Financial Policy

Volume XIII

Cost Accounting

Chapter 1

Cost Centers

Approved:
Jon J. Rychalski
1367389
Digitally signed by Jon J. Rychalski
1367389
Date: 2020.10.20
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Jon J. Rychalski
Assistant Secretary for Management
and Chief Financial Officer
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0101 Overview

This chapter establishes the Department of Veterans Affairs’ (VA) financial policies relating to the use of cost centers. Cost centers are used to accumulate costs incurred by area of responsibility or geographic region and are symbolized by a four-to-six-digit code used to identify organizational elements throughout VA. Cost centers are used differently dependent on whether the office has transitioned to the modern Enterprise Resource Planning (ERP) solution, VA Integrated Financial and Acquisition Management System (iFAMS), or remains on the legacy system, FMS.

Key points covered in this chapter:
- VA will maintain a cost center structure to facilitate the correct identification and recording of costs;
- VA will use proper cost centers to identify the office or sub-organization as part of the accounting record for financial transactions; and
- VA will continuously update cost centers as necessary due to changes in the organization or other factors.

0102 Revisions

<table>
<thead>
<tr>
<th>Section</th>
<th>Revision</th>
<th>Office</th>
<th>Reason for Change</th>
<th>Effective Date</th>
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<tr>
<td>Appendix A</td>
<td>Updated appendix with 2020Q4 changes</td>
<td>OFP (047 G)</td>
<td>Quarterly update</td>
<td>October 2020</td>
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<td>Appendix A</td>
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<td>OFP (047G)</td>
<td>Quarterly update</td>
<td>August 2020</td>
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<td>OFP (047G)</td>
<td>Quarterly update</td>
<td>May 2020</td>
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<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>March 2020</td>
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<tr>
<td>Various</td>
<td>Updated financial policy to align with iFAMS configuration</td>
<td>OFP (047G)</td>
<td>FMBT and iFAMS updates</td>
<td>March 2020</td>
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<tr>
<td>Appendix A</td>
<td>Added Vol XIII Ch 1A, Cost Centers Appendix</td>
<td>OFP (047G)</td>
<td>Reorganized chapter layout</td>
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<td>Added appendix with up-to-date request process</td>
<td>OFP (047G)</td>
<td>Process changes</td>
<td>March 2020</td>
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0103 Definitions

**Budget Object Class Codes** – Categories in a classification system that present obligations by the items or services purchased by the Federal Government.

**Cost Center** – A mechanism used to accumulate costs incurred by area of responsibility or geographic region. Cost centers are represented by a four-to-six-digit code used to identify organizational elements throughout VA, e.g. 301000, [Veterans Benefits Administration (VBA)] Executive Director.

**Financial Management System (FMS)** – VA’s legacy core accounting system. FMS is scheduled to be replaced by iFAMS, a modern Momentum-based ERP solution configured for VA.

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

**VA Integrated Financial and Acquisition Management System (iFAMS)** – The modern Enterprise Resource Planning (ERP) solution VA will migrate to from the current financial system, FMS. iFAMS is a Momentum-based solution configured for VA which provides increased operational efficiency, productivity, agility, and flexibility. The new solution also provides additional security, storage, and scalability.

0104 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 and set forth in this chapter. These parties and their delegates submit requests for the addition, deletion, or modification of cost centers.

The **Office of Financial Policy (OFP)** is responsible for review and approval of the addition, deletion, or modification of cost centers and updating the appropriate appendices of this chapter with changes on a quarterly basis.

0105 Policies

010501 General Policies
A. Cost centers represent an amalgamation of organization, function, type of procurement (travel, commodities, etc.), project, and in some cases may represent an individual employee.

B. VA will maintain a cost center structure to facilitate the correct identification and recording of costs in accordance with Financial Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 4, Managerial Cost Accounting Standards and Concepts.

C. VA Administrations and Staff Offices utilizing the legacy system, FMS, will use cost centers in conjunction with budget object codes to capture cost information associated with VA’s activities. VA may use any cost center with any budget object code in the legacy system unless specific restrictions are noted in the description of the cost center and/or budget object code. When restrictions are enacted for a specific combination, VA will ensure the legacy system is configured to disable its use. For more information on budget object class codes see VA Financial Policy Volume XIII, Chapter 2 – Budget Object Class Codes.

D. VA Administrations and Staff Offices which have transitioned to the modern ERP solution, iFAMS, will utilize several other data elements in lieu of cost centers to facilitate the correct identification and recording of costs. In iFAMS, cost centers fall outside of the accounting classification structure (ACS). The FMS Cost Center (FMScctr) field in iFAMS is a required/mandatory data element used to support activities of the Veterans Health Administration (VHA) Managerial Cost Activities Office (MCAO) which utilizes the same structure as FMS cost centers. They will be captured on documents underneath the iFAMS Accounting Templates.

E. For additional information on the classification of accounting data in FMS and iFAMS see VA Financial Policy Volume II, Chapter 1 – VA’s Accounting Classification Structure. For additional information on VA’s compliance with SFFAS No. 4 see VA Financial Policy Volume XIII, Chapter 3 – Managerial Cost Accounting (MCA).

**010502 Cost Center Structure**

A. VA will group cost centers by Administrations and Staff Offices. The following are VA’s major cost centers:

- 1000 General Administration Central Office Staff
- 1102 Office of Construction and Facilities Management
- 1200 Office of the General Counsel
- 1300 Assistant Secretary for Policy and Planning
- 1400 Assistant Secretary for Human Resources and Administration
- 1510 Office of Deputy Assistant Secretary for Equal Opportunity
- 1600 Office of Administration
- 1700 Assistant Secretary for Public and Intergovernmental Affairs
<table>
<thead>
<tr>
<th>Cost Center</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>1800</td>
<td>Assistant Secretary for Management</td>
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<tr>
<td>1900</td>
<td>Assistant Secretary for Information and Technology</td>
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<tr>
<td>2500</td>
<td>Assistant Secretary for Congressional and Legislative Affairs</td>
</tr>
<tr>
<td>2600</td>
<td>Pershing Hall</td>
</tr>
<tr>
<td>2900</td>
<td>Office of Operations, Security and Preparedness</td>
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<tr>
<td>3000</td>
<td>Veterans Benefits Administration</td>
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<tr>
<td>4000</td>
<td>Inspector General</td>
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<tr>
<td>5000</td>
<td>National Cemetery Administration</td>
</tr>
<tr>
<td>6000</td>
<td>Revolving Supply Fund</td>
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<tr>
<td>6013</td>
<td>Office of Acquisition, Logistics and Construction</td>
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<tr>
<td>7000</td>
<td>North Chicago and Navy Health Clinic – Great Lakes</td>
</tr>
<tr>
<td>8000</td>
<td>Veterans Health Administration</td>
</tr>
<tr>
<td>8100</td>
<td>Research</td>
</tr>
<tr>
<td>8200</td>
<td>Direct Medical Care – VA Facilities</td>
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<td>Direct Medical Care – Non-VA Facilities</td>
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<td>Administrative Support</td>
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<tr>
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<td>Engineering and Environmental Management Support</td>
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<tr>
<td>8900</td>
<td>Revolving Funds</td>
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Refer to Appendix A: Cost Center Listing for VA’s complete listing of designated cost centers.

B. VA will process additions, deletions, or modifications to the current cost centers as required. Any changes will be committed to both the legacy system and the modern ERP solution concurrently. Refer to Appendix B: Cost Center Request Process for additional information.

0106 Authorities and References

- VA Financial Policy Volume II, Chapter 1 – VA’s Accounting Classification Structure
- VA Financial Policy Volume XIII, Chapter 2 – Budget Object Class Codes
- VA Financial Policy Volume XIII, Chapter 3 – Managerial Cost Accounting (MCA)

0107 Rescissions
0108 Questions

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

<table>
<thead>
<tr>
<th>VHA</th>
<th>VHA Financial Policy (Outlook)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VHA</td>
<td>VAFSC Nationwide Accounting (Outlook)</td>
</tr>
<tr>
<td>VBA</td>
<td>VAVBAWAS/CO/FINREP (Outlook)</td>
</tr>
<tr>
<td>NCA</td>
<td>NCA Budget Service (Outlook)</td>
</tr>
<tr>
<td>All Others</td>
<td>OFP Accounting Policy (Outlook)</td>
</tr>
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</table>
Appendix A: Cost Center Listing

This appendix contains the current cost center listing. Files are updated quarterly, or as needed, to ensure consistent application VA-wide. The appendix’s Table of Contents and footers display the latest date of revision. Questions concerning additions, deletions, or modifications of cost centers should be directed to VA Cost Center/Budget Object Code Requests (cc-bocrequests@va.gov).

The file is divided as follows:

Section 1: Central Office
Section 2: Information and Technology
Section 3: Congressional and Legislative Affairs
Section 4: VBA, Inspector General, and NCA
Section 5: Acquisitions, Logistics, and Construction
Section 6: Veterans Health Administration
Section 7: Deactivated Cost Centers
Appendix B: Cost Center Request Process

NOTE: At the time of publication a customer relationship management (CRM) portal was in development by VA Financial Services Center (FSC) Financial Technology Service (FTS) to handle requests to modify VA’s accounting classification elements for both FMS and iFAMS. This appendix will be updated as appropriate when the CRM portal is available for Department-wide use.

Cost Center Request Form FMS System (see file below and Figure 1) is a PDF request form that will be used by VA Administrations and Staff Offices to request additions, deletions or modifications to the cost center structure. The requester will be responsible for correctly completing the request form, ensuring that all applicable fields are populated (including the requester’s digital signature), and for forwarding the form to their supervisor for review and digital signature (the row directly beneath the cost center sections). The supervisor will forward the request form via e-mail to the Office of Financial Policy (OFP) (047G) via VA Cost Center/Budget Object Code Requests (Outlook).

The PDF request form allows for requests of two separate cost centers. In the event more than two changes are required, the requester may complete the optional XLSX file (below and Figure 2) in addition to the PDF file. When both files are used, the requester will complete all fields in the top section, through “Reason for Cost Center or Change.” The two cost center sections will be left blank, instead being completed in the XLSX file. The requester will complete the “Stakeholders Notified (Y/N)” section, sign, and route both files to their supervisor. After review of the XLSX file for completeness the supervisor and OFP group will sign the PDF file in concurrence and forward both files as appropriate.

OFP reviews, researches, verifies, and approves the request. If additional information is needed for approval, the OFP reviewer will contact the requester via e-mail and work with them to resolve any issues. When approved, OFP will forward the request form in Outlook to VACO FMS Services via VACO 047E7 (Outlook) with a cc to the requester, supervisor, VA Cost Center/Budget Object Code Requests (Outlook), VACO Alert OFP (Outlook), and OFP Accounting Policy (Outlook).

FMS Services will process approved requests in FMS and notify all parties that the request has been processed.

Please Note: The latest version of the request form that must be used is Cost Center Request Form FMS System Version 1 – April 2016. To fill out the form correctly, we highly encourage use of the ORGN and SORG tables in FMS.
Cost Center Request Form FMS System (PDF)

Figure 1: Cost Center Request Form FMS System

![Cost Center Request Form](image-url)
Cost Center Request Form – High Volume (XLXS) (Optional)

Figure 2: Cost Center Request Form – High Volume
All applicable fields of the request form (or optional XLSX) must be completed. Below is a description of the required fields for the Cost Center request forms.

1. Name of Person Making Request – Last Name, First Name, Initial

2. Requester E-Mail Address

3. Requester Work Phone Number

4. Request Date

5. OFP Request # – To be completed by the OFP group.

6. File Name – To be completed by the OFP group.

7. Type of Request – Place an “X” in the appropriate box – New, Update, Deactivate, Delete

8. Reason for Cost Center or Change

9. Cost Center

10. Clone – If new, an existing cost center which mirrors the configuration of the requested cost center must be provided.

11. Administrative Office (AO)

12. Budget Fiscal Year (BFY)


14. Short Name – 12 characters maximum.

15. BFY(s) Required – All fiscal years the cost center is required to be active in FMS.

16. Effective Date

17. Payroll FMS (Yes/No) – Mark yes if the cost center will be used for personnel actions.

18. Payroll PAID (Yes/No) – Mark yes if the cost center will be used for transactions interfacing with PAID.

19. Description – Provides a description of the intended use of the cost center. Descriptions can include restrictions on use of the cost center, for example, limiting
the cost center to a specific station and/or fund. OFP may request modification of descriptions provided by the requester in order to maintain consistency. Descriptions included in the cost center listing will be limited to 250 characters.

20. Stakeholders Notified (Y/N) – Confirmation that the requester has notified the appropriate offices within the Administration or staff office of the requested change and has received concurrence.

21. Requestor Name / Title – Type in the requester’s name and their title.

22. Signature of Requestor (Digital) – Include the requester digital signature – then forward the document to the supervisor for their digital signature. Note: If digital signature is missing, the request form will be returned.

23. Date Signed (Requestor) – Type in the date. This field should be completed prior to Signature of Requestor (Digital).

24. Supervisor Name / Title – Type in the supervisor’s name and their title. The supervisor should fill in this information when request has been received from the requester.

25. Signature of Supervisor (Digital) – Include the supervisor digital signature – then forward the document to the OFP approver for their digital signature. Note: If digital signature is missing, the request form will be returned.

26. Date Signed (Supervisor) – Type in the date. This field should be completed prior to Signature of Supervisor (Digital).

27. OFP Approver Name / Title – Type in the OFP approver’s name and their title.

28. Signature of OFP Approver (Digital) – Include the OFP approver digital signature.

29. Date Signed (OFP Approver) – Type in the date. This field should be completed prior to Signature of OFP Approver (Digital).

30. Comments/Notes – Any additional information may be added to this section, for example, additional points of contact.