



The Comptroller General
of the United States

Washington, D.C. 20548

FORMICA
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Decision

Matter of: VA--Proposed Amendment of Voucher Payment System-
Miscellaneous Supplies for Veterans in Training
Programs

File: B-221949

Date: June 30, 1987

DIGEST

GAO approves proposed amendment to Veterans Administration voucher payment system permitting the waiver of required review and documentation for unsupported invoices for up to \$35 in miscellaneous supplies provided to veterans in training programs authorized by 38 U.S.C. §§ 1500-1521. For the purpose of future audits, the agency should be prepared to demonstrate that a significant number of inappropriate or false claims have not been revealed; that it will periodically review the \$35 limit; that it will assure that only proper claims have been submitted; and that it has in force adequate controls against processing multiple claims of \$35 each without appropriate documentation and review.

DECISION

The Director, Office of Budget and Finance, Veterans Administration (VA), has requested our decision on whether the VA may amend its voucher payment system to permit the waiver of required review and documentation for unsupported invoices for up to \$35 in miscellaneous supplies provided to veterans participating in training and rehabilitation programs authorized under 38 U.S.C. §§ 1500-1521 (1982) (the training provisions).

Support for the proposal can be found in analogous federal regulations and GAO decisions, and VA has stated that veterans receiving training under the training provisions can reasonably be expected to require \$35 in miscellaneous supplies each term. For the purpose of future audits, however, we expect the agency to have in force adequate controls to protect against inappropriate or false claims by vendors.

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BACKGROUND

The VA's current voucher payment procedure requires that all requests for reimbursement by schools or vendors for training and rehabilitation services be reviewed by the Department of Veterans Benefits, Vocational Rehabilitation and Counseling (VR&C) service staff. All charges and purchases submitted to the VR&C staff for administrative approval must be supported by invoices or other documentation specifically identifying the individual items involved. The documentation provides the VR&C staff with the information necessary to determine whether the submitted services or purchases are appropriate for the particular veteran's training program. DVB Circular 28-81-5, revised (1983), §§ 3a,b,d. The proposed voucher system would waive the detailed review process for miscellaneous supply items, allowing the VC&R staff to accept up to \$35 in school or vendor charges for miscellaneous supply items per term for each veteran without reviewing for the "appropriateness" of each miscellaneous item furnished. Proposed change 1 to DVB Circular 28-81-5, § 3d.

At issue in this case is whether the information furnished under the proposed waiver is sufficient to support certification for payment, in view of the federal requirements for the documentation of disbursements contained in sections 18.2 and 18.3 of title 7 of the GAO Policy and Procedures Manual for the Guidance of Federal Agencies (policy manual).

DISCUSSION

Section 18.2 of the policy manual provides in part that

"disbursements shall be supported by basic payment documents, including purchase orders, contracts, receiving reports, invoices, bills, statements of accounts, etc., showing sufficient information to adequately account for the disbursements * * *."


Section 18.3 authorizes the use of invoices or bills in place of prescribed vouchers, if they are sufficiently detailed.

Notwithstanding this requirement for sufficient detail, there is precedent for the proposed waiver in current federal regulations which set limits for certain expenses that could reasonably be expected to be incurred by claimants, and which allow reimbursement of these expenses without supporting documentation. For example, the Federal Travel Regulations and Foreign Service Travel Regulations do not require receipts for allowable cash expenditures of less

than \$25. See FTR, para. 1-11.3, FPMR 101-7, September 1981, as amended, Supp. 5, May 20, 1983; 6 FAM 116.3 (1984).

Decisions of this Office also have recognized that in certain circumstances where the expenses could reasonably be expected to be incurred by claimants, and detailed documentation is impractical to obtain, the documentation requirements for disbursements may be relaxed. For example, we found in B-179724, Jan. 14, 1974, that certain businesses whose sales frequently comprise small numbers of items having low unit costs do not ordinarily provide customers with detailed, itemized receipts. Recognizing the impracticality of requiring detailed, itemized receipts, and the refusal by some vendors to supply such receipts, we held that in situations of this type involving small government purchases, checkout register receipts contain enough information to allow for the audit of these purchases, and are sufficient to permit disbursement. B-179724, *supra*, at 2. Agencies also have been given discretionary authority to pay unsupported prepaid freight charges, shown as a separate item on the contractors' invoices, when the amount claimed as freight is less than \$100. To this end, we have approved a waiver of the requirement that contractors furnish copies of their freight receipts in support of their billings. See A-24222, B-121220, Feb. 18, 1977; A-24222, Oct. 23, 1975.

On the basis of the above regulations and decisions, we conclude that the VR&C staff could waive the requirement for itemized receipts or vouchers and the detailed review of the appropriateness of each miscellaneous supply item furnished. Under this procedure, requests from vendors for payment of up to \$35 per veteran per term, which VA states can reasonably be expected to be incurred in furnishing veterans with appropriate miscellaneous supply items under the training provisions, could be reimbursed by VA. In addition to demonstrating that \$35 is a reasonable amount of miscellaneous expenses for each veteran, for the purpose of future audits the agency should be able to demonstrate that: (1) prior audits have not revealed a significant number of inappropriate or false claims; (2) it will periodically review the \$35 limit, and will assure that only proper claims have been submitted; and (3) it has in force controls which would assure that multiple claims for an individual veteran, each under \$35 but which, when combined, exceed that amount, will not be processed without appropriate documentation and review.

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