

ADMINISTRATIVE FISCAL POLICY

1. **REASON FOR ISSUE:** Attached is a total revision of VA Manual MP-4, Part I, Chapter 1, which has been divided into VA Directive 4000 and VA Handbook 4000.
2. **SUMMARY OF CONTENTS/MAJOR CHANGES:** This directive revises VA Administrative Fiscal Policy to incorporate the various new rules issued by such agencies as the General Accounting Office, Department of the Treasury and the Office of Management and Budget.
3. **RESPONSIBLE OFFICE:** Fiscal Policy Service (047GC), Office of the Deputy Assistant Secretary for Financial Management.
4. **RELATED HANDBOOK:** VA Handbook 4000, Administrative Fiscal Procedures.
5. **RESCISSION:** MP-4, Part I, Chapter 1.

CERTIFIED BY:

**BY DIRECTION OF THE SECRETARY
OF VETERANS AFFAIRS:**

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Distribution: RPC 0410
SS

October 1, 1994

VA Directive 4000

ADMINISTRATIVE FISCAL POLICY

1. **PURPOSE.** This Directive establishes VA administrative policy, as authorized by statutory provisions, executive orders of the President and rules issued by the appropriate regulatory departments and agencies, such as the General Accounting Office (GAO), the Department of the Treasury, and the Office of Management and Budget (OMB).

2. **POLICY**

a. Fiscal Activities

(1) Fiscal/Finance Officers are responsible for all fiscal activities at each facility, and will be guided by the operating instructions set forth in VA Handbook 4000.

(2) Authority for appointment to the position of Fiscal/Finance Officer has been decentralized. Regional Directors and facility Directors are authorized to make the final selection for Fiscal/Finance Officers.

(3) In order to avoid any circumstances which might lead to the conclusion that there is a connection between the Government and employees' credit unions or other organizations established and operated for the benefit of employees, no activity incident to the handling of funds or control of the fiscal affairs of such organization will be conducted in the Fiscal activity. Furthermore, no Fiscal employee will participate in such activity during official office hours. However, Fiscal employees may maintain membership in such organizations, or participate actively during nonduty hours, including holding official capacity in the organization.

(4) The term "Fiscal/Finance Officer" or "Fiscal/Finance office" also covers any official or organizational activity which is directly responsible to the facility Director for the performance of fiscal functions. The term "Director" shall apply to the head of any VA installation.

(5) All correspondence related to fiscal matters directed to the Deputy Assistant Secretary (DAS) for Financial Management (047), must be submitted through the Director, the Regional Director and the VHA Chief Financial Officer (CFO) or the VBA Budget and Finance Staff (20A3) as appropriate. All reports sent the DAS for Financial Management should be copied to the above named chain of command.

b. **Liaison with Disbursing Office**

(1) Contact by a field station with a Department of Treasury Financial Center will be made only through responsible supervisory personnel of the Fiscal activity at the field station. Any request for special services to be rendered by the Financial Center will be considered only when processed by the Office of the Deputy Assistant Secretary for Financial Management.

(2) The current addresses for all Treasury Financial Centers are listed in TFM Volume 1, Part 4, Chapter 1000. Mail should be addressed to the Regional Director of the appropriate Financial Center.

c. Prohibited Dual Functions

(1) In the interest of sound internal control, the performance of both certifying and disbursing functions by the same employee should be avoided. Normally Agent Cashiers and their alternates will not be authorized to certify vouchers nor will employees holding the position of certifying officer be assigned as Agent Cashiers or alternates.

(2) To the extent practicable, the same employee will not serve as both Agent Cashier (or alternate) and Patients Funds Clerk or Payroll Clerk. If the appointment of the same employee as both Agent Cashier (or alternate) and Payroll Clerk is unavoidable, such employee must not be permitted to make cash payment of salary or receive and distribute salary checks for any of the employees whose pay accounts he/she maintains. Likewise, any employee appointed as both Agent Cashier (or alternate) and Patients Funds Clerk will not maintain the Personal Funds of Patients account while serving as cashier.

d. Shortages of Funds or Property

(1) Directors are hereby designated as settlement officers for all claims arising from a shortage of funds or property valued at \$200 or less, due to the action of an employee at his/her station, unless the loss involves the Director.

(2) When Agent Cashier funds are involved see procedures outlined in paragraph VA Handbook 4010.

(3) The Government's right to offset is enforceable after the employee has been allowed due process.

(4) The head of the administration under whose jurisdiction a Director is serving is hereby designated settlement officer for all claims arising from any loss involving a Director.

e. Required Reference Material

The following issues for reference purposes will be maintained in the Fiscal activity.

(1) VA Directives and Handbooks series 4000, and other VA manuals at the Fiscal/Finance Officer's request.

(2) Appropriate decisions of the Comptroller General of the United States.

(3) Federal Travel Regulations, 41 CFR301-304.

(4) Schedule of Byproducts, Federal Prison Industries, Inc.

(5) Stores Stock Catalog, General Services Administration.

(6) Federal Supply Schedules. Microfiche-Microfilm Service or Supply's file may be used.

(7) Household Goods Carrier's Guide.

(8) Treasury Financial Manual (TFM).

(9) General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies. (Note: In the event that a field station encounters a conflict between the GAO manual and VA instructions, the matter will be brought to the attention of the Deputy Assistant Secretary for Financial Management.)

(10) Title 38, United States Code (USC).

(11) 38 Code of Federal Regulations (CFR)

(12) VA Acquisition Regulations.

(13) Rand McNally Mileage Guide.

(14) GAO Civilian Personnel Law Manual.

(15) GAO Appropriation Law Manual.

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f. General Accounting Office Audit

(1) The GAO Comptroller General is required by law to give due regard to the effectiveness of accounting organizations and systems, internal control and audit, and the related administrative practices of an agency and its activities. Thus the adequacy of the system of internal control, including internal audit or other methods of internal review, is of importance to the Comptroller General in carrying out GAO's statutory audit responsibilities contained in the Budget and Accounting Procedures Act of 1950, 31 U.S.C. 3523a.

(2) The primary purpose of an audit of VA by the Comptroller General, GAO, is to conduct for the Congress, an independent examination into the manner in which VA discharges its financial responsibilities. These responsibilities include the administration of funds and the utilization of property and personnel only for authorized programs, activities, or purposes, and the use of programs or activities in an effective, efficient, and economical manner. Particular emphasis is placed on any aspects suspected or found to require correction or improvement and on the means of accomplishing it. The audit also includes an examination of the personal accountability of the certifying, collecting, and disbursing officers concerned and serves as a basis for making settlements with these officers, where required.

(3) Although the term "audit" is a general term often applied to the processes of examining accounting records, and related documents, a GAO audit is not restricted to accounting matters or to books, records, and documents. The scope of this audit is much broader and may extend into all significant aspects of the agency's operations. The general audit objectives of the GAO with respect to VA or a VA activity, program, function, or operation selected for audit, involve examination into:

(a) Whether the agency is carrying out only those activities or programs authorized by the Congress and is conducting them in the manner contemplated to accomplish the objectives intended. Where appropriate, a review is also made for the purpose of considering whether the authorized activities or programs effectively continue to serve their originally intended purpose.

(b) Whether the programs and activities are conducted and expenditures are made in an effective, efficient, and economical manner and in compliance with the requirements of applicable laws and regulations, including decisions of the Comptroller General.

(c) Whether the resources of the agency, including funds, property, and personnel, are adequately controlled and utilized in an effective, efficient and economical manner.

(d) Whether all revenues and receipts arising from the operations under examination are collected and properly accounted for.

(e) Whether the agency's accounting system complies with the principles, standards, and related requirements prescribed by the Comptroller General.

(f) Whether reports by the agency to the Congress and the central control agencies disclose properly the information required for the purposes of the reports.

(4) It is expected that Directors and other employees will cooperate fully with representatives of the GAO in order that they may obtain the information necessary to accomplish their mission. Any books, documents, papers, reports or records at the station will be made available for examination upon request. Directors shall also provide necessary office facilities, such as space, furniture, stationery, or other office supplies or appliances.

(5) A report of GAO audits and reviews will be made to the Deputy Assistant Secretary for Financial Management (047) in Central Office, through normal channels.

3. RESPONSIBILITIES

a. VHA Financial Management Advisory Council (FMAC) Charter

(1) The purpose of this charter is to establish the functions and structure of the VHA Financial Management Advisory Council (hereafter referred to as the FMAC).

(2) The FMAC is established to assist the VA Chief Financial Officer (CFO) and his Deputy, through the VHA CFO, in implementing financial management policies and other financial management initiatives within VHA. The FMAC serves as a liaison between the VHA Fiscal Officers and the VHA CFO organization and the Office of Financial Management (OFM).

(3) The FMAC serves at the direction of the VHA CFO in consultation with the VA Deputy CFO. The duties and responsibilities of the FMAC are to:

(a) At the direction of the VHA CFO and VA Deputy CFO, coordinate and assist in the implementation of financial policy and other financial management initiatives, working with designated staff offices and VHA fiscal offices.

(b) At the request of the VHA CFO or VA Deputy CFO, assist in the development and evaluation of financial policy.

(c) Serve as liaison in providing feedback to the VHA CFO organization and Office of Financial Management (OFM) on implementing financial policy or other financial management initiatives in VHA.

(d) Improve communications between VHA fiscal offices, the VHA CFO organization and OFM.

(e) Serve as liaison in communicating operational issues and recommendations for corrective actions between the VHA fiscal offices, OFM, and the VHA organization.

(4) Two FMAC representatives will be appointed from each VHA Region. The VHA CFO should ensure that the views and needs of large and small facilities are fairly represented on the FMAC. Members' appointments and terms of office will be determined as follows:

(a) Members will be chosen on the basis of their individual qualifications, including experience in a wide range of positions, facilities, and geographic areas. Fiscal Officers will be required to serve in the region from which nominated. Any personnel action that would change a member's position classification will require replacement on the FMAC.

(b) FMAC members will be appointed to serve a 3-year term, based on the fiscal year. Appointments will be constituted in such a way that at least two but not more than three members will complete their terms each year.

(c) To fill upcoming vacancies, Regional Directors will request that VHA Station Directors submit nominations along with a statement of qualifications. Regional Directors will submit the top three nominations to the VHA CFO organization by August 1. Final selection will be made jointly by the Deputy CFO and VHA CFO. New members will be advised of their selection no later than September 1. Unexpected vacancies will be filled through the same process in an expedited manner.

(d) A Chair, Vice Chair, and Secretary will be elected as the first order of business in the new fiscal year. The Chair will be a third-year member; the Vice Chair, a second-year member; and the Secretary, a first-year member.

(5) The FMAC will meet periodically as needed.

(a) The Deputy CFO or the VHA CFO, with the concurrence of the other, may initiate a call for a meeting. The VHA CFO organization will coordinate the meeting. To the extent possible, FMAC business will be completed through telephone conference calls. Travel and per diem will be funded by VHA.

(b) The FMAC Chair, through the VHA CFO, may initiate a call for a meeting.

(6) Procedures governing the conduct of meetings will be as follows:

(a) A quorum will exist when a simple majority of the members are present. Recommendations to the Deputy CFO and VHA CFO will be passed by a simple majority of the quorum at the FMAC meeting.

(b) It will be the responsibility of the FMAC Secretary to maintain minutes of all FMAC meetings. A draft copy of the minutes will be submitted to the Deputy CFO and VHA CFO for approval prior to issuance.

(c) OFM, in conjunction with the VHA CFO organization and the FMAC Chair, will be responsible for preparing, coordinating, and finalizing the FMAC meeting agenda. Any Fiscal Service Chief may submit items of interest or concern to the FMAC member representing his/her region for consideration in preparing the agenda. These items will be presented to the FMAC Chair for submission to OFM.

(d) Liaison representatives from OFM and VHA CFO organization will assist in organizing the meeting space, funding support, and other logistical requirements. They will also arrange for invitations to officials to participate in discussions on agenda items.

b. VBA Finance Officers' Advisory Group

(1) The Advisory Group is hereby established to provide advice and assistance to the VBA Director, Budget and Finance Staff (20A3) and the DAS for Financial Management (047) on matters relating to policy formulation and program development, and to act as liaison between them and the Finance Officers in the field.

(2) The group is a collaborative effort between the VBA Director, Budget and Finance Staff and the DAS for Financial Management. The group serves at the direction of and reports directly to these officials. The Advisory Group will be composed of five members, each of whom will be a Finance Officer from a VA Regional Office or VA Medical and Regional Office Center. The members will represent all VBA facilities. One member will be the Chairperson. Liaison representatives will be assigned from both the Financial Management and the VBA Budget and Finance offices in Central Office by no later than September 1. Unexpected vacancies will be selected jointly by the above named officials.

(3) The functions of the Advisory Group will be to:

(a) Act in an advisory capacity to the DAS for Financial Management and the VBA Director, Budget and Finance Staff on all matters relating to Fiscal management.

(b) Furnish the DAS for Financial Management and the VBA Director, Budget and Finance Staff with information on issues of concern related to the operation of all VBA facility Finance Offices.

(c) Improve communications between the field facilities and the Financial Management and VBA Budget and Finance offices.

(d) Develop initiatives and formulate recommendations for action on issues and problems of concern to the Financial Management and VBA Budget and Finance offices, or the VBA Finance Officers.

(4) Advisory Group member's appointments and terms of office will be determined as follows:

(a) Each of the five Advisory Group members will be selected jointly by the VBA Director, Budget and Finance Staff and the DAS for Financial Management. They will be concurred in by the VBA Chief of Staff. Members will be chosen on the basis of their individual qualifications and performance for meeting the requirements of the group's work through their experience in a wide range of positions, facilities and geographic areas.

(b) Advisory Group members will be appointed to serve a 3-year term. Appointments will be constituted in such a way that at least one member will complete his/her term and be rotated off the Advisory Group each year.

(c) Annual vacancies will be filled each October 1. The Advisory Group member whose term will expire, will submit two nominations in priority order to the DAS for Financial Management and the VBA Director, Budget and Finance Staff. Nominations will be sent no later than July 1. This new member will be advised of his/her selection by Central Office no later than September 1. Unexpected vacancies will be selected jointly by the above named officials.

(d) A Chairperson, Vice Chairperson, and secretary will be elected as the first order of business in the new fiscal year.

(5) The Advisor-v Group will meet at the call of the Chairperson with notification to the DAS for Financial Management and the VBA Director, Budget and Finance Staff or at the call of either of the above named officials. Only Finance Officers appointed to the Advisory Group may attend as voting members; i. e., no alternates will be designated. To the extent possible, Advisory Group business will be completed through telephone conference calls. However, periodically, the Advisory Group will meet at a location specified by the Chairperson and with notification to the DAS for Financial Management and the VBA Director, Budget and Finance Staff. Travel and per diem will be funded by Central Office.

(6) Procedures governing the conduct of meetings will be as follows:

(a) Recommendations to the DAS for Financial Management and the VBA Director, Budget and Finance Staff will be passed by a simple majority of the five members at the Advisory Group meeting.

(b) It will be the responsibility of the Secretary to maintain minutes of all Advisory Group meetings. A draft copy of the minutes will be submitted to the DAS for Financial Management and the VBA Director, Budget and Finance Staff for review prior to publication.

(c) Based on recommendations of the Advisory Group membership, an agenda will be prepared by the Chairperson in consultation with the DAS for Financial Management and the VBA Director, Budget and Finance Staff. Any Finance Officer may submit items of interest or concern to the Advisory Group.

(d) Liaison representatives from the Financial Management and the VBA Budget and Finance offices will be appointed to assist in organizing the meeting space, funding support, and other logistical requirements. They will also arrange for invitations to officials who the Advisory Group has requested be present at their meeting.

(7) The Advisory Group will maintain close liaison with any VBA sponsored Fiscal Special Interest ADP Users' Group to assist in the design and evaluation of Fiscal-related ADP systems.