

Department of Veterans Affairs
Washington, DC 20420

VA Directive 4667
Transmittal Sheet
September 23, 1997

REVENUES, OTHER FINANCING SOURCES, AND EXPENSES

1. REASON FOR ISSUE: This Directive provides accounting policy for revenues, other financing sources, and expenses in the Department of Veterans Affairs (VA).

2. SUMMARY OF CONTENTS: This Directive provides definitions and principles of recognition, for revenues, other financing sources, and expenses within VA.

3. RESPONSIBLE OFFICE: The Administrative Accounting Policy Division (047GA1), Office of the Deputy Assistant Secretary for Financial Management (047).

4. RELATED HANDBOOK: None.

5. RESCISSION: None

CERTIFIED BY:

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REVENUES, OTHER FINANCING SOURCES, AND EXPENSES

1. PURPOSE. This Directive defines the accounting policy for revenues, other financing sources and expenses for the Department of Veterans Affairs (VA).

2. POLICY. The following is the prescribed accounting policy for revenues and expenses.

a. Revenues

(1) Revenues are an inflow of resources that VA earns or receives by donation. Revenue arises from exchange transactions and non-exchange transactions.

(2) Exchange revenue is an inflow of resources to a VA entity that the entity has earned. It arises from exchange transactions, in which each party to the transaction sacrifices value and receives value in return. Examples of exchange revenues include amounts derived from fees charged for services performed, the sale of goods or services, sales proceeds, and other miscellaneous income.

(3) Non-exchange revenues are inflows of resources VA receives by donation.

(4) All revenues should be collected as promptly as possible. Appropriate accounts will be maintained to allow for proper reporting and full disclosure of the revenue in financial reports.

(5) Under the accrual basis, VA recognizes revenue in the period when earned, when a sale is made or a service is rendered to the public (non-federal) or another governmental entity, regardless of when the cash is actually received.

b. Other Financing Sources. Other financing sources are inflows of resources other than exchange and non-exchange revenues that would increase the net position of a VA entity. They include appropriations, transfers of assets from other governmental entities, and credit subsidies.

c. Expenses

(1) For accounting purposes, expenses are the outflow or other using up of assets (depreciation) or incurrences of liabilities (or a combination of both) during a period from delivering or producing goods, rendering service, or other VA activities that constitute the entity's ongoing major or central operations.

(2) Accrued expenses are recognized at the time the services are received and utilized or an asset is consumed, regardless of when payment for these services or assets is made.

3. RESPONSIBILITIES. Administration Chief Financial Officer and Accounting Chiefs within the Department are responsible for assuring effective control over all significant revenues, other financing sources, and expense, in accordance with Departmental policy.

4. REFERENCE.

a. The Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financial Sources.

b. Memo No. 00-92-5, Supplement #1.