



Department of Veterans Affairs

Financial Policy

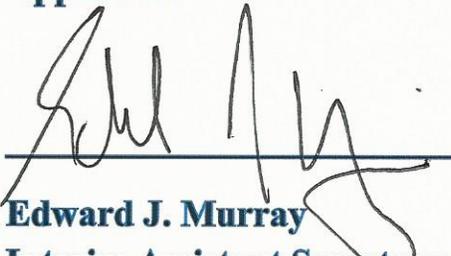
Volume II

Appropriations, Funds, and Related Information

Chapter 2

VA's Budget and Fund Symbols

Approved:

A handwritten signature in black ink, appearing to read "Ed Murray", is written over a horizontal line.

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12-20-16

Date

VA Financial Policies and Procedures
VA's Budget Cycle and Fund Symbols

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0201 OVERVIEW

This chapter establishes the Department of Veterans Affairs (VA) policies and procedures for the appropriations and other funding sources for VA to perform its mission. The process by which VA requests and receives an appropriation, to include the congressional action, is referred to as the budget cycle. An appropriation represents legal authority, granted by Congress and signed into law by the President, for an agency to incur obligations and make disbursements for the purposes during the time periods and up to the amount limitations specified in the appropriation act.

The Department of the Treasury (Treasury) establishes a separate account for each appropriation (fund). The various phases in an appropriation's "life cycle" may be identified as follows:

- Executive budget formulation and transmittal;
- Congressional action;
- Budget execution and control; and
- Audit and review.

The initial step in the budget or life cycle of an appropriation relates to the administrative process of budget formulation, a process that takes place at least two years before the budget for a particular fiscal year is appropriated by Congress. The primary participants in the process at this stage are the agencies and individual organizational units, that review current operations, program objectives, and future plans, and the Office of Management and Budget (OMB), which is charged with broad oversight, supervision, and responsibility for coordinating and formulating a consolidated budget submission. Throughout this formulation period, there is communication among the various Federal agencies, OMB, and the President, including revenue estimates and economic outlook projections from Treasury, the Council of Economic Advisers, and the Congressional Budget Office (CBO).

The President's budget request must be submitted to Congress on or before the first Monday in February of each year, for use during the following fiscal year ([2 U.S.C. Section 631](#)). Numerous statutory provisions, the most important of which are [31 U.S.C. Sections 1104–1109](#), prescribe the content and nature of the materials and justifications that must be submitted with the President's budget request. Instructions and policy guidance are contained in [OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget*](#).

OMB Circular No. A-11 requires agencies to follow the Government Performance and Results Act (GPRA) by preparing an overarching strategic plan that includes performance-based budgeting ([31 U.S.C. Section 1115](#)). GPRA also requires agencies to prepare annual performance plans and annual performance reports. The legal requirements for an annual performance plan are met by a performance budget. Agencies may publish the required annual performance report either as the annual

Performance and Accountability Report (PAR) or with the Congressional Budget Justification as an Annual Performance Report (APR).

Per the Antideficiency Act (ADA), OMB apportions the money to agencies and monitors their spending. Refer to Office of Financial Policy (OFP) Volume II, Ch 5, *Obligation Policy*, for additional information on the applicability of the ADA to obligations. The ADA also:

- Prohibits agencies from obligating or spending more than the amounts appropriated and/ apportioned;
- Requires that agencies control their spending; and
- Provides penalties for overspending.

The processes by which an agency ensures that obligations and expenditures stay within authorized budget limits and otherwise comply with the ADA are collectively referred to as the “administrative control of funds.” Other statutes applicable to establishing and controlling the VA authorized level of budgetary resources include the:

- Budget and Accounting Act of 1921, as amended; and
- Budget and Accounting Procedures Act of 1950.

OMB, the Government Accountability Office (GAO), and Treasury issue instructions, procedures, and guidelines for executive branch agencies to follow in properly controlling their budget authority, including:

- [OMB Circular No A-11, Preparation, Submission and Execution of the Budget](#);
- [GAO's Principles of Federal Appropriations Law \(Red Book\)](#); and
- [The Treasury Financial Manual \(TFM\)](#).

As the final step in the appropriations life cycle, VA reports to Congress on how the appropriated funds were used. In accordance with the [Chief Financial Officers Act \(CFO\) of 1990](#), VA prepares and submits audited financial statements for this purpose. The CFO is responsible for preparing the statements and the Inspector General is responsible for auditing the statements. This feature of the CFO Act also improves the reliability and usefulness of agency financial information. Refer to [OFP Volume VII Financial Reporting chapters](#) for additional information.

0202 POLICIES

020201 VA finances operations through a variety of funding mechanisms, to include appropriations and revenue. The funds consist of General Fund, Revolving Fund, Special Fund, Trust Fund Accounts, and Reimbursables (offsetting collections)¹; see

¹ Refer to Volume V, Chapter 4, *Earmarked Funds*, for financial policies and procedures relating to revolving, special and trust funds. Refer to Volume I, Chapter 11, *Reimbursable Agreements*, for additional information on reimbursable authority.

[Appendix A, Fund Accounts](#). The majority of VA's funds are grouped under the General Fund Expenditure Account, established to record appropriated resources for the general support of Federal Government activities. This account includes spending for annual, multi-year, and no-year (permanent) appropriations, which are restricted by various limitations.

Refer to the following [OFP Volume II chapters](#) for additional information directly related to this policy: Chapter 1, *VA Accounting Classification Structure*, Chapter 2A, *Supply Fund*; Chapter 2B, *Franchise Fund*; Chapter 2C, *Clearing (Suspense) and Deposit Funds*; Chapter 2D, *General Fund Receipt Account*, Chapter 2E, *Parking Garage Revenue*; Chapter 2G, *Enhanced-Use Funds*; Chapter 2H, *Life Insurance Program*; Chapter 2I, *Major Construction Working Reserve Accounts*; Chapter 5, *Obligations Policy*; Chapter 7, *Various Appropriations Law Related Topics*, Chapter 7D, *Guidelines to Avoid Augmenting an Appropriation*, and Chapter 7F, *Refunds and Rebates*.

020202 Program and budget officials will perform administrative funds control by planning, programming, and using VA's core budget and accounting systems to preclude violations of the ADA. If deemed appropriate, an office may use local systems to complement and enhance the control, recording, and reporting of accounting and budgetary activities and status of the budget. The administrative control of funds will satisfy the requirements set forth in [OMB Circular A-11, Preparation, Submission, and Execution of the Budget](#). At a minimum, the following requirements will be met:

- Funds are expended solely for the purposes for which they were appropriated, except as otherwise provided by law;
- Funds are certified as available before obligation;
- Obligations or expenditures are not authorized or incurred in excess of available funds or in excess of any legal or administrative limitations;
- Only valid obligations are recorded in the accounting records, and all obligations incurred are recorded accurately and promptly; and
- Outstanding obligations are validated annually.

020203 APPROPRIATIONS. Classified on the basis of duration, appropriations are of three types: annual, multiple year, and no-year.

- Annual appropriations (also called fiscal year or one-year appropriations) are made for a specified fiscal year (October 1 – September 30) and are available for obligation only during the fiscal year for which they are appropriated. All appropriations are presumed to be annual appropriations unless the appropriation act expressly provides otherwise.
- Multiple year appropriations are available for obligation for a definite period in excess of one fiscal year.
- A no-year appropriation is available for obligation without a fiscal year limitation.

A. Treasury identifies appropriations on financial documents using Treasury Account Fund Symbols (TAFS). They are based on the number and types of appropriations an

agency receives and other types of funds it may control. TAFS are groups of numbers, or a combination of numbers and letters, which identify:

- The Agency Locator Code, which specifies the agency responsible for the account;
- The period of availability of the appropriation; and
- The fund classification.

B. Detailed information on interpreting and identifying TAFS is contained in the [Treasury Financial Manual \(TFM\)](#). Specific accounts for each agency are listed in the [Federal Account Symbols and Titles \(FAST Book\)](#), which is issued quarterly as a supplement to the TFM.

C. Appropriated funds will be obligated consistent with OMB-apportioned amounts. All obligations will comply with three requirements relating to:

- Purpose (bona fide need of the specified term for which the appropriation is made);
- Time (period of availability); and
- Amount (reasonable estimate and money must be available in the appropriation).

D. VA will maintain a series of Treasury-approved appropriation accounts to account for and report on program activities under the uses of appropriated funds (see 020506 A through U). These accounts will have a single year, multiple year or indefinite period of availability². VA will also maintain separate Treasury-approved appropriation accounts to account for and report on appropriated funds associated with the American Recovery and Reinvestment Act of 2009 (Recovery Act). See [Appendix B, VA Funds and Availability by Administration](#), for a detailed list of all of these accounts by responsible VA organization and for their period(s) of availability.

020204 APPORTIONMENTS.

A. An apportionment is the action by which OMB distributes amounts available for obligation in an appropriation or fund account. It identifies amounts available for obligation and expenditure, along with their limitations. VA uses these funds for programs by further subdividing the apportionment into allotments, suballotments, and allocations.

B. OMB will not apportion annual accounts or the last year of multiple-year accounts longer than one fiscal year. Funds will be apportioned in accordance with [OMB Circular A-11, Section 120](#).

²Periods of availability for appropriation accounts may vary by fiscal year. The language in the appropriation law will determine the exact period of availability for funds at that specific time.

020205 ALLOTMENTS AND SUBALLOTMENTS.

A. Allotments and suballotments authorize recipients to incur obligations for a specified amount and purpose and record legal limits on the use of funds in compliance with VA administrative control of funds and the ADA. Allotments and suballotments also ensure strict compliance with statutory limitations/restrictions imposed by Congress, OMB, and VA.

B. On behalf of the Secretary and the CFO, the Deputy Assistant Secretary (DAS) for Budget (Budget) formally distributes and withdraws obligating authority through VA Form 4-4564-6, *Transfer of Disbursing Authority*, for each of the administrations and staff offices. The Office of Budget uses allotments to assign responsibility. The operations offices may use suballotments as a formal subdivision of the total amount reflected on an allotment.

C. After the DAS for Budget accepts the Transfer of Disbursing Authorities for the administrations and staff offices, The Office of Budget sends memos to the respective offices stating the suballotments for the year broken down by each quarter, as appropriate, for each fund.

D. Following the sub-allotment of funds, an administration or staff office may further distribute the budget by allowance and/or sub-allowance.

020206 CONTINUING RESOLUTION.

A. If Congress does not approve VA's appropriations bill by the beginning of the fiscal year, VA operates under a continuing resolution (CR). A CR is used by Congress to fund the Federal agencies for a specified length of time until a formal appropriations bill is passed. Refer to [OMB A-11, Section 123 - Apportionments under continuing resolutions](#), for additional information.

B. The Office of Budget submits a spending plan to OMB based on VA's prior year spending. OMB then apportions an amount to VA for a specific length of time.

020207 RECEIPT AND EXPENDITURE ACCOUNTS.

A. Receipt Account Classification. Normally, receipt account symbols consist of seven digits, except for receipt clearing accounts and available receipt accounts. The first two digits identify the agency administratively responsible for accounting for the receipts, e.g., **36** for VA. The last four digits identify the account within that fund group and major class, in accordance with the table in the [TFM, Volume 1, Part 2, Chapter 1500](#).

B. Expenditure Account Classification. Expenditure account symbols consist of seven or more digits. The first two digits identify the agency responsible for the account (**36** for VA); the next one or two digits/characters identify the period of availability for obligation; and the remaining four digits represent the account number assigned by

Treasury. Although VA systems may not display a two digit fiscal year, financial reporting requires the two digits be used for annual and multi-year appropriations. The periods of availability are distinguished as follows:

1. **Annual appropriations.** Two digits (00 through 99) are used to indicate the fiscal year of availability for incurring obligations of a one-year appropriation. For example, 36120142 represents fiscal year 2012 funds for the VA General Administration appropriation.
2. **Multiple-year appropriations.** Two digits separated by a slash (/) indicate a multiple-year appropriation for incurring obligations for a definite period in excess of one fiscal year. The digit preceding the slash indicates the first fiscal year of availability, and the digit immediately following the slash indicates the final fiscal year of availability. For example, 3612/130161 represents fiscal years 2012 and 2013 funds for VHA Medical and Prosthetic Research two-year appropriation.
3. **No-year appropriations.** An X is used to indicate a no-year appropriation that is available for incurring obligations for an indefinite period of time. For example, 36X0110, represents the VA Major Construction no-year appropriation.

VA's General Fund Expenditure Accounts consist of funds whose period of availability may involve all three categories of availability, while Revolving Funds, Special Funds, Trust Funds, and Reimbursables (offsetting collections) are generally no-year appropriations with indefinite periods of availability. For more information regarding these fund accounts, see [Appendix A, Fund Accounts](#).

020208 TYPES OF BUDGETARY RESOURCES.

- A. **Unobligated Balances.** Unobligated balances from unexpired accounts carried forward to the new fiscal year will be reapportioned by OMB and re-allotted before unobligated balances can become available for obligation.
- B. **Recoveries of prior-year obligations.** Canceling or downward-adjusting contract amounts may make obligation authority available. Prior-year recoveries are available for use only to the extent that amounts are reapportioned and reallocated. Detailed policy and guidance for determining the availability of appropriation and fund balances are covered in [OMB Circular A-11 Section 130](#).
- C. **Budget Authority.** VA receives its primary source of budget authority through appropriations. An appropriation act specifies the amount of obligations that can be incurred and the period of availability. The forms of budget authority that VA uses are appropriations, borrowing authority, and spending authority from offsetting collections.
 1. **Appropriations.** Appropriations authorize obligations and outlays using General Fund, Special Fund, or Trust Fund accounts. Not all appropriations provide budget

authority. Refer to Volume II, Chapter 5, *Obligation Policy*, for detailed information on obligations.

2. Borrowing Authority. Statutory authority authorizes obligations to be incurred and to make payments for specified purposes out of borrowed funds, usually from Treasury. Normally, subsequent appropriations are sought, or revenues earned, to repay the amounts borrowed.

3. Spending Authority from offsetting collections. This permits VA to obligate and expend the proceeds of offsetting receipts and collections.

4. Nonexpenditure Transfers. These reduce budgetary resources available for the activities of the transferring account and increase them for the activities of the receiving account. They do not involve an outlay and are limited to transactions in which both accounts are within the same fund group (i.e., trust-to-trust or Federal-to-Federal). VA may only make a transfer if the law authorizes it.

020209 AVAILABILITY OF FUNDS. A time-limited appropriation is available to incur an obligation only during the period for which it is made. However, it remains available beyond that period, within limits, to make adjustments to the amount of such obligations and to make payments to liquidate such obligations.

Following are the availability phases that an appropriation goes through:

A. Unexpired. Appropriation fund accounts available for incurring or adjusting obligations and making disbursements to liquidate the obligations. The unexpired period generally correlates to the type of fund (e.g., current year equals one year).

B. Expired. Appropriation fund accounts that are no longer available for obligation but are still available for disbursements. However, VA may make adjustments to previously incurred obligations. This phase lasts five years after the last unexpired year unless specified otherwise in the appropriation language. If the amount of an adjustment exceeds the balance available in an expired account at the VA level, the adjustment may only be made pursuant to a supplemental or deficiency appropriation or other congressional action.³

C. Canceled. After the last expired year, the account is closed and the balances are canceled. Any offsetting collections authorized or required to be credited to the appropriation account, but not received before the closing of the account, will be deposited in the Treasury as miscellaneous receipts. Any legitimate obligations not previously obligated or adjusted may only be charged to an unexpired appropriation available for the same purpose as the closed or canceled appropriation, subject to limitation. Refer to Volume VI, Chapter 19, *Accounts Payable in Closed Appropriation*

³ GAO Comptroller General decision B-253623, *Adjustment of Expired and Closed Accounts*, and GAO *Principles of Federal Appropriations Law*, Volume I Chapter 5, Section D 3. and 4

Accounts, for additional information on the payables and limitations. A no-year account is canceled if the head of the agency concerned or the President determines that the purposes for which the appropriation was made have been carried out and no disbursement has been made against the appropriation for two consecutive fiscal years.

0203 AUTHORITY AND REFERENCES

- 020301 [31 U.S.C. Chapter 15, Appropriation Accounting](#)
- 020302 [31 U.S.C. 1341, Limitations on Expending and Obligating Amounts \(ADA\)](#)
- 020303 [31 U.S.C. 1342, Limitations on Voluntary Services \(ADA\)](#)
- 020304 [31 U.S.C. 1349, Adverse Personnel Actions \(ADA\)](#)
- 020305 [31 U.S.C. 1350, Criminal Penalty \(ADA\)](#)
- 020306 [31 U.S.C. 1351, Reports on Violations \(ADA\)](#)
- 020307 [31 U.S.C. 1514, Administrative Division of Apportionments](#)
- 020308 [31 U.S.C. 3513, Financial Reporting and Accounting System](#)
- 020309 [Chief Financial Officers \(CFO\) Act of 1990 \(31 U.S.C. Chapter 9, PL 101-576\)](#)
- 020310 [Government Management Reform Act \(GMRA\) of 1994](#)
- 020311 [Statement of Federal Financial Accounting Standards 7: Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting](#)
- 020312 [OMB Circular A-11, Preparation, Submission and Execution of the Budget](#)
- 020313 [Department of the Treasury, FAST Book](#)
- 020314 [Department of the Treasury, Treasury Financial Manual](#)
- 020315 [GAO's Principles of Federal Appropriations Law](#)
- 020316 [GAO Report to U.S. House of Representatives, Budget Issues: Reprogramming of Federal Air Marshal Service Funds in Fiscal Year 2003, dated March 31, 2004](#)
- 020317 [A Glossary of Terms Used in the Federal Budget Process, GAO, September 2005](#)

020318 [OFP Publications Library](#)

0204 ROLES AND RESPONSIBILITIES

020401 The Assistant Secretary for Management /Chief Financial Officer oversees all financial management activities relating to the Department's programs and operations, as required by the CFO Act of 1990 and 38 U.S.C. 309. 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.

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 Office of Budget (O/B) provides guidance and support to the Department's Administrations and staff offices on matters relating to budget formulation and execution. The ultimate objective of the formulation process is to ensure the timely, accurate and informed submission of VA's budget request to OMB and the President's budget request to Congress. O/B is the focal point in all phases of the formulation process and prepares the Secretary's testimony before the House and Senate Veterans' Affairs and Appropriations Committees on VA's budget request. In addition, O/B serves as the primary liaison with OMB and relevant congressional committees during the formulation process, defending and promoting VA's program plans and budget estimates before examiners and committee staff. O/B monitors VA's budget execution process, which starts with the apportionment process. O/B uses OMB's Web-based apportionment system to send apportionment requests to OMB. In addition, O/B uses the apportionment application to help prepare apportionment requests, send requests to OMB, and run reports against previously-approved apportionments.

020404 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. The Management and Financial Reports Service (047GB) within OFP is responsible for preparing various comprehensive financial reports, such as those required by the President and the Executive Branch, including OMB/Treasury reports from the Hyperion (MinX) software. OFP is also responsible for working with the Office of Inspector General's independent contract auditors on VA's annual Consolidated Financial Statements audit, and preparing and reviewing Consolidated Financial Statements, Notes and Required Supplementary Information.

0205 PROCEDURES

020501 APPORTIONMENT. After passage of a VA appropriation bill by Congress, Treasury issues an FMS Form 6200, *Appropriation Warrant*, to establish the amount and period of availability of funds VA is authorized to withdraw from Treasury's central accounts. After reconciliation with OMB, Treasury prepares appropriation warrants as evidence of the congressional action.

Following this notification, Budget sends the apportionment requests (SF 132: Apportionment and Reapportionment Schedule) by TAFS to OMB. Once OMB apportions the fund, it is available for allotment and obligation. An initial apportionment request for annual and some two-year funds is submitted for the quarterly distribution; the amounts requested in a quarter may be different percentages rather than a flat 25 percent of the appropriation. Additional apportionment requests may be submitted as required. However, the total of all requests may not be more than the total appropriation.

All Government transactions are identified with applicable fund groups, which are classified through the assignment of account symbols by Treasury. These account symbols are available in the [FAST Book](#). Refer to [OMB Circular A-11, Preparation, Submission, and Execution of the Budget](#), for complete details on apportionment requests.

020502 PROCESSING WARRANTS.

VA will implement the following procedures for processing Treasury warrants:

- Upon receiving the warrants, the Financial Reports Service compares them with the apportionment received from OMB to verify that the documents are in agreement.
- The Office of Budget records the warrants in the Departmental control accounts.

When VA is required to operate under the provisions of a CR, Congress appropriates an amount to VA at a specific rate. Unless VA is under a long-term CR, a warrant is not issued until Congress enacts the regular appropriation bill. When appropriation legislation is subsequently passed, Treasury prepares a warrant to cover the difference between the CR warrant and the full amount of budget authority provided by the appropriation. Additional guidance can be found in [Volume I, Part 2, Chapter 2000 of the Treasury Financial Manual \(I TFM 2-2000\)](#).

020503 ACCOUNTING. General Fund expenditure accounts represent the majority of VA's appropriations and are used for the general support of VA. General fund accounts consist of all collections not earmarked by law to finance other funds and are classified in the 0000-3899 major class series of account symbols. Refer to the Treasury Financial Manual for common journal entries for Federal budgetary and proprietary accounts associated with appropriation fund accounting.

020504 RECOGNITION AND MEASUREMENT.

A. VA will not recognize appropriated funds as a financing source until used. Unexpended appropriations should be recognized in net position as “unexpended appropriations” (and among assets as “Fund Balance with Treasury”) when made available for apportionment, even if a warrant has not yet been received or the amount has not been fully apportioned. Unexpended appropriations should be reduced for appropriations used and adjusted for other changes in budgetary resources such as rescissions and transfers. The net increase or decrease in unexpended appropriations for the period should be recognized as a change in net position of the entity.

B. VA will recognize appropriated funds, when used, as a financing source in determining net results of operations. Appropriations are used in operations when goods and services are received or benefits and grants are provided. Goods and services (including amounts capitalized) are considered received when a liability is established. Benefits are considered to be provided when the related liability is established. Grants are considered to be provided when grantees meet the requirements that allow them to use the grants.

020505 REPROGRAMMING. Reprogramming is the shifting of funds within an appropriation or fund account to use them for purposes other than those contemplated at the time of appropriation. Unlike transfers between accounts, agencies may reprogram without additional statutory authority. Sometimes Congress requires that VA formally notify one or more committees before a reprogramming action may be implemented. For example, VA's annual appropriation acts commonly require that VA submit a request to the Committees on Appropriations before reprogramming more than \$1,000,000 between projects in the Information Technology systems account and notify the Committee 30 days prior to a reprogramming action from the Major Construction Working Reserve Account, within a certain cost level.⁴

020506 USES OF APPROPRIATED FUNDS. Refer to [Appendix A, VA Fund Accounts](#), for further information on VA-appropriated fund accounts.

020507 VA will submit accounting data for each TAFS to Treasury⁵, as required, through the Federal Agencies Centralized Trial-Balance System II (FACTS II), a financing management system used to collect budget execution data required by three forms:

- SF 133, Report on Budget Execution, a quarterly report that contains information on the sources of budget authority and the status of budgetary resources by individual fund or appropriation;

⁴ Refer to Volume II Chapter 2I, *Major Construction Working Reserve Accounts*.

⁵ As of fiscal year 2012, three reporting windows for FACTS II were added per OMB A-11, Preparation, Submission and Execution of the Budget. In addition to the quarterly windows, these include the end of November, July, and August.

- FMS 2108, Year-End Closing Statement, an annual report that contains year-end fund resources, uses, and unobligated balances by individual appropriation or fund; and
- Program and Financing (P & F) Schedule – prior year column.

0206 DEFINITIONS

020601 Allotment. An authorization by either the agency head or authorized employee to his/her subordinates to incur obligations within a specified amount. An allotment is part of an agency system of administrative control of funds whose purpose is to keep obligations and expenditures from exceeding apportionments.

020602 Apportionment. The action by which OMB distributes amounts available for obligation, including budgetary reserves established pursuant to law, in an appropriation or fund account. An apportionment divides amounts available for obligation by specific time periods (usually quarterly), activities, projects, objects or a combination thereof. The amounts so apportioned limit the amount of obligations that may be incurred.

020603 Appropriation Act. A statute under the jurisdiction of the House and Senate Committees on Appropriations that generally provides legal authority for Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. An appropriation act fulfills the requirement of Article I, Section 9, of the U.S. Constitution, which provides that “no money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law.” Under the rules of both houses, an appropriation act should follow enactment of authorizing legislation.

020604 Appropriation Fund Account. An appropriation account encompasses a number of activities or projects and may be subject to restrictions or conditions applicable to only the account, the appropriation act, titles within an appropriation act, other appropriation acts or the Government as a whole.

020605 Authorization. Substantive legislation, proposed by a committee of jurisdiction other than the House or Senate Appropriations Committees, which establishes and continues the operation of a Federal program or agency either indefinitely or for a specific period or that sanctions a particular type of obligation or expenditure within a program. The term may describe legislation enacting new program authority or legislation authorizing an appropriation.

020606 Budget Formulation. A multi-phase process of budget development, justification and decision making that culminates with the enactment of an appropriations bill.

020607 Budgetary Account. Accounts used to recognize and track budget approval and execution.

020608 Continuing Resolution. An appropriation act that provides budget authority for Federal agencies, specific activities, or both to continue in operation when Congress and the President have not completed action on the regular appropriation acts by the beginning of the fiscal year. Enacted in the form of a joint resolution, a continuing resolution is passed by both houses of Congress and signed into law by the President. A continuing resolution may be enacted for the full year, up to a specified date or until regular appropriations are enacted.

020609 Deficiency Appropriation. An appropriation made to pay obligations for which sufficient funds are not available. The need often results from violations of the ADA.⁶

020610 Earmarked Funds. Funds financed by specifically identified revenues, often supplemented by other financing sources, which remain available over time and meet the three criteria described in the SFFAS No. 27, paragraph 11 (also shown in the Overview of this chapter). These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits or purposes and will be accounted for separately from the Government's general revenues.

020611 General Fund Expenditure Account. An appropriation account established to record amounts appropriated by law for the general support of Federal Government activities and the subsequent expenditure of these funds. It includes spending from both annual and permanent appropriations.

020612 Obligation. A definite commitment that creates a legal liability of the Government for the payment of goods and services ordered or received, or a legal duty that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the Government. VA incurs an obligation when it places an order, signs a contract, awards a grant, purchases a service or takes other actions that require VA to make payments to the public or from one VA account to another government account.

020613 Proprietary Account. Accounts used to recognize and track assets, liabilities, net position accounts, revenues and expenses.

020614 Reprogramming. The shifting of budgetary funds within an appropriation or fund account to use them for purposes different than those originally contemplated.

020615 Rescission. Legislation enacted by Congress that cancels the availability of budget authority previously enacted before the authority would otherwise expire.

020616 Sub-allotment. A formal subdivision or distribution of an allotment to provide additional administrative control of funds.

⁶ Though technically distinct from a supplemental appropriation, Congress has stopped passing separate deficiency appropriations and the distinction therefore has become obscured since the 1960s.

020617 Transfers. Shifting of all or part of the budget authority in one appropriation or fund account to another account. Agencies may transfer budget authority only as specifically authorized by law.

020618 Treasury Warrant. Official documents issued by the Secretary of the Treasury establishing the amount of money authorized to be withdrawn from Treasury for payment of obligations.

0207 RESCISSIONS

020701 Volume II, Chapter 2, *VA's Budget Cycle and Fund Symbols*, December 2010

0208 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	OPF Accounting Policy (APS) (Outlook)

0209 REVISIONS

Section	Revision	Office	Reason for Change	Effective Date
Appendix B	<p>Added Funds: 0140 Medical Community Care; 0172 Veterans Choice Fund; and 1122 Board of Veterans Appeals'</p> <p>Removed Fund: 6050 Employees Payroll Allotment Account, US Savings Bonds</p> <p>Updated fund availability for Funds 0101 Compensation and Pensions Recovery Act and 1120 Native American Veteran Housing Loan Program Account.</p>	VHA	Updated various funds	December 2016

Section	Revision	Office	Reason for Change	Effective Date
0201 Overview	Included information from original Volume II Chapter 1, <i>General Information</i> , 0101 Overview.	OFFP	General policy updates.	September 2012
0202 Policies	Included information from original Volume II Chapter 1, General Information, 0101 Overview.	OFFP	General policy updates.	September 2012
0202 Policies	Deleted section Types of Obligations and included in Volume II Chapter 5, <i>Obligation Policy</i> (revised).	OFFP	General policy updates.	September 2012
020205 Allotments and Suballotments	Added sentence to identify allowance/sub-allowance distribution of funds.	OFFP	General policy updates.	September 2012
020207 Receipt/ Expenditure Accts	Changed FY to 2-digit per TFM guidance.	OFFP	General policy updates.	September 2012
020209 Availability of Funds	Clarified process when expired funds no longer available.	OFFP	General policy updates.	September 2012
020501 Apportionments	Included additional information for apportionment process.	OFFP	General policy updates.	September 2012
020507 FACTS II Reporting	Updated reported requirements in accordance with OMB A-11, <i>Preparation, Submission, Execution of the Budget</i> .	OFFP	General policy updates.	September 2012

Section	Revision	Office	Reason for Change	Effective Date
Appendix A	Clarified trust fund receipt account and included Treasury Financial Manual reference.	OFP	General policy updates.	September 2012

APPENDIX A: VA FUND ACCOUNTS

ACCOUNTS IN THE PRESIDENT'S BUDGET. All budget and off-budget accounts are classified as being either expenditure or receipt (including offsetting receipt) accounts. Budget and off-budget transactions⁷ fall into two fund groups: (1) Federal Funds (general and special) and (2) Trust Funds.

A. **FEDERAL FUNDS.** This group includes accounts composed of monies collected and spent by the Federal Government other than those designated as Trust Funds. Federal fund accounts include the following:

1 General Fund Accounts. (0000-3799)⁸

a. **General Fund Receipt Account.** This is a receipt account credited with all collections that are not earmarked by law for a specific purpose. These collections are presented in the Budget of the United States Government as either governmental (budget) receipts or offsetting receipts. Governmental receipts represent collections from the public based on the government's exercise of sovereign powers. Total governmental receipts are compared with total outlays in calculating the budget surplus or deficit. Offsetting receipts are treated as reductions in budget authority and outlays.

b. **General Fund Expenditure Account.** This is an appropriation account established to record amounts appropriated by law for the general support of Federal Government activities and the subsequent expenditure of these funds. It includes spending for both annual and permanent appropriations. Amounts available under these appropriations for specific purposes are restricted by various limitations.

2. Special Fund Accounts. (5000-5999)

a. **Special Fund Receipt Account.** This is a receipt account credited with collections that are earmarked by law but included in the Federal funds group rather than classified as trust fund collections since the collections are not generated from a continuing cycle of business-type operations. These collections are presented in the Budget of the United States Government as either governmental (budget) receipts or offsetting receipts.

b. **Special Fund Expenditure Account.** This is an appropriation account established to record appropriations, obligations, and outlays financed by the proceeds of special fund receipts.

⁷ Off-budget transactions are those that should be in the budget, based on budgeting concepts, but are excluded by law; e.g., Social Security trust fund receipts and disbursements are excluded from budgets submitted by the President or passed by Congress by Section 13301 of [Public Law 101-508](#).

⁸ The fund account numbers can be found in Treasury's FAST Book and the Treasury Financial Manual.

3. Public Enterprise Revolving Fund Accounts. (4000-4499)

These are expenditure accounts authorized by law to be credited with offsetting collections, primarily from the public, that are generated by and earmarked to finance a continuing cycle of business-type operations. Such funds may be financed in part from appropriations.

4. Intragovernmental Fund Accounts. (4500-4999)

These are expenditure accounts authorized by law to facilitate financing transactions primarily within and between Federal agencies on a revolving fund basis.

B. TRUST FUNDS. (8000-8999)

This group includes accounts designated as "trust funds" by law or terms of a trust agreement; they may be on-budget or off-budget. Refer to OFP Volume V, Chapter 4, *Earmarked Funds*, for additional information. Trust fund accounts include the following:

1. Trust Fund Receipt Account. This is an account used to record receipts held in trust in accordance with an agreement or statute. Pursuant to law, these receipts are either available immediately as an appropriation to a single agency (without further congressional action) or unavailable for expenditure.⁹

2. Trust Fund Expenditure Account. This account is established to record amounts appropriated from trust fund receipts to be expended in carrying out specific purposes or programs according to the terms of a trust agreement or statute.

3. Trust Revolving Fund Account. This is a combined receipt and expenditure account used when the trust corpus (principal) is established to perform a business-type operation.

ACCOUNTS FOR PURPOSES OTHER THAN BUDGET PRESENTATION

A. DEPOSIT FUND ACCOUNTS. (6000-6999)

These are non-budgetary accounts established to receive and expend funds that are held in suspense pending a determination of their disposition and funds for which the Government is acting solely as a banker, fiscal agent, or custodian. Deposit fund balances are accounted for as liabilities of the Federal Government.

⁹ Per Treasury FM guidance, Volume I Part 2, Chapter 1500, section 1525.20-Available Receipts.

B. RECEIPT CLEARING ACCOUNTS. (3800-3899)

These accounts are set up to hold general, special, or trust fund receipts (and expenditures) temporarily, pending charge or credit to the applicable Federal or trust fund accounts.

C. TRANSFER APPROPRIATION ACCOUNTS. These accounts are established to receive and disburse allocations. Such allocations and transfers are not adjustments to budget authority or balances of budget authority. Rather, the transactions and any adjustments therein are treated as nonexpenditure transfers at the time the allocation is made.

CREDIT REFORM ACCOUNTS (4000-4999)

A. BACKGROUND. General. Title V of Public Law 101-508, dated November 5, 1990, known as the [Federal Credit Reform Act of 1990](#). This title was enacted to:

- more accurately measure the costs of Federal credit programs;
- place the cost of credit programs on a budgetary basis equivalent to other Federal spending;
- encourage the delivery of benefits in the form most appropriate to the needs of beneficiaries; and
- improve the allocation of resources among credit programs and between credit and other spending programs.

B. ACCOUNTS. The Federal Credit Reform Act requires that the net present value of the estimated long-term cost to the Government of new direct loans and loan guarantees (the credit subsidy cost) be financed from new budget authority and be recorded as budget outlays at the time the direct or guaranteed loans are disbursed. In turn, it authorizes the creation of non-budgetary financing accounts to receive this subsidy cost payment. The accounts used in credit reform accounting are of three types:

1. **Credit Program Account.** A budget account into which an appropriation to cover the cost of a direct loan or loan guarantee program is made and from which such cost is disbursed to the financing account.

2. **Financing Account.** The non-budget account or accounts associated with each credit program account that holds balances, receives the cost payment from the credit program account, and includes all other cash flows to and from the Government resulting from direct loan obligations or loan guarantee commitments made on or after October 1, 1991.

3. Liquidating Account. A budget account that includes all cash flows to and from the Government resulting from direct loan obligations or loan guarantee commitments made prior to October 1, 1991.

APPENDIX B: VA FUNDS AND AVAILABILITY BY ADMINISTRATION

The following are VA funds¹⁰ maintained by Treasury. Funds are subject to change based on Appropriation Acts and other regulatory legislature. Refer to the Treasury Federal Account Symbols and Titles (FAST) Book for regulatory references.

VETERANS HEALTH ADMINISTRATION

Fund	Title	No-Year	Current Year	Multi-Year	Misc/Non Approp
0140	Medical Community Care	X	X	X	
0152	Expenses, Medical Support and Compliance ¹¹	X	X	X	
0158	Medical Facilities-Recovery Act			X	
0160	Expenses, Medical Services ²	X	X	X	
0161	Medical and Prosthetic Research	X		X	
0162	Medical Facilities ²	X	X	X	
0165	DOD-VA Health Care Sharing Incentive Fund-Paren	X			
0169	Joint DOD/VA Medical Facility Demonstration Fund		X	X	
0172	Veterans Choice Fund	X			
0181	Grants for Construction of State Extended Care Facilities	X	X		
0184	Grants for Construction of State Extended Care Facilities-Recovery Act			X	
4014	Canteen Service Revolving Fund	X			

¹⁰These accounts are still active in the Treasury system for VA appropriation activity; however, some accounts remain "inactive" receiving no new appropriated funds.

¹¹ VA's budget development process under the Veterans Health Care Budget Reform and Transparency Act of 2009 (P.L. 111-81) requires VA to submit its medical care budget for two years in each Budget submission. This allows the Administration to review the enacted advance appropriations during the development of the next budget and ensures that VHA has funds available in fiscal years when the appropriation bills are not signed on or before October 1.

VETERANS HEALTH ADMINISTRATION

Fund	Title	No-Year	Current Year	Multi-Year	Misc/Non Approp
5287	Medical Care Collections Fund	X			
6020	Personal Funds of Patients				X
8180	General Post Fund, National Homes ¹²	X			

NATIONAL CEMETERY ADMINISTRATION

Fund	Title	No-Year	Current Year	Multi-Year	Misc/Non Approp
0129	National Cemetery Administration	X	X	X	
0130	National Cemetery Administration - Recovery Act			X	
0183	Grants for the Construction of State Veterans Cemeteries	X			
5392	Lease of Land and Building, NCA Facilities Operation Fund	X			
8129	DVA Cemetery Gift Fund ¹³	X			

VETERANS BENEFITS ADMINISTRATION

Fund	Title	No-Year	Current Year	Multi-Year	Misc/Non Approp
0102	Compensation and Pensions	X			
0120	Veterans Insurance and Indemnities	X			

¹² 38 U.S.C. 8301-8527 provides the authorizing language and requirements for this fund. In accordance with Treasury FM guidance, Volume I Part 2, Chapter 1500, section 1525.20-Available Receipts, because the receipts do not require further congressional action for expenditure, they are available as appropriations to VHA.

¹³ 38 U.S.C. 2407 provides the authorizing language and requirements for this fund. In accordance with Treasury FM guidance, Volume I Part 2, Chapter 1500, section 1525.20-Available Receipts, because the receipts do not require further congressional action for expenditure, they are available as appropriations to NCA.

VETERANS BENEFITS ADMINISTRATION

Fund	Title	No-Year	Current Year	Multi-Year	Misc/Non Approp
0128	Guaranteed Transitional Housing Loans for Homeless Veterans Program Account	X			
0137	Readjustment Benefits	X			
0151 ¹⁴	General Operating Expenses	X	X	X	
1114	Vocational Rehabilitation Loans Program Account		X		
1119 ¹⁵	Veterans Housing Benefit Program Fund Program Account	X	X		
1120 ⁶	Native American Veteran Housing Loan Program Account	X			
1121	Filipino Veterans Equity Compensation Fund, Benefits Program	X			
2473	Education Contributions from Military Personnel				X
2733	Veterans Housing Benefit Program, Subsidy Downward Reestimates				X
2751	Native American Veteran's Housing Loans, Negative Subsidies				X
2755	Veterans Housing Benefit Loan Program, Negative Subsidies				X
2767	Vocational Rehabilitation and Employment Direct Loan Financing, Subsidy Downward Reestimates				X
4009	Servicemen's Group Life Insurance Fund	X			
4010	Veterans Reopened Insurance Fund	X			
4012	Service-Disabled Veterans Insurance Fund	X			

¹⁴ Per the FY2012 Appropriations Act, Fund 0151 is strictly VBA rather than used for both VA Staff Offices/General Counsel and VBA. Refer to section VA All Other, Fund 0142 - General Administration.

¹⁵ VBA Funds 1119 and 1120 are current year (appear as no-year) funds that were previously set up as no-year funds to assist with the annual accounting of re-estimates.

VETERANS BENEFITS ADMINISTRATION

Fund	Title	No-Year	Current Year	Multi-Year	Misc/Non Approp
4025	Veterans Housing Benefit Program Fund, Liquidating Account	X			
4112	Vocational Rehabilitation Direct Loan Financing Account	X			
4114	Vocational Rehabilitation Revolving Fund, Liquidating Account	X			
4124	Veterans Housing Benefit Program Fund, Loan Sale Securities, Guaranteed Loan Financing Acct	X			
4127	Veterans Housing Benefit Program Fund Direct Loan Financing Acct	X			
4129	Veterans Housing Benefit Program Fund Guaranteed Loan Financing Acct	X			
4130	Native American Veteran Housing Direct Loan Financing Acct.	X			
4258	Guaranteed Traditional Housing Loans for Homeless Veterans Guaranteed Loan Financing Account.	X			
8132	National Service Life Insurance Fund	X			
8133	Post-Vietnam Era Veterans Education Account	X			
8150	United States Government Life Insurance Fund	X			
8455	Veterans Special Life Insurance Fund, Trust Revolving Fund	X			

VA (ALL OTHER)

Fund	Title	No-Year	Current Year	Multi-Year	Misc/Non Approp
0110	Construction, Major Projects	X		X	

VA (ALL OTHER)

Fund	Title	No-Year	Current Year	Multi-Year	Misc/Non Approp
0111	Construction, Minor Projects	X		X	
0142 ¹⁶	General Administration		X	X	
0150	General Operating Expenses, Recovery Act	X		X	
0167	Information Technology Systems	X	X	X	
0168	Information Technology Sytems-Recovery Act			X	
0170	Office of Inspector General		X	X	
0171	Office of Inspector General - Recovery Act			X	
0869	Fees for Legal and Judicial Services, Not Otherwise Classified				X
1030	Fines, Penalties, and Forfeitures, Immigration and Labor Laws				X
1060	Forfeitures of Unclaimed Money and Property				X
1099	Fines, Penalties, and Forfeitures, Not Otherwise Classified				X
1122	Board of Veterans Appeals		X	X	
1299	Gifts to the U.S. Not Otherwise Classified				X
1435	General Fund Proprietary Interest, Not Otherwise Classified				X
1499	Interest Received from Credit Reform Financing Accounts				X

¹⁶ Per the FY2012 Appropriations Act, Fund 0142 will be used for VA Staff Offices and General Counsel. Prior to FY 2012, Fund 0151 was used for both VA Staff Offices/General Counsel and VBA. Refer to section VBA for Fund 0151.

VA (ALL OTHER)

Fund	Title	No-Year	Current Year	Multi-Year	Misc/Non Approp
2649	Sale of Conrail				X
2814	Other Repayments of Investments and Recoveries				X
3200	Collections of Receivables from Canceled Accounts				X
3220	General Fund Proprietary Receipts, Not Otherwise Classified				X
3845	Proceeds of Sales, Personal Property				X
3875	Budget Clearing Account				X
3880	Unavailable Check Cancellations and Overpayments				X
3885	Undistributed Intergovernmental Payments				X
4018	Pershing Hall Revolving Fund	X			
4537	Supply Fund	X			
4539	Franchise Fund	X			
6019	Escrowed Funds - Shared Medical Purchases				X
6020	Personal Funds of Patients				X
6050	Employees Payroll Allotment Account, US Savings Bonds				X
6275	Withheld State and Local Taxes				X
6276	Other Federal Payroll Withholding, Allotments				X
6278	All Other Payroll Withholdings				X
6279	Deductions from Veterans Benefits Payments				X

VA (ALL OTHER)

Fund	Title	No-Year	Current Year	Multi-Year	Misc/Non Approp
6500	Advances Without Orders from Non-Federal Sources				X
6501	Small Escrow Amounts				X
AMAF	FMS Assets and Miscellaneous Accounts Fund				X