



# Department of Veterans Affairs

## **Financial Policy**

### **Volume XIII**

#### **Cost Accounting**

#### **Chapter 1**

#### **Cost Centers**

**Approved:**

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0101 Overview .....	2
0102 Revisions .....	2
0103 Definitions.....	3
0104 Roles and Responsibilities.....	3
0105 Policies .....	3
010501 General Policies.....	3
010502 Cost Center Structure.....	4
0106 Authorities and References.....	5
0107 Rescissions .....	5
0108 Questions.....	6
Appendix A: Cost Center Listing.....	7
Appendix B: Cost Center Request Process.....	8

**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**

Section	Revision	Office	Reason for Change	Effective Date
Appendix A	Updated appendix with 2020Q3 changes	OFP (047G)	Quarterly update	August 2020
Appendix A	Updated appendix with 2020Q2 changes	OFP (047G)	Quarterly update	May 2020
Various	Reformatted to new policy format and completed five-year update	OFP (047G)	Reorganized chapter layout	March 2020
Various	Updated financial policy to align with iFAMS configuration	OFP (047G)	FMBT and iFAMS updates	March 2020
Appendix A	Added Vol XIII Ch 1A, Cost Centers Appendix	OFP (047G)	Reorganized chapter layout	March 2020
Appendix B	Added appendix with up-to-date request process	OFP (047G)	Process changes	March 2020

## 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
- 1800 Assistant Secretary for Management
- 1900 Assistant Secretary for Information and Technology
- 2500 Assistant Secretary for Congressional and Legislative Affairs
- 2600 Pershing Hall

2900 Office of Operations, Security and Preparedness  
3000 Veterans Benefits Administration  
4000 Inspector General  
5000 National Cemetery Administration  
6000 Revolving Supply Fund  
6013 Office of Acquisition, Logistics and Construction  
7000 North Chicago and Navy Health Clinic – Great Lakes  
8000 Veterans Health Administration  
8100 Research  
8200 Direct Medical Care – VA Facilities  
8300 Direct Medical Care – Non-VA Facilities  
8400 Administrative Support  
8500 Engineering and Environmental Management Support  
8600 Miscellaneous Benefits and Services  
8800 General Post Fund  
8860 Credit Reform  
8900 Revolving Funds

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**

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

[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**

VA Financial Policy Volume XIII, Chapter 1 – Cost Centers, March 2020.

**0108 Questions**

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

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

## 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 \(cc-bocrequests@va.gov\)](mailto: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



Vol XIII Ch 1  
Appendix A (XLSX)

## 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)



Cost Center Form  
 Version 1

Figure 1: Cost Center Request Form FMS System

<a href="#">Print Form</a>	
<b>COST CENTER REQUEST FORM FMS SYSTEM</b>	
Version 1 - APR 2016	
NAME OF PERSON MAKING REQUEST (Last, first, middle initial)	E-MAIL ADDRESS: WORK PHONE NUMBER
	Request Date: <input style="width: 100%;" type="text"/>
	OFP Request #: <input style="width: 100%;" type="text"/>
File Name (OFC_LastFirst_YYYYMMDD): <input style="width: 100%;" type="text"/>	
TYPE OF REQUEST: (Place and "X" in the appropriate box): <input type="checkbox"/> NEW <input type="checkbox"/> UPDATE <input type="checkbox"/> DEACTIVATE <input type="checkbox"/> DELETE	
Reason for Cost Center or Change: <input style="width: 100%; height: 30px;" type="text"/>	
Cost Center: <input style="width: 100%;" type="text"/>	Long Name (30 char. max): <input style="width: 100%;" type="text"/>
Clone (If New): <input style="width: 100%;" type="text"/>	Short Name (12 char. max): <input style="width: 100%;" type="text"/>
Administrative Office (AO): <input style="width: 100%;" type="text"/>	BFY(s) Required: <input style="width: 100%;" type="text"/>
Budget Fiscal Year (BFY): <input style="width: 100%;" type="text"/>	Effective Date: <input style="width: 100%;" type="text"/>
Description: <input style="width: 100%; height: 30px;" type="text"/>	Payroll FMS(Yes/No): <input type="checkbox"/> Payroll PAID(Yes/No): <input type="checkbox"/>
Cost Center: <input style="width: 100%;" type="text"/>	Long Name (30 char. max): <input style="width: 100%;" type="text"/>
Clone (If New): <input style="width: 100%;" type="text"/>	Short Name (12 char. max): <input style="width: 100%;" type="text"/>
Administrative Office (AO): <input style="width: 100%;" type="text"/>	BFY(s) Required: <input style="width: 100%;" type="text"/>
Budget Fiscal Year (BFY): <input style="width: 100%;" type="text"/>	Effective Date: <input style="width: 100%;" type="text"/>
Description: <input style="width: 100%; height: 30px;" type="text"/>	Payroll FMS(Yes/No): <input type="checkbox"/> Payroll PAID(Yes/No): <input type="checkbox"/>
Stakeholders Notified (Y/N): Program Mgmt Ofc(s): <input type="checkbox"/> Budget Ofc(s): <input type="checkbox"/> Accounting Ofc(s): <input type="checkbox"/>	
REQUESTOR NAME / TITLE (PRINT)	SIGNATURE OF REQUESTOR <input style="width: 100%; height: 20px;" type="text"/>
	DATE SIGNED
SUPERVISOR NAME / TITLE (PRINT)	SIGNATURE OF SUPERVISOR <input style="width: 100%; height: 20px;" type="text"/>
	DATE SIGNED
OFP APPROVER NAME / TITLE (PRINT)	SIGNATURE OF OFP APPROVER <input style="width: 100%; height: 20px;" type="text"/>
	DATE SIGNED
COMMENTS / NOTES: (This section can be used to add additional information about the Cost Center.) <input style="width: 100%; height: 40px;" type="text"/>	
Version 1 - APR 2016	

Cost Center Request Form – High Volume (XLXS) (Optional)



Figure 2: Cost Center Request Form – High Volume

1	Name of Person Making Request:			E-mail Address:			Request Date:				
2											
3										(Submit as Excel file along w/signed .pdf FMS form)	
4	Cost Center	Clone (if New)	Admin. Office (AO) 2-digit no.	Long Name: (30 Char Max)	Short Name: (12 Char Max)	Effective Date	Budget Fiscal	BFY's Required (List year(s) req.)	Payroll FMS (Yes/No)	Payroll PAID (Yes/No)	Description
5											
6											
7											
8											
9											
10											
11											
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14											
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16											
17											
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20											
21											
22											

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)
13. Long Name – 30 characters maximum.
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.