10-1083b, or the IFCAP running balance reports. If less than twenty-five subsidiary accounts are available, review all general post fund 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 need to be shown on the subsidiary accounts.

(2) The fiscal activity failed to either transfer or return the funds to the donor for any account showing inactivity for more than one year.

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

- (1) VA Form 4-1027 complies with the donor's letter of intent.
- (2) The fiscal activity posted the donated funds to the appropriate general post fund (8180G or 8180S).
- (3) The donation was deposited with the facility agent cashier within 1 day of the initial receipt of the donation.
- (4) The appropriate deferred dates were correctly posted on the FSR by the agent cashier and correctly posted to the general post fund account card or electronic record by the accounting activity.

d. **Obligations**

- (1) Ensure that funding is available in advance of any impending purchase and the purchase is correctly classified in the account.
- (2) Randomly select twenty-five liquidated obligation documents. If less than twenty-five are available, review all. Verify that each purchase was in accordance with the expressed wishes of the donor and approved by the facility Director (or equivalent executive).
- (3) Ensure no direct expenditures for employee personal services and benefits were incorrectly journalized to the general post fund.

e. **Miscellaneous General Post Fund Activity**

- (1) Review the action taken to correct deficiencies noted in the most recent audit or review of the general post fund activity.
- (2) Determine if the most current VA manual, directive, and/or handbook associated with the general post fund activity is available to employees.

f. **Summary of Results of the General Post Fund 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.

13. DEFINITIONS

- a. **Facility Director.** The facility Director is the official head of any VA 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.

c. **Third-party Draft.** A Third-party Draft is an acceptable alternative payment mechanism designed to offer facilities improved management controls and to provide an effective cash management method for reducing the agent cashiers' advance.

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.

14. REFERENCES

- a. VA Directive 4000, Administrative Fiscal Policy.
- b. VA Handbook 4000, Administrative Fiscal Procedures.
- c. VA Directive 4010, Agent Cashier Policy.
- d. VA Handbook 4010, Agent Cashier Procedures.
- e. VA Directive 4100, Payroll Administration Policy.
- f. VA Directive 4020, Personal Funds of Patients Policy.
- g. VA Handbook 4020, Personal Funds of Patients Procedures.
- h. MP-1, Part II, Chapter 2, Travel Policies and Procedures.
- i. MP-1, Part II, Chapter 3, Beneficiary Travel Policy and Procedures.
- j. MP-1, Part III, Chapter 3, Beneficiary Travel Policy and Procedures.
- k. MP-4, Part III, Chapter 1, General Voucher Auditing.
- l. MP-4, Part III, Chapter 2, Examination of Vouchers and Contracts.
- m. MP-4, Part V, Chapter 2, Fixed Assets and Real Property.
- n. MP-4, Part III, Chapters 3 and 15 – Liability Accounting.
- o. VA Handbook 4560.1, Cost Accounting Procedures.
- p. MP-4, Part V, Chapter 1, Internal Controls for Accounting.
- q. VHA Directive 4271, General Post Fund Policy.

- r. VHA Handbook 4271.1, General Post Fund Procedures.
- s. VHA Handbook 1730.1, Government Purchase Card Program.
- t. VA Supplement, MP-1, Part I, Change 42, Appendix B.

SAMPLE FORMAT FOR REPORT ON QUALITY ASSURANCE

TO: Network __ Chief Financial Officer
(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 1730.2. Under VHA Handbook 1730.2, 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 as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial reports and 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 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:

cc: VHA Financial Management and Budget (173)
VHA Central Office