

## CARES Contracts and Reports

### Request 4: Copies of audits of programs or finances

#### 32. VA Fiscal Quality Assurance Audits at West Los Angeles

Patient Funds (Mar 14, 2003)

Accounting (Jul 25, 2003)

Agent Cashier (Jan 27, 2004)

Payroll Administration and Employee Accounts (Mar 12, 2004)

Personal Funds of Patients (Apr 7, 2004)

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**Department of  
Veterans Affairs**

**Memorandum**

**Date:** March 14, 2003  
**From:** Operating Accountant (04)  
Financial Manager Trainee (04)  
**Subj:** VA Fiscal Quality Assurance Audit- Patients Funds  
**To:** Chief Financial Officer (04)

**Introduction**

In accordance with the guidelines set forth in VHA Handbook 1730:2 VHA Fiscal Quality Assurance System, an annual review of the Patients Funds of Greater Los Angeles was performed. The audit findings, summary and recommendations are listed below.

**A. Reconciliation of Accounts to General Ledger**

- (1) The results of the end of the month reconciliation of Patients Funds accounts the General Ledger control accounts for the previous 6 months are as follows:
  - (a) Requirements of the reconciliation have been met.
  - (b) Reconciliation statements have been signed by the Financial Officer and routed to the Facility Director.
  - (c) Duplicate copy of the monthly reconciliation was signed by the Chief of Accounting and made a part of the accounting records.
- (2) Randomly selected 30 VA Form 10-1083. 15 from the unrestricted and 15 from restricted . All accounts records kept were in balance.

**B. Maintenance of Accounts- Manually and/or Electronically**

- (1) Headings are complete, established and maintained in accordance with the provisions of M-1, Part I, Chapter 9.
- (2) The posting are in agreement with the VA FORM 1028, third party draft, applicable vouchers or other original posting medium.

- (3) Deferred credit dates are posted to the accounts and considered before making withdrawals.
- (4) The Social Security number agrees with the source document.
- (5) Deposits are posted to the account no later than the next workday after the receipts are issued.
- (6) Withdrawals are being posted to the patients funds accounts no later than the next workday after receipt and availability of funds is verified prior to payment.
- (7) Reviewed all signature cards on file in the Patients Funds Office and all cards were signed by patients.
- (8) Approval for withdrawal from restricted accounts is over the signature of the director or designee and amounts conform to authorizations.
- (9) Restricted accounts are maintained in such a manner that the balance of funds derived from gratuitous benefits and derived from other sources is readily discernible.
- (10) Accounts that have not had posting activity are checked to see if the individual is still a patient.
- (11) Method used for receipting and recording is adequate to prevent the pilferage of cash.
- (12) Balances of restricted accounts are being reported to regional office when required.
- (13) There were no accounts showing overdrawn balances.
- (14) Patients Funds of restricted accounts are not being improperly used for items that is entitled to be furnished by the Veteran Administration.
- (15) Gins and Losses sheets have not been used at West Los Angeles.
- (16) Patient competency status is on all electronic accounts.

**C. Disposition of Funds**

Randomly selected 15 VA FORM 90-2064, Authority to Release and Ship Effects and funds.

- (1) The monetary amounts agree with the closing balance of the Patient's Accounts.
- (2) The Patients Funds clerk reviewed the computer printout to determine if the deposit of any institutional award might have been received after the patient's death.
- (3) The authority for release is shown and the funds were properly transferred either to the patient's family or the United States Government.

**D. Miscellaneous Patients Funds Reviews**

- (1) Reviewed corrective actions taken on deficiencies noted in the most recent audit of the Patient Fund.
  - (a.) Signature cards are currently being updated in the Patients Funds Office.
- (2) All manuals are current and up to date.

**E. Summary of Patients Funds Review**

- (1) Areas in need of improvement.
  - (a) No corrective action needed for this Patients Funds Audit. There were no deficiencies or other reportable conditions found.

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Frank Moisa  
Primary Auditor

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Alexander C. Mclat  
Secondary Auditor

**DEPARTMENT OF  
VETERANS AFFAIRS**

**Memorandum**

Date: July 25, 2003  
From: Operating Accountant (04)  
Subj: VA Fiscal Quality Assurance Audit – Accounting  
To: Chief Financial Officer (04)

**Introduction**

In accordance with guidelines set forth in the VHA Handbook 1730.2 VHA Fiscal Quality Assurance System, an annual review of the Accounting Systems of the VA Greater Los Angeles Healthcare System for the 3rd quarter FY 2003 was performed beginning June 3 through June 30, 2003. The audit findings, summary and recommendations are listed below.

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

1. The hard copy subsidiary records of the general ledger control account for (a) Accrued Services Payable, (b) Undelivered orders, (e) Accounts Receivables and (f) Advance Payments are signed and/or annotated as reconciled. The reconciliation process only verifies the existing balance in the financial management system (FMS). Items (c), (d), and (g) The Equipment account, Suspense account and Supply Fund account respectively are being reconciled monthly to balances maintained in the general ledger control account. There were no discrepancies noted.
2. The Summary Trial Balance for the month of March 2003 was reviewed for the station against the VA chart of accounts normal balance in the VA Handbook 4520 Appendix A. No accounts deviated from their normal balance.
3. All balances shown for accounts receivable (1300 series) have a corresponding balance in the allowance for bad debt except for the following funds: 36x6020, 36x8180, 360/10161, 361/20161, 362/30161, 3620160, 363/40161, and 369/00161.
4. The balance in the general ledger account 2990 is \$107,500.00. The agent cashier advance for VAGLAHS is \$69,500.00. All documentation to correct this \$38,000.00 adjustment was submitted to Austin, FSC and the NBC on 9/11/2000.
5. General ledger account 6104 (depreciation expense) was replaced by general ledger account 6710 (depreciation/amortization expense). The AMAF and 36X8180 appropriations show balances in this account.

## **B. Fixed Assets and Real Property**

1. A review of the trial balance for the month of March 2003 for (a) 1750 Operating Equipment and (b) 1751 ADP Non Expendable Property accounts were conducted.
2. A random selection of 3 entries from each account was reviewed to determine if capitalization and depreciation requirements were met. There were no discrepancies noted.
3. The general ledger accounts for 1710-land, 1730-buildings and improvements and 1740-other structures and facilities equal subsidiary records maintained by fund and Summary Trial Balance by Station for general ledger balance.
4. Utilizing the trial balance, there were no balances in any accumulated depreciation account that exceeded balances in any asset account.
5. A selection of 10 entries from the current month Work In Process were reviewed to determine if the project is still active and entries for capitalization or expense are appropriate. All 10 projects were still under architecture and engineering construction as of 3/31/2003.

## **C. Liability Accounting**

1. The year-end salary accrual was evaluated and determined that the facility adjustment for accrued salary and wages payable was not within 5% of the balance in account 6122.
2. A random selection of 10 items from suspense account 36F3875 was reviewed. (a) Adequate supporting documentation for processed items was available. (b) Follow-up action to clear unidentified items is being done.

## **D. Obligating Instruments**

1. A random selection of 25 undelivered orders and accrued services payables were reviewed and there were no discrepancies noted for items (a), (b) or (c).
2. The Accrued Service Payables and Undelivered Orders files are analyzed monthly and initiating officers are notified in writing of items outstanding over 90 days. Report Status and Aging of Open Obligation, RPEOWSV has been discontinued. Verification of General Ledger Balances- PAYABLES (RPEVGLVM) and UNDELIVERED (RPEDUOV2) reports are being used.
3. A selection of 10 items over 90 days was reviewed from Verification of General Ledger Balances- Payables (RPEVGLVM) and Undelivered (RPEDUOV2). No discrepancies were noted.
4. A selection of 10 items over 90 days was reviewed from the Accounts Payable (RPEVGLVM) report. It was determined that action is taking place by the initiating official or NBC to liquidate the obligations.

**E. Third Party Drafts**

1. A random selection of 20 third party drafts were reviewed and no discrepancies were noted for items (a) through (d).
2. The third party drafts are included in the accountable form audit of the agent cashier.
3. The delegation of authority is not current.

**F. Cost Adjustments**

1. There was no activity for account 4650 six months prior or three months after the close of the FY2001. Random selection of 10 entries was made 3 months after the close of the prior fiscal year and it was determined that all entries were proper. There was no activity for account 7400.

**G. Input and Output**

1. IFCAP

- a) Corrections were being made within one workday of receipt.
- b) Ten IFCAP control points were selected. No discrepancies were noted.
- c) Reviewed the FMS Exception Transaction Report for any action over 3 days old and determined that the appropriate action has taken place.

2. FMS

- a) FMS report RGSGDPV43 could not be accessed. FMS report RGSGDPV3 (Document Processing Report "REJECTED" as of 07/01/03 was used to do the review. There were 3 documents in the SUSF table that were over 10 days old.
- b) Reviewed 3 FMS Accepted Document Listing by station, (RGSADLV) and reviewed five items from each list to ensure transactions have been updated.

**H. Internal Controls for Accounting**

1. The Network Business Center has established an internal control station level policy.
2. There were no violations of the separation of duties or additional management review items (a) through (c).

**I. Miscellaneous Accounting Reviews**

1. The actions taken on the most recent audit of listed accounting deficiencies were addressed on memorandum dated April 23, 2003. The FY 2002 audit was conducted concurrently with the FY 2003 audit. The action that is need to correct the discrepancies for FY 2002 would not occur until this Fiscal Year.
2. Adequate accounting manuals are current and also available on the Internet.
3. Adequate local controls exist at the budget section to control the over-expenditure of disbursing authority.
4. Five expenditure transfers were reviewed and there were no discrepancies.
5. The delegation of authority file for IFCAP fund control point officials is current and maintained by AM&M.
6. A review of three monthly trial balance reports for certification by a qualified person GS-510 at NBC was conducted and was found to be adequate.

**J. Summary of Results of Review of Accounting**

1. The following is a list of areas in need of improvement:
  - a. Account Receivable accounts (1300) should have a corresponding balance in Allowance for Bad Debts. The following funds do not: 36X6020, 36X8180, 360/10161, 361/20160, 361/20160, 361/20161, 362/30161, 3620160, and 369/00161. Follow-up action should be initiated.
  - b. The balance in G/L account 2990 (Agent Cashier Advance) is \$107,500.00. The Agent Cashier at West Los Angeles advance is \$69,500.00. An adjustment should be made to G/L 2990 to correspond with the Agent Cashiers total of \$69,500.00
  - c. Appropriation 36X8180 shows a balance in G/L 6710 (depreciation / amortization expense) any appropriation other than 36 AMAF that shows a balance in this G/L account, action should be initiated.
2. Procedures to implement corrective action are as follows:
  - J.1.a. Account Receivables that should have corresponding balance in Allowance for Bad Debts should be researched by the Accounting Section of Financial Management.
  - J.1.b. Agent Cashier Advance adjustment should occur as soon as possible.
  - j.1.c. The balance in 36X8180 for G/L 6710 (depreciation / amortization expense) should be researched between Financial Management and the NBC.



3. Follow-up and anticipated completion dates of corrective actions should begin immediately with a follow-up within 90 days.

Frank Moisa

**Department of  
Veterans Affairs**

**Memorandum**

Date: January 27, 2004

From: Auditor (04)

Subj: VA Fiscal Quality Assurance Audit- Agent Cashier

To: Chief Financial Officer (04)

**Introduction**

In accordance with the guidelines set forth in VHA Handbook 1730.2 VHA Fiscal Quality Assurance System, a review of the Agent Cashier of VA Greater Los Angeles Healthcare System for 1<sup>st</sup> quarter was performed December 17 through January 21, 2004 for Fy 2004. The audit findings, summary, and recommendations are listed below:

**A. Receipts and Related Records**

(1.) Twenty-five prior month VA Form 4-1027 and VA Form 4-1028, Field Service Receipts were randomly selected and the results are as follows:

(a) VA Form 4-1028, 3 of 25 receipts did not indicate deferred credit dates as required. VA Form 4-1027 receipts had no deficiencies.

(b) Determined that Official Form (OF) 1114, Bill of Collections, is referenced on all receipts when required or applicable. This selection did not have any deficiencies.

(c.) Determined that all proper appropriations or receipt accounts are shown on the receipts. No deficiencies were noted

(d) Determined that receipts for checks from third parties show the name of the drawer, bank, date, and check number when it required. No deficiencies were noted.

(e) Compared the dates on the VA Form 4-1027 and VA Form 4-1028 to SF 215, Deposit Ticket, to ascertain that deposits have been made promptly. No deficiencies were noted.

(f) There were no new re-issued VA Form 4-1027 or 4-1028 for this review.

(2) Supply of unused receipts (4-1027 & 4-1028) was counted at all sites. The Accounting Section of West Los Angeles does not have a record of inventory of receipts for VA-Form 4-1027(General) and/or VA-Form 4-1028 (Patient Funds). Listing of used

receipts from the Network Business Center (NBC) was used to verify the accountability of unused receipts.

(3) Third –Party Drafts

- Third –Party Drafts were reviewed and there were no deficiencies found for items (a) through (d).
- (e). Verified that each employee holding third-party drafts maintains an inventory of drafts received and issued, and submits a monthly report to the agent cashier. Sepulveda maintains records of received and issued drafts checks and the Network Business Center maintains a record of issued drafts checks. Neither Sepulveda and/or Network Business center submits monthly reports to the agent cashier.

(4) Temporary Receipt Log for Funds (VA Form 10-2815)

- Randomly selected 10 VA Form 10-2815, Temporary Receipt Log for Funds for review and there were deficiencies noted. This VA Form 10-2815 were from Bakersfield and Sepulveda Clinics. West Los Angeles is using VA Form 3230 with the same information that is on VA Form 10-2815.

(5) Record of Shipment of Valuables (VA Form 4-1011)

- Records of Shipment of Valuables were reviewed and there are deficiencies found for items (a) through (e). Documents are out of sequence.
- Receipts of \$5000 or more are deposited daily.
- Receipts less than \$5000 are deposited weekly.

**B. Disbursement and Replenishments**

(1) Selected 10 Optional Form 1129, Cashier and Reimbursement Voucher were reviewed and there were no deficiencies found for items (a) through (d).

(2) Selected 12 months of SF 1149, Statement of Designated Depository Account for review and there were no deficiencies found for items (a) through (c). The reconciler and the agent cashier did not sign statement of Designated Accounts for the month of December, May, and September.

(3) Imprest Fund Cashiers replenish funds a minimum of once a month.

(4) Randomly selected twenty-five third party drafts:

- Drafts contain the applicable accounting purchase order data.
- Drafts are prepared correctly and appropriate accounts payable entries are posted.
- Drafts are prepared with a printed station number and serial number, brief description, authorized number, dated, payee's name, payment amount and a valid signature.
- Supporting documentation authoring the issuance is attached to draft.

- The first copy of the draft is forwarded with supporting documentation to the accounting activity for recording.
- The dollar limitation was not exceeded.
- Draft document was offset, in a timely manner, to the obligation, clearing the non-federal advance.
- Verified that the draft- holders warrant are current.

(5) Verified that the Fiscal or Finance Officer certifies the monthly accountability reports.

(6) Accountability reports are properly prepared.

### C. Security Controls

(1) Agent Cashier's safe combination at West Los Angeles has been changed in the last 12 months. The Sepulveda Campus the safe combination has not been changed in the last 12 months.

(2) Verified there are sealed envelopes held in the safe in the facility Director's Office with:

- The Agent Cashier safe combination.
- Duplicate key for each cash box and/or drawer.
- Duplicate key to the Agent Cashiers office.

(3) Verified that the Agent Cashier's door is locked at all time. A duplicate key is stored in the Director's safe for emergency purposes. There are adequate safeguards for the key to deny access to personal not authorized.

(4) Verified that all checks, receipts and cash are put in the Agent Cashier's safe overnight and the safe is locked during non- business hours. A box of unused receipts are left out of the safe, there is insufficient room in the safe.

(5) There is not a night depository box at West Los Angeles, Sepulveda or LAOPC.

(6) Verified that a transfer of responsibility and accountability was turn over to the alternate Agent Cashier for at least two consecutive weeks and verified that the alternate agent cashier prepare the replenishment during the period of transfer.

(7) Verified that cashier and alternate have access only to their advances.

(8) Verified that agent cashier has receipts for all funds advanced to other cashiers. Alternates at the Sepulveda Clinic do not have receipts for their advances. Alternate At West Los Angeles does not have a receipt for the cash advance. Imprest Fund clerk at LAOPC does have a receipt for cash advance.

(9) Undeliverable salary checks for employees are not being returned to Treasury Department after 5 days.

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

(11) All co-payments are processed though the agent cashier. Pharmacy does not process

co-payment at West Los Angeles or Sepulveda campus.

(12) Verified that each of the following physical security requirements listed are in place for the agent cashier at West Los Angeles and Sepulveda as required by VHA supplement MP-1, Part 1, Appendix B and VA Hand book 4010, Section A.3.

- (a.) The cash is secured in a safe.
- (b.) The agent cashiers office has 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 system at West Los Angeles and a video camera at Sepulveda campus.
- (f.) There are no other access to the agent cashier's office from another office, room or space.

#### **D. Unannounced Agent Cashier Audits**

- (1.) Determined that unannounced agent cashier audits were conducted at least every 90 days for the preceding 12 months.
- (2.) Determined that all audits procedure was followed in accordance with provision of VA Handbook 4010, Section A-9, and other department guides.
- (3.) In accordance to revised VA Handbook 1730.2 dated September 26, 2003, Agent Cashier audits must e-mailed to the Office of Finance and Budget (173) Department of Veterans Affairs and Unannounced Agent Cashier Audits must be e-mailed to MS Outlook mailbox for fiscal year 2004.

#### **E. Miscellaneous Agent cashier Activity**

- (1.) Reviewed the Form (Delegation of Authority) to ensure the facility Director has a current delegation of authority form on file. Verified all facilities agent cashiers and alternates are delegated the authority to disburse cash by checking if Form (OF) 211, Request for Change or Establishment of an Imprest Fund is on file. No discrepancies were noted.
- (2.) Reviewed any memorandums for shortage of Funds completed with the past 12 months and no deficiencies were noted for items (a) through (f).
- (3.) Verified the adequacy of the agent cashier advance. The turnover rate is 20
- (4.) Agent Cashier has a current manual associated with the agent cashier activity.

(5.) Reviewed the action taken to correct deficiencies noted in the most recent review of the agent cashier. The reoccurring deficiencies are not completing field receipts, inventory of field receipts, accurate logbook of draft checks and salary checks not returned to treasury after 5 days.

#### **F. Summary of the Agent Cashier Review**

(1.) Areas in need of improvement.

(a.) Field Service Receipts should indicate deferred date went applicable.

(b.) An Inventory log for Field Service Receipts should be kept in Accounting and /or Agent Cashier office.

(c.) Employees holding third-party drafts are not maintaining a proper inventory of draft checks received and issued. A monthly report of drafts received and issued is not being submitted to the agent cashier from the employees holding third-party drafts.

(d.) Third party draft logbook should be in numeric order by check numbers. Log should be maintained in a proper format such as a excel spreadsheet.

(e.) VA Form 10-2815 (Temporary Receipt Log for Funds) is not used at West Los Angeles.

(f.) Records of Valuables (VA Form 4-1011) document are not complete; check numbers, dates, signatures, and log book is out of sequence.

(g.) The reconciler and the agent cashier should certify all monthly Statement of Designated Depository Account (SF 1149).

(h.) Agent Cashier at Sepulveda has not had safe combination changed in 12 months.

(i.) A box of unused Field Service Receipts (VA Form 4-1027) are left out of the safe, there is insufficient room in the safe.

(j.) The Alternate agent cashier at West Los Angeles and the imprest fund clerks at the clinics do not have receipts for their cash advances.

(k.) Undeliverable salary checks for employees are held over 5 days.

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

- Items (f.1a) though (f.1k) that are areas in need of improvement can be accomplished by ensuring that the agent cashiers follow the regulations found in VA Handbook 4010 (Agent Cashier Procedures).
- Item (f.1i) The safe at West Los Angeles does not have sufficient room for all the documents that need to go inside after closing hours. A replacement of this safe maybe necessary.

(3.) Schedule of follow-up action.

- The Agent Cashiers procedural deficiencies should be reviewed in 90 days

Frank Moisa

**Department of  
Veterans Affairs**

**Memorandum**

Date: March 12, 2004

From: Auditor (04)

Subj: VA Fiscal Quality Assurance Audit – Payroll Administration and Employee Accounts

To: Acting Medical Center Director (00)

Thru: Acting Associate Director (10A)  
Chief Financial Officer (04)

**Introduction**

In accordance with the guidelines set forth in the VHA Handbook 1730.2 VHA Fiscal Quality Assurance System, an annual review of the Payroll Administration and Employee Accounts Review of the VA Greater Los Angeles Healthcare System for the second quarter of 2004 was performed from February 23 through March 11, 2004. Audit findings, summary and recommendations are listed below.

**A. Electronic Time and Attendance (ETA)**

1. Twenty- five Electric Time and Attendance pay period records were randomly selected displaying entitlements from the quarter immediately preceding this review. Results are as follows:

- (a) The facility Director appropriately approved the tour of duty.
- (b) Night and shift differential are posted correctly, including the period of overtime,
- (c) Holiday pay has been posted correctly.
- (d) Periods of on-call were reduced to reflect any actual duty performed.
- (e) Sunday premium pay is being posted correctly.
- (f) Absences not approved via the ETA have properly prepared SF-71, Request for Leave or Approved Absence on file.
- (g) Necessary "Remarks" are recorded when required.



- (h) Corrected timecards are adequately explained and approved by a higher official.
- (i) Properly prepared ETA 1098, Request for Overtime or Compensatory Time, are on file for posted overtime.
- (j) There were no negative leave balances reviewed.
- (k) There were no family care, adoption, or approved donor leave reviewed.

(2). Reviewed prior pay period exceptions for the Time and Leave (T&L) units associated with the selected Electronic Time and Attendance. Review the exceptions report to verify the following:

- (a) Leave requests were entered for all leave posted to the (ETA) record.
- (b) The official approved overtime posted on the reviewed (ETA) records.

#### **B. Payroll (Timekeeper) Training**

(1). Timekeepers

- (a) Initial training of new timekeepers was accomplished within 30 days of the delegations of authority.
- (b) Timekeeper training is performed annually.

(2). Certifying Officials training 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**

(1). Reviewed desk audits of the timekeepers for the prior 12 months to determine if semiannual timekeepers audits were performed.

- 54 of 329 (16%) were not audited
- 108 of 329 (33%) were audited semiannually
- 167 of 329 (51%) were audited once for prior fiscal year
- 31 Timekeeper need annual refresher training

#### **D. Audit Review of Employee Pay Folders**

Reviewed the last two computer-generated accessions and separation listing and randomly selected ten pay folders from each listing.

- (1). All basic information in the active pay folders agree with the latest Earning and Leave Statement.
- (2). 9 of 10 inactive pay folders did not contain a record of SF-1150, Record of Leave Data.
- (3). 4 of 10 inactive pay folders did not contain a record of VA Form-5691, Record of Salary Payment.
- (4). Listing were all verified correct by fiscal management, initialed and dated.

#### **E. Federal Employees Unemployment Compensation**

- (1). Randomly selected twenty-five State Employment Service Agency Requests for Wages and Separation Information (ES Form 931). Verified if all forms were completed and returned within 4 workdays after receipt at the facility. 13 of 25 (52%) were not returned within the 4 workdays.
- (2). Reviewed 13 (ES Form 931) and determined that all computations of wages are correct.

#### **F. Employee Benefits Reconciliation**

- (1). The Health Revenue Center, Topeka, Kansas, accomplishes all the reconciliations between SF 2811, Transmittal and Summary Report to Carrier and SF 2812, Journal Voucher and Report for Withholding and Contributions for Health Benefits, Group Life Insurance and Civil Service Retirement.
- (2). The SF 2809, Health Benefit Registration Form(s) are sent via Federal Express to the Health Revenue Center weekly.

#### **G. Record of Payroll Adjustment and Recording Transactions. VA Form 5321**

- (1). Twenty-five Records of Payroll Adjustments and Recording Transaction, VA Form 5321 were reviewed and verified that employees have initialed each transaction and the supervisor of payroll has certified each listing.
- (2). Ten pay adjustments code sheets were verified that payments and deductions were processed correctly.

#### **H. Personnel Accounting Integrated Data (PAID) Control Point**

(1). Listing of PAID rejects were not file for the prior 3 months.

#### **I. Workers Compensation, "Continuation of Pay"**

(1). Quarterly reports were submitted by the fifth workday of the month following the close of each calendar quarter.

#### **J. Miscellaneous Payroll Administration and Employee Accounts Activity**

(1). Reviewed five cash payments in the previous three months:

- Corrective timecard
- Non-receipt DDEFT
- Late personnel action
- Cash award

Action is taken to prevent duplicate payments.

(2). VA Form 4-5642 Notice of Cancellation or Cash Collection were properly completed.

(3). VA Form 71, PAID Master Record Printout is distributed to payroll technicians for resolution. Errors are being resolved.

(4). Verified all fee basis employees are paid by direct deposit (DD) EFT. 12 of 245 (5%) are not paid by (DD) EFT.

(5). Proper action was taken to correct deficiencies noted in the most recent audit of the payroll section.

(6). VA Manual, Directive, and/or handbooks are available to payroll employees.

#### **K. Summary of Results of Payroll Administration and Employee Accounts**

(1). Areas in need of improvement are as follow:

- (a) Section C. (1) Desk audits of timekeeper are not completely being performed semiannually. 16% were not audited, 33% were audited semiannually, and 51 % were audited once for prior fiscal year. Thirty-one timekeepers need annual refresher training.

(b). Section D.(2). 9 of 10 (90%) Inactive pay folders did not contain a record of SF-1150, Record of Leave Data.

(c). Section D.(3). 4 of 10 (40%) Inactive pay folders did not contain a record of VA Form-5691, Record of Salary Payment.

(d). Section E.(1). 13 of 25 (52%) State Employment Service Agency Request for Wages and Separation Information (ES Form 931) were not returned within 4 workdays after receipt at the facility.

(e). Section H.(1). Listing of Paid rejects were not on file for review in Personnel.

(f). Section J.(4). Verified all fee basis employees are paid by Direct Deposit (DDEFT). 12 of 245 (5%) are not paid by (DDEFT).

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

- Items (K.1a) through (K.1f) that are in need of improvement can be accomplished by ensuring that the payroll section follows the guidelines set forth in Financial Management Service and the regulation found in MP-6, Part V, Sup.2.2 (Time and leave and Coding of Time and Attendance Reports), MP-6, Part V, Sup.2.3 (PAID Payroll Operating Procedures).

(3). Schedule of follow-up action.

- The Payroll Section procedural deficiencies should be reviewed in 90 days.

Frank Moisa

**Department of  
Veterans Affairs**

**Memorandum**

Date: April 7, 2004

From: Auditor (04)

Subj: VA Fiscal Quality Assurance Audit- Personal Funds of Patients

To: Medical Center Director (00)

Thru: Acting Associate Director (10A)  
Chief Financial Officer (04)

**Introduction**

In accordance with the guidelines set forth in VHA Handbook 1730.2 VHA Fiscal Quality Assurance System, an annual review of the Patients Funds of Greater Los Angeles was performed from March 23, 2004 through March 30, 2004. The audit findings, summary and recommendations are listed below:

**A. Reconciliation of Accounts to the General Ledger**

- (1) The reconciliation statements are signed by the Chief of Accounting and are routed to the facility Director. Verified that the preceding 6 months reconciliation were completed.
- (2) Copies of the reconciliation's are kept as part of the accounting records.

**B. Maintenance of Manual and/or Electronic Records Accounts**

- (1) Patients Accounts are complete and maintained in accordance with VA Handbook 4020, Paragraph 6.
- (2) Posting are in agreement with VA Form 4-1028, third-party drafts and applicable vouchers.
- (3) Deferred credit dated shown on field service receipts are posted to the accounts.
- (4) Social Security numbers on the accounts agree with the social security numbers on VA Form 4-1028.
- (5) Deposits are posted to the patients 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.
- (7) West Los Angeles had 45 Patients without signature cards. Sepulveda had 1 without a signature card.
- (8) Approval for withdrawal from restricted accounts is over an approving official.
- (9) Accounts for incompetent patients are maintained in a proper matter.
- (10) Accounts that show no posting activity for a period of 3 months are being determined if they are still inpatient. There are 311 patients that have accounts in patients funds that have been determined not inpatients.
- (11) Method used of recording receipts is sufficient prevent to prevent pilferage of cash.
- (12) Balanced of restricted accounts are reported to the regional office, when required.
- (13) There were no accounts showing overdrawn balances.
- (14) Patients Funds of restricted accounts are not being improperly used for items that is entitled to be furnished at the government expense.
- (15) Gain and Losses sheets have not been used at West Los Angeles.
- (16) Patients competency status is shown on all electronic accounts.
- (17) Semi-annual reviews on restricted accounts are not being done.
- (18) There is not a backup disk or backup process in place for the patients funds accounts in the patients funds office.

### **C. Disposition of Funds**

Randomly selected 15 VA Forms 90-2064, Authority to Release and Ship Effects and Funds.

- (1) The monetary amounts agree with the closing balance of the patients accounts.
- (2) Patients Funds clerk reviewed the electronic accounts to determine if the deposit of any institutional award might have been received after the patients death.
- (3) The authority for release is shown and the funds were properly transferred to the patients family.

#### **D. Miscellaneous Patients Funds Activity**

- (1) No deficiencies noted on the most recent review of patients funds.
- (2) All manuals are current and up to date.

#### **E. Summary of Patients Funds Review**

- (1) Areas in need of improvement are as follows:
  - (a) Section B. (7) West Los Angeles has 45 patients without signature card and at Sepulveda has 1 without signature card.
  - (b) Section B. (10) There are 311 patients that have accounts in patients funds that have been determined not inpatients.
  - (c) Section B. (17) Semi-annual reviews on restricted accounts are not being done.
  - (d) Section B. (18) There is not a back-up disk or back-up process in place for the patients funds accounts.
- (2) Outline procedures to implement corrective action for areas of improvement:
  - Items (E. 1a) through (E. 1d) that are in need of improvement can be accomplished by ensuring that Patients Funds section follows the guidelines set forth in Financial Management Service and regulations found in VA Directive and Handbook 4020, Personal Funds of Patients Policy and Agent Cashier Procedures
- (3) Schedule of follow-up action:
  - The Patients Funds Section procedural deficiencies should be reviewed in 90 days.

Frank Moisa

**DEPARTMENT OF  
VETERANS AFFAIRS**

**Memorandum**

Date: June 28, 2004  
From: Audit (04)  
Subj: VA Fiscal Quality Assurance Audit – Accounting  
To: Chief Financial Officer (04)

**Introduction**

In accordance with guidelines set forth in the VHA Handbook 1730.2 VHA Fiscal Quality Assurance System, an annual review of the Accounting Systems of the VA Greater Los Angeles Healthcare System for the 3rd quarter FY 2004 was performed beginning June 3 through June 25, 2004. The audit findings, summary and recommendations are listed below.

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

1. The hard copy subsidiary records of the general ledger control account for (a) Accrued Services Payable, (b) Undelivered orders, (e) Accounts Receivables and (f) Advance Payments are signed and/or annotated as reconciled. The reconciliation process only verifies the existing balance in the financial management system (FMS). Items (c), (d), and (g) The Equipment account, Suspense account and Supply Fund account respectively are being reconciled monthly to balances maintained in the general ledger control account. There were no discrepancies noted.
2. The Summary Trial Balance for the month of March 2004 was reviewed for the station against the VA chart of accounts normal balance in the VA Handbook 4520 Appendix A. No accounts deviated from their normal balance.
3. All balances shown for accounts receivable (1300 series) have a corresponding balance in the allowance for bad debt.
4. The balance in the general ledger account 2990 is \$69,500.00. The agent cashier advance for VAGLAHS is \$69,500.00.
5. General ledger account 6104 (depreciation expense) was replaced by general ledger account 6710 (depreciation/amortization expense). The AMAF and 36X8180 appropriations show balances in this account. No action is necessary.



## **B. Fixed Assets and Real Property**

1. A random selection of 3 entries from each account was reviewed to determine if capitalization and depreciation requirements were met. There were no discrepancies noted.
2. The general ledger accounts for 1710-land, 1730-buildings and improvements and 1740-other structures and facilities equal subsidiary records maintained by fund and Summary Trial Balance by Station for general ledger balance.
3. Utilizing the trial balance, there were no balances in any accumulated depreciation account that exceeded balances in any asset account.
4. A selection of 10 entries from the current month Work In Process were reviewed to determine if the project is still active and entries for capitalization or expense are appropriate. 5 of 10 were still under architecture and/or engineering construction as of 03/31/04.
5. Verified the 830 Cost Report was reconciled for the past 12 months.
  - (a) Expenses on the 830 Report reconciled to the total 6100 and 6122 for the all fiscal years.
  - (b) 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**

1. The year-end salary accrual was evaluated and determined that the facility adjustment for accrued salary and wages payable were accurate. Verified that the balance in GL account 6122 did not exceed \$1000.00 or 5 percent of the facilities manual accrual adjustment.
2. A random selection of 10 items from suspense account 36F3875 was reviewed. (a) Adequate supporting documentation for processed items was available. (b) Follow-up action to clear unidentified items is being done.

## **D. Undelivered orders and Accounts Payables Accounting**

1. A random selection of 25 undelivered orders and accrued services payables were reviewed and there were no discrepancies noted for items (a) through (d).
2. A random selection of 25 account payables /accrued services payables documents (RPEVGLVM) were reviewed and no discrepancies noted for items (a) through (c).
3. A selection of 10 items over 90 days was reviewed from the Accounts Payable (RPEVGLVM) report. It was determined that action is taking place by the initiating official or NBC to liquidate the obligations.

**E. Accounts Receivable**

1. Random selections of 25 accounts receivable (non- MCCF) were reviewed and no discrepancies were noted for items (a) through (b).
2. A random selection of 25 MCCF accounts receivable were reviewed and no discrepancies were noted for items (a) through (b).
3. Verified that the MCCF reconciliation between the VHA Vista accounts receivable program and FMS is completed on a monthly basis.
4. Examined 25 accounts receivable written off during the past 12 months no discrepancies were noted.
5. Examined 20 sharing agreements and no discrepancies were noted for items (a) through (b). Item (c) 6 of 20 proper revenue source codes was not used in the receivable transactions.
6. Contractual adjustments and allowance for bad debts are reviewed monthly.

**F. Cost Adjustments**

1. Random selection of 10 entries was made 6 months prior fiscal year closing and 3 months after the close of the fiscal year and it was determined that all entries were proper. There was no activity for account 7400.

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

1. IFCAP
  - (a) Corrections were being made within one workday of receipt.
  - (b) Ten IFCAP control points were selected. No discrepancies were noted.
  - (c) Reviewed the FMS Exception Transaction Report for any action over 3 days old and determined that the appropriate action has taken place.
  - (d) Delegation of authority by IFCAP fund control point official file and listing are current.
2. FMS
  - a) FMS report RGSGDPV43 could not be accessed. FMS report RGSGDPV3 (Document Processing Report "REJECTED" as of 03/31/04 was used to do the review. There were 35 documents in the SUSF table that were over 10 days old.

**H. Miscellaneous Accounting Activity**

1. Five expenditure transfers were reviewed and there were no discrepancies.
2. A review of three monthly trial balance reports for certification by a qualified person GS-510 at NBC was conducted and was found to be adequate.
3. Advances that are 90 days old were reviewed and it determine that Financial Management is taking appropriate action to clear documents.
4. Reviewed action taken to correct deficiencies noted in the most recent audit of the Accounting activities. Determined if proper action was taken and that the deficiencies have not been repeated.
5. Adequate accounting manuals are current and also available on the Internet.

**I. Summary of Results of Review of Accounting**

1. The following is a list of areas in need of improvement:
  - (a) Examined 20 sharing agreements and 6 of 20 proper revenue source codes was not used in the receivable transaction.
  - (b) FMS report RGSGDPV3 Document Processing Report (REJECTED) as of 03/31/04 was used to do the review. There were 35 documents in the SUSF table that were over 10 days old.
2. Procedures to implement corrective action are as follows:
  - I.1.b. Review the proper receivable source codes in the FMS manual and/or the procedures set forth in the accounting section of Financial Management Service.
  - I.1.b. Can be accomplished by checking the daily rejected listing, which is printed out daily with all the financial reports.
3. Follow-up and anticipated completion dates of corrective actions should begin immediately with a follow-up within 90 days.

Frank Moisa

**Department of  
Veterans Affairs**

**Memorandum**

Date: December 31, 2004

From: Auditor (04)

Subj: VA Fiscal Quality Assurance Audit- Agent Cashier

To: Chief Financial Officer (04)

**Introduction**

In accordance with the guidelines set forth in VHA Handbook 1730.2 VHA Fiscal Quality Assurance System, a review of the Agent Cashier of VA Greater Los Angeles Healthcare System for 1<sup>st</sup> quarter was performed December 17 through December 30, 2004 for FY 2005. The audit findings, summary, and recommendations are listed below:

**A. Receipts and Related Records**

(1.) Twenty –five prior months VA Form 4-1027 and VA Form 4-1028, Field Service Receipts were randomly selected and the results are as follows:

(a) Determine that VA forms 4-1027 and 4-1028 that were selected had deferred dates. No deficiencies were noted.

(b) Determined that Official Form (OF) 1114, Bill of Collections, is referenced on all receipts when required or applicable. This selection did not have any deficiencies.

(c.) Determined that all proper appropriations or receipt accounts are shown on the receipts. No deficiencies were noted.

(d) Determined that receipts for checks from third parties show the name of the drawer, bank number, date, and check number when required. Deficiencies were noted.

- 1 receipt did not have bank number of the check.
- 16 receipts did not have dates of the checks.
- 2 receipts did not have check numbers.

(e) Compared the dates on the VA Form 4-1027 and VA Form 4-1028 to SF 215, Deposit Ticket, to ascertain that deposits have been made promptly. Deficiencies were noted.

- Accumulated checks were not deposited by Thursday as required on VA Handbook 4010, Section B on one deposit.
- Deposit for over \$5000.00 was not deposited on a timely matter.

(f) There were no new Field Service Receipts, VA Form 4-1027 or 4-1028 issued for this review.

(2) Supply of unused receipts (4-1027 & 4-1028) was counted at all sites. The Accounting Section of West Los Angeles does have a record of inventory of receipts for VA-Form 4-1027(General) but does not have a record of VA-Form 4-1028 (Patient Funds). Listing of used receipts from the Network Business Center (NBC) was used to verify the accountability of unused receipts.

(3) Third -Party Drafts

- Third -Party Drafts were reviewed and there were no deficiencies found for items (a), (b) and (d).
- (c) Verified that an inventory and log is maintained by the agent cashier to show the check or drafts distribution. Sepulveda was issued checks. No record shows that Network Business Center (NBC) was issued checks. The Network Business Center maintains checks for emergency case for issue to suppliers or services vendors.
- (e). Verified that each employee holding third-party drafts maintains an inventory of drafts received and issued, and submits a monthly report to the agent cashier. Sepulveda maintains records of received and issued drafts checks and the Network Business Center maintains a record of issued drafts checks. Network Business center did not submit monthly reports to the agent cashier.

(4) Temporary Receipt Log for Funds (VA Form 10-2815)

- Randomly selected 10 VA Form 10-2815, Temporary Receipt Log for Funds for review and there were deficiencies noted. Fields Services Receipt numbers and dates of receipts are not posted to the VA Form 10-2815.

(5) Record of Shipment of Valuables (VA Form 4-1011)

- (a) The Deposit to Federal Depository total agrees with SF 215 and the agent cashiers tape.
- (b) There is no listing of cash or checks on the VA Form 4-1011. This is a deficiency.
- (c) There are no check numbers, dates and amounts entered under "Other Valuables" on the reverse side of VA Form 4-1011. This is a deficiency.
- (d) There are no witness signatures on the VA Form 4-1011. This is a deficiency.
- (e) As determined on A. (1) e., Two deposits were not processed in a timely matter.

## **B. Disbursement and Replenishments**

- (1) Selected 10 Optional Form 1129, Cashier and Reimbursement Voucher were reviewed and there were no deficiencies found for items (a) through (d).
- (2) Selected 12 months of SF 1149, Statement of Designated Depository Account for review and there were no deficiencies found for items (a) through (c).
- (3) Imprest Fund Cashiers replenished funds a minimum of once a month.
- (4) Randomly selected twenty-five third party drafts:
  - Drafts contain the applicable accounting purchase order data.
  - Drafts are prepared correctly and appropriate accounts payable entries are posted.
  - Drafts are prepared with a printed station number and serial number, brief description authorized number, date, payee's name, payment amount and a valid signature.
  - Supporting documentation authorizing the issuance is attached to draft.
  - The first copy of the draft is forwarded with supporting documentation to the accounting activity for recording.
  - The dollar limitation was not exceeded.
  - Draft document was offset, in a timely manner, to the obligation, clearing the non-federal advance.
  - Verified that the draft- holder's warrants are current.
- (5) Verified that the Fiscal or Finance Officer certifies the monthly accountability reports.
- (6) Accountability reports are properly prepared.

## **C. Security Controls**

- (1) Agent Cashier's safe combination at West Los Angeles and Sepulveda has been changed in the last 12 months.
- (2) Verified there are sealed envelopes held in the safe in the facility Director's Office with:
  - The Agent Cashier safe combination.
  - Duplicate key for each cash box and/or drawer.
  - Duplicate key to the Agent Cashiers office.
- (3) Verified that the Agent Cashier's door is locked at all time. A duplicate key is stored in the Director's safe for emergency purposes. There are adequate safeguards for the key to deny access to personnel not authorized.

(4) Verified that all checks, receipts and cash are put in the Agent Cashier's safe overnight and the safe is locked during non-business hours. A box of unused receipts are left out of the safe, there is insufficient room in the safe.

(5) There is not a night depository box at West Los Angeles, Sepulveda or LAACC.

(6) Verified that a transfer of responsibility and accountability was turned over to the alternate Agent Cashier for at least two consecutive weeks and verified that the alternate agent cashier prepared the replenishment during the period of transfer.

(7) Verified that cashier and alternates have access only to their advances.

(8) Verified that agent cashier has receipts for all funds advanced to other cashiers. Alternates at the Sepulveda Clinic do not have receipts for their advances. Alternate at West Los Angeles does not have a receipt for the cash advance. Imprest Fund clerk at LAACC does not have a receipt for cash advance.

(9) Undeliverable salary checks for employees are not being returned to Treasury Department after 5 days.

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

(11) All co-payments are processed through the agent cashier. Pharmacy does not process co-payment at West Los Angeles or Sepulveda campus.

(12) Verified that each of the following physical security requirements listed are in place for the agent cashier at West Los Angeles and Sepulveda as required by VHA supplement MP-1, Part 1, Appendix B and VA Hand book 4010, Section A.3.

(a.) The cash is secured in a safe.

(b.) The agent cashiers office has 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 system at West Los Angeles and a video camera at Sepulveda campus.

(f.) There is no other access to the agent cashier's office from another office, room or space.

#### **D. Unannounced Agent Cashier Audits**

(1.) Determined that unannounced agent cashier audits were conducted at least every 90 days for the preceding 12 months.

(2.) Determined that all audit procedures were followed in accordance with provision of VA Handbook 4010, Section A-9, and other department guides.

(3.) In accordance to revised VA Handbook 1730.2 dated September 26, 2003, Agent Cashier audits must be e-mailed to the Office of Finance and Budget (173) Department of Veterans Affairs and Unannounced Agent Cashier Audits must be e-mailed to MS Outlook mailbox for fiscal year 2004.

#### **E. Miscellaneous Agent cashier Activity**

(1.) Reviewed the Form (Delegation of Authority) to ensure the facility Director has a current delegation of authority form on file. Verified all facilities agent cashiers and alternates are delegated the authority to disburse cash by checking if Form (OF) 211, Request for Change or Establishment of an Imprest Fund is on file. No discrepancies were noted.

(2.) Reviewed any memorandums for shortage of Funds completed with the past 12 months and no deficiencies were noted for items (a) through (f).

(3.) Verified the adequacy of the agent cashier advance. The turnover rate is 136% per Bill Woods of Austin Financial Center. This is in the green by the financial indicators criteria report.

(4.) Agent Cashier has a current manual associated with the agent cashier activity.

(5.) Reviewed the action taken to correct deficiencies noted in the most recent review of the agent cashier. Chief of Accounting has written an action plan for the deficiencies for the most recent audit of the agent cashier.

#### **F. Summary of the Agent Cashier Review**

(1.) Areas in need of improvement.

(a.) 25 Field Service Receipts were reviewed.

- 1 receipt did not have a bank number.
- 16 receipts did not have dates of checks
- 2 receipts did not have check numbers

(b.) An Inventory log for Field Service Receipts is kept at Agent Cashier office. Log is manually maintained and it's hard to understand. There is a log of General receipts and no log of Patient Funds receipts. Inventory of these documents are not maintained properly.

(c.) Compared the dates on the VA form 4-1027 (General Receipts) and 4-1028 (Patient Funds Receipt) to the SF 215 (Deposit Ticket) to ascertain that deposits have been made promptly.

- Accumulated checks were not deposited by Thursday on one deposit.
- Deposit for over \$5000.00 was not deposited on a timely manner.



(d.) Employees holding third-party drafts are not submitting a monthly report of drafts received and issued to the agent cashier.

(e.) Third party draft logbook is maintained manually. Log should be maintained in a proper format. Checks were issued to Sepulveda and there is no record of Network Business Center (NBC) being issued checks. The NBC maintains draft checks for emergency cases with suppliers and services vendors. There should have a record in the log book of issued draft checks.

(f.) Randomly selected 10 VA Form 10-2815, Temporary Receipt log for Funds for review. Field Service Receipt numbers and dates of the receipts are not posted to the VA Form 10-2815.

(g.) Record of Shipment of valuables (VA Form 4-1011)

- There is no listing of cash or checks on VA Form 4-1011
- There is no check numbers, dates, and amounts entered under "Other Valuables" on the reverse side of VA Form 4-1011
- There are no witness signatures on the VA Form 4-1011
- Two deposits were not done on a timely matter

(h.) A box of unused Field Service Receipts (VA Form 4-1027) are left out of the safe, there is insufficient room in the safe.

(i.) The imprest fund clerks at the clinics do not have receipts for their cash advances.

(j.) Undeliverable salary checks for employees are held over 5 days.

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

- Items (f.1a) though (f.1g), (f.1i) and (f.1j) that are areas in need of improvement can be accomplished by ensuring that the agent cashiers follow the regulations found in VA Handbook 4010 (Agent Cashier Procedures).
- Item (f.1h) The safe at West Los Angeles does not have sufficient room for all the documents that need to go inside after closing hours. A replacement of this safe maybe necessary.

(3.) Schedule of follow-up action.

- The Agent Cashiers procedural deficiencies should be reviewed in 90 days

Frank Moisa

**Department of  
Veterans Affairs**

**Memorandum**

Date: February 18, 2005

From: Auditor (04)

Subj: VA Fiscal Quality Assurance Audit- Personal Funds of Patients

To: Medical Center Director (00)

Thru: Acting Associate Director (10A)  
Chief Financial Officer (04)

**Introduction**

In accordance with the guidelines set forth in VHA Handbook 1730.2 VHA Fiscal Quality Assurance System, an annual review of the Patients Funds of Greater Los Angeles was performed from February 10, 2005 through February 16, 2005. The audit findings, summary and recommendations are listed below:

**A. Reconciliation of Accounts to the General Ledger**

- (1) The reconciliation statements are signed by the Chief of Accounting and are routed to the facility Director. Verified that the preceding 6 months reconciliation were completed.
- (2) Copies of the reconciliation's are kept as part of the accounting records.

**B. Maintenance of Manual and/or Electronic Records Accounts**

- (1) Patients Accounts are complete and maintained in accordance with VA Handbook 4020, Paragraph 6.
- (2) Posting are in agreement with VA Form 4-1028, third-party drafts and applicable vouchers.
- (3) Deferred credit dated shown on field service receipts are posted to the accounts.
- (4) Social Security numbers on the accounts agree with the social security numbers on VA Form 4-1028.

- (5) Deposits are posted to the patients 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.
- (7) West Los Angeles had 35 Patients without signature cards. Sepulveda had 1 without a signature card.
- (8) Approval for withdrawal from restricted accounts is over an approving official.
- (9) Accounts for incompetent patients are maintained in a proper matter.
- (10) Patients Funds has a list of inactive accounts that have not been reviewed for over 3 months. There are 456 patient accounts in Patients Funds that have been determined not to be inpatients at West Los Angeles.
- (11) Method used of recording receipts is sufficient to prevent pilferage of cash.
- (12) Balanced of restricted accounts are reported to the regional office, when required.
- (13) There were no accounts showing overdrawn balances.
- (14) Patients Funds of restricted accounts are not being improperly used for items that patients are entitled to be furnished at the government expense.
- (15) Gain and Losses sheets have not been used at West Los Angeles.
- (16) Patients competency status is shown on all electronic accounts.
- (17) Semi-annual reviews on restricted accounts are not being done.
- (18) There is backup process in place for the patient's funds accounts in the patients funds office.

### **C. Disposition of Funds**

Randomly selected 15 VA Forms 90-2064, Authority to Release and Ship Effects and Funds.

- (1) The monetary amounts agree with the closing balance of the patients accounts.
- (2) Patients Funds clerk reviewed the electronic accounts to determine if the deposit of any institutional award might have been received after the patients death.

(3) The authority for release is shown and the funds were properly transferred to the patients family.

#### D. Miscellaneous Patients Funds Activity

- (1) Action plan for deficiencies was implemented on the most recent review of patients funds.
- (2) All manuals are current and up to date.

#### E. Summary of Patients Funds Review

- (1) Areas in need of improvement are as follows:
  - (a) Section B. (7) West Los Angeles has 35 patients without signature card and at Sepulveda has 1 without signature card.
  - (b) Section B. (10) **There are 456 patients that have accounts in patients funds that have been determined not inpatients.** There is a list of inactive accounts that has not been reviewed as of August 21, 2004.
  - (c) Section B. (17) Semi-annual reviews on restricted accounts have not been reviewed.
- (2) Outline procedures to implement corrective action for areas of requiring improvement:
  - Items (E. 1a) though (E. 1c) that are in need of improvement can be accomplished by ensuring that Patients Funds section follows the guidelines set forth in Financial Management Service and regulations found in VA Directive and Handbook 4020, Personal Funds of Patients Policy and Agent Cashier Procedures. **Item E.1b should be high priority for correction by the Chief of Accounting.**
- (3) Schedule of follow-up action:
  - The Patients Funds Section procedural deficiencies should be reviewed in 90 days.

Frank Moisa

**Department of  
Veterans Affairs**

**Memorandum**

Date: April 26, 2005

From: Auditor (04)

Subj: VA Fiscal Quality Assurance Audit – Payroll Administration and Employee Accounts

To: Medical Center Director (00)

Thru: Acting Associate Director (10A)  
Chief Financial Officer (04)

**Introduction**

In accordance with the guidelines set forth in the VHA Handbook 1730.2 VHA Fiscal Quality Assurance System, an annual review of the Payroll Administration and Employee Accounts Review of the VA Greater Los Angeles Healthcare System for the second quarter of 2005 was performed from March 21 through April 6, 2005 and continued April 25 through April 26. Audit findings, summary and recommendations are listed below.

**A. Electronic Time and Attendance (ETA)**

1. Twenty-five Electronic Time and Attendance pay period records were randomly selected displaying entitlements from the quarter immediately preceding this review. Results are as follows:

- (a) The facility Director appropriately approved the tour of duty.
- (b) Night and shift differential are posted correctly, including the period of overtime,
- (c) 23 of 25 Holiday pay was posted correctly.
- (d) Periods of on-call were reduced to reflect any actual duty performed.
- (e) Sunday premium pay is being posted correctly.
- (f) Absences not approved via the ETA have properly prepared SF-71, Request for Leave or Approved Absence on file.
- (g) Necessary "Remarks" are recorded when required.

- (h) Corrected timecards are adequately explained and approved by a higher official.
  - (i) Properly prepared ETA 1098, Request for Overtime or Compensatory Time, are on file for posted overtime.
  - (j) There were no negative leave balances reviewed.
  - (k) There were no family care, adoption, or approved donor leave reviewed.
- (2). Reviewed prior pay period exceptions for the Time and Leave (T&L) units associated with the selected Electronic Time and Attendance. Review the exceptions report to verify the following:
- (a) Leave requests were entered for all leave posted to the (ETA) record.
  - (b) The official approved overtime posted on the reviewed (ETA) records.

#### **B. Payroll (Timekeeper) Training**

- (1). Timekeepers
- (a) Delegation of Authority that were reviewed, initially were trained for timekeeping or certifying on other Time and Attendance (T&L) no training was needed.
  - (b) Timekeeper training is performed annually.
- (2). Certifying Officials training 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**

- (1). Reviewed desk audits of the timekeepers for the prior 12 months to determine if semiannual timekeepers audits were performed.
- 104 of 335 (31%) were not audited
  - 6 of 335 (2%) were audited semiannually
  - 225 of 335 (67%) were audited once for prior fiscal year
  - Annual refresher training was not done in FY 2004.

#### **D. Audit Review of Employee Pay Folders**

Reviewed the last two computer-generated accessions and separation listing and randomly selected ten pay folders from each listing.

- (1). All basic information in the active pay folders agree with the latest Earning and Leave Statement.
- (2). 4 of 10 inactive pay folders did not contain a record of SF-1150, Record of Leave Data.
- (3). 4 of 10 inactive pay folders did not contain a record of VA Form-5691, Record of Salary Payment.
- (4). 1 of 10 SF-1150 was not signed or dated by fiscal management.

#### **E. Federal Employees Unemployment Compensation**

(1). Randomly selected twenty-five State Employment Service Agency Requests for Wages and Separation Information (ES Form 931). Verified if all forms were completed and returned within 4 workdays after receipt at the facility. 16 of 25 (64%) were not returned within the 4 workdays.

- (2). Reviewed five (ES Form 931) and determined that all computations of wages are correct.

#### **F. Employee Benefits Reconciliation**

(1). The Health Revenue Center, Topeka, Kansas, accomplishes all the reconciliation's between SF 2811, Transmittal and Summary Report to Carrier and SF 2812, Journal Voucher and Report for Withholding and Contributions for Health Benefits, Group Life Insurance and Civil Service Retirement.

(2). The SF 2809, Health Benefit Registration Form(s) is sent via Federal Express to the Health Revenue Center weekly.

#### **G. Record of Payroll Adjustment and Recording Transactions, VA Form 5321**

(1). Thirty -six Records of Payroll Adjustments and Recording Transaction, VA Form 5321 for 5 pay periods were reviewed to verify that employees have initialed each transaction and the supervisor of payroll has certified each listing. .

- 13 of 36(36%) were not initialed.
- 1 of 5 certifying listing was not signed and dated by payroll supervisor.
- 1 of 5 certifying listing was missing.

(2). No pay adjustments code sheets were processed for FY 2004.

#### **H. Personnel Accounting Integrated Data (PAID) Control Point**

(1). Listing of PAID rejects were reviewed and it was determined that corrective action was taken to avoid further rejects.

#### **I. Workers Compensation. "Continuation of Pay"**

(1). Quarterly reports were not submitted by the fifth workday of the month following the close of each calendar quarter.

#### **J. Miscellaneous Payroll Administration and Employee Accounts Activity**

- (1). No cash payments were processed in the previous three months.
- (2). VA Form 4-5642 Notice of Cancellation or Cash Collection were properly completed.
- (3). VA Form 71, PAID Master Record Printout is distributed to payroll technicians for resolution. Errors are being resolved.
- (4). Verified all fee basis employees are paid by direct deposit (DD) EFT. 2 of 200(1%) are not paid by (DD) EFT.
- (5). Action plan was taken to correct deficiencies noted in the most recent audit of the payroll section.
- (6). VA Manual, Directive, and/or handbooks are available to payroll employees.

#### **K. Summary of Results of Payroll Administration and Employee Accounts**

- (1). Areas in need of improvement are as follow:
  - (a) Section A (1.a) 2 of 25 Holiday pay was not posted to the Electric Time and Attendance (ETA).
  - (b) Section C. (1) Desk audits of timekeeper are not completely being performed semiannually. 31% were not audited, 2% were audited semiannually, and 67 % were audited once for prior fiscal year. Annual refresher training was not done in FY 2004.
  - (c). Section D. (2). 4 of 10 (40%) Inactive pay folders did not contain a record of SF-1150, Record of Leave Data.
  - (d). Section D. (3). 4 of 10 (40%) Inactive pay folders did not contain a record of VA Form-5691, Record of Salary Payment.



- (e). Section D. (4). 1 of 10 SF-1150 was not signed and dated by payroll supervisor.
- (f). Section E. (1). 16 of 25 (64%) State Employment Service Agency Request for Wages and Separation Information (ES Form 931) were not returned within 4 workdays receipt at the facility.
- (g). Section G. (1) Thirty- six records of Payroll Adjustments and Recording Transactions, VA 5321 was reviewed. 13 of 36 (36%) were not initialed. 5 pay periods were reviewed and each period has a certifying document and 1 was missing and another was not signed and dated.
- (h). Section I. (1). Workers Compensation "Continuation of Pay", Quarterly reports were not submitted by the fifth workday of the following the close of each calendar.
- (I). Section J. (4). Verified all fee basis employees are paid by Direct Deposit (DDEFT). 2 of 200 (1%) are not paid by (DDEFT).

**(2). Outline procedures to implement corrective actions for the areas of improvement:**

- Items (K.1a) though (K.1I) that are in need of improvement can be accomplished by ensuring that the payroll section follows the guidelines set forth in Financial Management Service and the regulation found in MP-6, Part V, Sup.2.2 (Time and leave and Coding of Time and Attendance Reports), MP-6, Part V, Sup.2.3 (PAID Payroll Operating Procedures).

**(3). Schedule of follow-up action.**

- The Payroll Section procedural deficiencies should be reviewed next fiscal year annual audit. This year payroll has new employees and contract employees. Auditor would like to give payroll time to train their employees and finish special projects.

Frank Moisa

DEPARTMENT OF  
VETERANS AFFAIRS

Memorandum

Date: Sept 9, 2005  
From: Audit (04)  
Subj: VA Fiscal Quality Assurance Audit – Accounting  
To: Acting Chief Financial Officer (04)

Introduction

In accordance with guidelines set forth in the VHA Handbook 1730.2 VHA Fiscal Quality Assurance System, an annual review of the Accounting Systems of the VA Greater Los Angeles Healthcare System for the 3rd quarter FY 2005 was performed beginning August 22 through September 8, 2005. The audit findings, summary and recommendations are listed below.

A. Verification and Reconciliation of Subsidiary Records

1. The hard copy subsidiary records of the general ledger control account for (a) Accrued Services Payable, (b) Undelivered orders, (e) Accounts Receivables and (f) Advance Payments are signed and/or annotated as reconciled. The reconciliation process only verifies the existing balance in the financial management system (FMS). Items (c), (d), and (g) The Equipment account, Suspense account and Supply Fund account respectively are being reconciled monthly to balances maintained in the general ledger control account. There were no discrepancies noted.
2. The Summary Trial Balance for the month of April 2005 was reviewed for the station against the VA chart of accounts normal balance in the VA Handbook 4520 Appendix A. No accounts deviated from their normal balance.
3. All balances shown for accounts receivable (1300 series) have a corresponding balance in the allowance for bad debt.
4. The balance in the general ledger account 2990 is \$69,500.00. The agent cashier advance for VAGLAHS is \$69,500.00.
5. General ledger account 6104 (depreciation expense) was replaced by general ledger account 6710 (depreciation/amortization expense). The AMAF and 36X8180 appropriations show balances in this account. No action is necessary.

**B. Fixed Assets and Real Property**

1. A random selection of 3 entries from each account was reviewed to determine if capitalization and depreciation requirements were met. There were no discrepancies noted.
2. The general ledger accounts for 1710-land, 1730-buildings and improvements and 1740-other structures and facilities equal subsidiary records maintained by fund and Summary Trial Balance by Station for general ledger balance.
3. Utilizing the trial balance, there were no balances in any accumulated depreciation account that exceeded balances in any asset account.
4. A selection of 10 entries from the current month Work In Process were reviewed to determine if the project is still active and entries for capitalization or expense are appropriate.
  - (a) 2 of 10 are still under architecture and/or engineering construction as of 03/31/05.
  - (b) All items are capitalized and appropriately depreciated.
5. Verified the 830 Cost Report was reconciled for the past 12 months.
  - (a) Expenses on the 830 Report reconciled to the total 6100 and 6122 for the all fiscal years.
  - (b) 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**

1. The year-end salary accrual was evaluated and determined that the facility adjustment for accrued salary and wages payable were accurate. Verified that the balance in GL account 6122 did exceed \$1000.00 or 5 percent of the facilities manual accrual adjustment.
2. A random selection of 10 items from suspense account 36F3875 was reviewed. (a) Adequate supporting documentation for processed items was available. (b) Follow-up action to clear unidentified items is being done.

**D. Undelivered orders and Accounts Payables Accounting**

1. A random selection of 25 undelivered orders and accrued services payables were reviewed and there were no discrepancies noted for items (a) through (d).
2. A random selection of 25 accounts payables /accrued services payables documents (RPEVGLVM) were reviewed and no discrepancies noted for items (a) through (c).
3. A selection of 10 items over 90 days was reviewed from the Accounts Payable (RPEVGLVM) report. It was determined that action is taking place by the initiating official or NBC accounting staff to liquidate the obligations.

**E. Accounts Receivable**

1. Random selections of 25 accounts receivable (non- MCCF) were reviewed and no discrepancies were noted for items (a) through (b).
2. A random selection of 25 MCCF accounts receivable was reviewed and no discrepancies were noted for items (a) through (b).
3. Verified that the MCCF reconciliation between the VHA Vista accounts receivable program and FMS is completed on a monthly basis by NBC (Network Business Center).
4. Examined 25 accounts receivable written off during the past 12 months no discrepancies were noted.
5. Examined 20 sharing agreements and no discrepancies were noted for items (a) through (c).
6. Contractual adjustments and allowance for bad debts are reviewed monthly.

**F. Cost Adjustments**

1. Random selection of 10 entries was made 6 months prior fiscal year closing and 3 months after the close of the fiscal year and it was determined that all entries were proper. There was no activity for account 7400.

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

1. IFCAP

- (a) Corrections were being made within one workday of receipt.
- (b) Ten IFCAP control points were selected. No discrepancies were noted.
- (c) Reviewed the FMS Exception Transaction Report for any action over 3 days old and determined that the appropriate action has taken place.
- (d) Delegation of authority by IFCAP fund control point official file and listing are current.

2. FMS

- a) FMS report RGSGDPV43 could not be accessed. FMS report RGSGDPV3 (Document Processing Report "REJECTED" as of 09/01/05 was used to do the review. There were no reportable action noted.

#### **H. Miscellaneous Accounting Activity**

1. Five expenditure transfers were reviewed and there were no discrepancies.
2. A review of three monthly trial balance reports for certification by a qualified person GS-510 at NBC was conducted and was found to be adequate.
3. Advances that are 90 days old were reviewed and it was determine that Financial Management is taking appropriate action to clear documents.
4. Reviewed action taken to correct deficiencies noted in the most recent audit of the Accounting activities. Determined if proper action was taken and that the deficiencies have not been repeated. All deficiencies from the most recent audited have been corrected.
5. Adequate accounting manuals are current and also available on the Internet.

#### **I. Summary of Results of Review of Accounting**

1. The following is a list of areas in need of improvement:
  - (a) Evaluated the end of the year salary accrual and verified that the balance in general Account 6122 did exceed the \$1000.00 or 5 percent of the facilities manual accrual adjustment.
2. Procedures to implement corrective action are as follows:
  - I.1.a. Corrective action will be initiated by informing the Chief of the Budget section of the general account 6122 balance exceeding the end of the year salary accrual adjustment.
3. Follow-up and anticipated completion dates of corrective actions should begin on the next VA Fiscal Quality Assurance Audit of Accounting for FY 2006.

Frank Moisa

**DEPARTMENT OF  
VETERANS AFFAIRS**

**Memorandum**

Date: September 29, 2005  
From: Auditor (04)  
Subj: VA Fiscal Quality Assurance Audit – General Post Funds  
To: Acting Chief Financial Officer (04)

**Introduction**

In accordance with guidelines set forth in the VHA Handbook 1730.2 VHA Fiscal Quality Assurance System, an annual review of the General Post Funds of the VA Greater Los Angeles Healthcare System for the 4th quarter FY 2005 was performed beginning September 21 through September 26, 2005. The audit findings, summary and recommendations are listed below.

**A. Reconciliations**

- (1) The End of the Month Status of Allowance has been reconciled to the Standard Ledger Account (4610) for each of the past 12 months. There were no discrepancies noted.
- (2) Copies of the monthly reconciliation report are sent to the Facility Director.
- (3) Reviewed VACO donation and it is in fund 8180a.

**B. Subsidiary Accounts**

- (1) Reviewed 25 General Post Funds accounts and they are being properly maintained in the IFCAP program.
- (2) There are 31 inactive accounts for more than a year.

**C. Donations**

- (1) Thirty (30) donations were randomly selected and they comply with the donor's intent.
- (2) All donated funds are appropriated to the general post fund 8180s and 8180a.

- (3) The using service of the General Post Funds accounts usually receives the donor's checks and its hard to verify when the checks were sent from the service to the Agent Cashier for deposit. 2 of 30 did not have description of remittance on VA Form 1027. 4 of 30 did not have date of checks on VA Form 1027.
- (4) Defer dates are being posted by the Agent Cashier.

#### **D. Obligations**

- (1) Using services of general post funds ensure that the funding is available before purchases.
- (2) Twenty-five obligations were selected randomly from the IFCAP file. These obligations were reviewed and each purchase was in accordance with the expressed wishes of the donor. No discrepancies were noted.
- (3) Ensure no direct expenditures for employee's personal services and benefits were incorrectly journalized to the general post fund accounts.

#### **E. Miscellaneous Reviews**

- (1a) Reviewed the deficiencies from the most recent audited for General Post Fund for FY 2004 and no correction have been implemented.
- (1b) Documents for many of General Post Funds Accounts were not on file. This is a recurring issue, which cannot be corrected for old accounts.
- (2) VA manuals, directives, and/or handbooks are available to the employee in the internet.

#### **F. Summary of Results of General Post Funds Review**

- (1) Areas in need of improvement.
  - (a) There were 31 inactive accounts for more than a year. Follow-up action should be initiated.
  - (b) 2 of 30 receipts (VA Form 1027) did not have description of remittance.  
4 of 30 receipts (VA Form 1027) did not have date of checks.
- (2) Procedures to implement corrective action are as follows:
  - F.1.a. Accounting Section of Financial Management will work with Research & Voluntary Service to resolve all inactive accounts.
  - F.1.b. Agent Cashier should complete all fields of VA Form 1027 (Field Service Receipts- General)

(3) Follow-up and anticipated completion date of corrective actions should begin immediately with a follow-up within 90 days.

Frank R. Moisa



**Department of  
Veterans Affairs**

**Memorandum**

Date: March 25, 2006

From: Auditor, Ryan Olsen, Office of Director (00)

Subj: VA Fiscal Quality Assurance Audit – Payroll Administration and Employee Accounts

To: Medical Center Director (00)

Thru: Acting Associate Director (10A)  
Chief Financial Officer (04)

**Introduction**

In accordance with the guidelines set forth in the VHA Handbook 1730.2 VHA Fiscal Quality Assurance System, an annual review of the Payroll Administration and Employee Accounts Review of the VA Greater Los Angeles Healthcare System for the third and fourth quarters of FY 2005 was performed from March 14th through March 25th, 2006. Audit findings, summary and recommendations are listed below.

**A. Electronic Time and Attendance (ETA)**

1. Twenty- five Electric Time and Attendance pay period records were randomly selected displaying entitlements from the two quarters immediately preceding this review in VISTA. Results are as follows:

- (a) The facility Director appropriately approved the tour of duty.
- (b) 24 of 25 night and shift differentials were posted correctly, including the period of overtime.
- (c) 24 of 25 Holiday pay was posted correctly.
- (d) Periods of on-call were reduced to reflect any actual duty performed.
- (e) Sunday premium pay was posted correctly.
- (f) Absences not approved via the ETA have properly prepared SF-71, Request for Leave or Approved Absence on file, in 96% of (or 24 of 25) cases.

- (g) Necessary "Remarks" are recorded when required.
  - (h) Corrected timecards are adequately explained and approved by a higher official.
  - (I) Properly prepared ETA 1098, Request for Overtime or Compensatory Time, are on file for posted overtime.
  - (j) There were no negative leave balances reviewed.
  - (k) One record was reviewed for family care, adoption, or approved donor leave. All time was correctly posted for the family leave requested for the period of December, 2005.
- (2). Reviewed prior pay period exceptions for the Time and Leave (T&L) units associated with the selected Electronic Time and Attendance. Review the exceptions report to verify the following:
- (a) Leave requests were entered for all leave posted to the (ETA) record.
  - (b) The official approved overtime posted on the reviewed (ETA) records.

#### **B. Payroll (Timekeeper) Training**

- (1). Timekeepers
- (a) Delegation of Authority that were reviewed, initially were trained for timekeeping or certifying on other Time and Attendance (T&L) no training was needed.
  - (b) Timekeeper training is performed annually.
- (2). Certifying Officials training is accomplished prior to assigning the (ETA) certifying official menu throughout the medical center and such training was found to be mandatory.
- (3). No employee reviewed in the audit had both the timekeeper and supervisor menu access for the same T&L unit.

#### **C. Desk Audit of Timekeepers**

- (1). Reviewed desk audits of the timekeepers for the prior 12 months to determine if semiannual timekeepers audits were performed.
- 84 of 349 (24%) were not audited; a 3% improvement from the previous audit.
  - 39 of 349 (11%) were audited semiannually; an 8% improvement from the previous audit.
  - 256 of 349 (74%) were audited once for prior fiscal year, a 7% increase from the previous audit.

- According to several sources the Annual refresher training was NOT performed in FY 2005.

#### **D. Audit Review of Employee Pay Folders**

Reviewed the last two computer-generated accessions and separation listing and randomly selected ten pay folders from each listing.

- (1). All basic information in the active pay folders agree with the latest Earning and Leave Statement.
- (2). 8 of 10 (80%) of inactive pay folders did not contain a record of SF-1150, Record of Leave Data.
- (3). 0 of 10 (0%) of inactive pay folders did not contain a record of VA Form-5691, Record of Salary Payment.
- (4). 2 of 2 (100%) of SF-1150 that were found were signed or dated by fiscal management. However, please note that only 2 of 10 SF-1150's were found.

#### **E. Federal Employees Unemployment Compensation**

(1). Randomly selected twenty-five State Employment Service Agency Requests for Wages and Separation Information (ES Form 931). Verified if all forms were completed and returned within 4 workdays after receipt at the facility. 13 of 25 (52%) were not returned within the 4 workdays; an improvement of 12% since the last audit.

- (2). Reviewed five (ES Form 931) and determined that all computations of wages are correct.

#### **F. Employee Benefits Reconciliation**

(1). The Health Revenue Center, Topeka, Kansas, accomplished all the reconciliation's between the SF 2811, Transmittal and Summary Report to Carrier and SF 2812, Journal Voucher and Report for Withholding and Contributions for Health Benefits, Group Life Insurance and Civil Service Retirement.

(2). The SF 2809, Health Benefit Registration Forms were sent via Federal Express to the Health Revenue Center weekly.

#### **G. Record of Payroll Adjustment and Recording Transactions, VA Form 5321**

(1). Twenty Five of Payroll Adjustments and Recording Transaction, VA Form 5321 for 5 pay periods were reviewed to verify that employees have initialed each transaction and the supervisor of payroll has certified each listing.

- 0 of 25 (0%) were not initialed; a 36% improvement from the prior audit.
- 0 of 5 certifying listing was not signed and dated by payroll supervisor.
- 0 of 5 certifying listing was missing.

(2). Six of six pay adjustments code sheets (form 56368) were all processed correctly for FY 2005.

#### **H. Personnel Accounting Integrated Data (PAID) Control Point**

(1). Listing of PAID rejects were reviewed and it was determined that corrective action was taken to avoid further rejects.

#### **I. Workers Compensation, "Continuation of Pay"**

(1). Quarterly reports were submitted by the fifth workday of the month following the close of each calendar quarter in 2005.

#### **J. Miscellaneous Payroll Administration and Employee Accounts Activity**

(1). No cash payments were processed in the previous three months:

(2). VA Form 4-5642 Notice of Cancellation or Cash Collection were properly completed.

(3). VA Form 71, PAID Master Record Printout is distributed to payroll technicians for resolution, as witnessed through technician observation.

(4). Verified all fee basis employees are paid by direct deposit (DD) EFT. All in a sample of 50 (100%) were paid by (DD) EFT.

(5). Action plan was taken to correct deficiencies noted in the most recent audit of the payroll section.

(6). VA Manual, Directive, and/or handbooks are available to payroll employees.

#### **K. Summary of Results of Payroll Administration and Employee Accounts**

(1). Areas in need of improvement are as follow:

(a). Section D. (2). 8 of 10 (80 %) Inactive pay folders did not contain a record of SF-1150, Record of Leave Data. This represents a 40% decrease from the previous audit.

(b). Section E. (1). 13 of 25 (52%) State Employment Service Agency Request for Wages and Separation Information (ES Form 931) were not returned within the 4 workday. This represents an improvement of 12% since the last audit. Nevertheless this is still an area in need of improvement.

(c) According to several sources the Annual refresher training was NOT performed in FY 2005.

**(2). Outline procedures to implement corrective actions for the areas of improvement:**

- Items (K.1a) through (K.1f) that are in need of improvement can be accomplished by ensuring that the payroll section follows the guidelines set forth in Financial Management Service and the regulation found in MP-6, Part V, Sup.2.2 (Time and leave and Coding of Time and Attendance Reports), MP-6, Part V, Sup.2.3 (PAID Payroll Operating Procedures).
- It should be noted that most areas improved in FY 2005.
- Strong leadership oversight can aid to further improvements. Additional staffing should also be considered.
- Annual refresher training must be completed in FY 2006.

**(3). Schedule of follow-up action.**

- The Payroll Section procedural deficiencies will be reviewed in the next fiscal year's audit. The Section will have several new employees in FY 2006. Auditor believes adherence to VA fiscal quality standards in Payroll will see further improvements in FY 2006.

*Ryan Olsen and Frank Moisa*

**Department of  
Veterans Affairs**

**Memorandum**

Date: April 7, 2006

From: Paul Allison

Subject: VA Fiscal Quality Assurance Audit – Agent Cashier Review

To: Acting Chief Financial Officer (04)

Introduction:

In accordance with the guidelines set forth in the VHA Handbook 1730.2 VHA Fiscal Quality Assurance System, a review of the Agent Cashier of VA Greater Los Angeles Healthcare System for 1<sup>st</sup> Quarter was performed from March 18<sup>th</sup>-April 7<sup>th</sup> for fiscal year 2006. The audit findings, summary, and recommendations are listed below.

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.

**Eight 4-1027's were missing deferred credit dates. Zero 4-1028's were missing deferred credit dates**

(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.

**No deficiencies found.**

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

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**No deficiencies found.**

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

**Six 4-1027's did not have bank numbers. No deficiencies were noted on 4-1028's.**

(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.

**All deposits were made in a timely manner in accordance with the TFM.**

(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.

**There were no new Field Service Receipts, VA Form 4-1027 or 4-1028 issued for this review.**

(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. **Unused receipts were counted and all field service receipts were accounted for. The accounting section at WLA does have a record of inventory of receipts for VA form 4-1027 but does not have a record of VA form 4-1028. Listing of used receipts from the Network Business Center (NBC) was used to verify the accountability of unused receipts. One 1027 (14335645) was used by WLA, but was not on record from documents provided by the NBC. This receipt was used for an "Accommodation Exchange" and previously had an attached document.**

(3) Verify third-party drafts.

(a) Verify all third-party drafts are properly accounted for, including voided drafts. **No deficiencies found.**

(b) Verify that all voided third-party drafts have "VOID-NOT NEGOTIABLE" written on the front of the draft. **No deficiencies found.**

(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. **The log is maintained by the agent cashier. Sepulveda was issued checks. The NBC maintains checks for emergency case for issue to suppliers or services vendors.**

(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. **No deficiencies found.**

(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. **Verified that each employee holding 3<sup>rd</sup> party drafts maintains an inventory of drafts received and issued, and submits a monthly report to the agent cashier. Sepulveda maintains records of received and issues drafts checks and the NBC maintains a record of issued drafts checks. The NBC did not submit monthly reports to the agent cashier.**

(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. **10 VA Forms 10-2815s were selected. One 2815 did not have an FSR # and an FSR date (Michaels, Isaiah D.).**

(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.

**The following deficiencies were identified:**

- 1) **One deposit over \$5,000 was made the following day.**
- 2) **Nine 1011s were not appropriately signed and dated.**

#### 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:  
**No deficiencies identified.**

(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.

- (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.)



**Verified.**

(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. VHA HANDBOOK 1730.2 September 26, 2003 8. **Verified**

(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. **Verified.**

(3) If the facility has an imprest fund cashier, determine if those funds are replenished a minimum of once a month. **No deficiencies noted.**

(4) Randomly select twenty-five of the prior month's third-party drafts: **The following was verified:**

(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.

**(a-e) Verified. No deficiencies found.**

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

(6) **Verified 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.). **Verified.**

(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.

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**Verified.**

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

**Verified.**

(c) A duplicate key to the agent cashier's office.

**Verified.**

(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.

**Verified.**

(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. **Verified.**

(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. **Verified.**

(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. **Verified.**

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

(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. **Verified.**

(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. **Verified.**

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

(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. **Verified – Pharmacy does not process co-payment at WLA or Sepulveda campuses.**

(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.

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(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.

**(a-f) Verified. No deficiencies found.**

#### 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. **Verified.**

(2) Determine all audit procedures were followed in accordance with the provisions of VA Handbook 4010, Section A-9, and other departmental guides. **Verified.**

(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. **Verified.**

#### 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. **Verified. No deficiencies found.**

(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.
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- (f) Every effort was made to effect collection from the responsible employee.
- (a-f) all verified. No deficiencies found.**

(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. **Replenishments totaled \$1,274,052.58 from March 05-Feb 06. Cash advance totaled \$74,500. Thus, the turnover rate was 17.1.**

(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. **Verified.**

(5) Reviewed the action taken to correct deficiencies noted in the most recent audits and/or reviews of the agent cashier. Determined 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.

- Eight 4-1027's were missing deferred credit dates. Zero 4-1028's were missing deferred credit dates
- Six 4-1027's did not have bank numbers. No deficiencies were noted on 4-1028's.
- One 1027 (14335645) was used by WLA, but was not on record from documents provided by the NBC. This receipt was used for an "Accommodation Exchange" and previously had an attached document.
- The following deficiencies were identified for Record of Shipment of Valuables:
  - 1) One deposit over \$5,000 was made the following day.
  - 2) Nine 1011s were not appropriately signed and dated.

- Third party draft and Inventory for Field Service Receipts logbooks are maintained manually. Logs should be maintained in a proper format.

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

- Improving deficiencies can be accomplished by ensuring that agent cashiers follow the regulations found in VA Handbook 4010 (Agent Cashier Procedures).
- The addition of another safe in the cashier's office has helped allay the problems in past years of not being able to secure documents after closing hours.

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

- The Agent Cashiers procedural deficiencies should be reviewed in 90 days.

Paul Allison