

VA Financial Policies and Procedures
Expenditure Transfers

CHAPTER 9

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0901 OVERVIEW

This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures regarding the use of expenditure transfers and adjustments to expenditures. Expenditure transfers represent the transfer of funds between or within appropriations that involve a withdrawal from one account and a credit to another account for goods or services received.

In general, VA may not augment its appropriation accounts (including annual appropriations and revolving funds) with transfers from other accounts without specific statutory authority.¹ Because expenditure transfers are a type of funds transfers, VA will ensure that expenditure transfers and adjustments are entered in accordance with [31 U.S.C. 1534, Adjustments between Appropriations](#), [31 U.S.C 1535, Agency Agreements](#), and Department of Treasury guidance.

The expenditure transfers and adjustments discussed in this chapter cover monetary expenditure transfers. For transfers related to the exchange of assets/goods or services (other than cash) for other non-monetary assets/goods or services, refer to the Office of Financial Policy (OFP) Volume I Chapter 10, *Bartering*.

0902 POLICIES

090201 RECORDING EXPENDITURE TRANSFERS.

A. VA may record expenditure transfers:

- when goods, services, or equipment are ordered between Federal agencies;²
- when a specific law mandates payment is to be made by one appropriation on behalf of another appropriation;
- when the payment is between two Federal Funds or between two Trust Funds;
- when the payment is between Federal and Trust Funds; or
- when the payment is recorded incorrectly and an adjustment is needed.

B. VA will process adjustments to expenditures only after an expenditure has been recorded.

¹ Refer to Volume II, Chapter 7, *Various Appropriations Law Related Topics*, and Chapter 7A, *Guidelines to Avoid Augmenting an Appropriation*, for additional information.

² Also known as a buy/sell monetary arrangement within an agency or between Federal agencies, considered a type of intragovernmental transaction. For additional information on goods or services purchased from another Federal agency or within VA, refer to the OFP Volume I, Chapter 11, *Reimbursable Agreements*.

C. VA may also record an expenditure transfer between VA entities as the result of a purchase of an asset or the incurrence of a liability. The asset or liability originally represented an expenditure (payment) transaction and was subsequently recorded against another VA station. These transfers posted within VA funds may also be referred to as interstation transactions.

VA will record interstation transactions on both the transferring and receiving stations' accounting records. Interstation transactions that cannot be recorded on both stations by one finance activity will be coordinated between the respective finance offices to ensure the transactions are appropriately recorded and reconciled.

090202 DOCUMENTING EXPENDITURE TRANSFERS. VA will record expenditure transfers and adjustments and interstation transactions through a system-generated journal entry³ or manual journal entry. For journal voucher entries that require another finance activity to enter, the Optional Form (OF) 1017-G will be used to document the transaction. Refer to Section 090502 for additional information and guidance.

0903 AUTHORITY AND REFERENCES

090301 [31 U.S.C. 1534, Adjustments between Appropriations](#)

090302 [31 U.S.C. 1535, Agency Agreements \(The Economy Act\)](#)

090303 [Chief Financial Officers \(CFO\) Act of 1990](#)

090304 [Statement of Federal Accounting Standards \(SFFAS\), No. 1, *Accounting for Selected Assets and Liabilities*](#)

090305 [OMB Circular A-11, *Preparation, Submission and Execution of the Budget*](#)

090306 [TFM Volume I, Part 2, Chapter 2500, *Expenditure Transactions between Appropriation, Fund, and Receipt Accounts*](#)

090308 [OFP Publications Library](#)

090310 [VA Forms](#)

0904 ROLES AND RESPONSIBILITIES

090401 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:

³ System-generated journal entries may be used to record accounting activities such as deferred maintenance, salary accruals, continuation of pay, or capitalizing an asset.

Veterans' Benefits. Specific 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.

090402 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.

090403 The Office of Finance, Office of Financial Policy (OFP) is responsible for developing, coordinating, reviewing, evaluating, and issuing VA financial policies, including those that impact financial systems and procedures for compliance with all financial laws and regulations. OFP is also responsible for preparing various comprehensive Departmental financial reports, such as those required by the President and the Executive Branch, including OMB and Treasury reports.

090404 The Office of Budget is responsible for providing guidance and support to the Department's Administrations and staff offices on matters relating to budget formulation and execution. The Deputy Assistant Secretary (DAS) for Budget will request reimbursable authority from OMB to obligate these reimbursements and other income as a part of the annual apportionment or subsequent reapportionment submission. Service directors will allot the reimbursements and other income to the program officials, but only if there is reasonable assurance that such items will be collected.

090405 Program officials who receive allotments which contain estimated reimbursements or other anticipated receipts must maintain constant and careful oversight to ensure that these reimbursements and other income are earned, received and credited as planned, so that appropriate funding adjustments can be implemented if necessary. Program officials cannot use the reimbursable authority received from Congress for any other purpose than that authorized for VA.

0905 PROCEDURES

090501 RECORDING EXPENDITURE TRANSFERS.

Following are examples of when VA may record an expenditure transfer. These examples are not all encompassing. The preferred method of payment between Federal agencies is the Treasury Intra-governmental Payments and Collections System (IPAC).

A. When goods, services, or equipment are ordered between Federal agencies:⁴

- To record an expenditure transfer when the transfer represents a purchase for goods or services that benefits the transferring account; for example, Economy Act transactions or purchases from revolving funds, including working capital funds, such as a rental payment to the General Services Administration's Federal Buildings Fund.
- To record expenditure transfers as a direct disbursement against an established obligation when goods and/or services are ordered from another Federal agency as part of a reimbursable order. For orders authorized to be paid as an advance, a direct disbursement may be posted.

B. When a specific law mandates that a payment be made by one appropriation on behalf of another appropriation:

- To record a transaction as an expenditure transfer between VA appropriations if a law specifically mandates that a payment can be made by one appropriation on behalf of another.

C. When the payment is between Federal and Trust Funds:

- To record a transaction as an expenditure transfer if the transfer of budgetary resources from one account to another shifts the budgetary resources between Federal funds (general, special and revolving fund accounts) and trust funds (trust fund and trust revolving fund accounts), regardless of the purpose.

D. When the payment is recorded in one appropriation and an adjustment is needed to record the payment properly. These also include interstation transactions.

- To refund one VA appropriation for costs that were initially charged to it for the full cost of an acquisition that jointly benefits several VA organizations (e.g., procurement involving volume discounts or cost sharing arrangement). For example, when one VA organization procures goods and/or services that may involve volume discounts and the purchase benefits more than one organization funded through different appropriations, the initial full cost may be billed a single appropriation, but later distributed among the various appropriations benefiting from the acquisition. Adjustments recorded as part of cost-sharing arrangement under a reimbursable agreement must adhere to the requirements in Volume I Chapter 11, *Reimbursable Agreements*.

⁴ For additional information on goods or services purchased from another Federal agency or within VA, refer to the OFP Volume I, Chapter 11, *Reimbursable Agreements*.

- To process a transfer, such as a transaction between budget object codes (BOC) or accounting classification codes (ACC), after an expenditure transfer has been recorded by one organization on behalf of another.
- To temporarily charge one VA appropriation for an expenditure benefiting another VA appropriation, as long as amounts are available in both appropriations and the accounts are adjusted to reimburse the appropriation initially charged during or as of the close of the fiscal year.
- To transfer expenditures for awards from a VA organization to another VA organization or with another Federal agency.⁵
- To transfer costs associated with an employee's activity from one organization completed on behalf of another organization, if the costs have already been obligated and expended by the employing organization. It is preferable, though, to have the sponsoring office initially obligate and expend the funds. For example, when a station makes a travel advance to an employee who is transferring or being detailed to another station, the employee's travel advance will be transferred to the appropriate station.
- To correct errors made relating to payroll accounting when employees transfer between offices, particularly those instances when organizations are funded by different appropriations.⁶
- To complete transfers related to VHA interstation transactions for personal funds of patients (PFOP) and funds due incompetent beneficiaries. Refer to [Appendix A, PFOP and Incompetent Beneficiary Related Interstation Transactions](#), for additional information.

090502 DOCUMENTING EXPENDITURE TRANSFERS.

A. VA will use journal entries to document expenditure transfers, adjustments to expenditures, and interstation transactions through either a system-generated journal entry or manual journal entry. These include, but are not limited to:

- Expenditure transfers or adjustments between appropriations or fund accounts,
- Expenditure transfers between or within stations,

⁵ Funds from other Federal agencies intended to compensate VA employees in the form of cash awards will be credited to either the line of accounting or to Fund 3885, Undistributed Intragovernmental Payments, when processed through IPAC.

⁶ Funds moved due to formal reorganizations must be done on an apportionment document if different appropriations are impacted.

- Advance direct disbursements for invoice issuances from other Government agencies, and
- Direct disbursements for recording expenditures for invoice from other Government agencies.

B. VA finance activities will have adequate internal controls in place to ensure expenditure transfers and related transactions are accurately posted and approved, as required. VA Administration CFOs and staff offices are responsible for determining the necessary internal controls and levels of approval for journal entries.

Refer to Volume II, Chapter 1A, *VA's Accounting Classification Structure*, Appendix F, OF 1017-G Journal Voucher, Procedures, for additional guidance.⁷

C. VA will use the OF 1017-G for expenditure transfer and adjustment journal voucher (JV) entries when the transaction must also be entered by another finance activity. Supporting documentation and the appropriate approvals will be maintained. At a minimum the following will be completed:

- The JV will be properly prepared and adequate support provided to ensure that the JV accurately captures the transaction and provides a detailed audit trail.
- The JV will be annotated to properly identify the preparer and approver. Names and titles may be represented by user identification. The preparer and approver must be different individuals to maintain the proper segregation of duties.

D. For expenditure transfers and adjustments that are not based on a standard FMS journal entry transaction, the finance activity prepares an OF1017-G and submits the completed package to the Financial Services Center (FSC). Refer to Volume II Chapter 1A, *VA's Accounting Classification Structure*,⁸ for additional guidance. Because this is a free-form entry and could potentially create accounting and reconciliation problems, it must be carefully reviewed and approved by designated FSC accountants before posting.

0906 DEFINITIONS

090601 Adjustments to Expenditures. Adjustments made to post expenditures to the proper appropriations due to incorrect initial postings or related to the reimbursement of expenditures authorized in 31 U.S.C. 1534, Adjustments between Appropriations.⁹

⁷ Chapter is under development.

⁸Current chapter title is *Standard General Ledger*. Chapter is under revision to merge several chapters, include JV procedures, and revise the title; projected publish date is within a couple of months of this chapter.

⁹This statute is intended to facilitate "common service" activities.

090602 Expenditure Transfers. Represent the shifting of funds between appropriations and involve 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.

090603 Interstation Transactions. Transfer between VA entities as the result of a purchase of an asset or the incurrence of a liability. The asset or liability originally represented an expenditure (payment) transaction and is subsequently recorded against another VA station.

090604 Journal Entry (or Voucher (JV)). Written authorization that usually serves to confirm or vouch for the occurrence of financial transactions. The entry serves as an integral part of the audit trail and bears an appropriation symbol code, JV or the financial management system number, transaction date, amount, ledger account(s) affected, and the signatures (or user identification) of preparer and approver. The Explanation column on a typical JV form allows for references to documentary evidence supporting the transaction, along with a brief description of the transaction.

090605 Reimbursable Agreements. Also known as a buy/sell activity; a contractual relationship under which a Federal agency may enter into an agreement with another Federal agency and accept funding from the entity as reimbursement for the cost of goods provided or services rendered. Reimbursable agreements are a type of Intragovernmental transaction. Refer to Volume I, Chapter 11, Reimbursable Agreements.

090606 System-Generated Journal Entry. A journal entry created within FMS or interfaced to FMS.

0907 RESCISSIONS

090701 OFP Volume I Chapter 9, *Interstation Transactions*, August 2009

090702 OFP Volume I Chapter 9A, *Expenditure Transfers, Adjustments to Expenditures, and Reimbursable Agreements*, August 2009

0908 QUESTIONS

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

VHA	VHA CFO Accounting Policy (10A3A) (Outlook)
VBA	VAVBAWAS/CO/FINREP (Outlook)
All Others	OFP Accounting Policy (Outlook)

0909 REVISIONS

Section	Revision	Office	Effective Date
Overall	Removed reimbursable agreement information; updated into new chapter, Vol I, Ch 11, <i>Reimbursable Agreements</i> .	APPS (047GA)	June 2012
Overall	Merged chapter with Vol I, Ch 9, <i>Interstation Transactions</i> , and renamed.	APPS (047GA)	June 2012

APPENDIX A: PFOP AND INCOMPETENT BENEFICIARY RELATED INTERSTATION TRANSACTIONS

For guidance on completing a JV package, refer to Volume II Chapter 1A, *VA's Accounting Classification Structure*.¹⁰

A. Transfer of Personal Funds of Patients.

1. Transfer of a patient's funds balance will be made by standard journal voucher.
2. The number of journal voucher copies depends on whether the patient has a guardian. Patient identification data (e.g., name, C-number) should be clearly reflected in the Explanation column of the journal voucher log. Any conditions that relate to the funds transferred should also be described.
3. Special attention will be given to the preparation, recording and routing of the standard journal voucher to ensure prompt receipt of the transfer document at the receiving station. The original journal voucher should be mailed by the close of business on the day the "gains and losses sheet" is received. The journal voucher used for transferring the patient's funds will be numbered consecutively beginning with number "1" each fiscal year and will be prefixed by the station number of the transferring station and the letter "P."
4. The journal voucher will be signed by the Fiscal Officer/Assistant Fiscal Officer of the releasing station and distributed as follows: (1) original to the receiving station; (2) duplicate retained in the Accounting Section; and (3) triplicate, when prepared, forwarded to the regional counsel of the proper regional office.
5. When interstation transfers are permanent, funds will be transferred immediately to the station where the patient will be located. Sources of funds will be indicated on the completed TDA. The daily gains and losses sheet, or other official notification, will be the authority for initiating such transfer.
6. When interstation transfers are temporary and returning the patient to the releasing station is being contemplated, personal funds will not, as a general rule, be transferred, provided the needs of the patient can be adequately met through a mutually acceptable working agreement with the other hospital. Should the beneficiary require funds during the temporary transfer, personal funds may be withdrawn from the beneficiary's account.
7. In the case of a restricted account, the check will be drawn payable to the beneficiary and mailed to the patient in care of the station director. The Agent Cashier (Department) is authorized to cash this check. Refer to Volume VIII, Chapter 3, *Agent Cashier Accountability*

¹⁰ Chapter is under development.

Policy, and Chapter 4, *Personal Funds of Patients*, for additional information and limitations of the Agent Cashier.

B. Transfer of Funds Due Incompetent Beneficiaries.

1. Veterans Services Officers may, when required for the benefit of the Veteran and/or the Veteran's dependents, authorize the transfer of amounts credited to Veterans in Funds Due Incompetent Beneficiaries to Department of Veterans Affairs Personal Funds of Patients accounts or to chief financial officers of non-VA institutions for the accounts of institutionalized Veterans.
2. These transfers will be completed by the use of a standard journal voucher. Computer-generated printouts, similar to a journal voucher, may be used under ADP applications for transfers of Funds Due Incompetent Beneficiaries (FDIB). Recordings for transfers will be made in the same month by the stations involved.
3. Collections made for credit of funds due incompetent beneficiaries are to be classified as moneys held by the Government as the fiscal agent.