

VA Financial Policies and Procedures  
Cost Centers

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## 0101 OVERVIEW

This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures relating to the use of cost centers. The cost center is a sub-organization where costs are incurred and responsibility is fixed on the organization's management. These cost centers are distinguished by area of responsibility or geographic region and are symbolized by a four-to-six-digit code used to identify the organizational elements throughout VA.

010101 AUTHORITY FOR COST CENTERS. VA uses cost center codes to capture cost information for VA Central Office (VACO) and the three Administrations: Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), and National Cemetery Administration (NCA). Guidelines for the use of cost centers are contained in Financial Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*.

010102 ACTIONS FOR COST CENTERS. VA may use any cost center/budget object code combination unless specifically noted in the budget object code description. However, every budget object code should not be used with every cost center. Cost centers additions, deletions, or modifications will be requested by VA activities through the Administration's Chief Financial Officer (CFO) or staff office budget officer or designee.

## 0102 POLICIES

010201 AUTHORITY FOR COST CENTERS. VA will maintain a cost center structure to facilitate the correct identification and recording of costs.

010202 ACTIONS FOR COST CENTERS.

A. VA will use the proper cost centers to identify the office or sub-organization as part of the record for financial transactions.

B. VA Administrations and staff offices will forward additions, deletions or modifications for cost centers to the Cost Accounting and Medical Rates Division (047GC2) for approval.

## 0103 AUTHORITY AND REFERENCES

010301 Financial Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*

## 0104 ROLES AND RESPONSIBILITIES

010401 The Assistant Secretary for Management/Chief Financial Officer (CFO) oversees all financial management activities relating to the Department's programs and operations, as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309. Responsibilities include the direction, management and provision of policy guidance and oversight of VA's financial management personnel, activities and operations. The CFO establishes financial policy, systems and operating procedures for all VA financial entities and provides guidance on all aspects of financial management.

010402 Under Secretaries, Assistant Secretaries, Chief Financial Officers, Fiscal Officers, Chiefs of Finance Activities, Chief Accountants and other key officials are responsible for ensuring compliance with the policies and procedures set forth in this chapter.

010403 The Cost Accounting and Medical Rates Division (047GC2) is responsible for the addition, deletion, or modification of cost centers and notifying the Cost Center distribution list.

## 0105 PROCEDURES

010501 **AUTHORITY FOR COST CENTERS.** Cost centers are categories in VA's classification system that present obligations and expenditures by each Administration or staff office that purchases goods or services, or incurs payroll costs. Refer to Volume XIII, Chapter 1a, *Cost Centers Appendices A - F*, for VA's current list of individual cost centers by each Administration or staff office.

Following are VA's major cost centers:

- 1000 General Administration Central Office Staff (Appendix A)
- 1102 Office of Construction and Facilities Management (Appendix E)
- 1200 Office of the General Counsel (Appendix A)
- 1300 Assistant Secretary for Policy and Planning (Appendix A)
- 1400 Assistant Secretary for Human Resources and Administration (Appendix A)
- 1510 Office of Deputy Assistant Secretary for Equal Opportunity (Appendix A)
- 1600 Office of Administration (Appendix A)
- 1700 Assistant Secretary for Public and Intergovernmental Affairs (Appendix A)
- 1800 Assistant Secretary for Management (Appendix A)
- 1900 Assistant Secretary for Information and Technology (Appendix B)
- 2500 Assistant Secretary for Congressional and Legislative Affairs (Appendix C)
- 2600 Pershing Hall (Appendix C)
- 2900 Office of Operations, Security and Preparedness (Appendix C)
- 3000 Veterans Benefits Administration (Appendix D)
- 4000 Inspector General (Appendix D)
- 5000 National Cemetery Administration (Appendix D)
- 6000 Revolving Supply Fund (Appendix E)

6000 Office of Acquisition, Logistics and Construction (Appendix E)  
7000 North Chicago and Navy Health Clinic - Great Lakes (Appendix F)  
8000 Veterans Health Administration (Appendix F)  
8100 Research (Appendix F)  
8200 Direct Medical Care - VA Facilities (Appendix F)  
8300 Direct Medical Care - Non-VA Facilities (Appendix F)  
8400 Administrative Support (Appendix F)  
8500 Engineering and Environmental Management Support (Appendix F)  
8600 Miscellaneous Benefits and Services (Appendix F)  
8800 General Post Fund (Appendix F)  
8860 Credit Reform (Appendix F)  
8900 Revolving Funds (Appendix F)

#### 010502 ACTIONS FOR COST CENTERS.

A. VA uses cost centers to identify all costs in conjunction with budget object codes associated with VA's activities. VA may use any cost center/budget object code combination unless specifically noted in the budget object code description. However, every budget object code should not be used with every cost center.

B. The Cost Accounting and Medical Rates Division (047GC2) is responsible for approving changes to cost center numbers, deletions and modifications, and implementing new cost centers. To request a new cost center, the following information must be provided and sent via e-mail to VACO Cost Center Requests (Outlook):

1. Proposed short and long title for the requested cost center;
2. Proposed definition for the requested cost center; and
3. Proposed effective date and, if it is requested at any time other than the start of the fiscal year, whether it will be retroactive.

#### **0106 DEFINITIONS**

010601 Budget Object Codes. Categories in a classification system that present obligations by the items or services purchased by the Federal Government.

010602 Cost Center. The cost center is a sub-organization where costs are incurred. This is usually an organization's subordinate office that is distinguished by area of responsibility or geographic region. A cost center is represented by a four-to-six-digit code established by VA as part of an overall accounting classification that identifies the organizational element associated with a financial transaction.

## 0107 RESCISSIONS

- 010701 VA OFP Volume XIII Chapter 1, *Cost Centers*, July 2010
- 010702 VA Handbook 4671.1, Cost Centers
- 010703 OF Bulletin 08GC2.01 New Cost Centers for the Office of Acquisition and Logistics
- 010704 OF Bulletin 07GC2.03 New Cost Centers for the Office of Construction and Facilities Management
- 010705 OF Bulletin 07GC2.04 Announcement of New Cost Centers for the Office of Information and Technology
- 010706 OF Bulletin 06GC2.01 Announcement of New Cost Center 1413
- 010707 OF Bulletin 06GC2.02 Announcement of New Cost Center 1305
- 010708 OF Bulletin 06GC2.03 Announcement of Change to Cost Center 1834
- 010709 OF Bulletin 06GC2.04 Announcement of New Cost Center 4111
- 010710 OF Bulletin 06GC2.05 Announcement of Description Change and New Cost Center 4184.1300
- 010711 OF Bulletin 06GC2.06 Announcement of Reactivation of Cost Center 3045
- 010712 OF Bulletin 06GC2.07 Announcement of Deactivations and Cost Center Description Changes
- 010713 OF Bulletin 06GC2.08 Announcement of Reactivation of Cost Center 8215
- 010714 OF Bulletin 06GC2.10 Announcement of New Cost Center 5707
- 010715 OF Bulletin 06GC2.11 Requesting Cost Centers and Budget Object Codes
- 010716 OF Bulletin 06GC2.13 Announcement of New Cost Center 6341
- 010717 OF Bulletin 06GC2.14 Announcement of New Cost Center 1838
- 010718 OF Bulletin 06GC2.15 Announcement of New and Renamed Cost Centers
- 010719 OF Bulletin 06GC2.16 Announcement of New Cost Centers 6293 and 6294

010720 OF Bulletin 06GC2.17 Announcement of New Cost Centers for Office of OS&P

010721 OF Bulletin 06GC2.18 Announcement of Information Technology Cost Center Additions/Changes

010722 OF Bulletin 05GC2.01 Announcement of New Cost Center 4148

010723 OF Bulletin 05GC2.03 Announcement of New Cost Center 6337

010724 OF Bulletin 05GC2.04 Announcement of New Cost Center 3090

010725 OF Bulletin 05GC2.05 Announcement of New Cost Center 6343

010726 OF Bulletin 01GC2.05 Cost Centers

0107267 OF Bulletin 01GC2.08 Cost Centers

**0108 QUESTIONS**

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

VHA

VBA

All Others

VHA Accounting Policy (Outlook)

VAVBAWAS/CO/FINREP (Outlook)

OFP Accounting Policy (Outlook)

## APPENDICES A - F (VOLUME XIII CHAPTER 1A)

Appendices for this chapter are available in Volume XIII Chapter 1a, *Cost Centers Appendices A-F*, on the Office of Financial Policy (OFP) Publications Library Web site. The chapter is an Excel workbook with tabs (spreadsheets) for each appendix. The Excel workbook will be updated as changes occur.

The OFP Publications Library may be accessed from the Intranet site, <http://vaww4.va.gov/FINANCE/policy/pubs13.asp>. Select Volume XIII, Chapter 1a, *Cost Centers Appendices A-F*.

Questions concerning additions, deletions, or modifications of cost centers should be directed to Carol Watson at 202-461-6384 or [Carol.Watson@va.gov](mailto:Carol.Watson@va.gov), OFP, Cost & Debt Management Service, Cost Accounting & Medical Rates Division. OFP's main number is 202-461-6036.