

VA Financial Policies and Procedures
Budget Object Codes

CHAPTER 2

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0201 OVERVIEW

This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures relating to the use of budget object codes (BOCs). VA must report object class information because 31 U.S.C. 1104(b) requires the President's Budget to present obligations by object class for each account. BOCs reflect the nature of financial transactions when obligations are first incurred and are an expansion of the associated object classes. Object classes are categories or accounting identifiers that code financial obligations according to the nature of the services or items purchased by VA. The object class is symbolized by a two- or three-digit code and is a standard classification used throughout the Federal Government. BOCs are generally sub-classifications of object classes. For example, in BOC 2620, the first two digits are the object class (object class 26 is supplies) and the last two digits define the financial transaction (financial transaction 20 is office supplies, as defined by VA).

020101 AUTHORITY FOR BOC. In accordance with Office of Management and Budget (OMB) Circular A-11, *Preparation, Submission and Execution of the Budget*, VA will follow the major object classes as published and record financial obligations and expenditures according to the nature of the services provided or received.

020102 ACTIONS FOR BOC. VA will classify obligations by the items or services purchased in the appropriate category. Refer to Volume XIII Chapter 2a, *Budget Object Codes Appendices A - D*, for VA's current list of BOCs.

BOCs capture object class information which is required for VA accounts with program and financing schedules. Obligations are classified by the initial purpose for which they are incurred under the BOC rather than for the end product or service. BOC additions, deletions, or modifications will be requested by VA activities through each Administration's Chief Financial Officer (CFO) or staff office's Budget Officer or designee.

0202 POLICIES

020201 AUTHORITY FOR BOC. VA will maintain a budget object class structure consistent with the standard object class codes defined in Section 83 of OMB Circular A-11, *Preparation, Submission and Execution of the Budget*, to the extent FMS allows.

020202 ACTIONS FOR BOC.

A. VA will use the proper BOC for personal services, the purchase of goods or services, and expenditure transfers.

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

0203 AUTHORITY AND REFERENCES

020301 [OMB Circular A-11, Preparation, Submission and Execution of the Budget](#)

0204 ROLES AND RESPONSIBILITIES

020401 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.

020402 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.

020403 The Cost Accounting and Medical Rates Division (047GC2) is responsible for the addition, deletion or modification of BOCs and notifying the BOC mailing list.

0205 PROCEDURES

020501 AUTHORITY FOR BOC. OMB Circular A-11 provides guidance on preparing the budget submission in the President's Budget and instructions on budget execution. VA will use the object class structure that is described in OMB Circular A-11 as the appropriate framework when creating BOCs. Refer to Volume XIII Chapter 2a, *Budget Object Codes Appendices A - D*, for VA's current list of designated BOCs.

Major classifications of object classes are prescribed as:

- Personnel Compensation and Benefits (10);
- Contractual Services and Supplies (20);
- Acquisition of Assets (30); and
- Grants and Fixed Charges (40).

020502 ACTIONS FOR BOC.

A. VA will use the following object classes to record obligations or prepare expenditure transfers (major ones are highlighted in bold):

10 Personnel Compensation and Benefits

- 11 Personnel Compensation
- 12 Personnel Benefits
- 13 Benefits for Former Personnel

20 Contractual Services and Supplies

- 21 Travel and Transportation of Persons
- 22 Transportation of Things
- 23 Rent, Communications and Utilities
- 24 Printing and Reproduction
- 25 Other Contractual Services
- 26 Supplies and Materials

30 Acquisition of Assets

- 31 Equipment
- 32 Land and Structures
- 33 Investments and Loans

40 Grants and Fixed Charges

- 41 Grants, Subsidies and Contributions
- 42 Insurance Claims and Indemnities
- 43 Interest and Dividends
- 44 Refunds

B. VA will add object and sub-object class codes as needed. The Cost Accounting and Medical Rates Division (047GC2) will approve changes to or deletions of existing BOCs and additions to the list of approved BOCs. BOCs will be developed to comply with the requirements of OMB Circular A-11.

1. Requests for new BOCs will be emailed by the Administrations' financial offices or by staff office's budget offices to VACO BOC Requests (Outlook) and will include the following:

- a. Proposed title for the BOC;
- b. Proposed definition for the BOC; and
- c. Proposed effective date and, if requested at any time other than the start of the fiscal year, whether it will be retroactive.

0206 DEFINITIONS

020601 Budget Object Code. Categories in a classification system that present obligations by the items or services purchased by the Federal Government.

020602 Expenditure Transfer. Represents the shifting of funds between appropriations and involves an outlay. The shifting of funds applies equally to (1) transfers of expenditures from one Federal agency to another, (2) transfers from one appropriation to another within the same agency and (3) transfers to an inter-agency or intra-agency working fund. All transfers between Federal funds (general, special and non-trust revolving funds) and trust funds are also treated as expenditure transfers.

020603 Object Class. Categories or accounting identifiers used to code financial obligations according to the nature of the services or items purchased by the Federal Government.

020604 Obligation. A legally binding agreement that will result in outlays, either immediately or in the future. When you place an order, sign a contract, award a grant, purchase a service or take other actions that require the Government to make payments to the public or from one Government account to another, an obligation is incurred.

0207 RESCISSIONS

020701 VA OFP Volume XIII Chapter 2, *Budget Object Codes*, July 2010

020702 VA Directive 4671, Cost Centers/Budget Object Codes Policy

020703 VA Handbook 4671.2, Budget Object Codes

020704 OF Bulletin 08GC2.02, New BOC for Advisory and Assistance Contract

020705 OF Bulletin 08GC2.03, New BOC for C&P Medical Examinations

020706 OF Bulletin 07GC2.01, Announcement of New Budget Object Codes 2625, 2654 and 4205

020707 OF Bulletin 06GC2.11, Requesting Cost Centers and Budget Object Codes

020708 OF Bulletin 06GC2.19, Announcement of New and/or Modified Budget Object Codes

020709 OF Bulletin 05GC2.02, Announcement of New Budget Object Code 2528

020710 OF Bulletin 04GA1.01, Deactivation and Replacement of BOC 1135

020711 OF Bulletin 01GC2.06, Budget Object Codes

020712 OF Bulletin 01GC2.07, Budget Object Codes

020713 OFM Bulletin 98GA1.05, Budget Object Codes

020714 OFM Bulletin 97GA1.07, New BOC for Shipment of Vehicles with PCS Travel

0208 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 - D (VOLUME XIII CH 2A)

Appendices for this chapter are available in Volume XIII Chapter 2a, *Budget Object Codes Appendices A - D*, 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 2a *Budget Object Codes Appendices A - D*.

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