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FINANCIAL INDICATORS

1. PURPOSE: This Veterans Health Administration (VHA) Directive establishes the VHA Financial Indicators (FI) process under the oversight of the VHA Chief Financial Officer (CFO).

2. BACKGROUND

a. The Financial Indicators were established in Fiscal Year (FY) 2003. Until the beginning of FY 2008, the process for accumulating the monthly financial indicator data was a manual process done by the VHA Office of Finance. The reported information was published 5 weeks after the close of the reporting month. This delayed reporting created the possibility of errors being made in the translation process from different data systems to the reporting system. Accordingly, a group was formed under the Business Process Improvement Committee (BPIC) auspices at the beginning of FY 2007 to automate the FI reporting process. The automation project has been completed and beginning with FY 2008, the FI process is managed as a VHA-partnered process.

b. In conjunction with the automation of the FI report, beginning with the October 2007 (FY 2008) report, the process for requesting, granting, and tracking waivers has been formalized. Beginning in FY 2008, FI data is tracked and accumulated by the Veterans Integrated Service Network (VISN) Support Service Center (VSSC), and a report published on the VSSC web page. This results in more timely data and easier access and review. **NOTE:** *The report and other financial indicator links can be accessed through the following web link at:*
<http://klfmenu.med.va.gov/products.asp?PgmArea=2>

c. The preliminary FI report is published and available for review by the 7th workday following the close of the reporting month.

3. POLICY: It is VHA policy that the FI process must be used to provide a means of evaluating and promoting improvement in financial management.

4. ACTION

a. **VHA CFO.** The VHA CFO is responsible for oversight of the two workgroups established to support the FI reporting process; the VHA FI Workgroup and the VHA FI Waiver Committee.

(1) For both the VHA FI Workgroup and the VHA FI Waiver Committee, members serve a 2-year term, based on fiscal year. Appointments are to be constituted in such a way that approximately one half of the members complete their term each year. Membership needs to represent geographic diversity and facility complexity.

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(2) To fill upcoming vacancies, the VHA CFO issues a call memorandum to facility Directors through the VISN Directors. Facility directors submit nominations (see subpar. 4b(1) and subpar. 4c(1)), along with a brief statement of qualifications, to the VISN Director, who compiles the nominations for the VISN and submits the recommended nominations to the VHA CFO. The VHA CFO makes the final selection. **NOTE:** *Unexpected vacancies are handled on a case-by-case basis.*

b. VHA FI Workgroup

(1) The VHA FI Workgroup consists of eleven members comprised of:

(a) The Associate CFO for Financial Management and Accounting Systems, or designee, who functions as the Chairperson;

(b) One Financial Management and Accounting Systems office staff accountant;

(c) One VISN CFO;

(d) Two VISN Financial Quality Assurance Managers (FQAMs);

(e) Two VA medical center CFOs or Assistant CFOs;

(f) Three Chiefs of Accounting; and

(g) One technical support representative from the VSSC.

(2) The VHA FI Workgroup performs on-going reviews of the results, quality, and effectiveness of the FIs. The workgroup is responsible for:

(a) Making recommendations regarding changes to the current indicators that will improve compliance measurement and the elimination of indicators that are not productive.

(b) Implementing new indicators. Each indicator must have a target with which compliance is evaluated based on its described criterion and rating scheme. New indicators may be considered for implementation for the following fiscal year.

1. Generally, criteria is developed during the first quarter of a FY, with testing and evaluation being completed no later than the end of the second quarter of the same FY.

2. If the indicator is found to provide the desired compliance evaluation results, the indicator may be incorporated into the overall Financial Criteria for review and approval by the Office of Quality's Performance Management Work Group for the following FY.

(c) Working with appropriate offices to put into effect changes that have been approved.

c. **FI Waiver Committee**

(1) The FI Waiver Committee, responsible for reviewing waiver requests at the national level, is comprised of six subject matter experts, to include:

(a) The Associate CFO for Financial Management and Accounting Systems, or designee, who functions as the Chairperson;

(b) One Financial Management and Accounting Systems office staff accountant;

(c) One VISN FQAM;

(d) One VA medical center Chief Financial Information Officer; and

(e) Two VA medical centers Chiefs of Accounting.

(2) Waivers are initiated by the facility and forwarded to the respective VISN CFO.

(a) The VISN CFO reviews the request and makes an initial decision.

1. Requests disapproved by the VISN CFO are returned directly to the facility and are not to be sent forward to the FI Waiver Committee.

2. Requests approved by the VISN CFO are forwarded to the VHA FI Waiver Committee mail group, within 5 working days of the preliminary FI report being published.

(b) The FI Committee reviews the requests with all supporting documents and communicates its decisions to the VISN CFO within 5 working days after the waiver request period.

1. Approved Waivers are forwarded to the VSSC to be recorded in the FI Report for the related month. Waived items are displayed on the FI Report at the facility level with a purple cell containing the word "WAIVED." These items are treated as green for the purposes of all report calculations.

2. Waiver requests that have been denied may be appealed, with additional justification, within 2 workdays following notification to the VISN of the waiver request decision.

(3) Acceptable criteria used to support waivers is limited; the following are not considered valid reasons for granting a waiver:

(a) Rejects,

(b) Lack of staff,

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- (c) Input errors, or
- (d) Timing errors or late entry.
- (4) Waivers must be requested using the following embedded format.



Microsoft Office
Excel Worksheet

(5) Facilities that had previously been granted a recurring waiver under prior years' process must submit a new request through the VISN CFO to the FI Waiver Committee.

d. **VSSC.** The VSSC provides data gathering and analysis support, testing of existing and potential new indicators, and distribution of reports.

5. REFERENCES: Criteria Handbook, which can be found at the VSSC website which can be found through the following link: <http://klfmenu.med.va.gov/products.asp?PgmArea=2>.

6. FOLLOW-UP RESPONSIBILITY: The VHA Chief Financial Officer (CFO) (17) is responsible for the contents of this Directive. Questions can be addressed to (202) 461-6663.

7. RESCISSIONS: None. This VHA Directive expires May 31, 2013

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