Financial Policy

Volume XIII
Cost Accounting

Chapter 2
Budget Object Codes

Approved:
Jon J. Rychalski
1367389

Digitally signed by
Jon J. Rychalski
1367389
Date: 2020.05.13
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Jon J. Rychalski
Assistant Secretary for Management
and Chief Financial Officer
0201 Overview

This chapter establishes the Department of Veterans Affairs (VA) financial policies relating to the use of budget object codes (BOCs). 31 U.S.C. § 1104(b) requires the President’s Budget to present obligations by object class.

Key points covered in this chapter:

- VA will adhere to the major object classes as published in Office of Management and Budget (OMB) Circular A-11, Preparation, Submission and Execution of the Budget, to record financial obligations and expenditures.
- VA will maintain a budget object class structure consistent with the standard object class codes defined in Section 83, Object Classification, of OMB Circular A-11, Preparation, Submission, and Execution of The Budget, to the extent which VA’s Financial Management Systems (FMS) allows.
- VA will classify obligations by the initial purpose for which they are incurred under the BOC rather than for the end product or service.

0202 Revisions

<table>
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<tr>
<th>Section</th>
<th>Revision</th>
<th>Office</th>
<th>Reason for Change</th>
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<tr>
<td>Appendix A</td>
<td>Updated appendix with 2020Q2 changes</td>
<td>OFP (047G)</td>
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<td>May 2020</td>
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<td>020503</td>
<td>Updated process and appendices references</td>
<td>OFP (047G)</td>
<td>Process changes</td>
<td>February 2020</td>
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<td>Appendix A</td>
<td>Updated appendix to rescind table listing and replace with Excel file Updated appendix with FY2020Q1 changes</td>
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<td>Request from the field Quarterly BOC update</td>
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<td>Appendix A</td>
<td>Updated appendix with FY2019Q4 changes Consolidated appendices and reformatted</td>
<td>OFP (047G)</td>
<td>Quarterly BOC update</td>
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<td>Various</td>
<td>Reformatted to new policy format and completed five-year review</td>
<td>OFP (047G)</td>
<td>Reorganized chapter layout</td>
<td>July 2019</td>
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<td>Overall</td>
<td>Updated policy to match the latest version of OMB Circular A-11</td>
<td>OFP (047G)</td>
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<td>0205 Policies</td>
<td>Updated the section with VA’s current BOC structure in FMS</td>
<td>OFP (047G)</td>
<td>Update information</td>
<td>July 2019</td>
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<td>Appendices</td>
<td>Added Vol XIII Ch 2A, Budget Object Code Appendices A-D</td>
<td>OFP (047G)</td>
<td>Reorganized chapter layout</td>
<td>July 2019</td>
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**0203 Definitions**

**Budget Object Code** – 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. For more information see Volume XIII, Chapter 1 – Cost Centers.

**Expenditure Transfer** – The shifting of funds (1) transfers of expenditures from one Federal agency to another, (2) transfers from one appropriation to another within the same agency and (3) transfers to an inter-agency or intra-agency working fund.

**Object Class** – Categorization of financial obligations and expenditures according to the nature of the services or items purchased as defined in OMB Circular A-11.

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

**0204 Roles and Responsibilities**

Administration and Staff Office Chief Financial Officers and Local Fiscal Staff are responsible for recording financial obligations and expenditures in accordance with appropriate BOCs.
Financial Services Center (FSC) is responsible for providing support for the accounting and reporting of VA's obligations and expenditures categorized by BOC.

0205 Policies

020501 General Policies

A. VA will use BOCs to categorize VA's obligations and expenditures.

B. VA will use the object class structure that is described in Section 83 OMB Circular A-11 as the appropriate framework when creating, updating and deactivating BOCs.

020502 VA's Object Classes

A. VA will use the following object classes:

**Object Class 10 – Personnel Compensation and Benefits**

10 Personnel Type  
11 Personnel Compensation  
12 Personnel Benefits  
13 Benefits for Former Personnel

**Object Class 20 – Contractual Services and Supplies**

21 Travel and Transportation of Persons  
22 Transportation of Things  
23 Rent, Communications and Utilities  
24 Printing and Reproduction  
25 Other Contractual Services  
26 Supplies and Materials

**Object Class 30 – Acquisition of Assets**

31 Equipment  
32 Land and Structures  
33 Investments and Loans

**Object Class 40 – Grants and Fixed Charges**

41 Grants, Subsidies and Contributions  
42 Insurance Claims and Indemnities
43 Interest and Dividends
44 Refunds

B. When recording accounting transactions object classes will be selected based upon the initial purpose of the obligation or expense, not the end product or final service provided.

For example, if VA pays an employee who constructs a building, the obligations will be classified for the employee's wages under “Object Class 10 – Personnel Compensation and Benefits,” rather than “Object Class 30 – Acquisition of Assets.” If VA purchases a building, the contractual obligations will be classified under “Object Class 30 – Acquisition of Assets.”

020503 VA’s BOCs

A. BOCs are sub classifications of object classes.

B. VA will create new object and sub-object class codes as needed. For example, in BOC 2620, the first two digits are the object class (object class 26 is supplies) and the last two digits define the financial transaction (financial transaction 20 is office supplies, as defined by VA).

Refer to Appendix A: Budget Object Code Listing for VA's current list of designated BOCs. The appendix will be updated on a quarterly basis.

C. VA uses budget object codes to identify all costs in conjunction with cost centers associated with VA’s activities. VA may use any budget object code with any cost center 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 accounting system is configured to disable its use.

D. VA will process BOC additions, deletions, or modifications as requested by the Administrations or staff offices. The Office of Financial Policy (OFP) will review and approve BOC requests through use of the VA Cost Center/Budget Object Code Requests (Outlook) mailbox. Refer to Appendix B: Budget Object Code Requests Review Process for guidance on submitting requests.

0206 Authorities and References

OMB Circular A-11, Preparation, Submission and Execution of the Budget

0207 Rescissions


0208 Questions

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

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<tr>
<th>VHA</th>
<th>VHA 10A3A Accounting Policy (10A3A) (Outlook)</th>
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<td>VHA</td>
<td>VAFSC Nationwide Accounting (Outlook)</td>
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<tr>
<td>VBA</td>
<td>VAVBAWAS/CO/OPERATIONS (Outlook)</td>
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<tr>
<td>NCA</td>
<td>NCA Financial Policy Group (Outlook)</td>
</tr>
<tr>
<td>All Others</td>
<td>OFP Accounting Policy (Outlook)</td>
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Appendix A: Budget Object Code Listing

This appendix contains the current budget object code listing. Files are updated quarterly, or as needed, to ensure consistent application VA-wide. Questions concerning additions, deletions or modifications of budget object codes should be directed to VA Cost Center/Budget Object Code Requests (cc-bocrequests@va.gov).
Appendix B: Budget Object Code Requests Review Process

Budget Object Code (BOCT) Request Form System (see file below and Figure 1) is a PDF Request form used by VA Administrations and staff offices to request action to the BOCT table. 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 forwarding the form in Outlook to the Office of Financial Policy (OFP) (047G) via VA Cost Center/Budget Object Code Requests (Outlook) for review and digital signature (Note: The requester and OFP Approver may be the same person).

The PDF request form allows for requests of seven separate budget object codes. In the event more than seven changes are required, the requester will need to complete multiple forms.

OFP reviews, researches, and verifies the request. If additional information is needed, the OFP reviewer will contact the requester via e-mail and work with them to resolve any questionable issues. If approved, OFP will forward the request form in Outlook to the Financial Services Center (FSC) via FSC Transaction Review (Outlook) with a cc to VA Cost Center/Budget Object Code Requests (Outlook).

The FSC Transaction Review group reviews, researches, and verifies the form. FSC will forward the approved form in Outlook to VACO FMS Services via VACO 047E7 (Outlook) with a cc to VAFSC Accounting Systems Oversight (Outlook), VACO Alert OFP (Outlook), VA Cost Center/Budget Object Code Requests (Outlook), and OFP Accounting Policy (Outlook).

After FMS Services receives the approved form, the request will be processed in FMS. Based on the confirmation from the system, an FMS Services contact will inform all parties of the completion via e-mail.

Please Note: The latest version of the request form that must be used is Budget Object Code (BOCT) Request Form System: FMS Version 4 – January 2015. To fill out the form correctly, we highly encourage use of the BOCT table in FMS.

Budget Object Code (BOCT) Request Form System: FMS (PDF)

All applicable fields of the request form must be completed. Below is a description of the required fields for the Budget Object Code request form.
1. Name of Person Making Request – Last Name, First Name, Initial
2. Requester E-Mail Address – Requester's VA e-mail address

3. Requester Work Phone Number

4. Date of Request

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

6. Reason for Entry or Change – Enter information to help explain why the transaction is needed

7. Clone – If BOC is a clone of an existing BOC, list that BOC number.

8. BFY – Enter budget fiscal year of the BOC being requested.

9. BOCT – Enter the BOC that is being requested

10. OBJ CLS – Object Class – Enter the object class that the BOC will be tied to (Three-digit character).

11. FED OBJ CLS – Federal Object Class – Enter the federal object class that the BOC will be tied to (Two-digit character).

12. BOC PS IND – BOC Paid System Indicator – Enter Y if this BOC is payroll-related or N if not.

13. SUB BOC IND – Enter Y if subject codes are required on accounting documents when this BOC is coded.

14. 1099 IND – Enter the 1099-indicator which designates what the BOC will be used to record. Valid codes are: R = Rent, O = Royalties, P = Patient Payments, F = Fishing Proceeds, M = Medical or Healthcare Svs, C = Non-Employee Compensation, G = Golden Parachute Payment, S = Substitute Payment in Lieu of Dividends or Interest, I = Crop Insurance Proceeds, T = Interest or penalty payment, N = Not reported on 1099-MISC form.

15. TVL Flag – Enter Y or N if travel type is required on accounting documents when BOC is referenced.

16. BUDG Flag – Enter Y if object code is a limitation. Otherwise enter an N.

17. LMT – If budget flag is N, enter a limitation – two-character field – usually the 1st two characters of the BOC.
18. BOC Post Flag – Enter Y if BOC is to be used based on the ACEV event – NOTE - This determines if the BOC needs to be posted on the ACED/ACEN table with transactions.

19. OBL= EXP BOC – Enter Y if the document must use the same BOC as the referenced BOC. If N, the BOC on the referencing document may be different from what’s on the referenced document, but both must have the same limitation.

20. REST LKUP Flag – Enter Y if the BOC is the driving accounting element in a unique BOC/Subaccount/Cost Center combination.

21. Deactivation Date – If the BOC is to be deactivated, enter the date it should be deactivated.

22. Long Name – Enter the name assigned to the BOC (30-character field).

23. Short Name – Enter an abbreviated version of the BOC name (this field allows 12 characters)

24. Apply To All BFY’s – Enter an X if the BOC should apply to all budget fiscal years.
Figure 1: Budget Object Code (BOCT) Request Form System: FMS

![Budget Object Code (BOCT) Request Form System: FMS](image-url)