Financial Policy

Volume II

Appropriations, Funds and Related Information

Chapter 7E

Recycling Revenue

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Assistant Secretary for Management
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0701 Overview

This chapter establishes the Department of Veterans Affairs' (VA) financial policies regarding recycling revenues. Recycling is considered a component of abandonment/destruction and applies only to personal property that has been through the entire excess/surplus process.

Key points covered in this chapter:
- VA may retain proceeds from their recycling efforts as an incentive to increase and expand the Government-wide recycling efforts;
- VA will adhere to the yearly consolidated appropriations Public Law (P.L.), to ensure funds earned from recycling will remain available for obligation until expended;
- VA will follow 41 C.F.R. § 102-38.295, to receive and distribute revenue earned from their recycling efforts; and
- Proceeds from recycling revenues in GSA-leased facilities will be provided to GSA to support employee’s child care program.

0702 Revisions

<table>
<thead>
<tr>
<th>Section</th>
<th>Revision</th>
<th>Office</th>
<th>Reason for Change</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various</td>
<td>Updated authorities related to recycling activities</td>
<td>OFP (047G)</td>
<td>Rescission of previous E.O.s and issuance of VA Memorandum 796-13-02</td>
<td>September 2021</td>
</tr>
<tr>
<td>Various</td>
<td>Reformatted to new policy format and completed five-year update</td>
<td>OFP (047G)</td>
<td>Reorganized chapter layout</td>
<td>September 2021</td>
</tr>
<tr>
<td>0701 Policies</td>
<td>Updated Executive Order to reflect most current.</td>
<td>APS (047GA)</td>
<td></td>
<td>June 2012</td>
</tr>
<tr>
<td>0703 Authorities</td>
<td>Updated Executive Order to reflect most current.</td>
<td>APS (047GA)</td>
<td></td>
<td>June 2012</td>
</tr>
<tr>
<td>0705 Procedures</td>
<td>Added Appendix for VHA Procedures.</td>
<td>VHA</td>
<td></td>
<td>June 2012</td>
</tr>
</tbody>
</table>

0703 Definitions
Recycling – The series of activities, including collection, separation and processing, by which materials are recovered from the solid waste stream for use in the manufacture of new products other than fuel for producing heat or power by combustion.

Revenue – An inflow of resources that an entity demands, earns, or receives by donation. Revenue is recognized to the extent that the collection is probable (i.e., more likely than not) and the amount is measurable (i.e., reasonable estimable).

0704 Roles and Responsibilities

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 set forth in this chapter. They ensure life-cycle cost-effective recycling programs are effectively and efficiently implemented and managed within the Administrations and Staff Offices.

Assistant Secretary for Management/Chief Financial Officer (VA CFO) monitors VA activities to implement recycling programs, reports progress to the Secretary of VA and other appropriate parties, and requests sufficient funds to ensure Department-wide implementation of recycling programs.

0705 Policies

070501 General Policies

A. VA will utilize 41 C.F.R. § 102-38.295 to determine whether proceeds from property sold may be retained by VA.

B. In accordance with the government-wide general provisions of the yearly consolidated appropriation (e.g., P.L. 116-260, Consolidated Appropriations Act, 2021, Division E, Title VII, H.R. 133-250, section 706) and 41 C.F.R. § 102-38.295, VA will retain recycling revenue when:
   • The agency sells scrap material or expendable property to a recycler; or
   • The agency has decided to abandon or destroy the item(s) and hires a recycler to destroy the item(s) and sell the residual material on the agency’s behalf.

C. VA will adhere to 41 C.F.R. § 102-38.295 and will not retain recycling revenue when:
   • VA sells surplus equipment, such as a computer, to a recycler, VA may keep only enough revenue to cover the direct costs and reasonably related indirect costs incurred in selling the property. The remaining proceeds must be deposited as miscellaneous receipts in the U.S. Treasury; or
• If VA relinquishes ownership of the property to a recycler as an abandonment/destruction item (instead of selling it), then the agency is no longer owner of the property and is not entitled to any proceeds earned by the recycler.

070502 Accounting for Recycling Revenue

A. In accordance with the government-wide general provisions of the yearly consolidated appropriation, VA will ensure funds earned from recycling will remain available for obligation until expended (i.e., No-Year Funds).

B. In order for VA to monitor and track deposits, unobligated balances, and expenditures of funds under VA recycling programs, no-year appropriation accounts with the proper budget structure will be established as necessary. VA will ensure accounting transactions related to recycling activities are clearly distinguishable from normal mission transactions including use of recycling revenue accounts as required.

C. Departmental program offices will provide field stations under their jurisdiction with specific guidance as to which budget/fund in which to deposit proceeds.

D. Field station offices will ensure proper accountability for such funds.

E. Income derived from the sales of precious metals and x-ray film is transferred to the Supply Fund, which is managed by VA’s Service and Distribution Center (SDC) through The Precious Metals Recovery Program. Office of Procurement, Acquisitions and Logistics (OPAL) SDC may return funds in the form of a billing holiday for OPAL Services.

F. VA will deposit recycling revenue funds from stations that occupy GSA rental property/space and participate in GSA-managed recycling programs into the Federal Building Fund (47X4542.001).

070503 Authorized Uses for Recycling Revenue

A. As stipulated in the Executive Order 13101, Greening the Government Through Waste Prevention, Recycling, and Federal Acquisition, VA’s approved uses of recycling and waste prevention revenue, other than that generated through GSA-managed programs in leased facilities, are as follows:

1. To increase the procurement of products that are made with recovered materials, in order to maximize the number of recycled products purchased, relative to non-recycled alternatives.
2. To demonstrate and test new and innovative approaches, such as incorporating environmentally preferable and biobased products.

3. To increase the quantity and types of products containing recovered materials, expanding collection programs; to implement source reduction programs; to compost organic materials when feasible; and to explore public/private partnerships to develop markets for recovered materials.

4. To develop an internal awards program, as appropriate, to reward its most innovative environmental programs.

B. Recycling revenues generated by GSA-managed recycling programs in leased facilities will be deposited to GSA’s Federal Building Fund (47X4542.001) for use as tuition assistance for childcare centers operated in GSA space. Recycling revenues generated by GSA-managed recycling programs are allocated and distributed to the GSA Child Care Tuition Assistance Program and to participating federal tenant agencies.

C. Use of recycling revenue earned for a use other than explicitly stated in this section is disallowed unless specific approval is received from the Secretary of VA or their delegate.

0706 Authorities and References

40 U.S.C. § 571, General rules for deposit and use of proceeds

40 U.S.C. § 574, Other rules regarding proceeds

41 C.F.R. § 102.38.295, Disposition of Proceeds

Executive Order 13101, Greening the Government Through Waste Prevention, Recycling, and Federal Acquisition

Office of Acquisition and Logistics (OAL) VA Service & Distribution Center (SDC) – Precious Metals Recovery Program

Public Law (P.L.) 116-260, Consolidated Appropriations Act, 2021, dated December 27, 2020, Division E, Title VII, H.R. 133-25, Section 706

U.S. General Services Administration (GSA) Recycling website


0707 Rescissions


0708 Questions

Questions concerning these financial policies should be directed to the following points of contact:

VHA VHA Financial Policy (Outlook)
VBA VAVBAWAS/CO/FINREP (Outlook)
NCA NCA Financial Policy Group (Outlook)
All Others OFP Accounting Policy (Outlook)
Appendix A: VHA – Accounting for Recycling Revenue at Facilities in Financial Management System (FMS)

A. In order for VHA to monitor and track deposits, unobligated balances, and expenditures of funds under VHA recycling programs, each qualifying VHA facility must establish an account in the no-year medical facilities appropriation with the following accounting elements:
   • Treasury Symbol: 36X0162. This treasury symbol is used for Medical Facilities VA.
   • Fund code 0162X2. This fund code is for a no-year fund.
   • Revenue Program: AR06. This Accounts Receivable (AR) process cycle makes facility collections available at the allowance level.
   • Budget Fiscal Year (BFY): 2004. Recycling fund deposits will always use this BFY.
   • Revenue Source Code (RSC): 8031. This is a revenue source code that is used to track recycling income.
   • Accounting Classification Code (ACC): 0100401Y1. This ACC is specifically assigned for recording revenues, obligations, and expenditures related to the recycling program.

B. Transactions were established in FMS application tables with all the necessary data, including zero budgets down to the Sub-allowance Spending (SASP) control table, allowing revenue collections to be available for obligating and expending using existing FMS transactions.

C. Facilities are required to set up the fund control points in the Integrated Funds Distribution, Control Point Activity, Accounting and Procurement System (IFCAP) Data Dictionary, prior to submitting any transactions to FMS for the 0162X2 fund. Once IFCAP submits the fund control points to FMS, facilities will be able to enter zero dollar Spending Allowance (SA) documents to establish the ACC in the SASP table. After these steps are successfully completed, facilities will be able to make input to the 0162X2 fund.

D. To record a deposit of recycling revenue, VHA facilities will process a cash receipt transaction using transaction code CR, transaction type 05, revenue source code 8031, and ACC 0100401Y1.

E. To record obligations and expenditures, VHA facilities will follow the same procedures for other medical care appropriations detailed in the FMS Procedures Guide for Field Stations.

F. VHA facilities occupying GSA-leased space will transfer proceeds from GSA-managed recycling efforts to GSA. Revenue earned from these activities which were previously recorded to Fund 0162X2 will be transferred into fund 3885, Undistributed Intra-Governmental Payments Account. To accomplish the transfer VHA facilities will
first use two FMS transactions with a valid vendor code then process a transaction using IPAC:

**Transaction 1** – Transaction 1 will be used to decrease the cash receipt for Fund 0162X2 using transaction code TR and transaction type 26;

**Transaction 2** – Transaction 2 will be used to increase the cash receipt for Fund 3885 using transaction code TR and transaction type 24; and

**Transaction 3** – Transaction 3 will be used to process an IPAC transaction to transfer the funds to GSA fund 47X4542.001, ALC 47000017.
Appendix B: Accounting for Recycling Revenue in Integrated Financial and Acquisition Management System (iFAMS)

Note: The appendix will be updated in the future to include the accounting process for recycling revenue as it pertains to iFAMS.