



Department of Veterans Affairs

Financial Policy

Volume II

Appropriations, Funds, and Related Information

Chapter 10

Revolving Fund

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1001 Overview

This chapter establishes the Department of Veterans Affairs' (VA) financial policies regarding revolving funds. Revolving funds are established by Congress to carry-out business operations funded by fees charged for goods or services provided. VA's revolving funds are operated under two separate authorities effectively known as supply fund and the franchise fund. Although revolving funds do not receive appropriated funds to operate Congress must approve their annual budget

Supply fund supports VA's mission through the operation and maintenance of a supply system for the procurement of supplies, equipment, personal services and the repair and reclamation of used, spent or excess personal property. The primary customer for supply fund activities is VA, but the fund also has significant sales to other Federal agencies, including the Department of Defense (DOD) and the Department of Health and Human Services (HHS). The statutory authority for the supply fund is contained in [38 U.S.C. 8121](#). Refer to Vol II Ch. 10B, Supply Fund for additional details.

Franchise fund supports VA's mission by providing common business services such as financing, accounting, human resources, and training. The franchise fund began providing common administrative support services to VA and Other Government Agencies (OGAs) in 1997 on a fee-for-service basis. In 2006, under the FY 2006 Military Quality of Life and Veterans Affairs Appropriations Act, [P.L. 109-114](#), permanent status was conferred upon the franchise fund. It is comprised of an administrative office, known as the Franchise Fund Oversight Office (FFO), and self-supporting lines of business called Enterprise Centers (ECs). Refer to Vol II Ch. 10A, Franchise Fund for additional details.

VA has established a Revolving Fund Board of Directors (RFBOD) made up of Administration and Staff Office participants to oversee the operation of the VA revolving funds and ensure resources are strategically utilized to serve the VA's revolving funds mission.

Key points covered in this chapter, the RFBOD will:

- Function as the principal governance body overseeing the VA revolving fund;
- Approve the supply fund annual budget and franchise fund annual business plans;
- Hold quarterly meetings; and
- Approve rates for services and supplies furnished to customers.

1002 Revisions

Section	Revision	Office	Reason for Change	Effective Date
All	This is a new chapter.	OFP (047G)		September 2020

1003 Definitions

Enterprise Center - A self-supporting line of business responsible for customer liaison and coordination, business planning and development, staffing and execution of day-to-day business activities consistent with their annual business plans.

Franchise Fund - A type of intra-Governmental revolving fund that operates as a self-supporting entrepreneurial entity to provide common administrative services benefiting Federal entities. Franchise funds are funded entirely from the fees charged for the services they provide consistent with their statutory authority. Franchise funds do not receive an annual appropriation.

Revolving Fund - A fund established by Congress to finance a cycle of business operations through fees charged for goods or services provided.

Supply Fund - A type of Intra-Governmental revolving fund that operates as a self-supporting entrepreneurial entity to provide a supply system for the Department (including procurement of supplies, equipment, and personal services and the repair and reclamation of used, spent, or excess personal property). Supply fund authority allows VA to sell goods and services to VA, HHS, and DOD organizations. The supply fund will operate under the authority of the Economy Act for all other buy/sell transactions.

1004 Roles and Responsibilities

Secretary of the Veterans Affairs approves all additions and deletions of ECs to the fund.

Principal Deputy Assistant Secretary for Management and the **Deputy Executive Director, Office of Acquisition, Logistics and Construction** are co-chairs of the RFBOD, and oversee all financial management activities relating to the fund’s programs and operations.

Under Secretaries, Assistant Secretaries, CFOs, Fiscal Officers, Chief Accountants, and Other Key Officials are responsible for ensuring compliance with the policies and procedures set forth in this chapter.

Revolving Funds Board of Directors (RFBOD) approves activities to be included in the fund, reviews and approves budgets, identifies, and approves actions to resolve problems in the fund’s operations, and reviews studies of costs and service quality.

Revolving Fund Executive Director will be accountable to the RFBOD for the overall oversight, compliance and reporting activities of the fund. The Fund Executive Director shall report to the Principal Deputy Assistant Secretary for Management and Deputy CFO.

Revolving Fund’s CFO reports to the Fund Executive Director and is accountable to the RFBOD for the overall financial operations of the fund.

1005 Policies

100501 General Policies

- A. The RFBOD will function as the principal governance body providing leadership and oversight of VA revolving funds’ strategic priorities, goals, and objectives.
- B. The Revolving Fund Board shall operate within the terms of the RFBOD Charter.
- C. The members of the Revolving Fund Board will be selected by title and will consist of the following voting members:

Primary Voting Members
Principal Deputy Assistant Secretary for Management (004)* [Co-Chair]
Deputy Executive Director, Office of Acquisition and Logistics & Construction (003)* [Co-Chair]
Principal Deputy Assistant Secretary for Human Resources & Administration (006)*
Principal Deputy Assistant Secretary for Office of Information & Technology IT (005)*
Veterans Health Administration (VHA), Deputy Under Secretary for Health for Operations and Management (10N)
VHA Chief Financial Officer (10A3)
Veterans Benefits Administration, Chief Financial Officer (24)
National Cemetery Administration, Chief Financial Officer (42)

* Denotes Enterprise Center responsibilities

Non-Voting Ex Officio Members
Deputy General Counsel for Legal Policy (02A)

Executive Director for Office of Procurement, Acquisitions, and Logistics

- D. For each primary voting member, an alternate representative will be appointed who may attend meetings and vote on behalf of the designated primary voting member. Alternates will attend meetings in the absence of the primary voting member and their votes on decisions will be binding.

100502 RFBOD Responsibilities and Authorities

- A. The RFBOD has the following responsibilities and authorities:

1. Approving the supply fund annual budget and franchise fund annual business plans submitted by each EC. The annual business plan can be reviewed by [following this link](#).
2. Reviewing the results of the franchise and supply funds' financial statement audits and approve corrective action plans as needed.
3. Reviewing and approving the following:
 - Administrations and Staff Office recommendations for the revolving fund;
 - Changes in the scope of products and services subject to the jurisdiction of the franchise fund; and
 - Requests to withdraw products and services from the franchise and supply funds.
4. Approving rates for services and supplies furnished to customers.
5. Making a recommendation to the VA Secretary on the acceptance or rejection of additions/deletions of ECs in the franchise fund.
6. Enhancing the quality of customer service.
7. Improving cost efficiency and productivity in the delivery of goods and services.
8. Encouraging the use of strategic sourcing and cost-sharing to reduce the cost of providing goods/services to VA and other federal agencies.

- B. Co-Chairpersons of the revolving fund board duties:

1. Scheduling meetings of the revolving fund board (regularly scheduled and ad-hoc sessions).
2. Providing leadership in the development of agenda items, in the conduct of revolving fund board meetings and in guiding discussions.

3. Providing staff necessary to successfully conduct revolving fund board meetings.
4. Calling for vote on proposals presented to the revolving fund board.
5. Informing VA senior management of the major events and plans affecting activities covered by the VA revolving funds.

100503 Revolving Fund Board Meetings

- A. The RFBOD shall hold meetings on a quarterly basis or upon call of the Co-Chairpersons when a quorum can be present. A quorum is defined as five revolving fund board members, three of whom represent the Administrations.
- B. Meetings will be conducted on an informal basis under the leadership of the Co-Chairpersons.
- C. An agenda will be prepared and distributed in advance of each meeting.
- D. Meeting minutes will be kept and approved at each meeting.

1006 Authority and References

[P.L. 103-355](#) (Federal Acquisition Streamlining Act of 1994)

[P.L. 103-356](#) (Government Management Reform Act of 1994)

[P. L. 103-356, Section 403, 108 Stat. 3413](#), Treasury Franchise Fund

[P.L. 103-62](#) (Government Performance and Results Act of 1993)

[P.L. 104-106](#) (National Defense Authorization Act for Fiscal Year 1996)

[P.L. 104-204](#) (Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997), 31 U.S.C. § 501 note

[P.L. 109-114](#) (Military Quality of Life and Veterans Affairs Appropriations Act, 2006)

[31 U.S.C. Chapter 9](#) (Chief Financial Officers Act of 1990)

[31 U.S.C. 1501](#), Documentary Evidence Requirement for Government Obligations

[38 U.S.C. § 309](#) (Department of Veterans Affairs Chief Financial Officer)

[38 U.S.C. § 510](#) (Authority to Reorganize Offices)

[40 U.S.C. § 524\(b\)](#) (Duties of Executive Agencies)

[41 U.S.C. § 6303](#) (Certain Contracts Limited to Appropriated Amounts)

[GAO-08-978SP](#) (Principles of Federal Appropriations Law, Third Edition, Volume III, Chapter 12)

[OMB Circular No. A-11, Part 7](#) (Planning, Budgeting, and Acquisition of Capital Assets)

[VAAR 801.602-70](#) (General Review Requirements)

1007 Rescissions

None

1008 Questions

Questions concerning these financial policies and procedures should be directed to the revolving fund managers Outlook mailbox - revolvingfundmanagers@va.gov.