



Department of Veterans Affairs

Financial Policy

Volume VI

Liabilities

Chapter 20

Judgment Fund

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2001 Overview

This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures regarding Judgment Fund liabilities and reimbursements.

The Judgment Fund was established by Congress as a permanent, indefinite appropriation available to pay judicially and administratively ordered monetary awards against the United States, which are “not otherwise provided for” by another source of funds. This fund is intended to eliminate the procedural burdens involved in getting an appropriation from Congress to pay a particular judgment, resulting in the prompt payments of judicial awards. The authority for payments from the Judgment Fund is 31 U.S.C. §1304, Judgments, Awards, and Compromise Settlements.

Items of significance in this chapter include the following:

- VA will record a contingent liability on the Department’s financial statements for unresolved claims if the Office of General Counsel (OGC) has determined that a loss related to the claim is probable and the amount is measurable.
- VA will disclose unresolved claims in the Department’s financial statements if OGC has determined that the claim is reasonably possible to end in loss.
- VA will reimburse the Judgment Fund for payments made pursuant to the Contract Disputes Act (CDA) and the Notification and Federal Employees Antidiscrimination and Retaliation (No FEAR) Act of 2002, and properly account for these reimbursements.

2002 Revisions

Section	Revision	Office	Reason for Change	Effective Date
Various	Reformatted to new policy format and completed 5-year review	OFP (047G)	Reorganized chapter layout	May 2018
Various	Incorporated Judgment Fund Reimbursement chapter (Vol III, Ch 11) into Judgment Fund Liabilities chapter	OFP (047G)	Reorganized Financial Policy chapters	May 2018

Section	Revision	Office	Reason for Change	Effective Date
2004 Roles and Responsibilities	FSC is assigned responsibility of accounting for Judgment Fund liabilities, reimbursements, and oversight of VA reimbursements to Treasury	OFP (047G)	New assignment	May 2018
2005	Enhanced policy for reimbursements	OFP (047G)	For clarification	May 2018
Appendix B	Added sample reimbursement plan	OFP (047G)	For clarification	May 2018

2003 Definitions

Budget Object Codes – Categories in a classification system that present obligations by the purpose of the items or services purchased by the Federal Government. While the Office of Management and Budget establishes the standard codes, titles, and definitions of the object class, an agency may further define extensions for capturing additional detail to support internal information needs.

Claim – For the purposes of this chapter, the word ‘claim’ is used in a general sense, and encompasses legal actions taken by an individual or company against the government.

Compromise –the settlement or forgiveness of part or all of a [debt](#) under [31 U.S.C. 3711](#), in accordance with standards set forth in the [Federal Claims Collection Standards](#) and applicable Federal law

Contingent Liability – A liability that is both probable and measurable, representing a possible future outflow or other sacrifice of resources that is recognized for financial statement reporting purposes.

Contract Dispute Claims – The Federal Acquisition Regulation defines a “claim” as a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms or other relief arising under or relating to the contract. A written demand or written assertion by a contractor seeking a payment in excess of \$100,000 is not a claim under the Contract Disputes Act of 1978 until it is certified as required by the Act.

Cost Center – A cost center is represented by a four-to-six digit code established by VA as part of an overall accounting classification that identifies the organizational element associated with a financial transaction.

Esker Fax – A digital fax that interfaces with the Judgment Fund’s document storage system.

Exchange Transaction – Transactions in which each party to the transaction sacrifices value and receives value in return.

Judgment Fund – a permanent, indefinite appropriation which is available to pay certain judicially and administratively ordered monetary awards against the United States, as well as amounts owed under compromise agreements negotiated by the U.S. Department of Justice (DOJ) in settlement of claims arising under actual or imminent litigation.

Judgment Fund Internet Claims System (JFICS) – the application used to process all Judgment Fund claims.

Imputed Financing Sources – The financing of certain costs by one Federal entity on behalf of another Federal entity (e.g., expenses relating to legal claims such as those paid by the Treasury Judgment Fund).

Legal Liability Representation Letter – The primary form of communication between VA’s General Counsel and VA’s auditor, covering all litigation, claims, and assessments pertaining to VA. It includes matters handled by VA Counsel or DOJ or any other outside legal counsel on behalf of VA.

Liability – The future outflow or other sacrifice of resources.

Measurable – Reasonably estimable.

No FEAR Act Claims – Claims made by employees, former employees, or applicants for Federal employment because of actual or alleged violations of Federal employment discrimination laws, Federal whistleblower protection laws and retaliation arising from the assertion of rights under those laws.

Obligation – A legally binding agreement that will result in outlays, immediately or in the future.

Treasury Offset Program (TOP) – A centralized offset program, administered by the Bureau of the Fiscal Service’s Debt Management Services (DMS), to collect delinquent debts owed to Federal agencies and in accordance with applicable laws.

2004 Roles and Responsibilities

Delegation of Authority to the Secretary of VA under 28 C.F.R. Appendix to Part 14, Administrative Claims under Federal Tort Claims Act (FTCA). The Secretary of VA has the authority to adjust, determine, compromise, and settle a claim involving the Department of Veterans Affairs under Section 2672 of Title 28, *Administrative Adjustment of Claims*, relating to the administrative settlement of Federal tort claims, if the amount of the proposed adjustment, compromise or award does not exceed \$300,000. The Secretary may further delegate, in writing, this settlement authority.

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, and for devising a cost allocation methodology for the eventual allocation of any unfunded Judgment Fund Expense to their respective stations, services and product lines.

Office of Management is responsible for requesting budgetary resources necessary to reimburse the Judgment Fund while considering all VA funding needs.

Office of Financial Policy is responsible for the recording and disclosure of contingent liabilities for potential judgment fund claims.

Financial Services Center (FSC) is responsible for the accounting and reporting of Judgment Fund liabilities and expenses, and for oversight of all VA Judgment Fund reimbursement activities.

VA Office of General Counsel (OGC) handles legal issues related to Contract Dispute Act and No FEAR claims, provides the information necessary to record contingent liabilities, and prepares the Legal Liability Representation Letter for the financial statement audit. OGC is also responsible for requesting Judgment Fund payments from Treasury and providing claim information to FSC when payments are requested.

OGC will coordinate with the Department of Justice (DOJ) on legal issues for VA related to all No FEAR Act claims, and Contract Dispute Act claims litigated before the Court of Claims. DOJ is not involved with claims litigated by OGC before the Civilian Board of Contract Appeals.

The **Department of Treasury's Bureau of the Fiscal Service** is responsible for administering and certifying payments from the Judgment Fund.

2005 Policies

200501 General Claim Information

- A. OGC handles a variety of claims arising from the Department's mission, which may be adjudicated before a number of distinct tribunals. These claims can result from medical torts, requests for VA disability benefits and appeals, contract disputes, employee and labor relations matters, and many other administrative functions.
- B. When a legal claim is filed against the VA, or there is knowledge of an un-asserted claim against VA, OGC will work with the VA organization where the claim arose to determine the likelihood that VA will incur a loss related to the claim.
- C. OGC will categorize claims in accordance with the definitions in the Statement of Federal Financial Accounting Standards (SFFAS) Number 5, Accounting for Liabilities:
 - Probable: The future confirming event or events are more likely than not to occur;
 - Reasonably possible: The chance of the future confirming event or events occurring is more than remote but less than probable; and
 - Remote: The chance of the future event or events occurring is slight.
- D. The OGC categorization of claims is used by VA to report legal liabilities in the legal representation letter and financial statements. See section 200502 for reporting and disclosure of contingent liabilities.
- E. DOJ handles all legal matters relating to No FEAR Act claims.
- F. The Judgment Fund is available to pay certain claims on VA's behalf. VA is not required to reimburse the Judgment Fund except for payments arising under the Contract Disputes Act and No FEAR Act.

200502 Accounting for Contingent Liabilities

- A. Before a settlement becomes final or a court judgment is issued, VA must properly account for claims as contingent liabilities.
- B. OGC will report data for all claims to OFP in accordance with the requirements set forth in the annual legal liability call memo.
- C. VA will recognize a contingent liability and expense for the full amount of the expected loss when OGC has determined that a legal claim is probable to end in a loss and the loss is estimable.
- D. VA will disclose unresolved claims in the Department's financial statements if OGC has determined that the claim is reasonably possible to end in loss.

- E. VA will estimate the contingent liabilities for Judgment Fund claims of future payments and disclose the amount in the financial statements. Any potential liabilities from FTCA cases will be disclosed as well.
- F. When DOJ is involved with the legal proceedings of a claim, VA OGC and the DOJ will collaborate on the estimated loss. Written evidence (email is sufficient) will be obtained by OGC to document that the DOJ and VA estimates are identical. This documentation will be provided to the financial statement auditors in conjunction with the Legal Liability Representation Letter.
- G. If the status of a legal claim that was previously accrued or disclosed changes and OGC no longer expects the claim to result in a loss, VA will adjust the contingent liability account or disclosure accordingly.
- H. VA will remove the contingent liability from the financial statements when a settlement becomes final or a court judgment is issued.

200503 Requesting Payments from the Judgment Fund

- A. Court judgments and compromise settlements defended by the DOJ must be paid from the Judgment Fund appropriation regardless of amount.
- B. For cases that are not handled by the DOJ, VA can only request that payment of a claim be made on its behalf from the Judgment Fund if funds are not legally available from its own appropriations.
- C. Not all adverse judgments must be paid from the Judgment Fund. OGC will determine if the Judgment Fund is authorized to pay the final monetary award or settlement. Specifically, VA will not request payments from the Judgment Fund for:
 - National Service Life Insurance (NSLI) adverse judgments as VA has the authority to pay these from insurance trust funds or other VA appropriations, as applicable;
 - Attorney fees or litigation costs awarded to a complainant who substantially prevails in Freedom of Information Act (FOIA) litigation because the OPEN Government Act of 2007, Public Law 110-175, section 4(b), requires that each Federal agency pay such fees and costs from "funds annually appropriated" for the Federal agency;
 - Administrative awards of \$2,500 or less on claims under the FTCA;
 - Administrative awards under the Military Personnel and Civilian Employees Claims Act; and
 - Administrative awards on tort claims arising in foreign countries under 38 U.S.C. §515 (b).

- D. A tort under the FTCA is payable from the Judgment Fund only when the award amount exceeds \$2,500 (for administrative awards) and is in compliance with 28 C.F.R. Part 14, *Administrative Claims Under Federal Tort Claims Act*. Medical malpractice claims are filed under the FTCA, and losses are paid from the Judgment Fund. These losses are not required to be reimbursed.
- E. OGC may submit a request for payment if the DOJ is not responsible for the case.
- F. OGC will submit a payment request to Treasury in accordance with the Treasury Financial Manual (TFM), Volume I, Part 6, Chapter 3100. Required documentation will vary based on the specific claim request, but at a minimum must identify the statute that forms the basis for the claim.
- G. OGC may submit payment requests using one of the following methods:
- Mail (to include Federal Express and courier services);
 - Esker Fax (a secure fax system); or
 - The JFICS System.

OGC will record the information on the Treasury forms and provide supporting documentation when requests are submitted through mail or Esker Fax. The required request forms submitted by mail or Esker Fax are identified below:

- Treasury 194: Judgment Fund Transmittal;
- Treasury 196: Judgment Fund Award Data Sheet; and
- Treasury 197: Judgment Fund Voucher for Payment.

These forms, along with the applicable fax sheet, are available on the [Judgment Fund Web site](#). No forms are needed if the payment request is submitted directly through JFICS.

- H. OGC will enter the information into the system and submit the requests electronically if requests are submitted through JFICS. The supporting documentation that will accompany VA's payment requests is detailed in Treasury regulations at 31 C.F.R. §256.12. Also, as stated in 31 C.F.R. §256.13, VA will include a valid taxpayer identification number (TIN) on all requests for payments, unless the situation meets one of the exceptions found in the following Treasury Web site at <http://www.fms.treas.gov/tinpolicy/regulations.html>.
- I. The "responsible agency" for litigated awards is the agency responsible for defending the United States in court. For administrative awards, the "responsible agency" is the agency authorized to settle the claim (see 31 C.F.R. §256.10).
- J. VA will identify on the appropriate Judgment Fund form or other method used, any known debt owed to the United States that Treasury is expected to collect by setoff against the award in accordance with 31 C.F.R. §256.20.

- K. Bureau of the Fiscal Service will certify the following prior to Treasury issuing payment:
- Awards or settlements are final;
 - Awards or settlements are monetary;
 - Payment of the award or settlement is authorized in 31 U.S.C. §1304(a)(3); and
 - Payment may not legally be made from any other source of funds.
- L. VA will properly account for Judgment Fund payments.
- M. Federal agencies are required to reimburse Treasury for payments made on their behalf for claims in accordance with 31 C.F.R. 256.40 for the Contract Disputes Act and 31 C.F.R. 256.41 for No FEAR Acts. Under 31 C.F.R. § 256.10, the DOJ must normally submit the request for payment from the Judgment Fund.
- N. Treasury, in its capacity as disbursing official for the executive branch, will collect delinquent, nontax Federal debts through the TOP. Refer to [Volume XII, Debt Management](#), for more information on VA's financial policies and procedures for debt collection through Treasury.
- The off-set statute establishes a two-step process to collect debts that are owed to the United States.
1. Treasury will automatically off-set the debt from the payment if VA notifies Treasury of a debt for which a court has issued a judgment against a debtor in favor of the United States or for which the IRS has issued a tax levy pursuant to 26 U.S.C. §6331.
 2. Treasury will notify the claimant of the debt and request the debtor's consent to off-set, if the debt owed to the United States has not been judicially determined.
- O. VA will inform Treasury of any known delinquent, non-tax debts owed to the United States that may be off-set from any judgment awards paid by Treasury.
- P. OGC must send a copy of all Judgment Fund payment requests and supporting documentation to the FSC upon submission to Treasury. This will expedite the Judgment Fund reimbursement process within VA.

200504 Judgment Fund Reimbursements

- A. Treasury usually will make a reimbursement demand of VA within 15 days of payment of a No FEAR Act claim, or 30 days of payment of a CDA claim. VA organizations should immediately notify FSC if they receive a repayment demand directly from Treasury.

- B. VA has 45 business days to reimburse the Judgment Fund or contact the Judgment Fund Branch to make written arrangements for reimbursement upon receipt of a demand for reimbursement from Treasury.
- C. FSC will coordinate with the responsible organization or staff office to ensure the timely reimbursement of the Judgment Fund.
- D. Within three business days, FSC notifies the responsible VA organization or staff office that a reimbursement request has been received from Treasury for payment of a claim made on their behalf. The organization or staff office must confirm responsibility to the FSC, or provide justification why the office is not responsible for the reimbursement. This must be done immediately upon receipt of the notification (but no later than five business days) to avoid unnecessary delays in the reimbursement process.
- E. After the organization or staff office has confirmed responsibility for the reimbursement, the station or organization leadership and fiscal office must review budgetary resources to determine available funding for reimbursements. See section 200506 on the use of proper appropriated funds for reimbursements.
- F. The responsible VA organization or staff office will determine if reimbursement may be paid in full or partially within the 45 day timeframe. If funds are immediately available to reimburse the total or partial amount owed Treasury, the Station / Office staff prepares the interagency obligation to Treasury on a 1358 obligation request and processes through IFCAP or CAATS, as appropriate, ensuring it successfully interfaces to VA's Accounting System.
- G. The responsible VA organization sends the obligation information to FSC. This must be done by the deadline given with the initial notification from FSC to ensure timely processing within the Treasury timeframe.
- H. FSC will process an Intergovernmental Payment and Collection (IPAC) System payment to Treasury through the FSC portal (FASPAC). FSC records the expenditure against the organization's obligation using FASPAC interface to VA's Accounting System.
- I. Treasury will notify FSC when the reimbursement is received or the proposed reimbursement plan is approved. FSC will maintain the documentation.
- J. If the total amount owed Treasury is not immediately available, the VA organization will develop a written plan for reimbursement.
- K. The Office of Budget will, as part of the normal budget formulation process, work with the Office of Management and Budget to specifically identify requests to repay the Judgment Fund. The repayment plan must include a statement that additional

funds are needed from Congress. The VA Organization will include FSC on the submission of the written plan to Treasury. This must be accomplished by the deadline given in the initial reimbursement notification from FSC to ensure processing within the Treasury timeframe. See Appendix B for a sample reimbursement plan.

200505 Recording Judgement Fund Reimbursement Requests

- A. VA will comply with the Interpretation of Federal Financial Accounting Standards, Interpretation No 2, *Accounting for Treasury Judgment Fund Transactions: An Interpretation of Statement on Federal Financing Accounting Standards (SFFAS) No. 4 and SFFAS No. 5*, and TFM Volume I, Part 6, Chapter 3100 for Judgment Fund payments and reimbursements.
- B. Quarterly, FSC will record a liability in the Assets and Miscellaneous Accounts Fund (AMAF) for Judgment Fund payments owed to Treasury. FSC will ensure that the SGL 2110 (Accounts Payable Federal) balance reflects the total amount owed to Treasury.
- C. All new reimbursement requests will be recorded as a payable in SGL 6100 (Operating Expense).
- D. VA will use the appropriate cost centers and BOCs to record transactions and identify unfunded expenses and liabilities related to the Judgment Fund.
- E. FSC will provide oversight of the use of the appropriate Judgment Fund BOC for reimbursements.
- F. FSC will record an accrued liability and future-funded expense if VA does not have available funds and is seeking a supplemental appropriation, or is pursuing a payment plan with Treasury.
- G. FSC will reduce the liability to Treasury and its fund balance with Treasury when VA reimburses the Judgment Fund. VA will distinguish between intra-Governmental liabilities not covered by budgetary resources from public liabilities not covered by budgetary resources. VA will provide other information needed to understand the nature of liabilities not covered by budgetary resources.
- H. Quarterly, Treasury posts outstanding receivables and revenue collected for both Contract Disputes Act and No FEAR Act payments on its web site and sends FSC a confirmation notice reflecting outstanding receivables and revenue. With the exception of the confirmation notice for year-end, VA has 30 calendar days from the end of the quarter to respond to Treasury regarding the accuracy of the amounts reported. VA has until October 24 of the calendar year to respond to the year-end confirmation.

- I. Treasury sends CDA and No FEAR reports identifying amounts currently payable on the first business day of the month following end of the quarter.
 1. FSC will compare the data in the reports to the liability balance recorded in VA's Accounting System and make adjusting entries as appropriate. Adjusting entries are posted in the accounting system if the report arrives before quarter-end, if the report arrives after quarter-end the entries will be recorded in MinX.
 2. FSC will complete Treasury's intragovernmental confirmation for Judgment Fund and return it to Treasury.
- J. Agencies' outstanding balances are available on the following web sites:
 - [No FEAR Act Receivables](#); and
 - [Contract Dispute Act Receivables](#).
- K. VA may not write off a Judgment Fund payable unless authorized by Congress. VA will remain liable for the full reimbursement amount of the Judgment Fund payment in accordance with both the Contract Disputes Act and No FEAR Act.

200506 Appropriated Funds for Reimbursements

- A. Funds to pay both CDA and No FEAR Act reimbursements to the Judgment Fund are derived from the appropriation of the organization that was initially charged (i.e., fixed appropriation account and fiscal-year identity), wherever the claim arose. These funds will be used if immediately available for the reimbursement.
- B. The reimbursement is prorated against appropriations if more than one appropriation is involved in the monetary judgment. Proration between or among appropriations will be based on the nature of the claim and the basis of the monetary judgment in the particular case.
- C. Each Administration's CFO will devise a cost allocation methodology for the allocation of Judgment Fund payments to their respective stations, services and product lines.
- D. VA may charge an appropriation account currently available for the same purpose as authorized by 31 U.S.C. §1553 if insufficient unobligated balances exist in the original appropriation or the appropriation account has closed. VA may also seek a supplemental appropriation from Congress as permitted by 41 U.S.C. §612. The supplemental appropriation request must be coordinated with the Office of Budget and the Office of Management and Budget.

200507 Judgment Fund Reimbursement Oversight

- A. FSC will maintain oversight of all of VA's reimbursements to the Judgment Fund, from notification by Treasury to full repayment.
- B. As part of this oversight, FSC will:
- Monitor VA Judgment Fund reimbursements and take actions necessary to ensure that reimbursement or written arrangements for reimbursement occur within 45 days as required by the CDA and the No FEAR Act of 2002. FSC, as needed, will coordinate with the Office of Budget to ensure that Treasury is reimbursed;
 - Track reimbursements to Treasury until all reimbursements are paid in full;
 - Calculate and post transactions for the annual Judgment Fund liabilities and expenses;
 - Promptly notify the Office of Management of any program office that fails to comply with this policy; and
 - Submit a quarterly report to OGC on all settlement payments.
- C. VA will be listed on Treasury's annual report of agencies which have failed to reimburse the Judgment Fund should VA become non-compliant by failing to reimburse or to make timely arrangements for reimbursement. VA will remain on this noncompliance list until it repays the Judgment Fund or makes written arrangements for reimbursement.

2006 Authorities and References

[5 U.S.C. §552 Amended, OPEN Government Act of 2007](#)

[5 U.S.C. §2301 \(note\), Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002](#)

[26 U.S.C. §6331, Levy and Distraint](#)

[28 U.S.C. §2414, Payment of Judgments and Compromise Settlements](#)

[28 U.S.C. §2517, Payment of Judgments](#)

[28 U.S.C. §2672, Administrative Adjustment of Claims](#)

[28 U.S.C. §2677, Compromise](#)

[31 U.S.C. §1304, Judgments, Awards, and Compromise Settlements](#)

[31 U.S.C. §1553, Availability of Appropriation Accounts to Pay Obligations](#)

[31 U.S.C. §3716, Administrative Offset](#)

[31 U.S.C. §3728, Setoff Against Judgment](#)

[41 U.S.C. §612, Chapter 9, Contracts Disputes](#)

[5 C.F.R. Part 724, Implementation of Title II of the Notification and Federal Employee Antidiscrimination and Retaliation \(No FEAR\) Act of 2002](#)

[28 C.F.R. Part 14, Administrative Claims Under Federal Tort Claims Act.](#)

[31 C.F.R. § 256.40 and § 256.41 Reimbursement to the Judgment Fund](#)

[31 C.F.R. Part 256—Obtaining Payments from the Judgment Fund and Under Private Relief Bills](#)

[31 C.F.R. §285.5, Centralized Offset of Federal Payments to Collect Nontax Debts Owed to the United States](#)

[48 C.F.R. §33.202, Federal Acquisition Regulation, Contract Disputes Act of 1978](#)

[Department of the Treasury, Judgment Fund Home Page](#)

[Department of the Treasury, Treasury Financial Manual Volume I Part 6 Chapter 3100, Certifying Payments and Recording Corresponding Intra-Governmental Receivables in the Federal Government's Judgment Fund](#)

[Department of the Treasury, Federal Intra-Governmental Transactions Accounting Policies Guide](#)

[Department of the Treasury Managed Accounts](#)

[Department of the Treasury, No FEAR Act Receivables](#)

[Department of the Treasury, Contract Disputes Receivables](#)

[Financial Accounting Standards Advisory Board \(FASAB\), Statement of Federal Financial Accounting Standard \(SFFAS\) No. 4, Managerial Cost Accounting Concepts and Standards for the Federal Government](#)

[Financial Accounting Standards Advisory Board \(FASAB\), Statement of Federal Financial Accounting Standard \(SFFAS\) No. 5, Accounting for Liabilities of the Federal Government](#)

[FASAB, Interpretation of Federal Financial Accounting Standards No. 2: Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS No. 4 and SFFAS No. 5](#)

[OMB Circular A-136, Financial Reporting Requirements](#)

[U.S. Attorney Manual 4-10.100, Payment and Satisfaction of Judgment Against the Government](#)

2007 Rescissions

- A. VA Financial Policy Volume III, Chapter 11 – Reimbursements to the Judgment Fund, June 2010.
- B. VA Financial Policy Volume VI, Chapter 20 – Judgment Fund Liabilities, July 2010.

2008 Questions

Questions concerning these financial policies and procedures should be directed to the specific POC's and formatted as follows using the group email. Do not use proper names.

VHA	VHA 10A3A Accounting 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)

Appendix A: Example Accounting Entries for Contingent Liabilities

A. VA will determine the previous fiscal year’s Judgment Fund expenses for each VA Administration and Staff Office at the beginning of each fiscal year. VA will maintain a Judgment Fund liability account reflecting the total current estimates of all its probable legal claims and will record a contingent liability for the Judgment Fund in the Assets and Miscellaneous Accounts Fund (AMAF), Station Number 150. VA is required to record an operating expense and imputed financing source for the Judgment Fund's pending claims and settlements.

1. VA will obtain the advice of OGC to determine the probability that a legal claim will end in a loss to VA and that the loss is estimable. If the loss is probable and estimable, VA will recognize an expense and liability for the full amount of the expected loss. VA will make the following journal entry to record the expense and liability:

Reimbursable

TC	TT	REVFLAG	FCAT	VCAT	BOC	ID	EVENT	ACTION	DR1	CR1
SV	5C	N	NZ			2181	SP04	CONTINGENT LIAB REIM JUDG FD	6803	2921

Non-reimbursable

TC	TT	REVFLAG	FCAT	VCAT	BOC	ID	EVENT	ACTION	DR1	CR1
SV	5I	N	NZ			0448	SP04	CONTINGENT LIA NON-REIM JDG F	679A	292A

B. Recognition of Other Financing Sources (From contingent liability to liability.)

1. Once the Judgment Fund is determined to be the appropriate source for payment of the claim and the legal claim is either settled or a court judgment is assessed against VA, VA will remove the accrued liability for the claim from its accounting records and recognize the transaction as an actual liability.

No FEAR or CDA

TC	TT	REVFLAG	FCAT	VCAT	BOC	ID	EVENT	ACTION	DR1	CR1
RJ	5L	N	NZ			0672	SP04	RECORD JF/CDA LIABILITY	6100	2114

Unfunded portion of CDA

TC	TT	REVFLAG	FCAT	VCAT	BOC	ID	EVENT	ACTION	DR1	CR1
RJ	5K	N	NZ			0673	SP04	RECORD CDA FUTURE FUND EXP	6803	299B

2. If the Judgment Fund is responsible for the claim or settlement, the imputed financing source amount would reflect only that amount to be paid by the Judgment Fund on behalf of VA. The following journal entries reflect these circumstances:

Imputed portion

TC	TT	REVFLAG	FCAT	VCAT	BOC	ID	EVENT	ACTION	DR1	CR1
RJ	5E	N	NZ			7542	SP04	JUDG FUND IMPUTED COSTS	6734	5780

Appendix B: Sample Reimbursement Plan

<Insert Organization> does not have appropriated funds available to reimburse the Treasury for <Insert Settlement Name / Identifying Numbers>. In accordance with Treasury Financial Manual Volume 1, Part 6, Chapter 3100, <Insert Organization> is submitting this written repayment plan for Treasury approval.

Funding will be allocated to this reimbursement by (check the appropriate box(es):

- Allocating future existing appropriation(s)
- Requesting additional appropriation(s) from Congress

Repayment will be made when funds become available according to the following schedule:

Expected Date of Funds Availability	Expected Amount of Funds Available	Amount Owed	Remaining Balance
		\$Total Amount	\$Total Amount
Month, Fiscal Year	\$Amount of 1 st Payment	\$Total Amount	\$Total Amount minus \$Amount of 1 st Payment
Month, Fiscal Year	\$Amount of 2 nd Payment	\$Remaining Balance from previous row	\$Remaining Balance minus \$Amount of 2 nd Payment
Month, Fiscal Year	\$Amount of 3 rd Payment	\$Remaining Balance from previous row	\$Remaining Balance minus \$Amount of 3 rd Payment
Month, Fiscal Year	\$Amount of 4 th Payment	\$Remaining Balance from previous row	\$Remaining Balance minus \$Amount of 4 th Payment
Month, Fiscal Year	\$Amount of 5 th Payment	\$Remaining Balance from previous row	\$Remaining Balance minus \$Amount of 5 th Payment
Continue plan through full reimbursement			