

Assistant Secretary for Management Action Item

Subject: Approval of five new policy chapters in accordance with the Financial Policy Improvement Initiative (FPIL).

Vol.	Ch.	Title
III	2	<i>Flexible Spending Accounts' Administrative Fees</i>
III	3	<i>Fiscal Procedures for Travel Savings Award Program</i>
III	4	<i>Student Loan Repayment Program</i>
VI	4	<i>Interest Payable</i>
VI	8	<i>Environmental Disposal Liabilities</i>
XIII	5	<i>Cost Accounting Compliance</i>

Discussion: The Financial Policy Steering Committee voted, approved, and recommended CFO approval of the following six new policy chapters:

- Volume III, Chapter 2, *Flexible Spending Accounts' Administrative Fees*, discusses how VA will pay the Contractor Administrative Fees and the Reserve Account Fee. VA must transmit an Intra-Governmental Payment and Collection (I PAC) system transaction to OPM.
- Volume III, Chapter 3, *Fiscal Procedures for Travel Savings Award Program*, discusses how Federal employees may retain for personal use certain promotional items obtained on official travel. VA may pay a cash award to an employee who, by his or her personal effort, contributes to the efficiency or economy of Government operations.
- Volume III, Chapter 4, *Student Loan Repayment Program*, discusses how VA will provide qualified employees and candidates with student loan repayment benefits, where VA will repay a qualifying student loan previously taken out by such employee as an incentive to retain or recruit high-quality employees. VA will authorize student loan repayments upon determination that, in the absence of loan repayment benefits, the agency would have difficulty filling a position with a highly qualified candidate or retaining qualified employee.
- Volume VI, Chapter 4, *Interest Payable*, discusses VA's two primary Interest payable accounts: one for those on insurance dividends left on deposit with VA, and the other for borrowing from Treasury (this relates to the Loan Guarantee Program).
- Volume VI, Chapter 8, *Environmental and Disposal Liabilities*, discusses how VA will take the necessary action to identify and remedy all environmental conditions that pose a hazard to its employees or the general public. In dealing with environmental contamination cleanup and the resulting liabilities, VA will adhere to the financial reporting requirements in OMS Circular No. A-136.
- Volume XIII, Chapter 5, *Cost Accounting Compliance*, discusses how VA will adhere to the general policies for Federal financial management systems set forth in the OMS Circular A-127, which requires a single integrated financial management system. These requirements provide the guidelines to support managerial cost accounting in a Federal agency.

Recommendation: Approve the six new policy chapters by signing below.

Approved:

_____/s/
W. Todd Grams
Acting Secretary for Management

09/02/2010
Date

Assistant Secretary for Management Action Item

Subject: Approval of six new policy chapters in accordance with the Financial Policy Improvement Initiative (FPPII).

Vol.	Ch.	Title
V	6A	<i>Interest Receivable (Revised)</i>
VI	3	<i>Accounts Payable</i>
VI	5	<i>Treasury Debt Borrowing</i>
VI	11	<i>Employees' Accrued Salaries and Benefits</i>
VI	18	<i>Capital Lease Liability</i>
VIII	1	<i>Administrative Fiscal Policies and Procedures</i>

Discussion: The Financial Policy Steering Committee voted, approved, and recommended CFO approval of the following six new policy chapters:

- Volume V, Chapter 6A, *Interest Receivable (Revised)*, added a footnote referencing the Deputy Secretary's decision not to charge interest on Compensation & Pension debts so as to keep this chapter consistent with Volume XII Chapter 1 A, *Interest, Administration Costs & Penalty Charges*. Two areas were clarified: VA's policy of charging only the Treasury rate, and interest disposition when the debt is written off.
- Volume VI, Chapter 3, *Accounts Payable*, discusses how VA will recognize and record accounts payable in accordance with SFFAS No.1 and will report accounts payable as prescribed by OMB Circular A-136. These amounts relate to both intra-Governmental and public accounts payable.
- Volume VI, Chapter 5, *Treasury Debt Borrowing*, discusses how VA has approved programs for direct loans and guaranteed loans. VA's debt liability primarily consists of Treasury borrowings related to the Direct Loan and Loan Guaranty Program. VA will pay back these borrowings together with interest. If necessary, VA may further borrow to pay the interest cost.
- Volume VI, Chapter 11, *Employees' Accrued Salaries and Benefits*, discusses how accrued salaries and benefits are amounts to be paid to the employee within a fiscal year. Accrued salaries include wages, bonuses, and salaries owed to employees for services rendered in the current fiscal period for which paychecks will be issued in the following period. Accrued benefits include amounts earned in the current period but not yet paid for pension, OASDI, FEHB, and others.
- Volume VI, Chapter 18, *Capital Lease Liability*, discusses how VA has the authority to enter into capital lease transactions for facilities to provide medical care. VA may make arrangements with the General Services Administration (GSA) to obtain leased space for a variety of purposes. In addition, VA may request approval from GSA to use a delegation of authority to obtain leased space.
- Volume VIII, Chapter 1, *Administrative Fiscal Policies and Procedures*, discusses VA's administrative fiscal policies and procedures, including policy hierarchy, prohibited dual functions, shortages of funds and reporting of irregularities. VA's Secretary has delegated the responsibility for daily overall fiscal responsibility to the Chief of Finance or other fiscal official at a facility, station or other appropriate office.

Recommendation: Approve the six new policy chapters by signing below.

Approved:

_____/ s /_____
W. Todd Grams
Acting Secretary for Management

9/2/2010
Date

**Assistant Secretary for Management
Action Item**

Subject: Approval of six new policy chapters in accordance with the Financial Policy Improvement Initiative (FPII).

Vol.	Ch.	Title
VI	7	<i>Federal Employees' and Veterans' Benefits Liabilities</i>
VI	9	<i>Insurance Liabilities</i>
VI	14	<i>Unearned Premiums on Life Insurance</i>
VI	15	<i>Life Insurance Dividends and Related Interest</i>
VI	16	<i>Dividends Payable to Life Insurance Policyholders</i>
XIII	4	<i>Charges and Full Cost Recovery</i>

Discussion: The Financial Policy Steering Committee voted, approved, and recommended CFO approval of the following six new policy chapters:

- Volume VI, Chapter 7, *Federal Employees' and Veterans' Benefits Liabilities*, discusses how VA provides compensation benefits to employees and Veterans and will account for and report the imputed expenses and liabilities associated with providing these benefits.
- Volume VI, Chapter 9, *Insurance Liabilities*, discusses how VA's life insurance policyholders are issued participating policies and a portion of the earnings from those policies is returned to policyholders in the form of dividends. VA has entered into a group policy with Prudential Insurance Company of America (Prudential).
- Volume VI, Chapter 14, *Unearned Premiums on Life Insurance*, discusses unearned insurance premiums which refer to the amount of an insurance premium that is paid in advance with the advance payment not being earned by the insurer. Insurance Programs are handled primarily through the VA Regional Office and Insurance Center (VAROIC).
- Volume VI, Chapter 15, *Insurance Dividends Left on Deposit and Related Interest Payments*, discusses how VA's life insurance policyholders are issued participating policies and a portion of the earnings from those policies is returned to policyholders in the form of dividends. VA will determine the availability of excess operating funds for dividend payment purposes.
- Volume VI, Chapter 16, *Dividends Payable to Life Insurance Policyholders*, discusses how VA will disperse dividends annually to policyholders in accordance with the option determined by the policyholder.
- Volume XIII, Chapter 4, *Charges and Full Cost Recovery*, discusses VA's financial policies and procedures for development of charges and full cost recovery when services are delivered to the public or a third party. Charges for certain Sharing Agreements and User Fees for services provided by VA will be recovered at full cost or market price.

Recommendation: Approve the six new policy chapters by signing below.

Approved:

/ s /
W. Todd Grams
Acting Secretary for Management

9/2/2010
Date