

VA Financial Policies and Procedures  
Other Liabilities

CHAPTER 10

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## 1001 OVERVIEW

This chapter provides the Department of Veterans Affairs (VA) financial policies and procedures relating to “Other Liabilities” recognized by VA. The Standard General Ledger (SGL) accounts associated with “Other Liabilities” represent a combination of intra-Governmental and public liabilities, which are either funded or unfunded. This chapter prescribes the accounting principles, policies and related requirements necessary to establish financial control over VA’s “Other Liabilities” not discussed in other chapters of this volume. The liability accounts covered in this chapter include the following:

- Accrued Liabilities – Contractual or Reimbursable Services
- Accrued Liabilities – VA Contributions for Employee Benefits
- Annual Leave – Funded and Unfunded
- Custodial Liabilities
- Deferred Revenue
- Deposit and Clearing Account Liabilities
- General Funds Receipts Liabilities
- Resources Payable to the Department of the Treasury (Treasury)
- Contract Holdbacks
- Amounts Due on Non-Federal Trusts

For additional information relating to the general principles underlying the recognition of liabilities, refer to Volume VI, Chapter 1, *Definition and General Principles for Recognition of a Liability*. These principles apply equally to the “Other Liabilities” covered in this chapter. References are also made throughout the chapter to other VA financial policy and procedures chapters that may relate to the specific subject covered.

## 1002 POLICIES

**100201 ACCRUED LIABILITIES – CONTRACTUAL OR REIMBURSABLE SERVICES.** VA will accrue its liabilities for contractual and reimbursable services, both Federal and non-Federal, that have been rendered but not paid for by the end of each accounting period. These accrued liabilities will be reported as either intra-Governmental or public funded liabilities, depending on the source of the services being provided, and will be included under Other Liabilities on VA’s Consolidated Balance Sheet.

**100202 ACCRUED LIABILITIES – VA CONTRIBUTIONS FOR EMPLOYEE BENEFITS.** VA will accrue its liabilities for VA’s share of the cost for employee benefits, including retirement, health benefits, life insurance, workers’ compensation, payroll taxes and other employee-related benefits, such as Social Security/Medicare and Thrift Savings Plan, at the end of each accounting period. These accrued liabilities will be reported as intra-Governmental funded liabilities and will be included under Other Liabilities on VA’s Consolidated Balance Sheet.

100203 ANNUAL LEAVE.

A. VA will recognize its *funded* accrued annual leave liability on at least a quarterly basis at the wage rate at which leave is earned for employees of revolving fund organizations. Funded annual leave costs will be reported as public funded liabilities and will be included under Other Liabilities on VA's Consolidated Balance Sheet.

B. VA will recognize its *unfunded* accrued annual leave liability on a quarterly basis for leave earned and payable to the employees of organizations funded by appropriations. Unfunded annual leave liabilities will be funded through future years' appropriations. Unfunded annual leave costs will be reported as public unfunded liabilities and will be included under Other Liabilities on VA's Consolidated Balance Sheet.

100204 CUSTODIAL LIABILITIES. VA will collect non-exchange revenues acting on behalf of either the General Fund or another Federal entity. These collections will be recorded as custodial liabilities to VA. VA will not prepare a Statement of Custodial Activity since its custodial collections are "immaterial" and are only incidental to VA's primary mission. VA may elect to disclose the sources and amounts of the collections and the amounts distributed to others, but such disclosure is not required. Custodial liabilities will be reported as intra-Governmental funded liabilities and included under Other Liabilities on VA's Consolidated Balance Sheet.

100205 DEFERRED REVENUE. VA will procure supplies, equipment and/or services through the Supply Fund and will provide common administrative support services through the Franchise Fund to fulfill requirements of VA and other Federal agencies. Funds received in advance of completing the delivery of the supplies and equipment and providing administrative support services will be recorded as a liability (deferred revenue). VA will also record any pre-payment of interest collected on direct loans or loan guarantees by the Veterans Benefits Administration (VBA) as deferred revenue. Prepayments or advances provided to the Supply Fund and the Franchise Fund will be reported as intra-Governmental funded liabilities and will be included as Other Liabilities on VA's Consolidated Balance Sheet. Prepayment of interest collected on direct loans or loan guarantees will be reported as public funded liabilities and included under Other Liabilities on VA's Consolidated Balance Sheet.

100206 DEPOSIT AND CLEARING ACCOUNT LIABILITIES.

A. VA will maintain temporary deposit fund liability accounts to hold remittances until proper disposition can be made of the funds on deposit. Separate deposit funds will be used to meet specific purposes (e.g., personal funds of patients; final paycheck in the event of an employee's death). Deposit fund liabilities will be reported as either intra-Governmental or public funded liabilities, depending on the funding source and will be included under Other Liabilities on VA's Consolidated Balance Sheet.

B. VA will maintain temporary clearing (suspense) liability accounts to hold remittances until proper disposition can be made. VA will attempt to resolve the amounts in clearing

(suspense) accounts within 30 days; if not cleared within this timeframe, they must be cleared by 60 days. Refer to Volume II, Chapter 2C, *Clearing (Suspense) and Deposit Funds*, for disposition of funds held in clearing accounts. Clearing account liabilities will be reported as either intra-Governmental or public funded liabilities, depending upon the funding source, and will be included under Other Liabilities on VA's Consolidated Balance Sheet.

100207 GENERAL FUNDS RECEIPTS LIABILITIES.

A. VA will record Agent Cashier advances in authorized Imprest Funds as liabilities to reflect the total liabilities owed to Treasury Disbursing Officers. VA will comply with Treasury's Imprest Fund Policy Directive on the actual use of such Funds. VA's Agent Cashier Funds will be reconciled daily and a monthly accountability report will be prepared to disclose the status of the fund. Agent Cashier cash advances will be reported as intra-Governmental funded liabilities and will be included in Other Liabilities on VA's Consolidated Balance Sheet.

B. VA will re-estimate the Credit Reform subsidy costs annually to reflect actual loan performance and expected changes in estimates of future loan performance. VA will record the subsidy re-estimate in a liability account and then post the amount into the appropriate General Fund Receipt account for transfer to other entities. At yearend, Treasury sweeps the excess funds from the account and the new subsidy re-estimate will be carried forward to the new fiscal year. Credit Reform Re-estimates will be reported as intra-Governmental funded liabilities and will be included in Other Liabilities on VA's Consolidated Balance Sheet.

C. VA will record customer dividends received from the Veterans Canteen Service (VCS) as a liability for use by all VA medical centers to promote patronage at VCS facilities. VA will comply with General Counsel guidance that identifies the lawful use of the VCS dividends. VA will not use the money for enhancing employee morale or welfare. Dividends payable will be reported as an intra-Governmental funded liability and will be included in Other Liabilities on VA's Consolidated Balance Sheet.

100208 RESOURCES PAYABLE TO TREASURY. VA will record collections and disbursements, resulting from pre-1992 direct loan obligations and loan guarantee commitments in 36X4025, Veterans Housing Benefit Program Fund Liquidating Account, Veterans Affairs. Any excess funds (i.e., collections over disbursements) will be reported as a liability to be returned to Treasury's miscellaneous receipts. VA will report excess collections, not yet returned to Treasury, as an intra-Governmental funded Liability and included in Other Liabilities on VA's Consolidated Balance Sheet.

100209 CONTRACT HOLDBACKS. VA will withhold amounts from progress payments to a contractor in specific cases, as permitted in the Federal Acquisition Regulation (FAR) and 48 Code of Federal Regulations (C.F.R.), Part 52. Cases may relate to contractor payment of wages, unsatisfactory construction contractor progress, or when creating a reserve amount is necessary to protect the Government's interests.

100210 AMOUNTS DUE ON NON-FEDERAL TRUSTS. VA may enter into non-Federal trust agreements as part of VA's leasing authority under 38 United States Code (U.S.C.) 8161-8169 to selected private sector developers for a term of up to 75 years. VA will retain funds received from the leasing projects and use the funds to enhance VA's mission rather than return them to the Treasury.<sup>1</sup>

### **1003 AUTHORITY AND REFERENCES**

100301 Public Law 103-356, Section 403, Treasury Franchise Fund

100302 Public Law 109-114, Military Quality of Life and Veterans Affairs Appropriations Act

100303 38 U.S.C. 8161-8169, Enhanced-Use Leases of Real Property

100304 38 U.S.C. As Amended, Veterans Benefits and Health Care Improvement Act of 2000, Subtitle E--Real Property Matters, Section 241, Change to Enhanced Use Lease Congressional Notification Period

100305 48 C.F.R. FAR Parts 1-53

100306 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standard (SFFAS) No. 1, Accounting for Selected Assets and Liabilities

100307 FASAB, SFFAS No. 2, Accounting for Direct Loans and Loan Guarantees

100308 FASAB, SFFAS No. 5, Accounting for Liabilities of the Federal Government

100309 FASAB, SFFAS No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting

100310 FASAB, SFFAS No. 18, Amendments to Accounting Standards for Direct Loans and Loan Guarantees in Statement of Federal Financial Accounting Standards No. 2

100311 FASAB, SFFAS No. 19, Technical Amendments to Accounting Standards for Direct Loans and Loan Guarantees

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<sup>1</sup> Also refer to 38 U.S.C. 8118, Authority for Transfer of Real Property; Department of Veterans Affairs Capital Asset Fund, 38 U.S.C. As Amended; Veterans Benefits and Health Care Improvement Act of 2000, Subtitle E – Real Property Matters, Section 241, Change to Enhanced Use Lease Congressional Notification Period; and Consolidated Security, Disaster Assistance and Continuing Appropriations Act, 2009, Division E – Military Construction and VA Appropriations Act, 2009.

100312 FASAB, Statement of Federal Financial Accounting Concepts (SFFAC) No. 2, Entity and Display

100313 FASAB, Federal Financial Accounting and Auditing Technical Release 3, Preparing and Auditing Direct Loan and Loan Guarantee Subsidies under the Federal Credit Reform Act

100314 FASAB, Federal Financial Accounting and Auditing Technical Release 6, Preparing Estimates for Direct Loan and Loan Guarantee Subsidies under the Federal Credit Reform Act, Amendments to Technical Release 3

100315 Office of Management and Budget (OMB) Circular A-11, Preparation, Submission and Execution of the Budget

100316 OMB Circular A-129, Revised - Policies for Federal Credit Programs and Non-Tax Receivables

100317 OMB Circular A-136, Revised - Financial Reporting Requirements

100318 Treasury Financial Manual (TFM), United States SGL

100319 Treasury, Federal Account Symbols and Titles: The Fast Book

100320 TFM, Volume I, Federal Agencies, Part 2, Central Accounting and Reporting

100321 TFM, Volume I, Part 2, Chapter 1500, Description of Accounts Relating To Financial Operations

100322 TFM, Volume I, Part 2, Chapter 4600, Treasury Reporting Instructions for Credit Reform Legislation

100323 TFM, Volume I, Part 2, Section 4705.20a, Custodial Activity

100324 TFM, Volume I, Bulletin No. 2007-03, Intra-Governmental Business Rules

100325 TFM, Volume I, Bulletin No. 2006-03, Attachment 1, Government-Wide Accounting (GWA) System NET Application Guide

100326 Treasury, Imprest Fund Policy Directive

100327 VA Office of Financial Policy Publications Library

100328 Consolidated Security, Disaster Assistance and Continuing Appropriations Act, 2009, Division E - Military Construction and Veterans Affairs Appropriations Act, 2009

## 1004 ROLES AND RESPONSIBILITIES

100401 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.

100402 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.

## 1005 PROCEDURES

### 100501 ACCRUED LIABILITIES – CONTRACTUAL OR REIMBURSABLE SERVICES.

A. VA will enter into contractual or reimbursable agreements with Federal agencies or into contractual agreements with non-Federal entities to acquire severable and non-severable services that are needed to meet a wide-range of recurring and essential annual requirements. VA may pay for these services through monthly reimbursements. Actual payment dates, however, may not coincide with the end of an accounting period, thus creating accrued liabilities to be recognized.

B. VA will maintain liability accounts by appropriation to show the estimated cost of such contractual services, such as travel, ambulance service and transportation of things, payable from public funds for which receiving reports are not available at the end of an accounting period. There may not be any specific evidence of indebtedness other than the provisions of contracts or other authorizations.

C. VA will record accrued liabilities in a series of liability accounts, namely SGL accounts 2190 and 2193 for liabilities owed to Federal agencies and SGL accounts 2191 and 2194 for liabilities owed to private sector contractors. The subsidiary ledger for SGL 2194 is maintained in VBA, which is independent of VA's financial accounting system.

D. VA will report accrued liabilities as either intra-Governmental or public funded liabilities in a note disclosure (Note 14). SGL account 2190 represents intra-Governmental accrued liabilities, while SGL 2191 and 2194 are accrued public liabilities.

Refer to Volume II, Chapter 7A, *Severable Service Contracts Crossing Fiscal Years*, for additional information on various types of contracts for services that are reflected in accrued liabilities at the end of an accounting period.

Refer to Volume I, Chapter 2, *Standard General Ledger*, for a description of the SGL accounts used in the accounting and recording of accrued liabilities, specifically SGL accounts 2190, 2191, 2193 and 2194.

100502 ACCRUED LIABILITIES – VA CONTRIBUTIONS FOR EMPLOYEE BENEFITS.

A. VA will make CSRS bi-weekly contributions to the Office of Personnel Management (OPM) in amounts equal to employee deductions, from the same appropriation or fund used to pay the employee. These contributions, along with those made by the employees, will be deposited in the Treasury to the credit of the Civil Service Retirement Fund. VA will accrue its share of the cost and imputed financing of providing the CSRS pension to its employees (i.e., employer contributions) in the same manner as gross compensation.

B. VA will make FERS bi-weekly contributions to OPM in amounts determined by a formula from the same appropriation or fund used to pay the employee. Both VA's and the employee's contributions will be deposited in the Treasury to the credit of the Federal Employees' Retirement Fund. VA will accrue its share of the cost and imputed financing of providing the FERS pension to its employees (i.e., employer contributions) in the same manner as gross compensation.

C. VA will pay no more than 75 percent of the subscription charge or premiums to OPM as the biweekly Government contribution for an employee or annuitant enrolled in a health benefit plan procured by the Federal Government. VA will accrue its share of the cost of providing post-retirement health benefits to its employees (i.e., employer contributions) in the same manner as gross compensation.

D. VA will pay one-half of the cost of life insurance coverage each payroll period to OPM for employees from the same appropriation used to pay the employee. VA will accrue its share of the cost of providing post-retirement life insurance benefits to its employees (i.e., employer contributions) in the same manner as gross compensation.

E. VA will make contributions for Federal Employees' Compensation Act (FECA) benefits during each calendar quarter; the amount of each contribution is based on a determination by the Secretary of Labor as to the amounts of payments. VA will account for two components of FECA benefits:

1. VA will record the accrued FECA liability when amounts are paid to beneficiaries by the Department of Labor (DOL).
2. VA will record the actuarial FECA liability for compensation cases to be paid beyond the current fiscal year.



- a. Future workers' compensation estimates are generated from an application of actuarial procedures developed by DOL to estimate the liability for FECA benefits.
- b. The liability is determined by utilizing historical benefit payment patterns, related to a particular period, to estimate the ultimate payments related to that period.

F. VA will make employer contributions for payroll taxes and other employee-related benefits, such as Social Security/Medicare and Thrift Savings Plan, respectively. VA will make similar accruals for these contributions.

G. VA will report its accrued contributions for employee benefits under intra-Governmental funded liabilities in a note disclosure (Note 14).

Refer to Volume I, Chapter 2, *Standard General Ledger*, for a description of the SGL accounts used in accounting and recording accrued contributions for employee benefits, specifically SGL account 2213.

Factors used in the calculation of the CSRS/FERS pensions and post-retirement health and life insurance benefit expenses are provided to VA by OPM, who administers these Governmentwide Benefit Programs.

#### 100503 ANNUAL LEAVE.

##### A. Funded Annual Leave.

1. For revolving fund organizations (Franchise Fund, Supply Fund, Canteen Fund), VA will record a liability for annual leave as it accrues in an Accrued Funded Annual Leave SGL account (i.e., SGL 2211) and the related expense in Operating Expense-Personal Services SGL account (i.e., SGL 6122). The liability and expense accounts will be adjusted periodically to reflect the current liability and expense amounts. The accounts will be maintained by fund to show the cumulative liability and expense for funded annual leave earned and payable to revolving fund employees. Balances will also be recorded as unpaid expenditures for budget execution reporting.

2. Each revolving fund organization will post the accrued annual leave liability and expense in the VA financial accounting system. Initial recording is based on the wage rate at which the leave is earned. A fringe benefit rate may also be used to calculate the accrued annual leave.

3. VA will accrue the cost of unused annual leave at least quarterly.

4. VA will report its funded annual leave costs as public funded liabilities in a note disclosure (Note 14).

##### B. Unfunded Annual Leave

1. For appropriation funded organizations, VA will record a liability for annual leave as it accrues in an Unfunded Annual Leave SGL account (i.e., SGL 2220) and the related expense in Operating Expense-Earned Unfunded Leave SGL account (i.e., SGL 6802).
2. VA's Financial Reports Service and the Financial Services Center will post the accrued leave liability in the VA financial accounting system using the Assets and Miscellaneous Accounts Fund (AMAF). Transactions to record this liability and the related expense will be restricted for use solely by the Financial Reports Service and Financial Services Center.
3. Subsidiary records will be maintained in the payroll system to show a breakdown of the cumulative liability, which represents the amount recorded for unpaid leave earned that employees are entitled to upon separation. VA will use future years' appropriations to fund the unfunded annual leave liabilities.
4. VA will either transfer-in or transfer-out unfunded annual leave balances without reimbursement when employees transfer to different Federal agencies. VA will use the appropriate financing source account for these transfers of employees.
5. VA will report its unfunded annual leave costs as public unfunded liabilities in a note disclosure (Note 14).

Refer to Volume I, Chapter 2, *Standard General Ledger*, for a description of the SGL accounts used in accounting and recording funded and unfunded annual leave, specifically SGL accounts 2211 and 2220.

#### 100504 CUSTODIAL LIABILITIES.

- A. VA will collect non-exchange revenues, as necessary, acting on behalf of the General Fund of the Treasury, a trust fund or another recipient entity. In a non-exchange transaction, one party (e.g., the Government) receives value without directly giving or promising value in return. These custodial revenue collections represent custodial liabilities to VA.
- B. VA will not prepare a Statement of Custodial Activity in relation to collections it makes on behalf of other Federal agencies.
  1. Although OMB Circular A-136, *Financial Reporting Requirements*, requires Federal entities to complete the Statement of Custodial Activity for collections of non-exchange revenue for the General Fund of the Treasury, a trust fund or another recipient entity, OMB recognizes the need for exceptions, such as when custodial collections are immaterial and incidental to their primary mission (also refer to SFFAC No. 2, paragraph 103).
  2. The determination of whether an item is material depends on the degree to which omitting or misstating information about the item makes it probable that the judgment of

a reasonable person relying on the information would have been changed or influenced by the omission or the misstatement.

C. VA will report custodial revenues, not yet returned to the recipient Federal entity, as intra-Governmental funded liabilities in a note disclosure (Note 14). In accordance with OMB Circular A-136 and SFFAC No. 2, organizations collecting “immaterial” custodial revenues that are incidental to their primary mission may disclose the sources and amounts of the collections and the amounts distributed to others, but such disclosure is not required.

Refer to Volume I, Chapter 2, *Standard General Ledger*, for a description of the SGL accounts used in accounting and recording custodial liabilities, specifically SGL account 2980.

100505 DEFERRED REVENUE. VA generates revenue from procuring supplies, equipment and/or services for other Governmental agencies through the Supply Fund and from providing common administrative support services through the Franchise Fund. VBA reports any pre-payment of interest collected in advance on direct loans as deferred revenue.

A. Supply Fund.

1. If a Federal customer advances annual or multi-year funds to VA’s Supply Fund, pursuant to statutory authority, the Supply Fund may retain any advanced funds received only until it has provided the required goods or services.
2. VA’s Supply Fund may not retain any unexpended funds advanced by the Federal customer that are not needed to fill the original scope of work for which the funds were obligated. Any excess funds remaining after the original order has been filled must be returned to the Federal customer’s appropriation.
3. VA’s Supply Fund will provide services on a reimbursable basis, recognizing exchange revenue when earned, and expenses when incurred.
4. VA will account for any cash advances as liabilities (deferred revenue) until delivery of goods and/or services.
5. VA will report any deferred revenue amounts received by the Supply Fund in its quarterly and year-end financial statements as intra-Governmental funded liabilities in a note disclosure (Note 14).

Refer to Volume II, Chapter 2A, *Supply Fund*, for additional information on the financial policies and procedures related to this Fund.

B. Franchise Fund.

1. VA's Franchise Fund will enter into service level agreements with VA entities and franchise agreements with other Governmental agencies in accordance with Public Law 103-356 and Public Law 109-114.
2. VA's Franchise Fund will provide common administrative services on a reimbursable basis, recognizing exchange revenue when earned, and expenses when incurred.
3. VA will account for any cash advances as liabilities (deferred revenue) until delivery of goods and/or services.
4. VA will report any deferred revenue amounts as intra-Governmental funded liabilities in a note disclosure (Note 14).

Refer to Volume II, Chapter 2B, *Franchise Fund*, for additional information on the financial policies and procedures related to this Fund.

C. Advances for VBA Direct Loans and Loan Guarantees.

1. VBA will receive collection of advanced or prepaid interest on direct loans or loans guaranteed and will record these interest payments as liabilities (deferred revenue) until such time as the interest has been earned.
2. VA will report any deferred revenue amounts received as prepayment of loan interest as public funded liabilities in a note disclosure (Note 14).

Refer to Volume V, Chapter 7, *Loans Receivable* and Volume VI, Chapter 6, *Liabilities for Loan Guarantees*, for additional information on financial policies and procedures related to VA's Direct Loan and Loan Guaranty Program. Additional information is contained in Paragraph G, General Funds Receipts Liabilities, in this chapter.

Refer to Volume I, Chapter 2, *Standard General Ledger*, for a description of the SGL accounts used in accounting and recording deferred revenue, specifically SGL accounts 2310, 2312 and 2320.

100506 DEPOSIT AND CLEARING ACCOUNT LIABILITIES.

A. Deposit Accounts.

1. VA will maintain these temporary liability accounts until proper disposition can be made of the funds on deposit.
2. VA will maintain separate funds to meet specific purposes. For example, if money was sent to VA on behalf of a particular patient in a VA medical facility, VA will hold the money in the deposit account until distributed to the actual patient account maintained

by the VA medical facility. Similarly, funds for the Transit Benefit Program will be placed in a holding liability account until distributed to the Department of Transportation.

3. VA will use deposit funds for recurring deductions, including Bills of Collections for medical care or debts owed to another Federal agency (e.g., Internal Revenue Service), that are being repaid as part of a payment plan. When a local payroll office receives notification that an employee owes a debt, the local payroll office will initiate debt collection through salary offset.

4. In the event of an employee's death, the Human Resources department will forward the appropriate paperwork to the VA payroll provider. The local payroll office staff will update the employee work schedule in the Defense Civilian Pay System to suspend any salary payment until the separation action is transmitted. Once all required documents are received, the VA payroll provider will process and disburse a final payment to the named beneficiary(ies).

5. VA will report liabilities associated with deposit fund transactions as either intra-Governmental or public funded liabilities in a note disclosure (Note 14).

#### B. Clearing Accounts.

1. VA will maintain amounts on deposit in clearing (suspense) accounts to be held only until proper disposition can be made. VA will attempt to resolve the amounts in clearing (suspense) accounts within 30 days; if not cleared within this timeframe, they must be cleared by 60 days. All amounts carried forward greater than 30 days will require higher level approval than at the field facility.

2. VA field facilities will examine the amounts in the approved clearing (suspense) accounts at the end of every month and reclassify them to the appropriate funds to prevent the aging of items in suspense over 60 days.

3. Refer to Volume II, Chapter 2C, *Clearing (Suspense) and Deposit Funds*, for disposition of funds held in clearing accounts.

4. VA will certify the balances in the approved clearing (suspense) accounts to the Treasury Financial Management Service (FMS) as part of the annual year-end closing process.

5. VA will report liabilities associated with clearing (suspense) transactions as either intra-Governmental or public funded liabilities in a note disclosure (Note 14).

Refer to Volume I, Chapter 2, *Standard General Ledger*, for a description of the SGL accounts used in accounting and recording deposit fund and clearing (suspense) account liabilities, specifically SGL accounts 2400-2413.

Refer to Volume II, Chapter 2C, *Clearing (Suspense) and Deposit Funds*, for more details on financial policies and procedures for deposit fund and clearing (suspense) accounts.

100507 GENERAL FUNDS RECEIPTS LIABILITIES.

A. Liabilities for Agent Cashier Advances.

1. Agent cashier imprest funds are set up to benefit the Veteran, and VA must comply with Treasury's Imprest Fund Policy Directive on their actual use. Advances received from Treasury will be deposited at financial institutions where bank accounts have been established for this purpose. These bank depository accounts facilitate fund replenishments by electronic funds transfer (EFT).

2. Cash advances received by VA will be recorded in SGL 1120, Imprest Funds. VA will maintain this SGL asset account in the Assets and Miscellaneous Accounts Fund (AMAF) to show the amount of cash advanced to agent cashiers by Treasury disbursing officers. The balance in the account will control subsidiary records maintained in VA's various finance activities to show each cashier and alternate by name and the amount of advance from the regional disbursing officer.

3. The corresponding liability for the advances received will be recorded in SGL Account 2990, Liability for Agent Cashier Advances. This is a liability account also maintained in the AMAF to show the total liability to disbursing officers for agent cashier advances. The only transaction associated with this account is a financial accounting system entry that posts directly into the AMAF to record the establishment of or increase to an agent cashier advance. As these establishments/increases do not occur on a regular basis, the journal entries made into the account are not routine.

4. Agent cashier imprest funds must be reconciled on a daily basis. The reconciliation is prepared using Optional Form (OF) 1149, *Statement of Designated Depository Account* or OF 129, *Reimbursement Voucher*. This reconciliation/accountability report should be submitted on at least one designated day each month with an accounting of cash on hand and any unpaid vouchers, receipts and other information, which indicate the status of the fund.

5. The status of the imprest funds will be reported as well in accordance with VA's accounting procedures and information requirement of the FMS Form 2108, *Year-End Closing Statement*.

6. VA will report liabilities associated with agent cashier cash advances as intra-Governmental funded liabilities in a note disclosure (Note 14).

For more detailed financial policies and procedures on the function of the agent cashier, refer to Volume VIII, Chapter 3, *Agent Cashier Policy*.

**B. Credit Reform Re-Estimates.**

1. VA will re-estimate the subsidy costs annually to reflect actual loan performance and expected changes in estimates of future loan performance.

a. In order to calculate the subsidy rate and cost, the Veterans Benefits Administration's Credit Reform Division (VBACRD) uses the Veterans Housing Model (VHM), a financial model that draws on VA's historical program data in conjunction with OMB's economic assumptions to calculate performance assumptions and ultimately produce cash flow data.

b. Once the data and economic assumptions are incorporated into the VHM, VBACRD will use the OMB-provided Credit Subsidy Calculator 2 (CSC 2) to discount the projected cash flows in order to derive the appropriate subsidy rates for each loan program (e.g., guaranteed loans) for the budget year. The calculator processes VA's cash flow data to compute the net present value at the point of disbursement and the subsidy rate associated with those cash flows. For guidance on the type and nature of data to use, refer to the re-estimate section in FASAB Technical Release No. 6 (see 100309).

2. VA will then provide an estimate of the direct loan and loan guarantee subsidy rate and cost to OMB for budgetary purposes, as required by the Federal Credit Reform Act of 1990 (FCRA) and in consonance with guidance contained in OMB Circular A-11. These estimates will be prepared through a joint effort between VA's budget staff, the CFO and VBACRD, in accordance with SFFAS No. 2, 18 and 19. OMB will review and approve this estimate, which will be included in VA's annual appropriation request. VA will receive an appropriation to cover the subsidy cost.

3. VA's estimated subsidy cost (net present value) will be the difference between the present value of estimated VA disbursements (e.g., loan disbursements, default claim payments, property acquisitions, refunded loans, property operating expenses) and the present value of estimated VA receipts and collections (e.g., loan funding fees, foreclosed asset sale proceeds, borrowers' payments). An upward re-estimate of the subsidy costs will increase original loan subsidies, in effect lowering the budget surplus (i.e., increase in the Federal deficit); a downward re-estimate will have the opposite effect.

4. VA will use SGL Account 2985 to record the Credit Reform Subsidy Re-Estimate and then will use this account to post the amount to the appropriate General Fund Receipt account for transfer to other entities. At yearend, Treasury sweeps the excess funds in Account 2985 and the remaining balance is the new re-estimate to be carried forward to the new fiscal year.

5. VA will also use two other account categories, the Program Account (budgetary) and the Financing Account (non-budgetary), as required by the FCRA, to handle Credit Reform transactions.

a. VA will include the Program Account in budget totals and this account receives separate appropriations for both the administrative and subsidy costs of each VA credit program. The Program Account has permanent indefinite authority to cover subsidy upward re-estimates. VA's budget authority for the annual subsidy cost will be recorded in this account as well and outlays will also be reflected therein. VA will also submit a written request to Treasury to obtain funds authorized by these indefinite authorities, together with an OMB-approved SF 132, *Apportionment and Reapportionment Schedule*. Treasury will process a warrant for the requested funds.

b. VBA's finance activity will disburse funds from the Program Account to the Financing Account to pay the associated subsidy costs. This account will hold balances and include all other cash flows to and from VA resulting from post-1991 direct loan obligations and loan guarantee commitments throughout the fiscal year.

6. VBACRD will perform a second subsidy re-estimate analysis at yearend to determine whether an additional subsidy is needed and what amount should be reflected in the financial statements for the credit reform re-estimate in SGL 2985. This second analysis is required due to the timing of release of discount rate assumptions (interest rate re-estimates) and other economic assumptions in the President's Budget that will be submitted for the budget year. The first subsidy re-estimate analysis is performed at yearend using the economic assumptions underlying the budget year subsidy estimates contained in the President's Budget for the previous year (adjusted for changes in terms of the contract or legislation enacted since the budget was transmitted). The first subsidy re-estimates are needed for financial statement preparation. Both subsidy re-estimates are calculated using the VHM in conjunction with the CSC 2.

7. SFFAS No. 18 requires that the interest rate and technical re-estimates will be disclosed separately for each credit program and/or cohort. The interest rate re-estimate of the subsidy cost of direct loans or loan guarantees must be made when a cohort has substantially disbursed (i.e., when at least 90 percent of the direct loans or guaranteed loans have been disbursed). Similarly, a technical re-estimate of the subsidy cost of a cohort of direct loans or loan guarantees must be made after the close of each fiscal year as long as the loans are outstanding, unless a different plan is approved by the OMB representatives with primary budget responsibility for the credit program.

8. VBACRD will post the re-estimates into the general ledger accounts in MinX. Once this posting is completed, VA's budget office will use the VHM and CSC 2 to calculate the Financing Account Interest Calculation (FAIC) adjustment in September for each financing account. The FAIC is a calculation of Treasury interest owed or earned by VA on the agency's debt, cash and operating cash flows with Treasury during a specified fiscal year. The Director, VBACRD, reviews the calculations for accuracy and completeness and returns them to VBA's finance activity to record in VA's financial accounting system. The Treasury's Bureau of Public Debt or Financial Management Service performs interest calculations to ensure agreement between Treasury and VA.



9. VA will report Credit Reform Re-estimates as intra-Governmental funded liabilities in a note disclosure (Note 14).

Refer to Volume I, Chapter 2, *Standard General Ledger*, for a description of the SGL accounts used in accounting and recording Credit Reform Re-Estimates liabilities, specifically SGL account 2985.

Refer to the TFM, United States SGL, Credit Reform Accounting Case Studies (see 100313 above).

Refer to Volume VI, Chapter 6, *Liabilities for Loan Guarantees*, and Volume V, Chapter 7, *Loans Receivable*, for additional information relating to the Federal Credit Reform Act and related financial policies and procedures.

#### C. Customer Dividends Payable – Veterans Canteen Service (VCS)

1. VA will maintain a liability account to show the amount of unexpended dividend funds established for use by the VA medical centers within the respective Veterans Integrated Service Network (VISN). The only transaction associated with this liability account is a financial accounting system journal entry to record a VCS customer dividend.

2. On a yearly basis, one half of operating income is declared a dividend by VCS and allocated proportionately to all VA medical centers for promotional use on behalf of the VCS. If a VA facility does not operate a canteen, such as may occur within a specific VISN, the VA medical center may use the dividends to educate potential customers about the goods and services offerings of the VCS and to encourage patronage to the canteen when they visit a VA healthcare facility with a canteen.

3. VA will ensure that VCS dividends are used to promote patronage at VCS facilities and win increased support from VA patients and employees, in compliance with guidance furnished by VA's General Counsel, which indicates the dividends can lawfully be used only for activities that have as a principal objective the promotion of sales of VCS merchandise, not to enhance employee morale and welfare.

4. VA will report the year-end balance for VCS customer dividend liabilities under intra-Governmental funded liabilities in a note disclosure (Note 14).

Refer to Volume I, Chapter 2, *Standard General Ledger*, for a description of the SGL accounts used in accounting and recording General Fund Receipts liabilities, specifically SGL accounts 2990 and 2993.

Refer to Treasury's Imprest Fund Policy Directive for additional guidance on the use of agent cashier funds. (See 100320 above).

100508 RESOURCES PAYABLE TO TREASURY.

A. VA will record collections and disbursements resulting from pre-1992 direct loan obligations and loan guarantee commitments in 36X4025 Veterans Housing Benefit Program Fund Liquidating Account, Veterans Affairs. This account remains in use because the Federal Credit Reform Act did not change the accounting treatment of transactions for pre-1992 direct loans and loan guarantees.

B. If the above liquidating account includes collections exceeding the account's obligations during the fiscal year, VA will return excess collections to Treasury through the Governmentwide Accounting (GWA) System Nonexpenditure Transfers (NET) Application as a capital transfer as soon as practical after the close of the fiscal year. For more guidance on using the GWA NET application, refer to the Application Guide in 100319.

C. VA will return excess collections, both from current year resources and prior year unobligated balances, to the miscellaneous receipt Treasury Account Symbol (TAS) 2814. VA must use its 2-digit prefix (i.e., 36) in front of the miscellaneous receipt TAS to record the resources payable to the General Fund of the Treasury.

D. VA will report excess collections, not yet returned to Treasury at yearend, as intra-Governmental funded liabilities in a note disclosure (Note 14).

E. VA will also report the amount of any excess collections returned as capital transfers on Line 6C of the SF 133, *Report on Budget Execution and Budgetary Resources*.

Refer to TFM, Volume I, Part 2, Chapter 4600 for guidance on how and when to submit excess collections from Resources Payable to the Treasury, and to OMB Circular A-11 for additional guidance on completing the SF 133.

Refer to Volume I, Chapter 2, *Standard General Ledger*, for a description of the SGL accounts used in accounting and recording Resources Payable to the Treasury liabilities, specifically SGL account 2970.

100509 CONTRACT HOLDBACKS. VA contracts contain progress payment clauses that authorize the contractor to receive payment of expenses incurred before an item is delivered or accepted.

A. VA contracting officers have the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. Contracting officers will follow limitations set by the FAR and will only withhold the greatest amount allowable under any one clause or schedule term at any one time. The exact amount withheld may vary by contractor.

B. VA will withhold funds from contractor progress payments for a variety of reasons (e.g., satisfactory progress has not been made in a fixed-price construction contract) as permitted by the Federal Acquisition Regulation, Part 52. Upon contract completion and work acceptance by VA, prior withheld funds will be paid.

100510 AMOUNTS DUE ON NON-FEDERAL TRUSTS. Through non-Federal trusts, VA may convert underutilized property into an asset that generates revenue, achieves consolidation or reduces costs. VA's leasing authority allows the Department to leverage its underutilized assets to support VA's mission by acquiring facilities or obtaining goods, services or other in-kind consideration that might otherwise be unavailable or unaffordable. In exchange for the lease, the developer would be required to provide VA with "fair consideration" (i.e., cash and/or "in-kind" consideration), as determined by the Secretary of VA. Under the lease, a developer would assume all business, legal and financial risks related to developing and operating the proposed project site and would be required to comply with applicable Federal, State and local requirements. The leased land and all related improvements would revert back to VA at the end of the leasing period.

A. VA will retain funds received from the leasing projects rather than return them to the Treasury and use the funds to enhance VA's mission.

B. VA will report the liabilities due to non-Federal trusts in its Consolidated Balance Sheet under Other Public Unfunded Liabilities and disclose pertinent information about the amounts due to non-Federal trusts in the notes to the Consolidated Financial Statements.

Refer to VA Directive and Handbook 7415, *Enhanced-Use Leasing Program Policies and Procedures*, and VA Directive 7633, *Managing Underutilized Real Property, including Disposal*, for additional information.

## 1006 DEFINITIONS

100601 Accrual Accounting. The accrual method of accounting recognizes the significance and accounting aspects of financial transactions, events or allocations in the reporting periods in which they occur. Costs are recognized in the accounts when incurred and revenues are recognized when they are earned.

100602 Accrued FECA Liability. This accrual represents the money owed by VA to DOL for claims paid by DOL on behalf of VA through the current fiscal year.

100603 Accrued Liabilities. Refers to liabilities for goods and services received and accepted by VA, but unpaid for, at the end of an accounting period. 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 is made.

100604 Accrued VA Contributions for Employee Benefits. Refers to liabilities maintained by appropriation to show VA's portion of payroll taxes and benefit contributions, such as retirement, including VA's contribution to the Thrift Savings Plan and health and life insurance for covered employees.

100605 Actuarial FECA Liability. The liability for future workers' compensation benefits includes the expected liability for death, disability, medical and miscellaneous costs for approved compensation cases and for potential cases related to injuries incurred but not reported.

100606 Agent Cashier. An officer or employee of the Federal Government who is designated a cashier by an approving official and is authorized to disburse cash or carry out other cash operations.

100607 Annual Leave. Refers to an employee absence with pay for personal and emergency purposes. An absence that is otherwise chargeable to sick leave may be charged to annual leave if requested by the employee and approved by the supervisor. The amount of time (hours and dollars) accrued bi-weekly, in general, is determined by an employee's employment time in Federal service. Executive Schedule employees generally do not accrue leave.

100608 Clearing (Suspense) Account. Combined receipt and expenditure accounts established to temporarily hold funds that are later refunded or paid into another Government fund once an administrative or final determination as to the proper disposition is made.

100609 Contract Holdbacks. Unreimbursed contractor costs not funded through progress payments, pending the completion of the contractor's performance in order to protect the Government's interest by mitigating potential losses.

100610 Credit Reform. Refers to the collective requirements as set forth in (1) the Federal Credit Reform Act of 1990, which requires agencies to calculate and record the net present value for credit programs and to include the cost to the Government in the budget, (2) Statement of Federal Financial Accounting Standard No. 2, Accounting for Direct Loans and Loan Guarantees and (3) OMB Circulars A-11 and A-136.

100611 Credit Reform Re-estimates. Refers to subsidy re-estimates for loans made after September 30, 1991, which are subject to the provisions of the Credit Reform Act of 1990.

100612 Custodial Liabilities. Refers to assets/deposits held and maintained by VA on behalf of third parties. The amount of custodial revenue, as defined by FASAB's SFFAS No. 7, that has not yet been transferred to another Federal entity.

100613 Customer Dividends. Share of operating income of the Veterans Canteen Service allocated proportionately for the use of all VA medical center directors.

100614 **Deferred Revenue.** Any type of revenue that is received in advance from outside sources as compensation, but not yet earned by VA, for goods and services that will be delivered at some future date. This means that the revenue is actually collected before it is earned. Deferred revenue will be recorded in the period in which the payment is received and will be accounted for as a liability until such time that the goods and services are actually provided to the buyer. At that point, the deferred revenue can be recorded in the same manner as any type of collected revenue.

100615 **Deposit and Clearing Account Liabilities.** These liabilities represent amounts in deposit funds for receipts held in suspense, temporarily for later refund or payment to some other Treasury fund or other entity or held by the VA as banker or agent for others for payment at the direction of the owner. The amounts in deposit funds may also represent budget clearing accounts (e.g., 36F3875) awaiting disposition or reclassification.

100616 **Deposit Funds.** A deposit fund account established by Treasury FMS to record monies that do not belong to the Federal Government. A description of deposit fund criteria may be found in the TFM, Section 1535, Deposit Fund Accounts.

100617 **Exchange Transaction.** Transactions in which each party to the transaction sacrifices value and receives value in return. A liability arising from reciprocal or "exchange" transactions should be recognized when one party receives goods or services in return for a promise to provide money or other resources in the future.

100618 **Fee-for-Service.** This financing approach involves charging customers a fee (surcharge) for services rendered. This fee represents revenue to be received by the Supply Fund for arranging the procurement of goods and/or services for VA or external customers. The Supply Fund does not receive direct appropriated resources, so the fee structure is a financing mechanism to remain self-sufficient.

100619 **Financing Account.** The non-budgetary account or accounts associated with each credit program account that holds balances, receives the subsidy cost payment from the credit program account and includes all other cash flows to and from the Government resulting from post-1991 direct loans or loan guarantees.

100620 **Franchise Fund.** A type of intra-Governmental revolving fund that operates as a self-supporting entrepreneurial entity to provide common administrative services benefiting other Federal entities. These funds function entirely from the fees charged for the services they provide consistent with their statutory authority. The Franchise Fund does not receive an annual appropriation, being a no-year fund and its operations are not subject to fiscal year limitations.

100621 **Funded Annual Leave.** Represents the cumulative liability that has been earned and is payable to VA employees of revolving funds.

100622 General Funds Receipts Liability. Refers to liabilities relating to monies owed the Treasury for advanced borrowings to finance VA agent cashiers and payables to Veterans Canteen Service (VCS) customer dividends.

100623 Government Contribution – FERS. Each agency will contribute to the FERS Fund an amount equal to the sum of the product of the normal-cost percentage, as determined for employees, multiplied by the aggregate amount of basic pay payable by the agency, for the period involved, to employees who are within such agency.

100624 Government-Wide Accounting (GWA) System NET Application Guide. A table attached to OMB Bulletin 2006-03 (see 1003XX) to provide guidance to Federal agencies on the proper treatment of various types of GWS System Transfers Types, including Appropriation Transfers for both budget authority and specific investment accounts, Account Balance Transfers, Reappropriation Transfers and Capital Transfers.

100625 Health Benefits. Refers to a group insurance policy or contract, medical or hospital service agreement, membership or subscription contract or similar group arrangements provided by a carrier for the purpose of providing, paying for or reimbursing expenses for health benefits for Federal employees.

100626 Imprest Fund. A fixed-cash or petty-cash fund in the form of currency or coin that has been advanced as Funds Held Outside of Treasury. Federal agencies are required to report their imprest funds in General Ledger Account 1120 - Imprest Funds, on their annual financial statements.

100627 Imputed Financing-Expenses Paid By Administrative Entity. Refers to the amount being financed directly through the pension plan's administrative entity to cover the annual expense for the employer entity's employees. Imputed financing covers the difference between (1) the employer entity's contribution transferred to the administrative entity pursuant to law (exclusive of the employees' contributions) and (2) the employer's pension expense calculated on the basis of information received from the administrative entity.

100628 In-Kind Consideration. Consideration in-kind may include provision of goods or services of benefit to the Department, including construction, repair, remodeling or other physical improvements of Department facilities, maintenance of Department facilities or the provision of office, storage or other usable space.

100629 Intra-Governmental Liability. Intra-Governmental liabilities are amounts a Federal entity owes to other Federal entities and may include accounts payable and interest payable to Federal entities and other current liabilities due to Federal entities, such as receipt of Federal advances and prepayments.

100630 Liabilities Covered by Budgetary Resources. Liabilities incurred that will be covered by available budgetary resources encompassing not only new budget authority

but also other resources available to cover liabilities for specified purposes in a given year.

100631 Liabilities Not Covered by Budgetary Resources. Liabilities incurred for which revenues or other sources of funds necessary to pay the liabilities have not been made available through Congressional appropriations or current earnings of the reporting entity.

100632 Liability. A probable future outflow or other sacrifice of resources as a result of past transactions or events. Liabilities recognized according to the SFFAS No. 5 include both liabilities covered by budgetary resources and liabilities not covered by budgetary resources.

100633 Life Insurance Benefits. Refers to the policy or policies of group life and accidental death and dismemberment insurance that the Office of Personnel Management may purchase to provide the life insurance benefits to Federal employees.

100634 Loan Guaranty Activity. Actions related to providing a partial guaranty of loans made by private lenders to Veterans and service members to purchase and retain homes, including claim payments, loan assumptions and property acquisition and management.

100635 Nonexchange Transaction. Transactions in which one party to the transaction receives value without directly giving or promising value in return, such as when VA collects payroll taxes on behalf of the Internal Revenue Service. A liability arising from nonreciprocal transfers or "nonexchange" transactions should be recognized for any unpaid amounts due as of the reporting date.

100636 Non-expenditure Transfers (NET). The shifting of funds between appropriations that does not involve an outlay. It is defined as a redistribution of either unobligated balances of budget authority provided in a previous year or budget authority provided in the current year between appropriations or funds for the benefit of the gaining appropriation or fund. Transfers of obligated balances and sometimes reappropriations also require non-expenditure transfers.

100637 Non-Federal Trust. A formal relationship in which a legal entity (including a person) holds title to property, subject to an obligation to keep or use the property for the benefit of another. The parties to the trust are non-Federal entities except for VA.

100638 Non-Severable Services. Services representing a single undertaking that cannot feasibly be separated into components but will be performed as a single task to meet a need of the Government. If the services produce a single or unified outcome, product or report, the services are considered non-severable (e.g., a consulting study conducted over several months culminating in a final report).

100639 Payroll Withholdings. Amounts that are withheld from payment of wages to an employee and subsequently remitted to other payees, such as Federal, State or local Governments; or to health or life insurance providers, on behalf of the employee.

100640 Probable. Refers to that which can reasonably be expected or is believed to be more likely than not on the basis of available evidence or logic. The probability of a future outflow or other sacrifice of resources (liability) is assessed on the basis of current facts and circumstances, which may include the law that provides general authority for Federal entity operations and specific budget authority to fund programs.

100641 Program Account. The budget account into which an appropriation to cover the subsidy cost of a direct loan or loan guarantee program is made and from which such cost is disbursed to the financing account. Program accounts usually receive a separate appropriation for administrative expenses. Each program account is associated with one or more financing accounts, depending on whether the account makes both direct loans and loan guarantees (separate financing accounts are required for direct loans and loan guarantees).

100642 Progress Payments. Method of financing certain operating expenses (e.g., raw material acquisitions) incurred by a contractor. These payments may alleviate undue strain on a contractor's cash flow during contract performance. The FAR, Part 32.503-5, *Administration of Progress Payments*, requires progress payments to be supported by the fair value of the work accomplished by the contractor.

100643 Public Liabilities. Amounts the Federal Government or an entity within the Federal Government owes to non-Federal entities and may include accounts and interest payable to non-Federal entities, other liabilities due to non-Federal entities, and advances and prepayments received from non-Federal entities.

100644 Rate. The fees charged that are based on full cost, including amounts for the Capital and Operating Reserve. They are assigned to each type of product being provided (e.g., one hour of consulting or pieces of mail processed).

100645 Resources Payable to Treasury. Refers to liquidating fund assets in excess of liabilities that are being held as working capital. Once liabilities are liquidated, these excess funds are transferred to the General Fund of the Treasury as capital transfers, which are nonexpenditure transfers (NETs).

100646 Revolving Fund. A fund established by Congress to finance a cycle of business-like operations through amounts received by the fund. A revolving fund charges for the sale of products or services and uses the proceeds to finance its spending, usually on a self-sustaining basis. A revolving fund is a form of permanent appropriation.

100647 Severable Services. Services that are continuing and recurring in nature, such as lawn maintenance, janitorial services or security services and from which the agency



realizes a benefit at the time services are provided even if the contract has not been performed to completion. Services are considered severable if they can be separated into components that independently provide value to meet an agency's needs.

100648 Subscription Charge. Refers to the premiums charged by health insurance carriers for health benefits plan for Federal employees. The amount of this charge that is financed by the Federal Government on behalf of the employee will be calculated by the Office of Personnel Management.

100649 Supply Fund. A self-supporting revolving fund financing the operations of VA's Office of Acquisition and Logistics. The Fund recovers its operating expenses through fees and markups on approximately 30 different products or services. This revolving fund supports VA's mission through the operation and maintenance of a supply system, including procurement of supplies, equipment, personal services and the repair and reclamation of used, spent or excess personal property. VA is the primary customer for the Supply Fund activities, but the Fund also has significant sales to other Federal agencies, including the Department of Defense and the Department of Health and Human Services.

100650 Underutilized Property. An entire property or portion thereof, with or without improvements, used only at irregular periods or intermittently by the accountable landholding agency for current program purposes of that agency or which is used for current program purposes that can be satisfied with only a portion of the property.

100651 Unfunded Annual Leave. Represents the amount recorded by VA for unpaid leave earned that the employee is entitled to upon separation and will be funded from future years' appropriations. To the extent that appropriations are not available to fund annual leave earned but not used, funding will be obtained from future financing sources.

## **1007 RESCISSIONS**

None required.

## **1008 QUESTIONS**

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

VHA	VHA Accounting Policy (Outlook)
VBA	VAVBAWAS/CO/FINREP (Outlook)
All Others	OFP Accounting Policy (Outlook)