



# Department of Veterans Affairs

## Financial Policy

### Volume II

#### Appropriations, Funds, and Related Information

### Chapter 8

#### Bartering

Approved:

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**0801 Overview**

This chapter establishes Department of Veterans Affairs' (VA) policies for bartering transactions. Title 38 U.S. Code, § 8111, Sharing of Department of Veterans Affairs and Department of Defense health care resources, § 8122, Authority to procure and dispose of property and to negotiate for common services, and § 2412, Lease of land and buildings, authorize VA entry into bartering agreements.

Key points covered in this chapter:

- Contracting Officers have an exclusive role in committing VA to a bartering agreement; and
- Per Statement of Federal Financial Accounting Standards (SFFAS) 3, Accounting for Inventory and Related Property, transactions should be recorded when goods or services are exchanged, not when agreements are established.

**0802 Revisions**

<b>Section</b>	<b>Revision</b>	<b>Office</b>	<b>Reason for Change</b>	<b>Effective Date</b>
All	Revise format and update accordingly	OFP (047G)	Five-year update	October 2020
0804 Roles and Responsibilities	Remove ASM/CFO and OFP roles coverage; add Contracting Officer and Facility Director	OFP (047G)	Format update	October 2020
0804 Roles and Responsibilities	Changed the title, Management and Financial Reporting Service, to Financial Reporting Service.	OFP (047G)	Office name change	February 2018
0804 Roles and Responsibilities	Deleted Roles and Responsibilities for the Office of Business Oversight.	OFP (047G)	Responsibility listing verification-outside policy scope	February 2018
Overall	Reviewed chapter for accuracy and updated, as needed,	APPS (047)	Five-year update	October 2013

Section	Revision	Office	Reason for Change	Effective Date
0804 Roles and Responsibilities	Added Roles and Responsibilities for VA Office of Financial Policy and for Fiscal Officers	APPS (047)	Enhance R & R coverage.	October 2013
Former Procedures Section	Moved VA Fiscal Officer policy statement up.	APPS (047)	Added clarity	October 2013
0809 Revisions (now 0802)	Added revisions section	APPS (047)	Policy format change	October 2013

### 0803 Definitions

**Bartering** – The exchange of assets/goods (other than cash) or services for other non-monetary assets/goods or services. The exchange is for similar or dissimilar assets/goods or services.

**Budgetary Authority** – Authority provided by law to enter into obligations that will result in outlays of Federal funds.

**Fair Market Value (FMV)** – An estimated value, based on a comparison with identical or similar past, actual, or expected assets/goods or services, of what a willing buyer would pay a willing seller for assets/goods or services.

**Monetary Assets and Liabilities** – are assets and liabilities whose value is measured and stated in cash.

**Non-monetary Assets and Liabilities** – Generally, nonmonetary assets include fixed assets such as property, plant and equipment as well as intangible items such as goodwill. Nonmonetary liabilities include those obligations that are not payable in cash, or items that will adjust an expense.

**Property, Plant, and Equipment (PP&E)** – Tangible assets that:

- Have an estimated useful life of two or more years;
- Are not intended for sale in the ordinary course of business; and
- Are intended to be used or kept available for use by the entity.

See VA Financial Policy Volume V, Chapter 9, General Property, Plant and Equipment, for additional information.

**VA's Accounting System** – serves as the central accounting system for all of VA.

## 0804 Roles and Responsibilities

**Contracting Officers** will provide dispute resolution provisions for inclusion in bartering agreements.

**Facility Directors** will ensure that bartering transactions comply with this chapter's guidance.

**VA Fiscal Officers** will review bartering receivable balances on a monthly basis in order to identify and act upon delinquent bartering receivables.

## 0805 Policies

### 080501 Scope of Bartering Agreements and Timing of Transactions

A. 38 U.S.C. statutes permit VA to:

- Enter into bartering agreements and contracts with the Department of Defense (DOD) under § 8111, Sharing of Department of Veterans Affairs and Department of Defense health care resources, for the mutual use or exchange of hospital and domiciliary facilities, as well as supplies, equipment, material, and other resources necessary to properly operate such facilities.
- Lease land or buildings, or parts or parcels thereof, to public or non-profit organizations for a term, not to exceed three years, in exchange for maintenance, protection, or restoration by the lessee of the property leased, as part or all of the consideration for the lease, under § 8122, Authority to procure and dispose of property and to negotiate for common services. VA will not permit the transfer of ownership of fixed assets under bartering agreements, nor require the capitalization of fixed assets, because there is no change of ownership in bartering lease transactions.
- Lease any undeveloped land and unused or underutilized buildings, or parts or parcels thereof, belonging to the United States and part of the National Cemetery Administration. for a term, not to exceed 10 years, to public or non-profit organizations in exchange for maintenance, protection, or restoration of the property leased by the lessee as a part or all of the consideration for the lease, under § 2412, Lease of land and buildings, authorize VA entry into bartering agreements.

B. VA will enter into an authorized agreement with other entities to barter assets/goods or services, based upon a memorandum of understanding or other appropriate document in accordance with Federal Acquisition Regulation (FAR) guidelines.

C. Only contracting officers will sign contracts on behalf of the United States in accordance with FAR § 4.101 – contracting officer's signature.

- D. Contracting officers will include dispute resolution procedures in all bartering agreements in order to protect the agency's interest from loss in the event of non-compliance with the agreement. See FAR § 52.233-1 – Disputes.
- E. VA has no statutory authority and therefore cannot enter into a bartering agreement between VA appropriations, such as between the medical services appropriation and the research appropriation.
- F. According to SFFAS 3, Accounting for Inventory and Related Property, VA will record accounting entries for bartering transactions in VA's accounting system, when the actual exchange occurs (i.e., when the assets/goods or services are provided by either side), not when the contract, agreement, or MOU is signed.
- G. VA will comply with interagency agreement quarterly reporting requirement in VA Financial Policy Volume VII Chapter 5, Intragovernmental Activity and Reconciliation, for all bartering agreements with other Federal entities.

#### **080502 Valuation of Assets, Goods, or Services for Barter**

- A. VA will determine the value for bartering transactions based on the Fair Market Value (FMV) of the assets/goods or services involved.
- B. VA will establish the FMV of non-monetary assets/goods or services by using these options in descending order to the extent each applies when value is not established at the point in time the asset is transferred to VA:
  - The estimated realizable value in cash transactions of similar assets/goods or services;
  - Quoted market prices;
  - Independent appraisals;
  - Estimated FMVs of assets, goods or services received in exchange (i.e., VA book value of VA items offered in exchange); or
  - Other available evidence.

#### **080503 Asset and Liability Transactions**

- A. VA will generally retain ownership of its bartering assets/goods, until assets/goods are received in exchange.
- B. Department of Defense Form (DD) 250, Material Inspection and Receiving Report, may be used as acceptable documentation and audit evidence for capitalizing assets and recognizing liabilities.

**C. Bartering Assets and Conversion to Accounts Receivable**

1. VA will record a bartering receivable when VA has provided assets/goods or services without the immediate reciprocal exchange. The future receipt shall be recognized as an asset to be decreased as goods or services are provided.
2. VA will write off the bartering receivable, establish an accounts receivable, and send a bill of collection to the bartering partner when a bartering receivable becomes overdue per the agreement or remains unfulfilled one calendar year following the agreement date.

**D. Bartering Liabilities**

1. VA will record a bartering liability when it receives more assets/goods or services than it simultaneously provides. If VA receives assets/goods or services but does not provide the reciprocal bartered assets/goods or services, then both the asset received, and corresponding liability, shall continue to be recognized and accounted for accordingly.
2. VA will eliminate a bartering liability when it has fulfilled its obligation to the bartering partner based on the agreement.
3. VA will reclassify a bartering liability to accounts payable and reduce the budgetary authority of a bartering liability when it becomes overdue or exceeds one calendar year from the agreement date. VA will not make a bartering liability disbursement without receiving a bill of collection from its bartering partner.

**080504 Gains, Losses, and Disclosure**

- A. VA will record liabilities for services to be provided in the future at the actual cost expected to be incurred to provide these services. This may result in a loss or gain against the original provision as the barter agreement is satisfied.
- B. When gains or losses arise, they will be recognized in accordance with Generally Accepted Accounting Principles (GAAP).
- C. VA will not augment appropriations by receiving assets/goods or services without providing reciprocal value to the bartering partner. See VA Financial Policy Volume II, Chapter 7D, Guidelines to Avoid Augmenting an Appropriation, for additional information.
- D. Satisfying an expired bartering agreement via a monetary exchange requires that VA recognize and record the budgetary effect of the transaction. In addition to recording the budgetary effect, the receiving entity must anticipate reimbursable activity and request apportionment of income on an SF 132

Apportionment and Reapportionment Schedule.

- E. VA will disclose in published financial statements the basis of accounting for the assets exchanged via bartering agreements, and the respective gains or losses recognized on significant transfers when applicable. Disclosure will be in accordance with GAAP.

## **0806 Authorities and References**

[38 U.S.C. § 2412, Lease of land and buildings](#)

[38 U.S.C. § 8111, Sharing of Department of Veterans Affairs and Department of Defense health care resources](#)

[38 U.S.C. § 8122, Authority to procure and dispose of property and to negotiate for common services](#)

[FAR § 4.101 – contracting officer’s signature](#)

[FAR § 52.233-1 – Disputes](#)

[FASAB SFFAS](#)

- SFFAS 1 - Accounting for Selected Assets and Liabilities
- SFFAS 3 - Accounting for Inventory and Related Property
- SFFAS 5 - Accounting for Liabilities of the Federal Government

[VA Financial Policy Volume II, Chapter 5, Intragovernmental Activity and Reconciliation](#)

[VA Financial Policy Volume II, Chapter 7D, Guidelines to Avoid Augmenting an Appropriation](#)

[VA Financial Policy Volume V, Chapter 9, General Property, Plant and Equipment](#)

## **0807 Rescissions**

This chapter rescinds VA Financial Policy Volume II Chapter 8, *Bartering, approved* February 2018.

## **0808 Questions**

Questions concerning this financial policy should be directed to the following points of contact:

VHA	VHA Financial Policy (Outlook)
VHA	VAFSC Nationwide Accounting (Outlook)
VBA	VAVBAWAS/CO/FINREP (Outlook)
VBA	VAVBAWAS/CO/OPERATIONS (Outlook)
NCA	NCA Financial Policy Group (Outlook)
NCA	NCA Budget Service (Outlook)
All Others	OFP Accounting Policy (Outlook)