



# US DEPARTMENT OF VETERANS AFFAIRS OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

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## VETERANS HEALTH ADMINISTRATION

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# VHA Did Not Effectively Oversee the Use of Manual Journal Vouchers

Audit

25-00451-200

September 26, 2025

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## Executive Summary

In fiscal year 2024, the Veterans Health Administration (VHA) processed about \$71.2 billion in healthcare-related transactions using what are known as journal vouchers. Journal vouchers are used to enter, adjust, reverse, or correct accounting and financial information. Although most VHA payment and expenditure transactions are processed using standard vouchers through automated systems, manual journal vouchers are used when automation is not feasible.<sup>1</sup>

Manual journal vouchers are used to record transactions such as salary accruals, expenditure transfers, and other adjustments that cannot be completed using automated system functions in VA's Financial Management System (VHA's primary accounting platform). Because these entries require manual input, they bypass automated controls and carry an increased risk of error or misclassification.<sup>2</sup> The VA Office of Inspector General (OIG) previously highlighted this vulnerability in congressional testimony on VA's financial transformation and has reported on deficiencies in how VA documented manual journal vouchers.<sup>3</sup>

Although VA responded to earlier OIG recommendations by updating financial policies in September 2023, May 2024, and March 2025 and by providing virtual training to clarify documentation requirements, internal oversight bodies continued to raise concerns about manual journal voucher processing.<sup>4</sup> The OIG initiated this audit to determine whether VHA processed manual journal vouchers from October 2023 through September 2024 in accordance with VA financial policy. The audit assessed documentation accuracy, staff awareness of journal voucher requirements, and oversight mechanisms.

## What the Audit Found

VHA did not consistently follow VA's financial policy for processing manual journal vouchers. VA financial policy requires that each manual journal voucher be justified, documented, and

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<sup>1</sup> "VA Enterprise Architecture Repository" (web page), accessed April 24, 2025. (This web page is not publicly accessible.) Common examples of transactions that required manual vouchers include interdepartmental budget transfers and retroactive pay adjustments.

<sup>2</sup> VA Financial Policy, "VA Journal Vouchers," in vol. 9, *General Accounting* (September 2023, May 2024), chap. 1A.

<sup>3</sup> [\*Hearing on the Status of VA Financial Management Business Transformation, Before the Subcommittee on Technology Modernization, House Committee on Veterans' Affairs\*](#), 118th Cong. (June 20, 2023) (statement of Nicholas Dahl, Deputy Assistant Inspector General for Audits and Evaluations, VA Office of Inspector General). Manual adjustments carry an inherent risk of introducing errors into financial reports. VA OIG, [\*VHA Can Improve Controls Over Its Use of Supplemental Funds\*](#), Report No. 21-03101-73, May 9, 2023; VA OIG, [\*VA's Compliance with the VA Transparency & Trust Act of 2021 Semiannual Report: September 2024\*](#), Report No. 22-00879-249, September 17, 2024.

<sup>4</sup> VA Financial Policy, "VA Journal Vouchers"; "Journal Vouchers and Required Documentation" training, VHA Office of Financial Training and Policy, September 13, 2023.

approved before it is entered into the Financial Management System, and it must also be reviewed afterward to ensure accuracy.<sup>5</sup> The OIG found that VHA did not provide effective oversight at the approval or post-recording review phases. Based on a stratified sample, the OIG estimated that 59,000 of the 77,000 journal vouchers from October 2023 through September 2024 (76 percent) lacked one or more required elements, such as clear justification, sufficient documentation, or approval. The OIG estimated that at least \$27 billion in transactions were processed using manual journal vouchers that lacked required documentation or approvals. Although this figure does not represent a potential monetary benefit (because the costs had been previously recorded and did not involve new expenditures), it reflects a large volume of transactions at elevated risk of misstatement.

The audit also found that corrective actions by VHA in response to earlier OIG reports were ineffective at preventing recurring deficiencies due to weak controls—limited staff training, ineffective use of macro tools, and inconsistent oversight by Veterans Integrated Service Networks (VISNs), which are the regional care systems that oversee medical facilities’ financial teams.<sup>6</sup> Regarding controls over employee actions, some staff reported never receiving formal journal voucher training, and there was no requirement for refresher training on policy or tool updates or for onboarding instruction for new staff. Additionally, although VHA made a macro-enabled journal voucher generator tool available, its use was not mandatory, and no mechanism ensured staff adopted the latest version or used it correctly. As for controls over VISN financial managers, their responsibilities were not clearly delineated. Oversight by VISN financial managers was therefore inconsistent, with limited monitoring of facility compliance and varying levels of engagement.<sup>7</sup>

## What the OIG Recommended

To address the deficiencies, the OIG made four recommendations to the VA under secretary for health and the chief financial officer.<sup>8</sup> First, the OIG recommended developing a plan to ensure manual journal vouchers are justified, documented, and approved before being entered into the Financial Management System and that they are reviewed after posting. In addition, VA should require ongoing training for all staff who prepare, review, or approve manual journal vouchers; clarify expectations for using macro-enabled journal voucher tools; and define and communicate

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<sup>5</sup> VA Financial Policy, “VA Journal Vouchers,” in vol. 9, *General Accounting* (September 2023, May 2024), chap. 1A.

<sup>6</sup> A macro is a set of commands used to automate frequently performed tasks. “Create or run a macro” (web page), Microsoft Support, accessed July 1, 2025, <https://support.microsoft.com/en-us/office/create-or-run-a-macro-c6b99036-905c-49a6-818a-dfb98b7c3c9c>.

<sup>7</sup> Additional details about the audit scope and methodology can be found in appendix A, while appendix B presents further detail about the team’s statistical sampling methodology.

<sup>8</sup> The recommendations addressed to the under secretary for health and the chief financial officer are directed to anyone in an acting status or performing the delegable duties of the positions.

clear oversight responsibilities for VISN financial managers by requiring routine monitoring of documentation and compliance at facilities.

## **VA Management Comments and OIG Response**

The acting under secretary for health concurred with all four recommendations and provided corrective action plans for each. The acting under secretary also stated that actions for recommendation 3 were complete as of July 2025. However, the OIG did not receive evidence or supporting documentation to verify completion. The OIG considers all four recommendations open. The proposed corrective measures in the action plans appear responsive to the recommendations, and the OIG will monitor implementation until all stated actions are documented as completed. The full text of the acting under secretary's comments appears in appendix C.



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## Abbreviations

FMS	Financial Management System
FY	fiscal year
GAO	Government Accountability Office
OIG	Office of Inspector General
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network



## Introduction

The Veterans Health Administration (VHA) manages billions of dollars annually to support care for over 9.1 million enrolled veterans across 172 VA medical facilities.<sup>9</sup> Although most healthcare payment and expenditure transactions are processed using standard vouchers through automated systems, manual journal vouchers are used when automation is not feasible. A journal voucher is a transaction used to enter, adjust, reverse, or correct accounting and financial information. Manual journal vouchers are used to record salary accruals, expenditure transfers, and other adjustments that cannot be processed using standard automated transactions in the Financial Management System (FMS), VA's official accounting system of record.<sup>10</sup> These entries require manual input of data, including account codes, dollar amounts, and justifications.<sup>11</sup>

In fiscal year (FY) 2024, VHA processed almost 114,000 manual journal vouchers, representing about \$71.2 billion in healthcare-related transactions.<sup>12</sup> Although these journal vouchers are intended to support accurate financial adjustments, they introduce the risk of error and misclassification because they bypass automated controls and rely on manual input. The VA Office of Inspector General (OIG) highlighted this vulnerability in congressional testimony on VA's financial transformation in FY 2023.<sup>13</sup>

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<sup>9</sup> VHA Handbook 1006.02, *VHA Site Classifications and Definitions*, December 30, 2013. For this report, "facility" refers to either a VA medical center or a VA healthcare system, which may comprise more than one medical center, consistent with the handbook definition. VA operates 172 medical centers.

<sup>10</sup> "VA Enterprise Architecture Repository" (web page), accessed April 24, 2025. (This web page is not publicly accessible.) Common examples of transactions that required manual vouchers include interdepartmental budget transfers and retroactive pay adjustments. FMS is a legacy mainframe application that processes transactions from VA facilities, payroll, and other financial activities. VA Financial Policy, "Standard Vouchers," in vol. 9, *General Accounting* (March 2025), chap. 2. System-generated batches and interfaces of transactions from other systems automate the entry of transactions into the financial system modules. These transactions are not manually processed by individual users. The Integrated Financial and Acquisition Management System, VA's newer financial platform, is gradually replacing FMS across the VA administrations. The system began deployment in 2020 and started implementation at VHA in June 2025.

<sup>11</sup> VA Financial Policy, "VA Journal Vouchers," in vol. 9, *General Accounting* (September 2023, May 2024), chap. 1A. Justification refers to the requirement that journal vouchers contain a clear description of the purpose of a journal voucher—for example, the reason for the correction or adjustment and why the journal voucher must be processed.

<sup>12</sup> These amounts were derived from an OIG analysis of VHA manual journal voucher transactions recorded in FMS from October 1, 2023, through September 30, 2024.

<sup>13</sup> [Hearing on the Status of VA Financial Management Business Transformation, Before the Subcommittee on Technology Modernization, House Committee on Veterans' Affairs](#), 118th Cong. (June 20, 2023) (statement of Nicholas Dahl, Deputy Assistant Inspector General for Audits and Evaluations, VA Office of Inspector General). Manual adjustments carry an inherent risk of introducing errors into financial reports.



In prior reports, the OIG identified deficiencies in how VA documented manual journal vouchers and recommended that VA strengthen its guidance.<sup>14</sup> In response, VA issued updated financial policies in September 2023, May 2024, and March 2025. VA also provided virtual training in September 2023 to clarify documentation requirements; a recording of that training remains on the internal VA SharePoint site.<sup>15</sup> Despite these actions, internal oversight bodies continued to raise concerns about the accuracy, completeness, and oversight of VHA's manual journal voucher processing. As a result, the OIG initiated this audit to determine whether VHA processed manual journal vouchers from October 2023 through September 2024 in accordance with VA financial policy. The audit assessed documentation accuracy, staff awareness of journal voucher requirements, and oversight mechanisms.

## Manual Journal Vouchers and Documentation Requirements

To mitigate risk, VA financial policy requires that each manual journal voucher is justified, documented, and approved before it is entered into FMS, and it must be reviewed after the FMS posting to ensure compliance, transparency, and audit readiness.<sup>16</sup> This process involves assembling a complete journal voucher package that documents the underlying rationale and financial effect. A package contains the following elements:<sup>17</sup>

- A summary form documenting key elements such as the affected general ledger accounts, fund, budget fiscal year, and transaction<sup>18</sup>
- A clear explanation of the transaction purpose
- Supporting documentation with general ledger details<sup>19</sup>
- Preparer and approver identification with signatures and dates

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<sup>14</sup> VA OIG, [\*VHA Can Improve Controls Over Its Use of Supplemental Funds\*](#), Report No. 21-03101-73, May 9, 2023; VA OIG, [\*VA's Compliance with the VA Transparency & Trust Act of 2021 Semiannual Report: September 2024\*](#), Report No. 22-00879-249, September 17, 2024.

<sup>15</sup> VA Financial Policy, "VA Journal Vouchers"; "Journal Vouchers and Required Documentation" training, VHA Office of Financial Training and Policy, September 13, 2023.

<sup>16</sup> VA Financial Policy, "VA Journal Vouchers," in vol. 9, *General Accounting* (September 2023, May 2024), chap. 1A.

<sup>17</sup> VA Financial Policy, "VA Journal Vouchers."

<sup>18</sup> The OF 1017-G form is an optional form relating to fiscal procedures prescribed by the Government Accountability Office (GAO), but VA makes the OF 1017-G mandatory in a journal voucher package to identify the general ledger accounts and details for the entry. GAO, *Policy and Procedures Manual for Guidance of Federal Agencies*, GAO-501017-810G, May 1993; VA Financial Policy, "VA Journal Vouchers."

<sup>19</sup> The general ledger is the official record of an organization's financial transactions. At VHA, this function is performed by FMS, which acts as the central accounting system for recording, managing, and reporting financial data. FMS supports the standard general ledger, funds control, and budget execution. VA, *Privacy Impact Assessment*, Financial Management System, October 11, 2022.

These elements help ensure the transaction is verifiable and properly classified.

## **Journal Vouchers for Expenditure Transfers and Reclassifications**

Manual journal vouchers are often used for expenditure transfers and reclassifications. Expenditure transfers shift budgetary resources between VA accounts, often across organizations or types of funding, and are typically used when one VA entity pays another for goods or services.

For example, when a VA medical center transfers supplies within the same medical center, such as a supply distribution center, it can use a manual journal voucher to transfer the expenditure between accounts and reflect the cost of those goods. Expenditure transfers help VA comply with budgetary regulations and prevent overspending, as long as the manual journal vouchers they rely on are properly documented and approved.<sup>20</sup> They also provide flexibility, allowing VA to adjust budgets in response to shifts in resource needs or unexpected financial events.

Reclassifications, in contrast, do not move funds between accounts. Instead, they correct previously recorded transactions. For example, if an employee temporarily worked for another division but his salary was mistakenly charged to his original division, a reclassification journal voucher would shift the salary expenditure to the benefiting division. Common reclassification scenarios include correcting cost centers and budget object codes as well as realigning salary, travel, and award payments.<sup>21</sup> These entries help VA ensure costs are appropriately attributed across its operations.

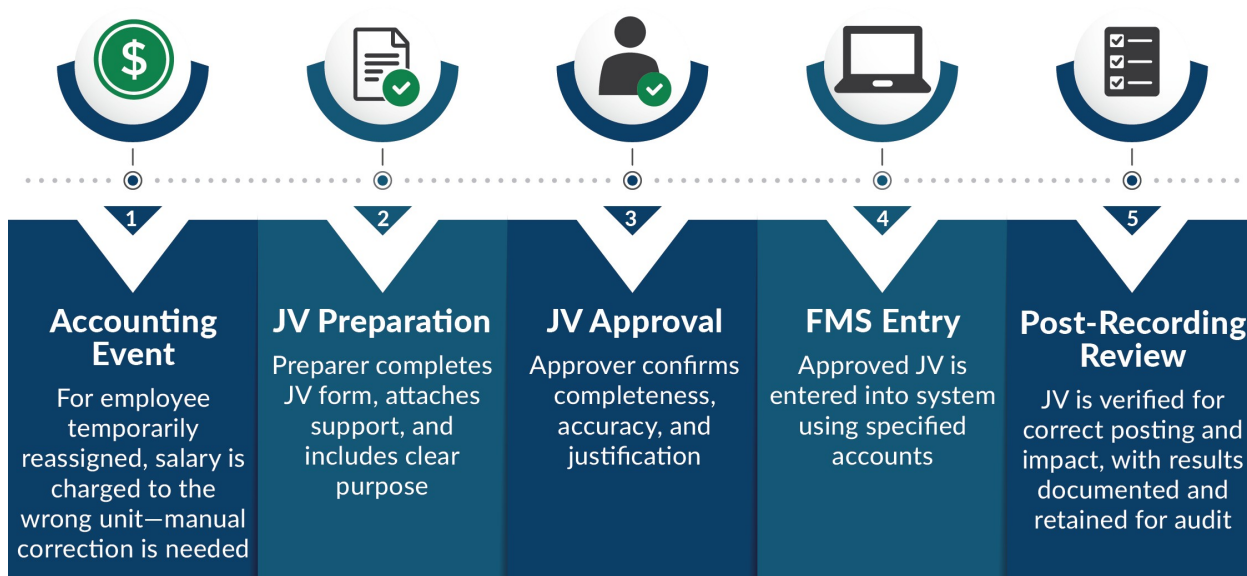
## **Manual Journal Voucher Processing Steps and Controls**

Processing steps for a reclassification scenario in FMS are shown in figure 1. Through this standardized process, journal vouchers facilitate the proper execution of expenditure transfers and reclassification entries, supporting VA's financial integrity and regulatory compliance.

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<sup>20</sup> VA Financial Policy, "Financial Statement Analytics," in vol. 7, *Financial Reporting* (September 2024), chap. 2. Budgetary accounts reflect budgetary operations and conditions, such as estimated revenues, appropriations, and obligations. VA tracks the flow of budgetary resources from the appropriation through apportionment, allotment, allowance, obligation, and finally the outlay of cash.

<sup>21</sup> VA Financial Policy, "Cost Centers," in vol. 13, *Cost Accounting* (November 2023), chap. 1. Cost centers are a way to accumulate costs incurred by area of responsibility or geographic region. Cost centers are represented by a four- to six-digit code used to identify organizational elements throughout VA, and budget object codes are categories in a classification system that present obligations by the items or services purchased.



**Figure 1.** Typical steps for processing a manual journal voucher.

Source: VA figure based on VA financial policy.

Note: JV stands for “journal voucher.”

The first step is for the journal voucher preparer to identify the need for a manual journal voucher, which may transfer funds between appropriation accounts, reclassify expenditures in VA organizations, or correct errors. Once the need for a journal voucher is established, the preparer gathers documentation, ensuring all necessary details are clearly recorded. The preparer is also required to establish and maintain a local log to support tracking, verification, and post-transaction reviews.<sup>22</sup>

Before the transaction can be entered into FMS, it must be reviewed and authorized by an approving official, typically a staff member in the finance office at the VA facility. This step ensures compliance with financial regulations and verifies the accuracy and necessity of the entry.

Once the transaction is entered, FMS generates reports such as the F840 Detailed Accounting Transaction Report.<sup>23</sup> Approving officials are expected to use these reports to confirm that the journal voucher posted correctly to the intended general ledger accounts. Supporting documentation, such as screenshots, should be kept by the reviewer to validate the transaction’s

<sup>22</sup> VA Financial Policy, “VA Journal Vouchers.”

<sup>23</sup> “Power Business Intelligence (BI) Reports” (website), VA. (This website is not publicly accessible.) The Detailed Accounting Transaction Daily Details (F840) Report allows financial administrators to see the detailed transactions that make up the net activity in a day so that adjustments can be made if imbalances are found for general ledger accounts.

accuracy. Facility finance managers or supervisors should be accountable for ensuring this review is completed and documented.<sup>24</sup>

## **Oversight Responsibilities for Manual Journal Vouchers**

Oversight of the journal voucher process involves several key VA parties: the VA Office of Management; VA's Office of Business Oversight; the VHA chief financial officer; VHA's Office of Financial Policy; and the Veterans Integrated Service Networks (VISNs), which are regional systems of healthcare delivery. Effective coordination among these entities is essential to ensure accuracy, approval, and documentation of manual journal vouchers in accordance with VA financial policy.

### **VA Office of Management**

The VA Office of Management plays a critical role in overseeing financial policies, budget execution, and internal controls to uphold fiscal integrity across the department. A core responsibility is managing FMS, where manual journal vouchers are used to record financial adjustments. Additionally, the office is responsible for implementing the Integrated Financial and Acquisition Management System, which began deployment at select VA administrations in 2020 and started to replace FMS at VHA in June 2025. As of May 2025, VHA's deployment timeline had not been finalized, although full implementation across VA is anticipated by 2031.

### **VA's Office of Business Oversight**

The Office of Business Oversight promotes transparency and accountability by overseeing VA's financial management controls and conducting reviews to assess compliance with laws and regulations.<sup>25</sup> The office includes manual journal vouchers in its targeted reviews and has reported deficiencies such as missing documentation, improper approvals, and unclear transaction descriptions. These reviews are conducted in accordance with the Office of Management and Budget's Circular A-123, Appendix A, which provides a methodology for assessing, documenting, and reporting on internal controls over reporting. The Office of Business Oversight also provides guidance, assessment tools, and templates to support VA administrations in completing internal control evaluations and the annual Statement of

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<sup>24</sup> The audit team concluded that this responsibility should fall to facility finance managers or supervisors because the approving official role is often held by a staff member within the local finance office.

<sup>25</sup> "Business Oversight" (web page), VA Office of Management, accessed May 12, 2025, <https://department.va.gov/administrations-and-offices/management/business-oversight/>.

Assurance.<sup>26</sup> Through these efforts, the office helps identify systemic weaknesses and supports audit readiness across the department.<sup>27</sup>

## **VHA Chief Financial Officer**

The VHA chief financial officer is responsible for overseeing financial operations, including budget development, fund allocation, and fiscal monitoring for VISNs. The VHA chief financial officer acts as the principal financial adviser to the under secretary for health and provides strategic guidance to the assistant under secretary for health for operations. Regarding journal vouchers, the VHA chief financial officer is responsible for ensuring proper execution of financial adjustments and adherence to VA accounting policies.

## **VHA Office of Financial Policy**

The VHA Office of Financial Policy is responsible for developing, updating, and implementing financial and operational policies that cover areas such as travel, debt management, purchase cards, obligations, accounts payable, and accounts receivable. The Office of Financial Policy also develops guidance specific to journal voucher requirements and updates policies to reflect internal control expectations, including those for journal voucher documentation, approval, and post-recording review procedures.

## **Veterans Integrated Service Networks**

The VISNs are 18 regional systems responsible for management and oversight of VHA medical facilities across the country.<sup>28</sup> VISN chief financial officers work with their counterparts in VHA to allocate funding and ensure medical facilities receive appropriate financial resources. A key responsibility is overseeing Financial Quality Assurance Reviews to assess journal voucher processing. When discrepancies are identified, VISN chief financial officers can help facility directors and financial quality assurance managers develop and implement corrective actions. These efforts help ensure journal vouchers are processed in accordance with federal financial requirements.

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<sup>26</sup> VA Financial Policy, “Management’s Responsibility for Internal Controls,” in vol. 1, *Financial Management* (December 2022), chap. 5. The Statement of Assurance is an annual certification from VA leaders that key programs and financial systems are working properly and meet federal internal control requirements.

<sup>27</sup> Audit readiness refers to the ability to produce timely, complete, and supportable documentation for financial transactions in accordance with applicable laws, regulations, and internal controls.

<sup>28</sup> VHA Directive 1217(1), *VHA Operating Units*, August 14, 2024.

## Results and Recommendations

### **Finding: VHA Did Not Ensure Consistent Compliance with Requirements for Processing Manual Journal Vouchers**

The OIG determined that VHA did not consistently follow VA financial policy for processing manual journal vouchers. Specifically, VHA did not provide effective oversight at either the approval or post-recording review phases. From a stratified sample of journal vouchers, the OIG estimated that VA did not meet one or more policy requirements when it processed about 59,000 of the 77,000 journal vouchers from October 2023 through September 2024 (76 percent). The OIG determined that the vouchers in the sample lacked one or more required elements, such as clear justification, sufficient documentation, or approval. Furthermore, the OIG estimated that transactions totaling at least \$27 billion were processed using manual journal vouchers that lacked the required documentation or approvals. This amount reflects costs that had been previously recorded and did not involve new expenditures and therefore does not, from an auditing perspective, represent a potential monetary benefit. However, it does reflect a high volume of activity at elevated risk for misstatement and reduced transparency.

Corrective actions by VHA in response to earlier OIG reports did not prevent recurring deficiencies due to limited staff training, ineffective use of available tools, and inconsistent VISN oversight. These weaknesses hindered VA from ensuring that the reclassification or transfer of funds followed VA policy. Missing documentation and incomplete records, such as missing signatures or dates, also undermined the reliability of VA's annual audited financial statements and other reporting to oversight bodies like the Office of Management and Budget, the US Treasury, and Congress. Without clear evidence of what was recorded and why, VHA cannot ensure transactions were properly classified in accordance with VA financial policy. The deficiencies the OIG identified underscore the need for ongoing training for journal voucher preparers and approvers, clearer guidance, and defined responsibilities for VISN financial managers.

The finding is based on the following determinations:

- VHA did not consistently ensure manual journal vouchers were properly documented or approved.
- Internal oversight reviews corroborated processing problems.
- Weak controls caused deficiencies in manual journal voucher processing.

### **What the OIG Did**

VHA processed about 114,000 manual journal vouchers in FY 2024 for expenditure transfers and reclassifications. To focus on higher-value transactions, the OIG team excluded those



under \$1,000, resulting in a refined population of almost 85,800 records. From this population, the OIG selected a statistical sample of 131 journal vouchers for detailed review. The OIG estimated about 8,700 system-generated transactions were out of scope and did not meet VA's criteria for manual journal vouchers and did not require supporting documentation. This resulted in a final population of about 77,000 manual journal vouchers.<sup>29</sup>

The team also interviewed facility staff, reviewed relevant policy documents and Financial Quality and Office of Business Oversight reviews, and assessed VISNs oversight efforts. Additional details on the audit scope and methodology can be found in appendix A, while appendix B presents further detail on the team's statistical sampling methodology.

## **VHA Did Not Consistently Ensure Manual Journal Vouchers Were Properly Documented or Approved**

The audit team identified errors in manual journal voucher processing across VHA, including missing documentation and lack of approval or proper execution. The audit team estimated that about 59,000 of the 77,000 manual journal vouchers from October 2023 through September 2024 (about 76 percent) had errors, and many had multiple errors. At least an estimated \$27 billion was transferred with one or more errors. About 48,000 of the errors (62 percent) were attributed to missing or incomplete documentation, while an estimated 34,000 (59 percent) errors related to a lack of proper approval or were not executed in accordance with VA policy or internal control standards.<sup>30</sup>

### **More Than Half of Manual Journal Vouchers Lacked Documentation**

Of the about 77,000 manual journal vouchers from October 2023 through September 2024, about 48,000 (62 percent)—transferring at least an estimated \$24 billion—had documentation errors such as missing or incomplete documentation. These included missing summary forms, missing justifications, unclear transaction purposes, incomplete support in the general ledger, and missing entries in local journal voucher logs. Without this documentation, VA lacks a clear audit trail to show the transactions were properly reviewed and processed in accordance with policy, and VA cannot know whether they were properly classified or supported. This increases the risk of financial misstatements and weakens transparency and accountability in VA's financial reporting.

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<sup>29</sup> Numbers do not sum due to rounding.

<sup>30</sup> The 59,000 figure reflects the combined estimate of manual journal vouchers lacking documentation (48,000) or proper authorization (34,000) based on weighted projections from the sample. The numbers do not sum because some journal vouchers had multiple errors. More on the audit scope and methodology can be found in appendix A.

Table 1 summarizes documentation deficiencies the audit team observed in sampled journal vouchers. Each manual journal voucher may include multiple transactions. The team did not project error rates for these individual categories.<sup>31</sup>

**Table 1. Issues Identified with Manual Journal Vouchers by Process Step<sup>32</sup>**

Issue identified	Journal voucher process step	Number of journal vouchers affected in sample	Total journal voucher value in sample*
Journal voucher lacked Form OF 1017-G	Step 2 – Preparation	4	\$348,061
Journal voucher lacked a clear purpose and explanation	Step 2 – Preparation	14	\$25,732,223
Journal voucher lacked support that the correct budget object codes were used	Step 2 – Preparation	2	\$16,666
Supporting documentation was not available for review	Step 2 – Preparation	3	\$120,865
Journal voucher was not recorded in a local log	Step 2 – Preparation	10	\$7,998,892
Journal voucher lacked supporting documentation for the amounts and general ledger accounts used	Step 3 – Approval	12	\$1,449,916
Evidence was not maintained to show the journal voucher accurately reflected the correct general ledger accounts in FMS	Step 5 – Post-recording review	67	\$52,454,956

Source: OIG analysis of VA journal voucher documentation.

Note: Numbers are rounded.

\* Total journal voucher value refers to the larger of the two sides of a journal voucher (debit or credit) to express the magnitude of financial activity.

The audit team found that in four journal vouchers in the sample totaling about \$348,000, the required summary form was not completed, and in 14 cases, journal vouchers totaling about \$25.7 million lacked a clearly stated purpose. One of these cases is described in example 1. A

<sup>31</sup> The audit team did not project these numbers by individual category because some categories had too few identified errors to produce statistically reliable estimates, and the precision of estimates for individual categories did not meet acceptable thresholds. Instead, the team focused on projecting the major error types combined, which are missing or incomplete recording and lack of authorization.

<sup>32</sup> A single journal voucher can include multiple transactions, which are financial events such as a payment or an expenditure.



clear statement of purpose is necessary to justify manual journal voucher processing and ensure transparency, as required by VA financial policy.<sup>33</sup>

### **Example 1**

*A journal voucher dated October 24, 2023, included only the vague phrase “Pharmacy CITC [care in the community]” in the description field of the summary form, with no additional documentation or explanation. On February 7, 2025, the facility concurred that the journal voucher lacked a clear purpose. As a result, the purpose of the transaction remained unclear. A compliant justification would include details such as the nature of the cost transfer, the services provided, the dates of service, and references to relevant source documentation.*

In contrast, another journal voucher from a different facility demonstrates an appropriately documented purpose, as shown in example 2.

### **Example 2**

*A journal voucher dated July 25, 2024, transferred a portion of a physician’s salary from one VA medical facility to another under a shared staffing arrangement. The voucher narrative stated: “STA [station] 506 to STA 539 Shared MOU [memorandum of understanding] [Physician Name] FY 24 Q3 and Q4.” Supporting documentation included a memorandum of agreement outlining the physician’s approved distribution of work across two facilities and the associated funding responsibilities, as well as an email confirming the cost transfer and citing the memorandum of understanding. Together, these materials substantiated the purpose of the transaction, identified the benefiting program, and enabled validation of the classification codes and dollar amounts. The documentation met VA policy requirements for justification and support.*

*This entry provided sufficient context to support the transfer, enabling reviewers to trace the transaction back to source documents.*

Two additional vouchers, totaling about \$17,000, used incorrect budget object codes while three transactions, totaling nearly \$121,000, lacked any supporting documentation. These omissions limited the audit team’s ability to confirm the accuracy or authorization of the entries.

The audit team also identified 10 manual journal vouchers totaling about \$8 million that were not recorded in a local journal voucher log. Although VHA provided staff with the OF 1017-G Journal Voucher Generator, a macro-enabled Excel tool intended to streamline journal voucher

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<sup>33</sup> VA Financial Policy, “VA Journal Vouchers.”

preparation, it did not resolve the underlying issues, and documentation and accuracy errors persisted throughout the review period.<sup>34</sup>

In 12 additional journal vouchers, totaling about \$1.4 million, the audit team identified incomplete supporting documentation related to the recorded dollar amounts or general ledger accounts. As a result of this documentation gap, the audit team could not confirm whether transactions were properly classified or recorded in accordance with VA policy. Without adequate support, VA cannot ensure compliance with policy or trace the origin and purpose of these transactions, as shown in example 3.

### **Example 3**

*A journal voucher dated April 15, 2024, lacked documentation for the amounts and general ledger accounts used. The facility provided some support, but it did not support the dollar amounts or provide other information to enable a reviewer to verify amounts. Therefore, the transfer was not completed in accordance with VA policy.*

In 67 manual journal vouchers in the sample, totaling almost \$52.5 million, the voucher lacked evidence that it was posted to the correct general ledger account or had the intended financial effect. One of these 67 is described in example 4.

### **Example 4**

*A journal voucher dated February 5, 2024, included a summary form but did not reflect the correct general ledger accounts. A facility review revealed discrepancies between the accounts listed on the form and those posted in FMS. Had this been reviewed after posting, these discrepancies would have been detected.*

These documentation lapses affect VHA's ability to consistently meet required standards, reducing the transparency and reliability of its financial records.

## **Many Transactions Lacked Approval or Proper Execution**

A second deficiency involved manual journal vouchers that lacked proper approval or were not executed in accordance with VA policy or internal control standards. For example, some journal vouchers lacked required signatures from either the preparer or the approving official, while others were entered into FMS before receiving approval, limiting VA's ability to confirm that the transactions were properly classified. The audit team estimated that about 34,000 of the

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<sup>34</sup> "OF 1017-G Journal Voucher Generator" (website), VHA CFO [chief financial officer] Office of Financial Oversight. (This website is not publicly accessible.) The OF 1017-G Journal Voucher Generator is a macro tool designed to create journal vouchers using a template and auto-population features.

77,000 manual journal vouchers from October 2023 through September 2024 (about 45 percent) did not fully comply with approval or execution requirements. At least an estimated \$8.4 billion was transferred through these manual journal vouchers. Some staff performed multiple key roles, such as both preparing and approving a voucher, violating separation-of-duties controls and increasing the risk of error or fraud.<sup>35</sup>

Table 2 summarizes the approval and execution errors observed. As with table 1, the audit team did not project these error types individually.<sup>36</sup>

**Table 2. Lack of Journal Voucher Approval or Proper Execution of Transactions by Process Step**

Error	Journal voucher process step	Number of journal vouchers affected in sample	Total journal voucher value in sample
Preparer did not sign and date the journal voucher	Step 2 – Preparation	11	\$6,810,100
Approver did not sign and date the journal voucher	Step 3 – Approval	15	\$7,469,949
Approval date was not before the FMS entry date	Step 3 – Approval	37	\$18,431,557
Those involved in processing did not maintain separation of duties	Step 4 – FMS entry	4	\$1,179,725

Source: OIG analysis of VA journal voucher documentation.

Note: Numbers are rounded.

## Internal Oversight Reviews Corroborated Processing Problems

VA’s internal reviews, such as Financial Quality Assurance Reviews and Office of Business Oversight assessments, identified journal voucher issues similar to what the audit team found. However, these internal reviews relied on judgmental samples and corrective action plans that were often limited to specific transactions or locations. While their findings reinforced the OIG’s audit conclusions, they did not result in sustained, effective oversight across VHA facilities.

<sup>35</sup> Separation (or segregation) of duties is critical to effective internal control. The concept is that no one person should initiate, approve, and record a transaction. Having at least two sets of eyes on any transaction helps fight fraud by discouraging collusion. “Segregation of Duties (Preventive & Detective)” (web page), *UCLA Business & Finance Solutions*, accessed June 27, 2025, <https://www.finance.ucla.edu/corporate-accounting/controls-and-accountability/control-practices/segregation-of-duties-preventive-detective>.

<sup>36</sup> The audit team did not project these numbers by individual category because some categories had too few identified errors to produce statistically reliable estimates, and the precision of estimates for individual categories did not meet acceptable thresholds. Instead, the audit team focused on projecting the major error types combined, which are missing or incomplete recording and lack of authorization.

Consequently, deficiencies in manual journal voucher processing persisted, further highlighting the need for stronger, VHA-wide internal controls.

The third quarter FY 2024 Financial Quality Assurance Review (covering activity from the first quarter of that fiscal year) found that many journal vouchers, both manual and system-generated, lacked sufficient documentation and were missing the required approval signatures. These findings were consistent with those identified during this OIG audit, which, as discussed, also found widespread issues with documentation and authorization.

Also of note, the Office of Business Oversight conducted reviews of both manual and system-generated FY 2024 journal vouchers and identified several recurring deficiencies:

- Transactions were entered into FMS before receiving required approvals.
- Recorded amounts did not match supporting documentation.
- Descriptions lacked clarity regarding the purpose of a transfer.
- Documentation was insufficient to verify key transaction details.

The Office of Business Oversight communicated these findings to facility staff, issued formal recommendations, and required corrective actions. These efforts demonstrate VA's commitment to internal oversight and illustrate the need to identify and implement system-wide recommendations to ensure lasting correction of manual journal voucher deficiencies.

## **Weak Controls Caused Deficiencies in Manual Journal Voucher Processing**

VHA's deficiencies detailed in this report stemmed from limited staff training, ineffective use of available tools, and inconsistent VISN oversight. Many facilities did not ensure compliance with VA financial policy. In several instances, facility staff processed transactions without verifying general ledger accuracy or confirming complete documentation. These errors should have been prevented by an approving official's review of supporting documentation and verification of general ledger accounts before approval, which are standard requirements under VA financial policy. Yet these review steps were inconsistently applied or not addressed.

Overall, the OIG team observed a fragmented approach to manual journal voucher oversight and compliance. Without strong internal controls such as routine training, effective use of the macro tool, and consistent VISN compliance checks, VHA cannot ensure accurate financial practices and sustained adherence to VA policy.

### **Limited Staff Training**

Training gaps contributed to errors in documentation, approval, and processing. The VHA Office of Finance held three virtual instructor-led training sessions in September 2023 and made these

recordings available on its internal SharePoint site, along with slide presentations, examples, and question-and-answer documents to support self-guided learning (although participation after the initial rollout remained voluntary). The VHA Office of Finance, Operations, Training, and Support also directed each VISN chief financial officer to certify by September 29, 2023, that all staff responsible for journal vouchers or expenditure transfers had completed the training. However, interviews with facility staff indicated some employees never completed the virtual training—which was the only formal session offered—and there was no requirement for refresher training or onboarding instruction for new staff, resulting in an inconsistent application of policy requirements.

VHA officials confirmed that the September 2023 certification was a onetime requirement and that there was no formal VHA-wide requirement for newly assigned staff to complete the same training. Likewise, there was no mandate for recurring or refresher training for existing staff.

Therefore, the audit team concluded that VHA does not require newly assigned staff with journal voucher responsibilities to complete the same training that was provided in September 2023. Officials explained that additional mandatory training would require approval through the Learning Organization Transformation Mandatory Training Subcommittee in accordance with VHA Directive 1052.<sup>37</sup>

## **Ineffective Use of Standardized Journal Voucher Tools**

Although VA developed a standardized, macro-enabled journal voucher generator tool, the tool's use was not mandatory across VHA. The audit team found no policy requirement to ensure its consistent use or version control. As a result, the tool's intended benefits—such as reducing manual entry errors, promoting standardization, and streamlining policy compliance—were not fully realized.

The macro tool's instructions note its capabilities to

- automatically pull required journal voucher data from the financial system,
- prepopulate account classifications based on transaction type,
- flag missing or invalid data inputs, and
- generate standardized output in compliance with VA financial policy.

However, audit interviews and document reviews showed that staff at multiple facilities either did not use the tool or used an outdated version. There was no central enforcement mechanism to

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<sup>37</sup> VHA Directive 1052, *Appropriate and Effective Use of VHA Employee Mandatory and Required Training*, June 29, 2018.

ensure users downloaded the most recent version of the tool, which may have explained why older versions were used.

In some cases, journal vouchers were processed with incorrect general ledger accounts because staff relied on outdated versions of the macro tool. These issues undermined the benefits the tool was designed to provide and contributed to the recurring documentation and approval errors identified in this audit.

To improve the tool's effectiveness, staff need to use the tool for *all* manual journal voucher submissions, ensure the version they use is up-to-date, and be trained to use it properly.

### **Inconsistent Oversight by VISNs**

VISNs are primarily responsible for overseeing journal voucher processing through quarterly Financial Quality Assurance Reviews, with oversight typically managed by directors, financial quality assurance managers, and chief financial officers. However, the FY 2024 Financial Quality Assurance Review reported that some VISNs had repeat findings in FYs 2023 through 2024, which are indicative of ineffective corrective action plans that do not address the root cause of the finding or of ineffective follow-up.

While some VISNs went beyond policy requirements by verifying separation of duties or reviewing supporting documentation for compliance, the level of engagement varied. These additional steps—although not required by VA policy—may present practices that could strengthen financial oversight and reduce repeat errors. Financial managers could improve consistency by routinely monitoring manual journal voucher activity, establishing error rate thresholds, and identifying specific tools, such as the Detailed Accounting Transaction Daily Details (F840) Report, to help verify the accuracy of transactions.

### **Recent Policy Revisions**

In March 2025, after the audit period and in response to a prior VA OIG report, VA revised its journal voucher policy to strengthen post-transaction review requirements.<sup>38</sup> The updated policy directs approvers to verify and document that each journal voucher is posted to the correct general ledger accounts and achieves the intended financial effect. Although VA financial policy previously required post-recording reviews, the March 2025 revision strengthened the requirement by identifying specific reports, such as the Detailed Accounting Transaction Daily Details (F840) Report, to support verification of journal voucher accuracy.<sup>39</sup> However, this policy change addresses only one of several deficiencies identified in this audit. Additional

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<sup>38</sup> VA OIG, *VHA Can Improve Controls Over Its Use of Supplemental Funds*; VA OIG, *VA's Compliance with the VA Transparency & Trust Act of 2021 Semiannual Report: September 2024*; VA Financial Policy, "Journal Vouchers."

<sup>39</sup> VA, *FMS Procedures Guide: Budget Documents*, ver. 5.0.1, pp. 32–33.

action is needed to improve staff training, enforce the use of tools, and clarify oversight responsibilities, as outlined in the OIG's recommendations.

## Conclusion

Deficiencies in VHA's manual journal voucher processing increased the risk of inaccurate financial reporting, including information that supports budget decisions, resource allocation, and oversight by the Office of Management and Budget, the US Treasury, and Congress. These weaknesses may reduce the confidence of external oversight bodies in VA's ability to manage appropriated funds in a transparent manner; in short, they undermine VA's financial integrity. Although the Integrated Financial and Acquisition Management System is replacing FMS and provides some improved functionality, it may not resolve the control problems laid out in this audit. Until these weaknesses are addressed, VA cannot ensure manual journal vouchers are being used as intended to support accurate and transparent financial reporting.

## Recommendations 1–4

The OIG made the following recommendations to the VA under secretary for health and the chief financial officer:<sup>40</sup>

1. Develop a plan to ensure manual journal vouchers are justified, documented, and approved before they are entered into the Financial Management System and that they are reviewed after posting to verify accuracy and support compliance, transparency, and audit readiness.
2. Require ongoing training for all staff who prepare, review, or approve manual journal vouchers, including a process to ensure that new employees complete initial training and that refresher courses are provided when policies or tools are updated.
3. Clarify expectations for using macro-enabled journal voucher tools by defining when the standardized macro must be used; establishing a process to communicate macro tool updates and prompt the adoption of newly released versions; and providing guidance, training, and user support to promote correct and consistent application of the tools.
4. Define and communicate clear oversight responsibilities for Veterans Integrated Service Network financial managers by requiring routine monitoring of documentation and compliance at facilities.

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<sup>40</sup> The recommendations addressed to the under secretary for health and the chief financial officer are directed to anyone in an acting status or performing the delegable duties of the positions.



## **VA Management Comments**

VHA's acting under secretary for health concurred with all four recommendations and described corrective actions intended to strengthen oversight and standardization of manual journal voucher practices. Appendix C includes the full text of the acting under secretary's comments, summarized below.

For recommendation 1, VHA outlined a three-phase implementation plan: (1) rescinding and replacing outdated policy chapters in March 2025, (2) conducting a third-quarter financial quality assurance review requiring facilities to address findings by the fourth quarter of FY 2025, and (3) providing targeted training in the first quarter of FY 2026, with a 90 percent compliance target.

For recommendation 2, VHA committed to providing required journal voucher training twice annually, offering refresher sessions, and maintaining self-paced training on SharePoint. Training compliance will be tracked against a 90 percent benchmark.

For recommendation 3, VHA clarified that while the macro-enabled journal voucher tool is not mandatory, it is promoted as a streamlined option with guidance posted on SharePoint. Training on the tool was scheduled as part of Financial Management Leadership Training in August 2025. The acting under secretary indicated that VA's response to this recommendation was complete as of July 2025; however, supporting documentation was not provided to verify that staff completed training. The OIG will keep this recommendation open until VHA provides sufficient evidence demonstrating progress in clarifying expectations for using the tool.

For recommendation 4, VHA reported it will reinforce oversight responsibilities through targeted training and awareness campaigns, including outreach to financial quality assurance managers and auditors and messaging during monthly National Fiscal Officers calls.

## **OIG Response**

The acting under secretary for health provided plans that were responsive to the recommendations. The OIG will monitor implementation of the planned actions and will close the recommendations when sufficient evidence is received demonstrating progress in addressing the intent of the recommendations and the issues identified.



## Appendix A: Scope and Methodology

### Scope

The VA Office of Inspector General (OIG) audit team conducted its work from December 2024 through July 2025. The audit focused on a sample of 116 manual Veterans Health Administration (VHA) journal vouchers processed during the 12-month period ending September 30, 2024. The team concentrated on manual journal vouchers related to expenditure transfers to assess whether transactions complied with VA financial policy requirements for proper documentation and approval.

### Methodology

To accomplish the audit objective, the team did the following:

- Identified and reviewed applicable laws, regulations, VA policies, procedures, and guidelines related to VHA's use of manual journal vouchers
- Interviewed leaders from VA's Office of Finance, VA's Financial Services Center, and VHA's Financial Quality Assurance and Oversight
- Interviewed staff at selected VHA facilities, Veterans Integrated Service Networks (VISNs), and program offices to assess processes, internal controls, and general governance related to manual journal voucher processing

The team sampled and reviewed 116 manual journal vouchers, along with supporting documentation such as summary forms, Financial Management System (FMS) F840 reports, screenshots from the FMS, journal voucher logs, spreadsheets, and other financial records.<sup>41</sup> The review evaluated whether the journal vouchers were processed in accordance with applicable policies and procedures. Additionally, the team reviewed a subset of the sample to assess whether any transactions occurred after the expiration of appropriated funds.

### Internal Controls

The team assessed internal controls to determine whether they were significant to the audit objective. This included consideration of the five internal control components: control environment, risk assessment, control activities, information and communication, and monitoring. In addition, the team reviewed the principles of internal controls associated with the

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<sup>41</sup> Power Business Intelligence (BI) Reports" (website), VA. (This website is not publicly accessible.) The Detailed Accounting Transaction Daily Details (F840) Report allows financial administrators to see the detailed transactions that make up the net activity in a day so that adjustments can be made if imbalances are found for general ledger accounts.

objective and identified two components and three principles as significant. The team identified internal control deficiencies during this audit and proposed recommendations to address those listed in table A.1.

**Table A.1. VA OIG Analysis of Internal Control Components and Principles Identified as Significant**

Component	Principle	Deficiency identified by this report
Control activities	Design control activities	VHA did not clearly define expectations for VISN oversight responsibilities or the use of macro tools.
Control activities	Implement control activities	Some facilities did not consistently apply controls for manual journal voucher documentation, review, and approval.
Information and communication	Design control activities	VHA did not ensure communication of updated policy requirements and macro tool guidance to all users.
Information and communication	Implement control activities	Training was not consistently delivered to new staff, and refresher training was not required.
Information and communication	Use quality information	VHA lacked a way to verify staff were using the most recent macro tool version or confirm post-recording reviews were done.

*Source: VA OIG analysis of internal control components and principles. The principles listed are consistent with the Government Accountability Office's Standards for Internal Control in the Federal Government.*

## Data Reliability

The audit team used computer-processed data provided by the OIG Data Analysis Division that were extracted from FMS journal tables. The data consisted of all manual VHA journal vouchers processed from October 2023 through September 2024. To test for reliability, the team determined whether any data were missing from key fields, included any calculation errors, or were outside the time frame requested. The team also assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements.

In addition, the team randomly selected 10 transactions from the dataset. For each selected record, the team compared critical fields—including the fund, organization, cost center, accounting classification code, budget object code, acceptance date, budget fiscal year, and monetary amounts—to the corresponding information documented on the payment vouchers and journal vouchers recorded in FMS. This verification confirmed the data were accurate.

Based on these tests, the team determined that the data were sufficiently reliable to define a population, select an appropriate sample, and accurately project an error rate and monetary amount for the overall transactions under review.

## **Government Standards**

The OIG conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that the OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. The OIG believes the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

## Appendix B: Statistical Sampling Methodology

### Approach

To accomplish the objective, the VA Office of Inspector General (OIG) audit team reviewed a statistical sample of Veterans Health Administration (VHA) manual journal vouchers for expenditure transfers processed from October 2023 through September 2024. The team used statistical sampling to quantify the number of transactions that were processed that lacked adequate supporting documentation, lacked a detailed audit trail, or improperly used expired funds.

### Population

The team identified 85,792 manual VHA journal vouchers (based on the transaction number and transaction code combination for processing expenditure transfers) that

- occurred from October 2023 through September 2024;
- used expenditures between stations (EB), within a station (EW), and from one obligation to another (ET); and
- had a transaction value equal to or greater than \$1,000.<sup>42</sup>

Based on 15 samples identified as out of scope, the team estimated that 8,700 VHA journal vouchers (about 10 percent) were outside the audit scope because they were system-generated transactions rejected in FMS before processing. Since these transactions did not go through the standard review and approval process, a journal voucher package was not required.

Consequently, the team excluded these samples from its review and instead concentrated on valid transactions that properly followed the necessary processing steps. The team estimated that the population of in-scope journal vouchers was 77,000. To avoid selecting lower-value transactions, the team excluded journal vouchers with a transaction value of less than \$1,000 before the sample selection.

The following parameters were used to define the audit population:

- General ledger accounts 490G and 490P, which represent “Paid Expended Authority - Federal” and “Paid Expended Authority - Public”
- Division code 10, which represents the VHA administration

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<sup>42</sup> The OIG audit team uses the term “transaction value” to describe the total dollar amount from one side of the journal voucher, which provides a clear and accurate picture of the financial activity involved.

- Transaction codes EB, EW, and ET, which represent expenditures between stations, within a station, and from one obligation to another
- Manual journal vouchers with an “S” user ID, which signifies entries that were manually created

## Sampling Design

The team developed a stratified random sample design and sampled 116 journal vouchers processed from October 2023 through September 2024, as shown in table B.1.

**Table B.1. Sampling Strata**

Stratum	Transaction code	Sample size*
1	EB – Compliance	5
2	ET – Compliance	21
3	EW – Compliance	60
4	EB – Expired funds	6
5	ET – Expired funds	14
6	EW – Expired funds	10

*Source: OIG analysis of VA journal voucher documentation.*

*\* Sample size reflects count of in-scope samples.*

## Weights

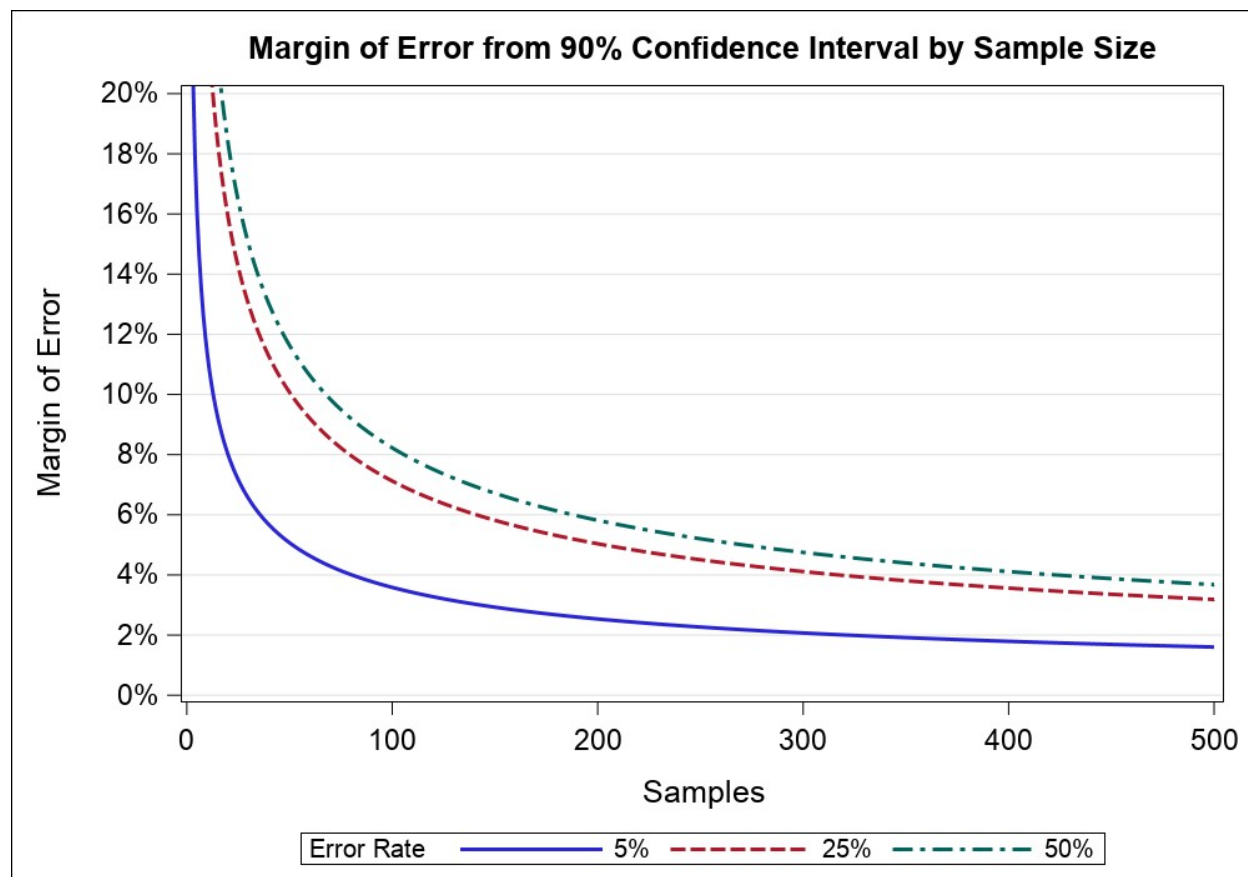
Sample weights were applied to project error rates to the population. Weighted estimates were calculated by summing sampling weights for records with the identified issue and dividing by the sum of all sampling weights.

## Projections and Margins of Error

Projections reflect estimated population values with associated margins of error and 90 percent confidence intervals. The OIG statistician used statistical software to calculate these estimates, accounting for sample design complexity.

The sample size was determined after reviewing the expected precision of the projections based on the sample size, potential error rate, and logistic concerns of the sample review. While precision improves with larger samples, the rate of improvement decreases significantly as more records are added to the sample review.

Figure B.1 shows the effect of progressively larger sample sizes on the margin of error.



**Figure B.1.** Effect of sample size on margin of error.

Source: VA OIG statistician's analysis.

## Projections

Table B.2 shows statistical projections of in-scope and out-of-scope manual journal vouchers based on the audit team's analysis.

**Table B.2. Statistical Projections Summary for Estimated Population of Manual Journal Vouchers, with a 90 Percent Confidence Interval**

Estimate name	Estimate number	Margin of error	Lower limit	Upper limit	Sample size
In scope	77,103	3,174	73,928	80,277	116
Out of scope	8,689	3,174	5,515	11,864	15

Source: VA OIG statistician's analysis and team's review of journal vouchers.

Table B.3 shows statistical projections of manual journal voucher errors based on the team's analysis.

**Table B.3. Statistical Projections Summary for Manual Journal Vouchers, with a 90 Percent Confidence Interval\***

Estimate name	Estimate number	Margin of error	Lower limit	Upper limit	Sample count	Sample size
One or more issues	58,841 (76.3%)	5,500 (7.1%)	53,341 (69.2%)	64,342 (83.4%)	92	116
Missing or incomplete recording <sup>‡</sup>	47,803 (62.0%)	6,227 (8.1%)	41,576 (53.9%)	54,029 (70.1%)	76	116
Lack of authorization <sup>‡</sup>	34,479 (44.7%)	6,252 (8.1%)	28,227 (36.6%)	40,730 (52.8%)	52	116

Source: VA OIG statistician's analysis and team's review of journal vouchers.

\* Percentages reflect the percentage of in-scope population of journal vouchers.

<sup>‡</sup> Journal vouchers identified as having one or more issues could have multiple errors: missing or incomplete recording errors, lack of authorization errors, or both.

Table B.4 shows statistical projections of manual journal voucher errors based on the team's analysis.

**Table B.4. Statistical Projections Summary for Manual Journal Vouchers, with a 90 Percent Confidence Interval\***

Estimate name	Estimate number	Margin of error	Lower limit	Upper limit	Sample count	Sample size
Missing or incomplete recording <sup>‡</sup>	47,803 (81.2%)	6,227 (7.2%)	41,576 (74.1%)	54,029 (88.4%)	76	92
Lack of authorization <sup>‡</sup>	34,479 (58.6%)	6,252 (9.1%)	28,227 (49.5%)	40,730 (67.7%)	52	92

Source: VA OIG statistician's analysis and team's review of journal vouchers.

\* Percentages reflect the percentage of errors in in-scope journal vouchers with one or more issues.

<sup>‡</sup> Journal vouchers identified as having one or more issues could have multiple errors: missing or incomplete recording errors, lack of authorization errors, or both.

Table B.5 shows statistical projections of the total exposure associated with manual journal voucher errors based on the team's analysis.

**Table B.5. Statistical Projections Summary for Manual Journal Vouchers:  
Dollar Amounts<sup>43</sup>**

Estimate name	Estimate number	90 percent confidence interval: one-sided lower limit		Sample count	Sample size
		Margin of error	One-sided – lower limit		
One or more issues	\$60,744,663,862	\$33,316,377,625	\$27,428,286,237	92	116
Missing or incomplete recording*	\$56,935,113,644	\$33,326,768,256	\$23,608,345,389	76	116
Lack of authorization*	\$26,471,662,286	\$18,023,508,385	\$8,448,153,901	52	116

Source: VA OIG statistician's analysis and team's review of journal vouchers.

\* Journal vouchers identified as having one or more issues could have multiple errors: missing or incomplete recording errors, lack of authorization errors, or both.

<sup>43</sup> These are estimates based on transaction value, which describes the flow or transfer of money associated with each journal voucher to many associated transactions.



## Appendix C: VA Management Comments

### Department of Veterans Affairs Memorandum

Date: August 7, 2025

From: Acting Under Secretary for Health (10)

Subj: Office of Inspector General (OIG) Draft Report, VHA Did Not Effectively Oversee the Use of Manual Journal Vouchers (VIEWS 13459167)

To: Assistant Inspector General for Audits and Evaluations (52)

1. Thank you for the opportunity to review and comment on OIG's draft report on Effectively Overseeing the Use of Manual Journal Vouchers.
2. The Veterans Health Administration (VHA) greatly values OIG's assistance in ensuring that all stakeholders are unified in supporting VHA's vision of providing all Veterans with access to the highest quality care. Your collaboration is instrumental in helping us achieve our commitment to excellence in health care services for Veterans.

*The OIG removed point of contact information prior to publication.*

(Original signed by)

Steven L. Lieberman, MD, MBA, FACHE

Attachment

Attachment

## **VETERANS HEALTH ADMINISTRATION (VHA)**

### **Action Plan**

**Recommendation 1: Develop a plan to ensure manual journal vouchers are justified, documented, and approved before they are entered into the Financial Management System and that they are reviewed after posting to verify accuracy and support compliance, transparency, and audit readiness.**

**VHA Comments:** Concur. There will be three phases in VHA's plan to implement OIG's recommendation.

Phase 1 – Volume II Chapter 1A Journal Voucher was rescinded and replaced with three chapters, Volume IX Chapter 01 - Journal Vouchers, Chapter 02 – Standard Vouchers, and Chapter 03 – Reclassifications as of March 12, 2025. The policies are very clear on the proper preparation and approval of manual Standard Vouchers and Reclassifications now used to enter, adjust, or correct accounting and financial information. Journal Vouchers will only be used by the Financial Services Center (FSC) to record financial information impacting the general ledgers.

Phase 2 – The Financial Quality Assurance Reviews (FQAR) – Quarter 3 (Q3), Accounting Review include the review of manual Journal Voucher now referred to as Standard Vouchers and Reclassifications. All stations must communicate their findings, if any, and upload corrective action plans during Q4.

Phase 3 – Training will be provided by the Training and Readiness Team to the VHA Financial Community during the Q1 fiscal year (FY) 2026 based on the respective FQAR trend analysis from the FY 2025 Q3 findings. Compliance will be monitored with a target of 90% trained.

**Status: In Progress**

**Target Completion Date: December 2025**

**Recommendation 2: Require ongoing training for all staff who prepare, review, or approve manual journal vouchers, including a process to ensure that new employees complete initial training and that refresher courses are provided when policies or tools are updated.**

**VHA Comments:** Concur. The Training & Readiness team will conduct the required Journal Vouchers training twice a year during Q1 and Q3 to ensure new employees complete the initial training. Refresher training will be completed on an ad hoc basis as needed. Self-guidance training is available on a VHA Finance SharePoint year-round. Compliance will be monitored with a target of 90% trained.

**Status: In Progress**

**Target Completion Date: December 2025**

**Recommendation 3: Clarify expectations for using macro-enabled journal voucher tools by defining when the standardized macro must be used; establishing a process to communicate macro tool updates and prompt the adoption of newly released versions; and providing guidance, training, and user support to promote correct and consistent application of the tools.**

**VHA Comments:** Concur. Per Volume IX, Chapter 02-Standard Vouchers, appendix C: FMS Macro-7 Voucher Template, the macro-7 is a tool created by FSC to assist employees in accomplishing all steps of the transaction processing and supporting documentation that can be used in place of the standard voucher form to streamline processing. It is not a required tool that must be used. Instructions are available on the VHA Chief Financial Officer's Office of Financial Oversight SharePoint Site.

Additionally, this topic will be covered as a key learning objective during the Office of Financial Audit's Financial Management Leadership Training in August 2025, the Journal Voucher training will be

conducted by the VHA Office of Finance Training & Readiness team. Compliance will be monitored with a target of 90% trained.

**Status: Completed**

**Completion Date: July 2025**

**Recommendation 4: Define and communicate clear oversight responsibilities for Veterans Integrated Service Network financial managers by requiring routine monitoring of documentation and compliance at facilities.**

**VHA Comments:** Concur. In response to the OIG's recommendations, the VHA Office of Finance is implementing the following actions:

1. Provide training on oversight responsibilities -

The VHA Office of Finance Training & Readiness team will deliver targeted training to Financial Quality Assurance Managers and FQAR Auditors. This training will focus on equipping participants with the skills necessary to develop effective corrective action plans by:

- Conducting comprehensive root cause analyses for identified issues.
- Establishing follow-up mechanisms to ensure compliance and prevent repeat findings effectively.

2. Journal Voucher Training Awareness Campaign -

During the monthly National Fiscal Officers Call, the VHA Office of Finance will emphasize awareness of existing journal voucher (JV) training resources available to staff involved in JV processing. To support this effort:

- Links to comprehensive JV training materials, including recordings and instructional guides, will be shared widely.
- Staff will be encouraged to leverage these resources for self-guided learning, enhancing compliance with updated policies and improving financial reporting accuracy.

These actions will reflect our commitment in defining clear oversight responsibilities for Veterans Integrated Service Network financial managers while ensuring their teams are equipped with proper tools and knowledge to maintain compliance across facilities. Compliance will be monitored with a target of 90% trained.

**Status: In Progress**

**Target Completion Date: September 2025**

*For accessibility, the original format of this appendix has been modified to comply with Section 508 of the Rehabilitation Act of 1973, as amended.*

## OIG Contact and Staff Acknowledgments

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<b>Contact</b>	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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