

Department of Veterans Affairs
Washington, DC 20420

VA Directive 4540
Transmittal Sheet
March 15, 1996

FINANCIAL REPORTS AND STATEMENTS

- 1. REASON FOR ISSUE:** To revise Department of Veterans Affairs (VA) financial reporting policy, formerly contained in VA Manual MP-4, Part V, Chapter 4.
- 2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This directive sets forth VA policy and responsibilities for:
 - a. preparing and submitting financial reports and statements.
 - b. ensuring the quality and accuracy of the Department's financial data.
 - c. publishing an annual Departmental Accountability Report and Financial Management Status Report and Five Year Plan.
- 3. RESPONSIBLE OFFICE:** Management and Financial Reports Service (047GB), Office of the Deputy Assistant Secretary for Financial Management.
- 4. RELATED HANDBOOK:** None.
- 5. RESCISSIONS:** MP-4, Part V, Chapter 4.

CERTIFIED BY:

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

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*Distribution: RPC
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FINANCIAL REPORTS AND STATEMENTS

- 1. PURPOSE.** This directive provides Departmentwide policy for the preparation and submission of a series of integrated financial reports and statements pertaining to the current status of funds and accounts, programmatic performance measures and goals, and current and proposed financial management initiatives.

2. POLICY

a. Scope. The various financial reports prescribed in this directive constitute the departmental financial reporting system. Unless specifically stated, no financial report, tabulation, or statement will be submitted to the Office of Financial Management, VA Central Office, by VA facilities.

b. Timeliness and Accuracy of Reports. It is essential that the maximum degree of accuracy and uniformity be attained in the preparation of all financial reports. Such reports constitute basic data from which various summary and consolidated financial statements are developed for submission to (1) the Secretary of Veterans Affairs and other administrative officials, (2) the Office of Management and Budget, and (3) the Treasury Department. Strict observance of the prescribed report release dates will be enforced since the highest degree of synchronization must be attained in the summarization of pertinent data in Central Office in order that consolidated financial reports and statements may be submitted within inflexible time limits established by the regulatory fiscal agencies of the Government.

c. Non-Profit Corporations. Public Law 100-322 Subsection 204 provided for the establishment of "Non-Profit Research Corporations in the Department of Veterans Affairs." The law also provided the mechanism whereby funds not appropriated to the Department may be received and administered by a non-profit corporation at any VA Medical Center at which such a corporation had been established.

The report of independent auditors concerning the receipts and expenditures of funds by a corporation is required to be included in the corporation's annual report to the Secretary under Title 38 U.S.C. Subsection 7366(b). "The Executive Director of a non-profit corporation shall be responsible for providing a copy of the independent auditors' report to the Fiscal Officer(s) at the VA Medical Center(s) which the corporation serves." However, Fiscal Officers at the VA Facilities should request that District Counsel review these reports to ensure that they comply with Federal laws and regulations pertaining to conflict of interest in the performance of official duties.

d. SF 224, Statement of Transactions.

(1) SF 224 data will be transmitted by each ALC (agency location code) as promptly as possible but not later than the fifth workday after the close of the report month to the Department of the Treasury. The report will be signed by the Fiscal or Assistant Fiscal Officer. A copy of the computerized document will be printed at the agency site. One copy of the report will be retained at the station, VBA and VHA stations will also send one copy to the VBA CFO (241) and VHA CFO (173) respectively, and all other stations will send one copy to the Management and Financial Reports Service (047GB).

(2) If a disbursement or deposit difference is reported on the monthly SF 6652, Statement of Differences, action should be taken to clear that difference on the next 224. If no

action is taken in 6 months, Treasury will either charge or credit the agency's suspense account, 36F3879, for a disbursement difference, and 36F3878 for a deposit difference.

(3) All expenditure transfer and adjustment documents received at Treasury through September 30 will be processed as September payments. All such documents received after September 30 will be treated as "paid" transactions of the next fiscal year. OPAC transactions entered on or before September 24 and OPAC chargebacks entered on or before September 28 will be processed as September transactions. Prior months transactions not previously reported will be reported in the subsequent month.

e. Year-End Statements.

(1) Accounting Certifications

(a) An annual certification of accounting records, in the form of a letter, is required to be submitted after the end of the fiscal year, jointly signed by the Fiscal Officer and the Director of the facility. A certification letter is also required for active cemeteries and other independent stations. VBA, VHA and NCS stations should send their certification letters directly to the VBA CFO (241), VHA CFO (173), and NCS (402) respectively. All other stations should send their letters to 047GB by the 15th workday after year-end. VBA, VHA and NCS will only provide 047GB with a summary of the certification letters for their stations on or about the tenth of November of each year.

(b) The text of paragraph 1 of the letter will read as follows: "In compliance with 31 U.S.C. 1108(c) and 3512, it is certified that the records for the accounting period (insert date) accurately reflect the condition of the accounting records for all appropriations and funds maintained for this facility as of the above date. There is also reasonable assurance that (1) obligations and costs are in compliance with the applicable law; (2) funds are safeguarded against waste, loss, unauthorized use, or misappropriation; and (3) revenues and expenditures are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets. It is further certified that all obligations reported in the statements meet the criteria established by 31 U.S.C. 1501 and that no known unrecorded obligations exist as of the end of the accounting period covered by the reports."

(c) Additional paragraphs in the certification letter will deal with other areas of concern. Paragraph 2 will be used to report on exceptions to the general statements made in paragraph 1. If, after year-end financial data has been compiled and submitted, it is discovered that an expenditure or obligation incurred as of September 30 had not been properly recorded, such transaction will be recorded and reported as an adjustment during the current month against the appropriation available at the time the obligation was actually incurred or the expenditure made. When such adjustment transactions are necessary and they represent major amounts or have relative importance, appropriate explanation will be provided in this paragraph. If there are no exceptions, the response should be "None."

(d) The VHA and VBA CFOs, and NCS will each year incorporate additional assurance statements into their Accounting Certification Call letters to their stations dealing with current issues of importance, such as items which auditors have reported as being generally not in compliance with acceptable accounting standards.

(2) Financial Statements and Reports

The VBA and VHA CFOs will prepare financial statements covering the appropriations or funds under their jurisdiction. These statements will be submitted to 047GB within 60 days after fiscal year-end and used in the preparation of the VA Consolidated financial statements and Departmental Accountability Report. Unique reporting requirements, disclosures, and detailed analyses may warrant additional time for the preparation of lines of business by the administration CFO's. If so, 047GB should be contacted and a reasonable extension for submission of the financial statements will be granted. In addition, reports containing pre-closing adjusted trial balance data for each VA appropriation and account will be prepared and submitted to Treasury through the Federal Agency Centralized Trial-Balance System (FACTS). These reports are used by Treasury in the preparation of governmentwide financial statements.

3. RESPONSIBILITIES

a. Secretary of Veterans Affairs. The Secretary will approve an annual Departmental Accountability Report.

b. Assistant Secretary for Management. The Assistant Secretary for Management will (through the Deputy Assistant Secretary for Financial Management):

(1) Ensure the quality and accuracy of the Department's financial data, the responsiveness of financial systems, and the effectiveness of the financial service delivery structure.

(2) Prepare and publish an annual Departmental Accountability Report which includes audited VA consolidated financial statements and programmatic performance measures. The report is due not later than March 31 of each year to the Office of Management and Budget (OMB) and Congress.

(3) Prepare and publish an annual Financial Management Status Report and Five Year Plan which includes the status of pending financial management initiatives and future plans. The report is included with the budget submission due September of each year to OMB.

(4) Work with and assist the Administration Chief Financial Officers (CFOs) in the preparation and formulation of financial reports under their area of jurisdiction.

(5) Work with and assist the Performance Analysis Service (041H) in the development and maintenance of a Departmentwide Performance Measurement System.

c. Administration CFOs and Other Key Officials. Administration CFOs and Other Key Officials will:

(1) Prepare and formulate financial reports, statements and programmatic performance measures under their area of jurisdiction in accordance with time frames established between the Administration, Performance Analysis Service and the Office of Financial Management. Financial reports and statements for NCS will be prepared by the Office of Financial Management.

(2) Ensure that all stations have provided an annual certification of their accounting records. Review and prepare a summary of the certification letters with appropriate journal vouchers to the Management and Financial Reports Service (047GB). Due to the lack of accounting personnel, journal vouchers for NCS activities will be prepared by the Office of Financial Management.

(3) Issue handbooks to implement the policies in this directive.

4. REFERENCES

- a. Chief Financial Officers Act of 1990 (P.L. 101-576)
- b. Government Performance and Results Act (P.L. 95-452)
- c. Government Management Reform Act of 1994 (P.L. 103-356)
- d. Federal Managers' Financial Integrity Act of 1982

5. DEFINITIONS

a. **Directive.** A document that prescribes mandatory Department- or administration-wide policies. It may be permanent or temporary. Text of directives should be limited to emphasize its use as media to convey policy only. However, short procedures may be included as an appendix to the directive, if warranted.

b. **Department.** A generic reference to the entire Department of Veterans Affairs which includes VA Central Office and all field facilities.

c. **Handbook.** A document that prescribes mandatory Departmentwide procedures or operational requirements implementing policies contained in directives.

d. **Administration.** A generic term used to identify one of the three major VA operational elements, i.e., VHA, VBA, or NCS.

e. **Chief Financial Officer (CFO).** The Assistant Secretary for Management is the Departmental CFO and is responsible for all Departmental financial management, budget, information resources management, performance measurement, telecommunications and

management control matters. The Deputy Assistant Secretary for Financial Management is the Departmental Deputy CFO. VA's CFO organization encompasses component CFO organizations in VHA and VBA who have established Administration level CFOs and Deputy CFOs.

f. **Programmatic Performance Measures.** Specific measures or criteria developed by VA program and staff offices to convey important information concerning the performance of their organizations as related to mission, goals and objectives.

g. **Certification.** A statement made by field facilities that the records for an accounting period (primarily fiscal year-end) accurately reflect the condition of the accounting records for all appropriations and funds maintained by the facility as of that date.

CHART OF FINANCIAL REPORTS AND STATEMENTS

Report Office	Release W/Day and Distribution Point	Copy	Responsible
Monthly			
SF 224, Statement of Transactions Agency (ALCs)	NLT fifth workday after close of report month to Treasury Regional Financial Center	Original	All stations with active Treasury Location Codes
stations	VBA CFO(241) and VHA CFO(173)	Duplicate	VBA and VHA with active ALCs
with	Management and Financial Reports Service (047GB)	Duplicate	Other stations active ALCs
Annual			
Accounting Certification Letters	To VBA CFO(241), VHA CFO(173), and NCS(402) by their specified date. Certification Letter summaries due to 047GB by 11/10.	Original	VBA, VHA and NCS stations

	NLT 15th workday after end of fiscal year to 047GB.	Original	Other stations
Financial Statements by 047GB Lines of Business	NLT 60 days after fiscal year-end to 047GB, unless an extension is granted.	Original	VBA CFO(241), VHA CFO(173), and

Financial Management Status Report and 5 Year Plan	NLT July of each year to 047GB.	Original	Various VA offices
Federal Agency Centralized Trial-Balance System (FACTS)	NLT February of each year to Treasury	Original	047GB
