

ACCOUNTING FOR EMERGENCY-RELATED COSTS

- 1. REASON FOR ISSUE:** Establish procedures to account for the incremental costs of “declared emergencies.”
- 2. SUMMARY OF CONTENTS:** This directive provides policies for implementing emergency-related accounting procedures, the procedures themselves, and the duration such procedures are to be used.
- 3. RESPONSIBLE OFFICE:** The Office of Management is responsible for the content of this directive.
- 4. RELATED HANDBOOK:** VA Handbook 4005.
- 5. RESCISSION:** None.

CERTIFIED BY:

**BY DIRECTION OF THE SECRETARY
OF VETERANS AFFAIRS:**

/s/

Robert T. Howard
Assistant Secretary for
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/s/

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Distribution: Electronic Only

ACCOUNTING FOR EMERGENCY-RELATED COSTS

1. PURPOSE: This directive establishes VA policy for identifying, compiling and reporting incremental costs incurred in connection with “declared emergencies.”

2. POLICY

a. The policies contained herein are to be implemented at those VA facilities specified by the Secretary, or his designee, in an announcement that an emergency situation has been declared. They will continue in place until such time as the Secretary, or his designee, determines that normal operations have been restored. Administrations and staff offices will also implement these procedures as needed.

b. During a declared emergency, ordinary operating costs will be tracked as usual, using standard budget object codes (BOCs). However, incremental costs stemming from and directly related to the preparation for a specific natural disaster (fire, flood, hurricane, etc.), are to be recorded in the specified “Declared Emergency” BOCs. Costs expended addressing the results of natural disasters or acts of terrorism, and the associated costs to restore normal operations following such disasters, are also to be recorded in the specified Declared Emergency BOCs. *(Note: The cost of general disaster mitigation expense paid out of budgeted funds is not to be recorded in the Declared Emergency BOCs.)*

c. To the extent permitted by the scope, intensity, and duration of the emergency, all costs will be fully documented with timecards, receipts, invoices, etc.

3. RESPONSIBILITIES

a. **The Secretary.** The Secretary, or his designee, shall determine the existence of an emergency, the VA facilities affected by the emergency, and the duration of the emergency.

b. **Assistant Secretary for Management (Chief Financial Officer).** The Assistant Secretary for Management is responsible for compiling and reporting the incremental costs of the declared emergency for the Department as a whole.

c. **Administration Chief Financial Officers.** The Administration Chief Financial Officers (CFO) are responsible for compiling the reports for all facilities affected by the declared emergency, as well as tracking and documenting the costs incurred by the Administration above the facility level. The Administration CFO is also responsible for assuring that the cost data collected is uniform throughout their Administration, is entered in the general ledger, and conforms to this directive and accompanying handbook.

d. **Fiscal Officer.** The Fiscal Officer responsible for each facility affected by the emergency shall be responsible for tracking and documenting the incremental costs at the facility.

4. DEFINITIONS

a. **Declared Emergency:** A situation, determined by the Secretary or his designee, whereby a fire, natural disaster, act of terrorism, etc., adversely impacts the operations at one or more VA facilities to the extent that extraordinary measures are required to deal with the immediate impact of the event and to restore routine operations.

b. **Incremental Costs:** Additional costs, over and above routine operating expenses, incurred as a result of, and directly related to, a declared emergency.