



Department of Veterans Affairs

Financial Policy

Volume VII

Financial Reporting

Chapter 1

Financial Statement Reporting

Approved:

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0101 Overview

This chapter establishes the Department of Veterans Affairs (VA) financial policies regarding financial statement reporting. As an executive agency, VA is required to prepare and submit its audited financial statements, interim financial statements, and Agency Financial Report (AFR) in accordance with Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements – Revised; Generally Accepted Accounting Principles (GAAP) promulgated by the Federal Accounting Standards Advisory Board (FASAB); U.S. Standard General Ledger (USSGL); and other applicable authoritative guidance.

Key points covered in this chapter:

- VA will abide by all financial reporting requirements mandated by regulation or statute;
- VA’s period-end closing process is an integral part of VA complying with the financial reporting requirements;
- VA will publish the AFR to present its annual performance and financial activities;
- Office of Financial Reporting (OFR) will coordinate submission of the Agency’s financial statements to the Department of Treasury, OMB, and Congress; and
- Office of Financial Audit (OFA) will serve as the primary liaison between Agency stakeholders and the external financial auditors conducting the audit of VA’s department-wide financial statements.

0102 Revisions

Section	Revision	Office	Reason for Change	Effective Date
010504	Removed reference to Required Supplementary Stewardship Information (RSSI).	OFP (047G)	RSSI requirement was eliminated by SFFAS 57.	June 2021
Rescissions	Added Volume II, Chapter 7 – Required Supplementary Stewardship Information, and Volume VII, Chapter 4 – Agency Closing Package.	OFP (047G)	RSSI requirement was eliminated by SFFAS 57 and Treasury reporting requirements have changed.	June 2021
Appendix E	Removed reference to GFRS.	OFP (047G)	Treasury reporting requirements changed.	June 2021

Section	Revision	Office	Reason for Change	Effective Date
0105 Policies	Added additional references to FASAB guidance on reporting	OFP (047G)	Properly reflect VA's current reporting and disclosure requirements	June 2019
Appendix C and D	Added appendices providing guidance on disclosures for related parties and P3	OFP (047G)	Publication of SFFAS 47 and 49	June 2019
All	New chapter	OFP (047G)	Created a comprehensive financial reporting policy that consolidates eight individual chapters	October 2018

0103 Definitions

Accruals – Accounting adjustments for revenues that have been earned but are not yet recorded and expenses that have been incurred but are not yet recorded.

Actuarial Assumptions – An estimate of an uncertain variable input into a financial model, normally for the purposes of calculating premiums or benefits. For example, a common actuarial assumption relates to predicting the amount of benefits due to an individual, given their age, gender, health conditions and other factors.

Adjusted Trial Balance (ATB) – A listing of all the account titles and balances contained in the general ledger after adjusting entries for an accounting period have been posted to the accounts.

Agency Financial Report – The Agency's end of fiscal year financial report that contains various information about the Department as well as the financial statements, notes to the financial statements, the external financial auditor's opinion, and other supplementary information.

Balance Sheet – Presents the Agency's total assets, liabilities, and net position at a specific point in time.

Estimates – An approximation of a financial element, item, or transaction for which there is no precise means of measurement.

Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) – A Treasury operated Government-wide Accounting web-based system used by Federal agencies to submit both budgetary and proprietary financial data.

Legal Representation Letter (LRL) – A letter from Office of General Counsel (OGC) to the auditor, in response to a letter of audit inquiry from management to OGC. It is the auditor's primary means of corroborating the information furnished by management concerning the accuracy and completeness of litigation, claims and assessments.

Management Information Exchange (MinX) System – A hyperion-based reporting system that automates the preparation of VA's financial statements. MinX receives data via interface from VA's accounting system.

Management Representation Letters (MRLs) – Formal letters to the independent auditor, signed by the Agency's senior management, that conform to OMB guidance.

MAX or OMB MAX – A portfolio of software applications sponsored by OMB including an agency portal used to submit data to OMB, a suite of analytical tools, and collaboration tools for agencies to share and work together with other community members towards common federal goals.

Statement of Budgetary Resources (SBR) – The statement and related disclosures provide information about budgetary resources and their use, as well as their status at the end of the period.

Statement of Changes in Net Position (SCNP) – The statement and related disclosures that report the changes in net position during the reporting period.

Statement of Net Cost (SNC) – This statement and related disclosures present the components of the net cost of the reporting entity's operations for the period.

U.S. Standard General Ledger – Provides a uniform chart of accounts and technical guidance for standardizing federal agency accounting.

0104 Roles and Responsibilities

Secretary of Veterans Affairs is responsible for signing the management statement of assurance, management representation letter and Agency Head message.

Assistant Secretary for Management/Chief Financial Officer (VA CFO) is responsible for overseeing all VA's financial management activities, certifying VA's annual accounting records, signing management representation letters, and coordinating with external financial auditors.

Administration and Staff Office CFOs are responsible for assisting and cooperating with the VA CFO to carry out VA's financial reporting responsibilities and for signing the management representation letter.

Office of the Inspector General (OIG) is responsible for conducting an audit of the Department's financial statements.

Office of Financial Reporting (OFR) is responsible for preparing and submitting VA's AFR.

Financial Services Center (FSC) is responsible for providing operational support of VA's accounting system to prepare and produce financial statements.

Office of Financial Audit (OFA) is the principal audit liaison responsible for remediating financial statement audit findings and coordinating business process improvements and related internal controls.

Office of Enterprise Integration (OEI) is responsible for collecting, organizing, and reporting Department-wide performance results.

0105 Policies

010501 Reporting Framework

- A. VA will comply with all applicable accounting principles, standards, and GAAP promulgated by FASAB.
- B. VA will adhere to all financial reporting requirements including the financial management instructions and guidance within the [Treasury Financial Manual \(TFM\) Volume I](#).
- C. VA will present financial information using a core set of values and principles necessary to support responsible financial reporting. Those principles include accuracy, timeliness, relevance, reliability, auditability, consistency, comparability, and understandability.
- D. Each VA Administration and Staff Office will maintain documentation for recorded transactions. The documentation must be readily available for review by VA, auditors, and other entities with oversight responsibility.
- E. Each VA Administration and Staff Office will adhere to the records retention policy as directed by the National Archives and Records Administration's Records Schedule in the Code of Federal Regulations for documentation in support of the financial information presented in its financial reports. For additional information, refer to [Volume I, Chapter 1 – VA Financial and Accounting Policy Overview](#).

010502 Financial Reporting Requirements

- A. VA will prepare the following financial statements and related disclosures:
- Balance Sheet;
 - Statement of Net Cost (SNC);
 - Statement of Changes in Net Position (SCNP); and
 - Statement of Budgetary Resources (SBR).
- B. VA will submit all financial information and financial reports as required by regulation and statute, and in accordance with the mandated frequency, format, and collection tool.
- C. VA will prepare and submit monthly adjusted trial balances via Treasury's Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) in accordance with the most recent [TFM Volume I, Supplements – USSGL](#).
- D. The following actions will be taken to ensure the financial statements are reported in accordance with regulatory and statutory guidance:
- Various offices in VA will perform financial statements analytics as needed;
 - Administration CFOs or their designees will certify the quarterly and annual financial statements and submit the certifications to OFR for review (see Appendix A: Sample Administration CFO Quarterly Financial Statements Certification and Appendix B: Sample Administration CFO Year-End Financial Statements Certification); and
 - OFR will review the Administration CFOs certifications to clarify and resolve any potential problems.
- E. VA will prepare quarterly and annual consolidated financial statements in accordance with OMB and Treasury requirements and guidance.
- F. VA will prepare footnotes to accompany the financial statements in accordance with OMB A-136. Representative procedures for preparing notes can be found in appendices to this chapter, for example:
- Appendix C: Related Parties; and
 - Appendix D: Public-Private Partnerships (P3).
- G. VA will comply with OMB Circular A-136 requirements to submit its interim and year-end financial statements through OMB MAX portal.
- H. All of the financial statements will be submitted to the external financial auditors.
- I. OFR will prepare and submit consolidated interim and annual financial statements, footnotes, and required supplementary information (RSI) to OMB through OMB

MAX, Treasury's Bureau of Fiscal Service, and the Government Accountability Office (GAO) in accordance with OMB Circular A-136 and TFM Volume I.

010503 Periodic Financial Reporting Closing Process

- A. OFR will develop and distribute comprehensive quarterly and fiscal year-end closing schedules. The closing schedules contain responsible offices and timelines. Financial reporting related stakeholders throughout the Department will utilize the schedules to ensure that their financial reporting process is completed timely. See Appendix E: Example Tasks in FY 2018 Year-end Closing Schedule.
- B. To generate quarterly and year-end consolidated financial statements, staff within the Administrations and Staff Offices will perform activities to accomplish the closing process. Closing activities include but are not limited to adjusting entries, annual accounting system close, reconciliation of key accounts, estimates and recordation of accruals.
- C. Adjusting entries will be posted, as needed, to generate accurate Adjusted Trial Balances (ATBs) for financial statements preparation. Adjusting entries include but are not limited to intragovernmental eliminations, accruals, actuarial assumptions, and estimates. Examples for different types of the Management Information Exchange (MinX) System adjusting entries are presented below:
- Accruals/Payroll – Entries are specific to accrued expense methodology and payroll. For example, entries to record annual leave and accrual adjustments;
 - Financial Presentation – Entries are made to financial statement line items. For example, entries are used to record offsetting receipts, conform with Treasury's reclassified crosswalks, and eliminate intragovernmental activities;
 - Timing Differences – Entries are made to account for data not available at period-end. For example, entries to record cash adjustments to reconcile with the Treasury system, prior year Federal Employees' Compensation Act (FECA) actuarial expenses adjustment, and the Judgment Fund imputed costs and also the accrual related to legal contingencies;
 - System Limitations – Entries are necessary to account for VA system limitations. For example, entries used to true-up Canteen Service ledgers for monthly close and properly record transactions with Trading Partners;
 - Audit Adjustments – Auditor requested adjustments; and
 - Other – One-time entries that do not belong to the above categories.
- D. VA will perform a year-end process for its accounting system to close all prior year records reflected in the general ledger and to prepare the system application for the new year's activities in accordance with the annual closing schedule and instructions.

- E. FSC's Financial Accounting Service (FAS) will coordinate with VA Administrations and Staff Offices on annual close activities. See Appendix F: FSC-FAS Annual Close Memorandum Example.
1. Stations within administrations will adhere to the given deadlines to record transactions in the accounting system prior to fiscal year-end.
 2. The annual close team will record significant adjustments requested by the stations after appropriate approval is received from Assistant Fiscal Officer or Administration CFO.
 3. Stations at the end of the fiscal year will close out accounts and certify accounting records to the Administration CFOs in accordance with Administration instructions. See Appendix G: Sample of VHA Station Annual Accounting Records Certification.
 4. VA and Administration/Staff Office CFOs or their designees will certify annual accounting records and submit a certification to OFR in accordance with OFR Accounting Certification Letter Due Dates. See Appendix H: Annual Certification of Accounting Records for a sample certification, and Appendix I: Sample OFR Accounting Certification Letter Due Dates for a sample of the OFP certification due dates.

010504 Agency Financial Report

- A. VA will prepare and submit its AFR in accordance with OMB Circular A-136. The AFR contains the following sections:
1. Management's Discussions and Analysis (MD&A) – This section provides an overview of VA's financial and performance results, including internal controls.
 2. Financial Section – This section incorporates several components, such as Auditor's Report, VA's year-end financial statements, accompanying notes, and RSI.
 3. Other Information (OI) – This section contains different types of OI that are pertinent to VA's mission and financial activities.
- B. OFR will obtain from OEI performance information as required by OMB. OEI will prepare the performance information in a way that will meet OMB and external (Association of Government Accountants, Certificate of Excellence in Accountability Reporting) review requirements.

- C. OFR will create and maintain VA's Financial Statement and Footnote Disclosure Standard Operating Procedures internally to guide the statement production process.
- D. OFR will produce the AFR and will coordinate all information, staff support, and procedural documentation required to meet the AFR filing deadline. To ensure the AFR is published and submitted timely, OFR will create a timeline, see Appendix J: Example of AFR Critical Deadlines.
- E. OFR will coordinate approval of the final AFR by each Administration and Staff Office CFOs through the VA Integrated Enterprise Workflow Solution (VIEWS) system.
- F. The AFR will provide an overview of the financial and performance data to help Congress, the President, and the public assess VA's stewardship over the resources entrusted to the agency.
- G. Once the AFR is complete, OFR will comply with OMB Circular A-136 requirements and submit the AFR to the following groups and organizations:
 - The President of the United States;
 - Congress;
 - Treasury;
 - The Director of OMB through the OMB MAX Federal Community portal; and
 - The public.
- H. OFR will coordinate with the Office of Information Technology (OIT) to make the AFR publicly available on VA's website.

010505 Audit of Financial Statements and Subsequent Activities

- A. OIG will perform an audit of VA's consolidated financial statements or contract with external financial auditors to perform the audit as required by the Chief Financial Officers Act of 1990.
- B. VA CFO and Administration and Staff Office CFOs will fully cooperate with OIG and external financial auditors during the audit of the VA's consolidated financial statements and fieldwork.
- C. VA will comply with the requirements and guidance from GAO Financial Audit Manual (FAM) Section 500, TFM Chapter 4700, and the latest OMB Bulletin 'Audit Requirements for Federal Financial Statements,' to develop a Legal Representation Letter (LRL) for the external financial auditors, GAO, Treasury Fiscal Service, and the Department of Justice. OFR will coordinate the preparation and signature

processes associated with the LRL. See Appendix K: FY 2018 Legal Representation Letter Schedule.

- D. To comply with GAO FAM, 280.03 and the latest OMB Bulletin 'Audit Requirements for Federal Financial Statements,' VA will provide Management Representation Letters (MRLs) to OIG and the external financial auditors. Specifically, VA will prepare two MRLs: one related to the general purpose financial statements and one related to the reclassified financial statements, also referred to as the closing package. OFR will coordinate and prepare a schedule for the preparation and signature processes associated with the MRLs. See Appendix L: FY 2018 Management Representation Letters Timeline Milestones.
- E. Administration and Staff Office CFOs will inform OFA of their organization's Audit Office Liaison and Alternate Audit Office Liaison contacts, and direct Alternate Audit Liaison to serve as Audit Liaison when needed.
- F. To ensure complete, accurate and timely communication with the auditors, OFA will serve as the chief Audit Liaison for VA. To this end OFA will:
 - 1. Lead and coordinate meetings with auditors and program offices to resolve any significant audit and accounting issues that may arise during the audit.
 - 2. Lead and conduct regular monthly audit status meeting with auditors, OIG, and VA stakeholders to assess the findings and their implications.
 - 3. Maintain a centralized repository to store and archive data related to provided by client (PBC) requests from the external financial auditors. The database should include the PBC request, responses to the PBC requests, and approvals of the responses.
 - 4. Notify the appropriate Administration/Staff Office Audit Liaisons of each audit request and delivery timeline, and manage production status against due dates to ensure responses are delivered in a timely fashion.
 - 5. Facilitate remediation of audit findings with VA stakeholders, to include the review, coordination, and provision of responses to auditors' notice of findings and recommendations and auditors' report draft.
 - 6. Develop and monitor corrective action plans to remediate deficiencies, improve business practices, and internal controls.
- G. Administration/Staff Office Audit Liaisons will review and approve responses to auditors' inquiries to ensure that they are timely, accurate and complete.

0106 Authorities and References

[Accountability of Tax Dollars Act of 2002, Public Law 107-289](#)

[Chief Financial Officers Act of 1990, Public Law 101-576](#)

[Federal Financial Management Improvement Act of 1996, Public Law 104-208, Title VIII](#)

[Federal Managers Financial Integrity Act of 1982, Public Law 97-255](#)

[Government Management Reform Act of 1994, Public Law 103-356](#)

[Government Performance and Results Modernization Act of 2010, Public Law 111-352](#)

[OMB Circular A-11, Preparation, Submission, and Execution of the Budget](#)

[OMB Circular A-50, Audit Follow Up](#)

[OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control](#)

[OMB Circular A-134, Financial Accounting Principles and Standards](#)

[OMB Circular A-136, Financial Reporting Requirements – Revised](#)

[OMB Bulletin, Audit Requirements for Federal Financial Statements](#)

[GAO Financial Audit Manual](#)

[TFM Volume I](#)

[Treasury's GTAS Information Portal](#)

[Treasury's USSGL Information Portal](#)

[31 U.S.C. Chapter 35 – Accounting and Collection](#)

[38 U.S.C. 309 – Chief Financial Officer](#)

[National Archives and Records Administration](#)

[Statement of Federal Financial Accounting Concepts \(SFFAC\) 1: Objectives of Federal Financial Reporting](#)

[SFFAC 2: Entity and Display](#)

[SFFAC 3: Management’s Discussion and Analysis](#)

[SFFAC 4: Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government](#)

[SFFAC 5: Definitions of Elements and Basic Recognition Criteria for Accrual-Basis Financial Statements](#)

[SFFAC 6: Distinguishing Basic Information, Required Supplementary Information, and Other Accompanying Information](#)

[SFFAC 7: Measurement of the Elements of Accrual-Basis Financial Statements in Periods After Initial Recording](#)

[SFFAC 8: Federal Financial Reporting](#)

[Statement of Federal Financial Accounting Standards \(SFFAS\) 15: Management’s Discussions and Analysis](#)

[SFFAS 24: Selected Standards for the Consolidated Financial Report of the United States Government](#)

[SFFAS 34: The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board](#)

[SFFAS 47: Reporting Entity](#)

[SFFAS 49: Public-Private Partnerships: Disclosure Requirements](#)

0107 Rescissions

Volume III, Chapter 7 – Required Supplementary Stewardship Information, dated May 4, 2017

Volume VII, Chapter 4 – Agency Closing Package Financial Reporting, dated July 31, 2018

0108 Questions

Questions concerning these financial policies and procedures should be directed as follows:

VHA	<u>VHA 10A3A Accounting Policy</u> (Outlook)
VHA	<u>VAFSC Nationwide Accounting</u> (Outlook)
VBA	<u>VAVBAWAS/CO/FINREP</u> (Outlook)

VBA
NCA
NCA
All Others

[VAVBAWAS/CO/OPERATIONS](#) (Outlook)
[NCA Financial Policy Group](#) (Outlook)
[NCA Budget Service](#) (Outlook)
[OFP Accounting Policy](#) (Outlook)

**Appendix A: Sample Administration CFO Quarterly Financial Statements
Certification**

Memorandum

Department of Veterans Affairs

Date: Month XX, 20XX
From: Administration CFO
Subject: FY 20XX QTR X Financial Statement Certification
To: Office of Financial Policy (047GB)

The following representations are presented in connection with the preparation of Department of Veterans Affairs consolidated financial statements and analytics for the period ended Month XX, 20XX.

- a. The MinX trial balances of the funds under my purview accurately recorded the underlying transactions and reflect accurate account balances.
- b. The intragovernmental trading partner information recorded in the MinX trial balance is accurate and in conformance with Treasury Financial Manual Bulletin No 2011-4.
- c. The quarterly financial statements produced from MinX are supported by adequate documentation and analysis of significant variances.
- d. The quarterly financial statements are prepared on a consistent basis from period to period. Where significant changes are made in accounting classifications or other concepts underlying them that significantly impair comparability, the effects of the changes will be disclosed.
- e. Specific exceptions to this certification are attached.
- f. The accounting system's journal vouchers equal to or greater than \$100 million have been appropriately reviewed and approved.

I confirm, to the best of my knowledge and belief, that I am satisfied that these statements are accurate, complete, and comply to the extent applicable with OMB Circular A-136, Financial Reporting Requirements, and the U.S. Department of the Treasury and the Department of Veterans Affairs financial policies and related procedures.

Name

Date

**Appendix B: Sample Administration CFO Year-End Financial Statements
Certification**

Memorandum

Department of Veterans Affairs

Date: Month XX, 20XX

From: Administration XXX Chief Financial Officer

Subject: FY 20XX Q4 Financial Statement Certification

To: Office of Financial Reporting

1. The following representations are made in connection with the preparation of the Department of Veterans Affairs consolidated financial statements and analytics for the fiscal year ended September 30, 20XX.
 - a. The MinX trial balances of the funds under my purview accurately recorded the underlying transactions and reflect accurate account balances. We continue to research and refine processes around obligations and accruals.
 - b. The intra-governmental trading partner information recorded in the MinX trial balance is accurate and in conformance with Treasury Financial Manual Bulletin No 2011-4, and the Financial Services Center continues to research and reconciles material differences with trading partners.
 - c. The quarterly financial statements produced from MinX are supported by adequate documentation and analysis of significant variances.
 - d. The quarterly financial statements are prepared on a consistent basis from period to period. Where significant changes are made in accounting classifications or other concepts underlying them that significantly impair comparability, the effects of the changes will be disclosed.
 - e. Exceptions to this certification are described on the attached Exceptions document.
2. I confirm, to the best of my knowledge and belief, that I am satisfied that these statements are accurate, complete, and comply to the extent applicable with OMB Circular A-136, Financial Reporting Requirements, and the U.S. Department of the Treasury and the Department of Veterans Affairs financial policies and related procedures.

Name and Title

Date

Appendix C: Related Parties

This appendix provides guidance on VA's process of identifying and disclosing related parties.

A. General Criteria used for Related Party Determination

SFFAS 47, **Reporting Entity**, provides requirements for disclosing related party transactions. VA will consider organizations related parties if:

- The organization is included in VA's Budget;
- VA has the majority ownership of the organization;
- VA has significant influence over the organization's policy decision; or
- VA's AFR will be misleading if VA does not disclose the relationship with the organization.

If an organization meets any of the four criteria, it will be considered a related party and the relationship will be considered for disclosure in the notes to the financial statements. The disclosure and the specific information included will depend on the significance of the relationship.

B. Process for Identifying Potential Related Parties

1. OFR will prepare a memorandum for distribution by 004 to all organizations within VA (e.g., Administrations, staff offices, and franchise funds). The memo will provide information on what constitutes a related party and will request identification of subject matter experts that OFR can work with to develop a complete list of potential related parties for evaluation.
2. Identified SMEs will work with OFR to identify and document relationships that could be considered related parties in accordance with SFFAS 47 guidelines.
3. VA's executives will certify as to the completeness of their reported related parties when they review and sign the management representation letter.
4. OFR will consolidate all information provided on potential related parties and maintain the Department's master listing.
5. OFR will, in conjunction with the SMEs (if necessary), evaluate the reported potential related parties and determine which relationships warrant disclosure in the financial statements.
6. OFR will maintain documentation supporting the basis of management's determination (related party or not) for each entity in the population considered for disclosure.

7. VA will disclose related parties in accordance with SFFAS 47 and OMB Circular A-136.

Appendix D: Public-Private Partnerships (P3)

This appendix provides guidance on the inventory, analysis, and disclosure of P3s as required by SFFAS 49.

For guidance on developing, establishing, and maintaining P3s refer to VA Directive 0008, *Developing Public-Private Partnerships with, and Accepting Gifts to VA from, Non-Governmental Organizations*, and VHA Directive 1098, *VHA Public-Private Partnerships*.

Due to limited budgetary resources, VA is increasing its use of risk-sharing arrangements or transactions with the private sector to provide the best possible services to our Veterans. These arrangements or transactions are commonly referred to as public-private partnerships, or P3s.

In order to facilitate reporting, Administration and Staff Offices will maintain detailed information on P3s they are engaged in or actively pursuing. To assist, the Office of the Deputy Secretary of Veterans Affairs, or designee, provides a database for Administration and Staff Offices' use in recording P3 activities. Administration and Staff Offices will utilize the database provided or are otherwise required to maintain an independent database which fulfills the requirements for reporting.

A. General Criteria used to in P3 Determination

1. SFFAS 49 provides a definition of P3s and provides criteria for determining if the P3 should be disclosed using a memorandum request, referenced in B.1 below. VA will consider disclosure of a partnership if:
 - The arrangement has an expected life of five years or more;
 - Both the VA and the private sector entity share in the risks and rewards;
 - VA is at a risk of loss, or the private sector's ability to perform is dependent on VA's support;
 - The aggregate total of economic incentives for VA over the agreement's expected life meets or exceeds VA's materiality threshold for reporting;
 - The arrangement meets any of the conclusive risk-based characteristics; or, the arrangement meets one or more of the suggestive risk-based characteristics and OFR reviews and determines it should be disclosed. See 2 and 3 for specific sub-criteria used to determine the conclusive risk-based characteristics and the suggestive risk-based characteristics.
2. The following sub-criteria are conclusive risk-based characteristics used in determining P3 relationships.
 - The arrangement or transaction results in the conveyance or creation of a long-lived asset or long-term financing liability;

- The VA participates in, helps sponsor, or is party to a Special Purpose Vehicle (SPV), partnership, trust, and other such arrangements;
 - The arrangement or transaction covers a significant portion of the economic life of a project or asset; and
 - The principal arrangement or transaction is exempt from: if a contract, the FAR; or if a grant, Office of Management and Budget (OMB) requirements (2 C.F.R. Title 2, Part 200).
3. The following sub-criteria are suggestive risk-based characteristics that are used in determining P3 relationships.
- A Value for Money (VfM) analysis was performed;
 - The consideration or items given up in the arrangement/transaction or their value are not readily apparent;
 - Significant work force duties, activities, or knowledge are cross-shared between the public and private sector P3 parties;
 - The focus is more on collaboration and informal, real-time, resolution processes than on formal, contractual, administrative processes; and
 - The VA relies on either the private sector partner's or a third party's determination of a P3's performance or return on investment/equity without performing its own verification of performance or return on investment/equity.

B. Process to Identify and Report P3 Relationships

1. OFR will prepare a memorandum for distribution by 004 to all organizations within VA (e.g., Administrations, staff offices, and franchise funds). The memo will provide information on what constitutes a P3 and will request identification of subject matter experts (SMEs) that OFR can work with to develop a complete list of potential P3 for evaluation.
2. Identified SMEs will work with OFR to identify and document relationships that could be considered P3s in accordance with SFFAS 49 guidelines.
3. VA's executives will certify to the completeness of their reported P3s when they review and sign the management representation letter.
4. OFR will consolidate all information provided on potential P3s and maintain the Department's master listing.
5. OFR will, in conjunction with the SMEs (if necessary), evaluate the reported potential P3s and determine which relationships warrant disclosure in the financial statements.

6. OFR will maintain documentation supporting the basis of management's determination (P3 or not) for each entity in the population considered for disclosure.
7. VA will disclose reportable P3s in accordance with SFFAS 49 and OMB Circular A-136.

Appendix E: Example Tasks in FY 2018 Year-end Closing Schedule

The schedule is revised annually according to updated requirements and deadlines.

Task #	Description of Item	Due From POC Organization	Name	Due to POC Organization	Name	Target Completion Date
1	Release draft closing schedule to the Administrations	FRS Director	Eve Labrador	Administrations, FSC, OACT, Insurance and FRS Staff	Various Staff	08/06/2018
2	Administrations submit suggested changes to draft closing schedule	Administrations, FSC, OACT, Insurance and FRS Staff	Various Staff	FRS	Tony DeNicolis	08/15/2018
3	Release FINAL closing schedule	FRS Director	Eve Labrador	Administrations, CLA, FSC, Office of Enterprise Integration (OEI), Insurance, and FRS Staff	Various Staff	08/20/2018
4	VBA receives the draft C&P actuarial report from VBA actuaries (the actuarial adjustments must be posted to FMS by September 30)	VBA	Luis Flores	VBA Actuaries	Joe Lam	09/28/2018
5	VBA meets with their actuaries to develop analytics explanations	FRS	Noah Hertach	OFBO	Marques Larry / Peter Carr	10/01/2018
6	Request Internal Voucher Line Table (IVLT) report from FMS services for elimination JV	FRS	Hien Dang	FRS	Noah Hertach / Eric Schneider	10/01/2018
7	Provide GOE Reimbursement Revenue Summary Reports for Intra VA Eliminations	VBA Actuaries	Joe Lam	VBA	Luis Flores	09/17/2018

Appendix F: FSC-FAS Annual Close Memorandum Example

Enclosed is FY 2018 annual close information as an example. The close memorandum is revised annually according to updated requirements and deadlines.

I. FY 2018 ANNUAL CLOSE ACTIVITY SCHEDULE

- 9/06/18 FMS Call
- 9/07/18 Payroll input to FMS for PP17 (Accounting Period 12/18)
- 9/13/18 FMS Call
- 9/20/18 FMS Call
- 9/21/18 Payroll input to FMS for PP18 (Accounting Period 12/18)
- 9/22/18 FMS daily reports are available
- 9/23/18 FMS daily reports are available
- 9/24/18 Last day for payments using canceling funds expired as of BFY 13 (see item II.B)
- 9/25/18 September System Payroll Accruals input to FMS (view in FMS 9/26/18)
- 9/25/18 Credit Card System (CCS) transactions for invoice billings submitted as of 9/24/18 recorded in FMS (can be viewed in FMS on 9/26/18)
- 9/26/18 CCS interface to FMS is held throughout annual close
- 9/27/18 Last day for station input of EB transactions in FMS (see item II.C)
- 9/27/18 Last day for FSC staff other than Annual Close Team to process any type of transactions into FMS (see item II.D1)
- 9/27/18 FMS Call
- 9/27/18 VBA interfaces VALERI, CPTS, CAATS and CWINRS will continue throughout annual close (see item II.D.2)
- 9/28/18 FSC interfaces to FMS are held (see item II.D2)
- 9/29/18 FMS daily reports are available
- 9/30/18 FMS daily reports are available
- 9/30/18 Last day for all other station input into FMS (see item II.F)
 - FMS on-line processing will end at 8:30 PM ET
 - The first DMI/IFCAP interface to FMS will process at 8:35 PM ET
 - The final DMI/IFCAP interface to FMS will process at 10:00 PM ET
 - **AITC recommends a 9:00 PM ET deadline to process IFCAP transactions to ensure they are picked up on the final DMI interface to FMS.**
 - All interfaces with the exception of FSC interfaces will take place as well as normal end of month processing
- 10/01/18 FMS DOWN – no interfaces will process into FMS
- 10/01/18 FY 2018 Period 13 Adjustments coordinated through VHA, VBA, NCA, etc. and processed by the Annual Close team
- 10/02/18 Period 13 Trial Balances and reports available

FRS The FY tables in FRS will be available as follows:
FY 2018 Period 12 data available 10/1/18
FY 2018 Period 13 data available 10/2/18
FY 2019 Period 01 data available 10/3/18

- 10/01/18 FMS DOWN – no interfaces will process in FMS
- 10/02/18 FMS DOWN – no interfaces will process in FMS
- 10/03/18 FMS DOWN – no interfaces will process in FMS (if needed)
- 10/04/18 FMS DOWN – no interfaces will process in FMS (if needed)
- 10/04/18 FMS Call
- 10/05/18 All interfaces including FSC interfaces resume
- 10/05/18 September Accruals Reversed (Accounting Period 01/19)
- 10/05/18 Credit Card System transactions for invoice billings submitted for 9/25/18-10/05/18 begin recording in FMS (Accounting Period 01/19)
- 10/05/18 FMS reports and FMS tables with beginning balances (i.e. F852 and GLTS) will display a zero amount in the beginning balance column until after the FY closes completely in mid October (see II. K)
- 10/05/18 Payroll scheduled for input to FMS for PP19 (Accounting Period 01/19), but will likely be delayed
- 10/11/18 FMS Call
- 10/18/18 FMS Call
- 10/19/18 Payroll input to FMS for PP20
- 10/20/18 FMS down for Period 14, 15 and 00 annual close processing
- 10/21/18 FMS down for Period 14, 15 and 00 annual close processing
- 10/22/18 FMS down for Period 14, 15 and 00 annual close processing (if needed)
- 10/22/18 Period 14, 15 and 00 Trial Balances available
- 10/23/18 FMS up for FY 2019 Activity (Accounting Period 01/19)

Accounting Period Definitions

Period 12 – accounting period for the month of September. This period is closed during the nightly cycle on the night of September 30.

Period 13 – accounting period for adjustments on October 1st. This period is open only to the annual close team members. Material adjustments requested by field stations with approval from VACO program offices and selected annual close processing list adjustments are completed during this period. Trial balances from Period 13 are used for annual certification letters.

Period 14 – accounting period for financial reporting adjustments in mid to late October. This period is only open to select members of the annual close team.

Period 15 – accounting period for annual close. General ledger accounts like those used for revenue and expense are closed for the fiscal year based on the settings in the FMS YACT table.

Period 00 – accounting period for beginning of the new fiscal year. Trial balances for this period show the opening balances in FMS for the new fiscal year.

II. TO COMPLETE FMS PROCESSING FOR FY 2018, THE FOLLOWING SCHEDULE IS PROVIDED AS A GUIDE FOR INPUT OF TRANSACTIONS:

A. Annual Close Review

1. Review outstanding obligations to determine if they meet the requirements of an obligation as defined in OFP Volume II, Chapter 5, paragraph 050201 (<http://www.va.gov/finance/docs/VA-FinancialPolicyVolumellChapter05.pdf>). Estimated obligations are to be adjusted (increased or decreased) accordingly.
2. Review FMS suspense file (SUSF) for documents, which are in HELD or REJECTED status. Make corrections and resubmit, or delete the documents. Do not delete documents generated by interfaces to FMS (e.g. CC, CB, TM, etc.).
3. Ensure transactions affecting unobligated balances, such as payroll accruals, adjustments, obligation of purchase orders, PCS obligations, adjustments of 1358, etc., are processed.
4. In reviewing available unobligated balances, ensure sufficient funds are available to cover the balances in general ledger 1321 (Accounts Receivable Refunds – Non-Federal). An automated FMS process will post SV transactions to charge available funding for the amount in GL 1321 as of 9/30. Any abnormal credit balances in GL 1321 must be corrected prior to 9/30 for the SV transaction to post correctly.
5. An automated process to move BFYs 14 – 18 Tricare and Shared Medical Resources bills to BFY 19 will take place as part of annual close processing. Only Revenue Source Codes 8002, 8006, 8035 for Shared Medical Resources and 8028, 8029, 8030, 8065 for Tricare are affected. These transactions should not be reversed because Public Law 104-262 allows funds to remain in the current budget fiscal year.
6. Review and adjust the allowance for bad debts balance established in AMAF for public receivables in appropriated funds (0151, 0152, 0160, 0161, 0162, etc.). These SV accrual transactions should be set to not reverse.

- B. September 24, 2018 is the last day payments can be made for appropriations expired as of the end of BFY 13 (i.e. 362/30167, 3630160, 362/30160, 362/30161, 3630162, 3630151, 3630152, 3630129, 3630142, etc.). The scheduled payment date must be the same date the payment voucher is processed and can be updated manually on UPVT. Payments with a scheduled date after September 24, 2018 will be cancelled.
- C. September 27, 2018 is the last day for Station input of any EB transactions in FMS.
- D. 1. After September 27, 2018, FSC staff will be restricted from processing documents into FMS. The intent is to eliminate documents which would adversely affect FY 18 funds for the stations.
2. All interface transactions generated by the FSC will also be held after September 27, 2018. Examples of held **FSC interfaces** include: IPPS; Prime Vendor Subsistence EDI; CX files; and Concur. **Non-FSC interfaces** (i.e. IFCAP, CAATS, FEE) will continue to process.
- E. 1. Stations can continue to process payment transactions via IFCAP, CAATS, FEE or FMS directly through September 30, 2018. Only FSC generated payment transactions will be held. Stations should be mindful of other interfaces still generating transactions in FMS and budget accordingly for these transactions and any potential interest payments.
2. Scheduled payments during the potential FMS down period will be accelerated. Payments for October 1st, October 2nd, October 3rd and October 4th will be accelerated to pay by September 30th. Payments for October 22nd and 23rd will be accelerated to pay by October 19th.
- F. September 30, 2018 is the last day to process transactions affecting accounting period 12 for September 2018 business. Transactions should NOT be input in FMS with a reversal period of 13/18.
- G. Annual and multi-year appropriations expired as of the end of BFY 13 (includes 12/13) will close/cancel as part of the FY 18 Annual Close Process. Review **ALL** outstanding subsidiary records for validity.
1. Travel Obligations **MUST** be reversed manually.
 2. Advances **MUST** be collected, written off, or reclassified as receivables if valid.
 3. Non-Travel Obligations/Payables will be automatically reversed as part of the annual close process. Payable balances will be recorded in the appropriate

AMAF fund (i.e. 3630160-AMAFMC, 3630151-AMAFGE) to general ledger 296A or 296B.

4. Receivables should be reviewed for validity. The annual close process will automatically close the open receivables in BFY 13 and create the receivable using the same document number in Base BFY 99 Fund 36 3200 with a BD 09 transaction. Review GL 4221. GL 4221 should be cleared for all funds closing as of BFY 13.
5. Work in Process (general ledger 1720 and GL 1832) must be reviewed and closed or moved as appropriate.
6. General ledger 2130 obligations must be cleared and holdbacks released prior to 09/24/18.
7. BFY 13 Supply fund 4537B2 and 4537B3 will close during annual close.

H. Payroll Accruals

1. MANUAL PAYROLL ACCRUALS MUST HAVE A REVERSAL PERIOD OF 01/19.
 2. Payroll accrual adjustments for the September accrual period require special effort. Request Fiscal Officers review payroll accruals in order to ensure accuracy. Refer to Volume I Chapter 3A (<http://www.va.gov/finance/policy/pubs/volumel.asp>) for payroll accrual adjustment instructions.
 3. The number of business days in the system for the September 2018 payroll accrual is **TEN** work days (September 17 – 21 and September 24 - 28).
- I. On October 1, 2018, material corrections to adjust the September 2018 Trial Balance should be coordinated with the respective office (VHA, VBA, NCA, etc.) for approval. VHA, VBA, NCA, etc. will contact the Annual Close staff to process the corrections.
- J. Posting fixed asset depreciation is not part of the annual close process and will post at the end of the calendar month for September 2018 as usual.
- K. FMS reports and FMS tables with beginning balances (i.e. F852 and GLTS) will display a zero amount in the beginning balance column until after the FY closes completely in mid October.

- L. SO documents having the accrual flag set to N in FMS will not accrue at the end of the year. Review your SO documents to ensure the validity of the accrual flag. Note: SO documents with equipment BOCs should have the accrual flag set to N.

Standardized SO documents should have the accrual flag set to Y unless the BOC is equipment. Ensure enough funds are obligated for all Standardized Obligations.

1VA+ Fund, Government Printing Office, and Capital Lease Obligations SO/MO should have the accrual flag set to N.

For 1VA+ Fund, FY 2018 Agreement Customers, station fiscal staff need to process their HT obligation document using a date prior to October 1, 2018 and to limit their use of the document to only line 001.

Prime Vendor Pharmacy SO documents should have the accrual flag set to Y.

Note: OFP Volume VI, Chapters 1 and 11 – “VA will recognize the liability and related expense in the period the exchange occurs (*accrual accounting*). VA will record accrued salaries and benefits for those amounts owed to employees but not yet paid at the end of the fiscal period.”

For VBA:

SOs in the FMS fund 0137 for State Approving Agencies (SAA) should have an N in the Auto Accrual indicator.

SOs established for the FY 2014 VetSuccess Contract Counseling obligations (0151A1, 0137C and 0137W), should have a Y in the Auto Accrual indicator. Therefore, an accrual will be processed automatically in FMS for the remaining unpaid balance.

VBA Interfaces VALERI, CPTS, CAATS and CWINRS interfaces will continue throughout annual close.

ATTENTION IFCAP USERS:

To ensure synchronization regarding prior year processing, IFCAP has an option called “Enter/Edit Date When SOs become ARs”. This option is found on the “FMS Documents Inquiry/Error Process” sub-menu of the “Funds Distribution Program Menu”. Field station personnel must manually input September 30, 2018 in this date field. This field must be populated earlier than September 30 as IFCAP prohibits the entry of a prior date in this field.

- M. Direct questions concerning annual close to FAS staff as follows:

VISN/Organization	Nationwide Accountants
VHA VISNs: 2, 3, 5, 6, 15, 16, 19, 20, 23, 99 NCA Districts: North Atlantic (NA) NCA Headquarters (HQ): 707,767,768,769,786 Other: 101, 103, 104, 106, 111, 112, 116, 150, 151, 189, 200, 211, 212, 215, 282, 284, 705	Primary: Alternate:
VHA VISNs: 1, 4, 8, 9, 11,17, 21, 22 NCA Districts: Midwest (MW) & Pacific (PA) VBA Area Office: North Atlantic (20F1) & Continental (20F4)	Primary: Alternate:
VHA VISNs: 7,10,12,16 NCA Districts: Southeast (SE), Continental (CN) VBA Area Office: Southeast (20F2), Midwest (20F3), Pacific (20F5) Any other station not listed elsewhere	Primary: Alternate:
Payroll Rejects Related Issues:	Accountants:
Nationwide Accounting Team Email Account (We prefer all email communication be sent to our email group account)	VA Nationwide Accounting
Chief, Nationwide Accounting and Training Section	

N. The annual station certification letter is based on *Accounting Period 13*

1. Certification letters for VHA must be uploaded to the appropriate FY 18 Annual CFO Certification folder.
2. Certification letters for VBA should be sent to the Administrative and Loan Accounting Center (ALAC) per the Year-End VBA Letter.
3. Certification letters for NCA: The NCA Finance Service will submit the certification letter to the cemetery station Director for signature and subsequent return to the NCA Finance Service. Certification memos may be faxed to 540-658-7281 or scanned and emailed to the NCA CAATS Finance Approvers mail list no later than Thursday, October 4, 2018.

Detailed instructions for these certifications are sent separately from the responsible offices.

III. FINANCIAL ACCOUNTING SERVICE (FAS) YEAR-END PAYMENT PROCESSING PLANS FOR CREDIT CARD SYSTEM (CCS), PRIME VENDOR PAYMENT SYSTEM, FEE BASIS PAYMENT SYSTEM, TRAVEL MANAGEMENT AND REJECTED PAYMENTS ARE AS FOLLOWS:

A. CCS (PURCHASE) TRANSACTIONS

1. FAS will follow these procedures in processing purchase card transactions for FY 2018. On the night of Tuesday, September 25, 2018, Credit Card System (CCS) will record the obligation/expenditure transactions for the billings in FMS. These transactions will include invoice billings submitted to US Bank as of close of business September 24. FMS reports reflecting those postings will be available on September 26. This report, along with input from cardholders should be used to determine the unbilled purchases for September 25-30 to record the undelivered order. Obligation/expenditure transactions for the daily billings received beginning with charges for activity on September 25 will not be recorded in FMS until the system opens for FY 19. When the recording of these transactions resumes, the CCS will determine the proper appropriation year to be charged based on the purchase date provided by the merchant.
2. The purchase card is to be used through the end of FY 2018 and into FY 2019 on a business as usual basis. There is no suspension on the use of the purchase card provided an appropriation or continuing resolution has been enacted for FY 2019.
3. Stations should compute their unbilled purchase and fleet card transactions for FY 2018 and, depending on the appropriation or fund, process a SV CC document with a transaction date of 9/30 and an accounting period of 12/18. The SV CC document must have a reversal period of 01/19. To minimize the effort required for this step, the transaction may be established at summary cost center and BOC levels.
4. Use the IFCAP “Accrual (Monthly)” menu option to record the year-end undelivered orders.
5. Ensure there are funds obligated and accrued for outstanding convenience check amounts.
6. Cost transfers made by VBA between fiscal year appropriations may be done using CAATS.
7. Some VHA stations ask their IS/IRM to take action to keep Purchase Card ET transactions from hitting FMS at year end to aid in their unobligated balance reconciliation. For example, in some VISNs, after the last file of charges are received and reconciled, the IS makes the VISTA option, Reconciliation, and Edit/Remove Reconciliation, unavailable so no ET can be generated.

Cardholders are reminded they MUST determine if funds are available in the control point before using the purchase card. All purchase card payments with a post date of September 24, 2018 should be reconciled by September 30, 2018.

B. PRIME VENDOR PROCESSING

Prime Vendor Pharmacy Credit Card (CD) transactions are held beginning with US Bank charges for September 25, 2017 like other credit card transactions. Prime Vendor EDI transactions will be held in conjunction with other FSC interfaces beginning on September 28, 2018.

C. FEE BASIS PAYMENT PROCESSING

The AITC will hold the regular Fee Basis (FV) payment processing after September 28, 2018. Payments will continue when FMS opens for FY 2018.

D. TRAVEL MANAGEMENT

Travel Management Center (TM) Reject documents should be resolved prior to the end of the fiscal year in order for the field stations to maintain an accurate record of funds. TM Rejects cause differences between Treasury and VA accounting records and can result in findings on VA's financial statement audit.

Field stations can research the SUSF table to determine if there are any TM transactions in held or reject status for their station. The instructions for scanning the SUSF table in FMS are located in the FMS Field Station User's Guide, page B-60. **Do not delete TM rejects from SUSF.**

E. REJECTED IPPS PAYMENTS

1. During the period September 28 through September 30, 2018, FSC will contact Station Fiscal Offices concerning any critical FY 18 appropriation transactions increasing and decreasing Station's unobligated balances by \$100 or more. The September 28 payment file will be the last one for FY 18. No payment file will be generated on September 29 or September 30, as they are not business days, but rejects may still be processed.
2. The last day for **FSC** to process rejects is September 27, 2018.

IV. FY 2018 Annual Close Checklist

Annual Close

Memo Ref # **Item Accomplished**

- | | |
|-----------|--|
| II. A. 1. | Review outstanding obligations |
| II. A. 2. | Review FMS table (SUSF) for held or rejected documents |
| II. A. 3. | All documents affecting unobligated balances processed |

- II. A. 4. Available unobligated balances have sufficient funds to cover general ledger 1321
- II. A. 5. BFYs 14 - 18 Tricare and Shared Medical Resources bills moved to BFY 19 are not reversed
- II. A. 6. Review and adjust the allowance for bad debt
- II. B. September 24, 2018 – last day for payments from BFY 13 and BFY 12/13 appropriations
- II. C. September 27, 2018, last day for EB transactions
- II. D. After September 27, 2018, FSC Staff restricted by system modifications from entering documents and FSC interfaces held
- II. F. September 30, 2018 – last day for station input, which affects September 2018 business
- II. G. 1. BFY 13 and BFY 12/13 travel obligations are reversed
- II. G. 2. BFY 13 and BFY 12/13 advances – collected, written off or reclassified
- II. G. 3. BFY 13 and BFY 12/13 non-travel obligations and payables are reviewed
- II. G. 4. BFY 13 and BFY 12/13 receivables are reviewed
- II. G. 5. BFY 13 and BFY 12/13 work in process – review and take action
- II. G. 6. BFY 13 and BFY 12/13 GL 2130 obligations cleared/holdbacks released prior to 09/24/18
- II. G. 7. BFY 13 4537B2/B3 will close
- II. H. 1. Manual payroll accruals have a reversal period of 01/19
- II. H. 2. Payroll accrual adjustments reviewed for accuracy
- II. H. 3. September 2018 payroll accrual is ten days
- II. I. October 1, 2018 – coordinate September 2018 Trial Balance corrections with respective office (VBA, VHA, NCA, etc.)

- II. J. Fixed Asset depreciation will post at the end of calendar month
- II. K. FMS reports and FMS tables with beginning balances will display zeros
- II. L. Review accuracy of accrual flags for SO documents
- II. M. Annual Close questions to FAS staff
- II. N. Annual Station Certification letter is based on Accounting Period 13
- III. A. 3. Process SVCC to record undelivered orders for unbilled purchase and fleet card transactions
- III. D. Process TM rejects

Appendix G: Sample of VHA Station Annual Accounting Records Certification

**Department of
Veterans Affairs**

Memorandum

Date: Date, Month, 20XX

From: Facility Director (00), (Facility's Name, City, State)

Subject: Annual Certification of Accounting Records for Station XXX

To: VHA Office of Finance (10A3A)

1. The management of (Facility's Name, Number, City, State) certifies that, in compliance with 31 U.S.C. § 1108, subsection c, and 31 U.S.C. § 3512, the financial accounting system of records for the accounting period ending September 30, 20XX accurately reflects the following conditions for which the agency is responsible in that:

a. All obligations recorded as of September 30, 20XX are supported under the "documentary evidence requirement for government obligations" criteria established by 31 U.S.C. § 1501.

Yes, all obligations are properly supported.

No, we have obligations that are not properly supported. Details are provided on the "FY 20XX Annual Certification – Exceptions" spreadsheet linked in Section 2, Page 3 of this document.

b. No known unrecorded obligations, including delinquent obligations and adjustments to increase obligations, exist as of September 30, 20XX. Unrecorded obligations include (but not limited to): Delinquent Obligations, Ratified Commitments that are not obligated, and Obligation rejects that were not corrected as of September 30, 20XX or during Accounting Period 13.

Yes, all obligations are recorded.

No, we have unrecorded obligations as of September 30, 20XX. Details are provided on the "FY 20XX Annual Certification – Exceptions" spreadsheet linked in Section 2, Page 3 of this document.

c. No known unauthorized commitments were pending ratification as of September 30, 20XX. An unauthorized commitment is a transaction that exceeds a

contracting officer's warranted authority or is a commitment made by an individual who lacks contracting authority.

- Yes, all unauthorized commitments have been ratified or denied.
 - No, we have unauthorized commitments pending ratification as of September 30, 20XX. Details are provided on the "FY 20XX Annual Certification – Exceptions" spreadsheet linked in Section 2, Page 3 of this document.
- d. All outstanding undelivered orders and accrued services payable with at least 90 days of inactivity as of September 30, 20XX were reviewed and determined to be valid.
- Yes.
 - No. Details are provided on the "FY 20XX Annual Certification – Exceptions" spreadsheet linked in Section 2, Page 3 of this document.
- e. No appropriations are deficient as of September 30, 20XX. General ledger 4610 or 4650 must reflect a credit balance sufficient to cover a corresponding debit balance in general ledger account 1321.
- Yes, appropriations have sufficient funds.
 - No. Details are provided on the "FY 20XX Annual Certification – Exceptions" spreadsheet (All Other tab) linked in Section 2, Page 3 of this document.
- f. All non-Medical Care Collection Fund receivables with at least 90 days of inactivity as of September 30, 20XX were reviewed and determined to be valid. All bills determined to be invalid or uncollectible were written-off, decreased, or canceled in accordance with [VA Financial Policy, Volume XII](#).
- Yes.
 - No. Details are provided on the "FY 20XX Annual Certification – Exceptions" spreadsheet (All Other tab) linked in Section 2, Page 3 of this document.
 - Not Applicable. The station does not have any non-MCCF receivables.
- g. General ledger account balances as of August 31, 20XX were reviewed to ensure the existence of a normal balance. Subsidiary reports were also reviewed to ensure there were no out-of-balance conditions. Any exceptions to a normal balance or any out-of-balance conditions in the subsidiary reports are explained in detail in the "Comments" column of the Reconciliation Summary.

- Yes. General ledgers were reviewed and there are no differences or all differences and abnormal balances were corrected and appropriately annotated.
- No, we did not complete a review of the Reconciliation Summary.
- h. All heritage assets have been properly classified and deferred maintenance costs for heritage assets have been properly recorded in accordance with [VA Financial Policy Volume V, Chapter 14 - Heritage Assets and Stewardship Land](#).
- Yes.
- No. Details are provided on the “FY 20XX Annual Certification – Exceptions” spreadsheet (All Other tab) linked in Section 2, Page 3 of this document.
- Not Applicable. The station does not have any heritage assets.
- i. Deferred Maintenance and Environmental and Disposal Liabilities have been properly estimated and recorded in accordance with VA Financial Policy [Volume V Chapter 9](#), [Volume VI Chapter 8](#), and [Volume V Chapter 14](#).
- Yes.
- No. Details are provided on the “FY 20XX Annual Certification – Exceptions” spreadsheet (All Other tab) linked in Section 2, Page 3 of this document.
- Not Applicable. The station does not have any Deferred Maintenance or Environmental Liabilities to report.
- j. All General Ledger accounts for fixed assets, depreciation expense, and accumulated depreciation are accurate as of September 30, 20XX.
- Yes.
- No. Details are provided on the “FY 20XX Annual Certification – Exceptions” spreadsheet (All Other tab) linked in Section 2, Page 3 of this document.
- Not Applicable. The station does not have any Fixed Assets.
- k. Enhanced Use Leases (EUL), Sharing Agreements, and Land Use Agreements are documented, billed, and collected in accordance with policy.
- Yes.
- No. Details are provided on the “FY 20XX Annual Certification – Exceptions” spreadsheet (All Other tab) linked in Section 2, Page 3 of this document.

- Not Applicable. The station does not have any EUL, Sharing Agreements, or Land Use Agreements.
- l. In accordance with OMB Circular A-11, accounting records for real property leases have been reviewed and determined to be accurate and complete.
- Yes.
- No. Details are provided on the “FY 20XX Annual Certification – Exceptions” spreadsheet (All Other tab) linked in Section 2, Page 3 of this document.
- Not Applicable. The station does not have lease agreements.
- m. All inter-agency and intra-agency agreements have been forwarded to FSC mailbox at vafscagreementrepository@va.gov. Please note that FSC will review and upload the agreement to the IAA repository.
- Yes.
- No. Details are provided on the “FY 20XX Annual Certification – Exceptions” spreadsheet (All Other tab) linked in Section 2, Page 3 of this document.
- Not Applicable. The station does not have any inter-agency or intra-agency agreements.

2. Certification

- We have no exceptions to report as part of this certification.
- We have properly reported **ALL** exceptions on the [FY 20XX Annual Certification – Exceptions spreadsheet](#).

3. Check List of additional documents to be uploaded to the SharePoint:

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> | |
|----|--------------------------|--------------------------|--------------------------|---|
| 1. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | The exception spreadsheet (in Excel format). (Please refer to the following hyperlink: FY 20XX Annual Certification - Exceptions) |
| 2. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | A copy of the Accountable Officer’s Year-End Certification letter for inventory values is complete and attached. (Please refer to the following hyperlink: FY 20XX Accountable Officer's Certification) |

3. A copy of the Certification for Management's Responsibility for Internal Control, per OMB Circular A-123, is complete and attached. (Please refer to the following hyperlink: FY 20XX A123 Certification)
4. The entire Monthly Reconciliation Summary spreadsheet for August 31, 20XX is attached. Explanations for any differences and/or abnormal general ledger account balances are provided. (Please refer to Item 1.g.)
5. The Certification Memo and Data Collection Instrument (DCI) for annual review of 1358's for September 30, 20XX is attached (Please refer to the following hyperlinks: FY 20XX Annual 1358 Certification, FY 20XX 1358 Data Collection Instrument) NOTE: If applicable, the Data Collection Instrument **must** include a detailed corrective action plan.)

Printed Name

Printed Name

Signature Date
Chief Financial Officer

Signature Date
Director

Appendix H: Annual Certification of Accounting Records

**Department of
Veterans Affairs**

Memorandum

Date: Month XX, 20XX
From: Administration CFO, VA CFO
Subject: Annual Certification of Accounting Records for XXX
To: Office of Financial Reporting

In compliance with 31 U.S.C. § 1108, subsection c and 31 U.S.C. § 3515, I certify that the records for accounting period ending September 30, 20XX, accurately reflect the condition of the accounting records for all appropriations and funds maintained for this facility as of the above date. There are also reasonable assurances that (1) obligations and costs are in compliance with the applicable law; (2) all assets are safeguarded against waste, loss, unauthorized use and misappropriation; and (3) revenues and expenditures are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over the assets.

I further certify that all obligations reported in this statement 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.

Name and Title

Date

Appendix I: Sample OFR Accounting Certification Letter Due Dates

Below is a sample of the Office of Financial Reporting Accounting Certification Letter due dates. Contact OFR for specific due dates each year.

Office	Due Dates	Additional Requirements
Acquisition and Logistics (OAL), VA Supply Fund CFO	10/04/2018	Note any exceptions in a letter jointly signed by the Supply Fund CFO and Deputy Assistant Secretary OAL. When appropriate, attach journal vouchers.
Construction and Facilities Management (CFM), Resource Management (RMO)	10/04/2018	Note any exceptions in a letter jointly signed by the Director, RMO and the Director, CFM. When appropriate, attach journal vouchers.
Financial Services Center (including Stations 101 & 116 OIT activities)	10/04/2018	Summarize station/field facilities and note any exceptions in a letter jointly signed by the Fiscal Officer and Director. When appropriate, attach journal vouchers.
NCA CFO	10/04/2018	Summarize station/field facilities and note any exceptions in a letter signed by the Administration CFO. When appropriate, attach journal vouchers.
VBA CFO	10/04/2018	Summarize station/field facilities and note any exceptions in a letter signed by the Administration CFO. When appropriate, attach journal vouchers.
VHA CFO (including OIT activity except Stations 101 & 116)	10/04/2018	Summarize station/field facilities and note any exceptions in a letter signed by the Administration CFO. When appropriate, attach journal vouchers.

Appendix J: Example of AFR Critical Deadlines

Enclosed is an example from FY 2018. The AFR Critical Deadline is revised annually according to updated requirements' deadlines.

Timeline for FY2018 Agency Financial Report	
<u>Action</u>	<u>Date</u>
FY2018 AFR Kick-off Meeting	6/21/2018
POCs submit FY2018 AFR interim data to OFR (covering up to Q3)	8/2/2018
OFR edit and input all the interim data into template (interim draft)	8/15/2018
OFR perform technical review of interim draft AFR and follow up with POCs	8/30/2018
OFR submit interim draft AFR to OF then OM	9/6/2018
OF review interim draft AFR	9/20/2018
OM review interim draft AFR	10/4/2018
POCs submit FY2018 AFR final data to OFR (including Q4)	10/5/2018
OFR edit and input all the final data into template, and submit final draft for technical review	10/11/2018
OFR complete technical review of final draft AFR and follow up with POCs	10/18/2018
OFR submit draft AFR in VAIQ to admins and staff offices for concurrence	10/18/2018
OFR address remaining comments on AFR	10/19/2018
OF review FY2018 AFR final draft	10/25/2018
OFR submit draft AFR to OMB	10/25/2018
OFR address OMB and Auditors comments on AFR	11/8/2018
OFR	11/15/2018
<ul style="list-style-type: none"> • Publish Final AFR in OMB MAX • Email POCs for: Congress and GAO • Send to Webmaster for publishing • Send to 508 compliance team 	
OFR confirm 508 compliance and upload new version to VA website if there are any changes	11/30/2018

Appendix K: FY 2018 Legal Representation Letter Schedule

Enclosed is an example from FY 2018. The schedule is revised annually according to updated requirements and deadlines.

Due Date	Due		Description of Item
	From	To	
06/25/2018	OFR	CFOs & OGC	OFR emails call memos to CFOs & OGC for pending or threatened litigation cases and unasserted claims from 10/01/2017 - 06/30/2018.
07/05/2018	OFR	OGC	OFR emails with cases and claims provided by CFOs to OGC.
07/10/2018	OGC	OFR	OGC emails the draft interim LRL with 3 Attachments to OFR.
07/13/2018	OFR	OGC	OFR reviews the info and provides comments to OGC if corrections and clarifications are needed.
07/20/2018	OGC	CLA	OGC submits the LRL with 3 Attachments to CLA.
09/20/2018	OFR	CFOs & OGC	OFR emails call memos to CFOs & OGC for pending or threatened litigation cases and unasserted claims from 07/01/2018 - 09/30/2018.
10/03/2018	OFR	OGC	OFR emails with cases and claims provided by CFOs to OGC.
10/04/2018	OGC	OFR	OGC drafts Legal Representation Letter (LRL) update with 3 attachments covering 07/01/2018 - 09/30/2018 and emails them to OFR.
10/05/2018	OFR	OGC	OFR reviews the info and provides comments to OGC if corrections and clarifications are needed.
10/13/2018	OGC	CLA	OGC submits the year-end LRL update covering 07/01/2018 - 09/30/2018 to CLA.
11/01/2018	OFR	CFOs & OGC	OFR emails reminders to CFOs & OGC for pending or threatened litigation cases and unasserted claims from 10/01/2018 - 10/31/2018.
11/02/2018	OFR	OGC	OFR emails with cases and claims provided by CFOs to OGC.
11/03/2018	OGC	OFR	OGC provides OFR with any update/change to the cases/claims reported previously.
11/04/2018	OFR	OGC	OFR reviews the info and provides comments to OGC if corrections and clarifications are needed.
11/08/2018	OGC	CLA	OGC submits the LRL update covering 10/01/2018 - 10/31/2018 to CLA.
11/16/2018	OGC	OFR	OGC emails OFR with any update/change to the cases/claims reported previously for 11/01/2018 - 11/16/2018.
11/17/2018	OFR	CLA	OFR provides CLA with any update/change to the cases/claims reported previously for 11/01/2018 - 11/16/2018.
01/14/2019	OFR	OIG	OFR provides OIG with any update/change to the cases/claims reported previously for 11/17/2018 - 01/14/2019.

Appendix L: FY 2018 Management Representation Letters Timeline Milestones

Enclosed is an example from FY 2018. The schedule is revised annually according to updated requirements and deadlines.

	Milestones	Start Date	Anticipated Completion Date	Responsible Party
1	OFR to review Management Representation Letter SOP, timeline, and prior year letters. Update timeline for current fiscal year. Create individual letters based on prior fiscal year.	08/08/2018	08/16/2018	OFR
2	Draft CFO memo to direct Administration and other Executive offices comment on prior year MRL and to obtain Point of Contact (POC) designees. Establish VA Integrated Enterprise Workflow Solution (IEWS) assignment.	08/08/2018	08/17/2018	OFR
3	Route the memo for Assistant Secretary for Management /Chief Financial Officer (ASM/CFO) to sign via package folder. When signed, distribute to Administrations and Executive Offices.	08/20/2018	08/31/2018	OFR
4	Provide suggested edits for developing the individual FY 2018 MRLs and POCs.	09/05/2018	09/20/2018	Administrations and Executive Offices
5	Adjudicate input received from the Administrations and Executive offices.	09/24/2018	09/28/2018	OFR
6	Upon receipt of the financial auditor's draft FY 2018 Management Representation Letters, compare to previous year's letters and suggested edits to develop FY 2018 individual MRLs and closing package letter.	10/01/2018	10/12/2018	Auditors/OFR
7	Confirm POC contacts are still valid.	10/12/2018	10/12/2018	OFR

	Milestones	Start Date	Anticipated Completion Date	Responsible Party
8	Contact the Executive Secretary's office to review formatting for draft letters the Secretary will sign.	10/12/2018	10/18/2018	OFR/Executive Secretariat
9	Send e-mail reminder to POCs for upcoming due dates and VIEWS assignment.	10/19/2018	10/19/2018	OFR
10	OFR upload the draft FY 2018 individual Management Representation Letters and Closing Package Letter to VIEWS for Administration and Executive offices review and comment.	10/19/2018	10/22/2018	Administrations and Executive Offices
11	Update FY 2018 MRLs for signature including all changes and provide for leadership review.	10/23/2018	10/24/2018	OFR
12	Load documents into VIEWS to obtain signatures for the final version of the Management Representation Letter.	10/24/2018	10/24/2018	OFR
13	Sign final version of the individual MRLs and return in VIEWS.	10/25/2018	10/26/2018	Administrations and Executive Offices
14	Prepare VA Secretary package by NLT 1:00PM 11/02/2018.	10/29/2018	10/30/2018	OFR
15	Obtain ADAS and 004 signatures for MRL and closing package letter.	10/30/2018	11/01/2018	OFR and 004
16	OFR provide package to Executive Secretariat for review and Secretary signature.	10/30/2018	11/01/2018	OFR/Executive Secretariat
17	Obtain Secretary's signature.	11/01/2018	11/02/2018	OFR/Executive Secretariat
18	Provide signed MRL package to AFR team.	11/13/2018	11/13/2018	OFR
19	ADAS sends reminder for subsequent change reporting to Administration and Executive offices.	01/03/2019	01/03/2019	OFR

	Milestones	Start Date	Anticipated Completion Date	Responsible Party
20	Subsequent Changes. Send a request to Administration and Executive Offices to provide OFR with information about subsequent changes impacting Management Representation Letters and financial statements that have occurred from the date of the financial statement audits, November 16, 2018 and up through February 4, 2019.	01/25/2019	02/04/2019	OFR/ Administrations and Executive Offices
21	OFR provides Subsequent Changes to Fiscal Service, OMB, and GAO by noon February 5, 2019 via e-mail to Financial.Reports@fiscal.treasury.gov; Carol_S._Johnson@omb.eop.gov, USCFs@gao.gov.	02/05/2019	02/05/2019	OFR