



# Department of Veterans Affairs

## Financial Policy

### Volume II

#### Appropriations, Funds, and Related Information

### Chapter 6

#### 1358 Obligations

Approved:

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<b>0601 OVERVIEW .....</b>	<b>2</b>
<b>0602 POLICIES .....</b>	<b>2</b>
<b>0603 AUTHORITY AND REFERENCES.....</b>	<b>5</b>
<b>0604 ROLES AND RESPONSIBILITIES.....</b>	<b>6</b>
<b>0605 PROCEDURES .....</b>	<b>7</b>
<b>0606 DEFINITIONS.....</b>	<b>8</b>
<b>0607 RESCISSIONS .....</b>	<b>9</b>
<b>0608 QUESTIONS.....</b>	<b>9</b>
<b>0609 REVISIONS .....</b>	<b>10</b>
<b>APPENDIX A: VA FORM 1358 APPROVED USES.....</b>	<b>11</b>
<b>APPENDIX B: INVALID USES OF VA FORM 1358.....</b>	<b>27</b>
<b>APPENDIX C: VA FORM 1358 REQUIRED INFORMATION.....</b>	<b>30</b>
<b>APPENDIX D: COMMUNITY CARE OBLIGATION AT PAYMENT PROGRAMS.....</b>	<b>34</b>
<b>APPENDIX E: VA FORM 1358 .....</b>	<b>36</b>
<b>APPENDIX F: PREVIOUS POLICY REVISIONS .....</b>	<b>37</b>

## 0601 OVERVIEW

This chapter establishes the Department of Veterans Affairs (VA) policies for the proper use of VA Form 1358, Obligation or Change in Obligation.

## 0602 POLICIES

060201 VA offices may use VA Form 1358 (1358) as an obligation control document **only** for the approved uses listed in Appendix A. Appendix D Community Care Obligation at Payment Programs, contains specific requirements and guidelines for 1358 obligations utilizing the Obligation at Payment methodology. These obligations are unique to the Veterans Health Administration (VHA) appropriations for Community Care. A 1358 will not be used for any other purpose.

060202 For the approved uses in Appendix A, the requesting agency/service will submit a completed 1358 along with the supporting documentation to the chief of finance office or designee for review and obligation.

A. Appendix B lists some examples of invalid uses of the 1358.

B. Appendix C lists the fields that are required to be completed on the 1358 for Appendix A approved uses, to include the vendor, contract number, period of performance, and purpose. This appendix also cross-references the approved uses in Appendix A to the drop-down list used in the Integrated Funds Control Point Activity, Accounting and Procurement (IFCAP) system and the manual 1358.<sup>1</sup>

C. Appendix E is a sample of a manual 1358 updated with the approved uses in a drop-down box.

D. Appendix F lists previous policy revisions to Volume II, Chapter 6 – 1358 Obligations.

060203 For Appendix A approved uses, only one obligation number will be assigned to the 1358 per contract or order throughout the fiscal year unless an exception (as noted in B below) is documented and approved by the finance office.

A. The same obligation number will be used on subsequent modifications to the original estimated 1358. The order or contract number will also be placed in the “Contract Number” section on the form. The requesting agency / service is responsible for determining whether an increase or decrease adjustment is necessary as new authorizations and/or entries are added or paid. Adjustments will be sent to the finance office for processing at least quarterly.

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<sup>1</sup> Due to system constraints and costs for modifying IFCAP, IFCAP may not be updated to reflect modifications or clarifications to the approved uses listed in Appendices A, C or D.

B. The exception to the single obligation number occurs when the maximum field or digits allowed by the accounting system is exceeded. For example, in the Financial Management System (FMS), Consolidated Mail Out Pharmacies frequently exceed the obligation dollar limits. Each 1358 will be established monthly or quarterly rather than adjusted on a monthly or quarterly basis.

060204 The use of “Miscellaneous Vendor” in the vendor field of the 1358 is not permitted. A temporary waiver to this requirement is being granted to the following approved uses:

- #1 – Nursing Homes / Adult Day Health Care
- #2 – Community Care, including Dental, Homemaker / Home Health Aid, and Community Hospitalization
- #5 – Research Studies
- #9 – Volunteer and Resident Meal Tickets, Volunteer Reimbursement, Honoraria, and Stipends
- #10 – Incentive Therapy / Compensated Work Therapy
- #11 – Beneficiary Travel and Direct Payments to Veterans from General Post Fund
- #13 – National Cemetery Administration (NCA) Outer Burial Receptacle
- #15 – Home Oxygen and Eyeglass Fabrication
- #21 – CHAMPVA, Spina Bifida Health, Children of Women Vietnam Veterans, Foreign Medical Program, and other VHA Office of Community Care (formerly Chief Business Office Purchased Care) programs located at the Health Administration Center

This waiver is required due to FMS system limitations or processes within the Administrations and Staff Offices. The use of “Miscellaneous Vendor” on these types of purchases will not be permitted once the VA Administrations and Staff Offices are transitioned to the new accounting system (Integrated Financial and Acquisitions Management System (iFAMS)). As Administrations and Staff Offices move into iFAMS, VA Form 1358 will be eliminated.

060205 If the chief of the finance activity or designee determines that the 1358 is not coded correctly or does not fall under one of the specified approved uses, the document will be returned with justification to the requesting agency/service.

060206 To ensure appropriate segregation of duties, no one official may perform more than one of the following key functions of a transaction or event for approved uses contained in Appendix A.

**A. Requesting the 1358 obligations.**

1. Purchases of goods or services are to be initiated by a requestor who is authorized to request the purchase of goods or services. This person may also initiate increase or decrease adjustments.

2. When the requestor of the purchase of goods or services is also an authorized approver, the requestor will submit the request to the next higher level for authorization and approval.

**B. Approving the 1358 obligation.**

1. The approval of the necessity for goods or services will be made by a person who has been authorized for this responsibility.

2. When the approver has the role of the requestor of the purchase of goods or services, the request will be submitted to the next higher level for authorization and approval.

**C. Recording the obligation of funds.**

After approval and prior to the purchase of goods or services, the respective budget and/or finance office will be responsible for verifying that funds are available and authorized. The budget and/or finance office will also ensure the obligation is recorded in the financial system when properly supported in accordance with the requirements of this chapter, including sections 060202 through 060206.

**D. Certifying the receipt of goods or services and approving payment.**

1. Before payment is made for goods or services, an authorized individual will certify that the requested goods or services were received in the quality and quantity agreed upon and in accordance with the terms of an order or contract. Any discrepancies will be noted, researched, and corrected.

2. The approval for payment is completed by an authorized certifying official. In approving payment, the certifying official is asserting to the legality and propriety of the payment from the appropriation or fund cited and that goods or services were received in the quality and quantity appropriate for the payment being approved. The certifying official does not need to be the physical receiver of the goods or services. Rather, he or she may base their certification of the receipt of the goods or services on a review of official supporting documentation, such as a receiving report, sales receipt, packing slip, bill of lading or a bill of services rendered signed by an individual authorized to receive goods or services. The certifying official approves payments in various automated systems, such as the Veterans Health Information Systems and Technology Architecture (Vista) Fee System or the Invoice Payment Processing System (IPPS)<sup>2</sup>.

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<sup>2</sup> The role of approving payments for individual invoices, as accomplished in the VISTA Fee system or IPPS, is not to be confused with the role of a certifying officer at the VA Financial Services Center (FSC) in Austin, TX, who approves a schedule of payments transmitted to Treasury. The FSC certifying official who approves a schedule of payments transmitted to Treasury for disbursements is responsible only for errors made in the processing of the voucher schedule, such as the number of individual vouchers and total dollar amount of vouchers submitted to Treasury for payment, not the individual vouchers (see

060207 Each Chief Financial Officer (CFO) within VA will conduct an annual review as part of the normal audit and reconciliation process to ensure that 1358 obligations are used in compliance with this chapter and that segregation of duties is maintained. The review will be performed by an official (as designated by the CFO) in relation to the preparation and submission of end-of-year certification letters. Refer to VA Financial Policy Volume VII Chapter 2, *Consolidated Financial Statements*, for additional information.

060208 Each Administration and Staff Office CFO will review all 1358 obligations with no activity for over 90 days for validity and accuracy. If the obligation is not supportable, the CFO will deobligate the 1358 obligation. For all annual estimated 1358s, the service will validate the outstanding balance in July of each year, using year-to-date trends as well as historical data. The service will enter any adjustment for under or over funded obligations by July 31<sup>st</sup>.

### **0603 AUTHORITY AND REFERENCES**

[29 CFR § 541.3, Professional Employee Definition Exemptions](#)

[28 U.S.C. 2672, Administrative adjustment of claims](#)

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

[31 U.S.C. Chapter 63, Using Procurement Contracts and Grant and Cooperative Agreements](#)

[38 CFR § 17.3100, Home Improvements Structural Alterations \(HISA\) Program](#)

[38 U.S.C., Chapter 18, Benefits for Children of Vietnam Veterans and Certain Other Veterans](#)

[38 U.S.C. 111, Payments or allowances for beneficiary travel](#)

[38 U.S.C. § 309, Chief Financial Officer](#)

[38 U.S.C. § 513, Contracts and personal services](#)

[38 U.S.C. 543, Advisory Committee on Prosthetics and Special-Disabilities Program](#)

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Matter of: Coast Guard--Electronic Certification Procedures, B-302789, July 6, 2005). Accordingly, the role performed by the FSC is not the same as the role of "approving payment" noted in this policy. The "approving payment" role noted in this policy is the official who approves payment in the VISTA Fee system, IPPS, or other subsidiary payment system used by VA.

[38 U.S.C. § 1718, Therapeutic and rehabilitative activities](#)

[38 U.S.C. 2408, Aid to States for establishment, expansion, and improvement of veterans' cemeteries](#)

[38 U.S.C. § 3671, Designation](#)

[38 U.S.C. § 3674, Reimbursement of expenses](#)

[38 U.S.C. § 8153, Sharing of healthcare resources](#)

[38 U.S.C. § 7303, Functions of Veterans Health Administration: research programs](#)

[38 U.S.C. § 7406, Residencies and internships](#)

[38 U.S.C. § 7409, Contracts for scarce medical specialist services](#)

[38 U.S.C. § 515, Administrative settlement of tort claims](#)

[Federal Acquisition Regulation \(FAR\) 39, Acquisition of Information Technology](#)

[FAR 41.102\(b\) \(3\), Applicability](#)

[FAR 41.201, Subpart 641.2, Acquiring Utility Services](#)

[FAR 41.202, Procedures](#)

[Statement of Auditing Standards No. 39, Audit Sampling](#)

[VA Acquisition Regulation \(VAAR\)](#)

[VA Financial Policy Volume I, Chapter 11 – Reimbursable Agreements](#)

[VA Financial Policy Volume II, Chapter 5 – Obligations](#)

[VA Financial Policy Volume II, Chapter 7B – Honoraria](#)

[VA Financial Policy Volume XVI, Chapter 1A – Administrative Actions for the Government Purchase Card](#)

[VHA Handbook 1620.01, Voluntary Service Procedures](#)

## **0604 ROLES AND RESPONSIBILITIES**

060401 The Assistant Secretary for Management/ CFO oversees all financial management activities relating to the Department's programs and operations, as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309. Responsibilities include the direction, management and provision of policy guidance and oversight of VA's financial management personnel, activities and operations. The CFO establishes financial policy, systems and operating procedures for all VA financial entities and provides guidance on all aspects of financial management.

060402 Under Secretaries, Assistant Secretaries, CFOs, Fiscal Officers, Chiefs of Finance Activities, Chief Accountants and other key officials are responsible for ensuring compliance with the policies set forth in this chapter.

060403 The Office of Financial Policy (OFP), within the VA Office of Finance, is responsible for the information contained in this chapter.

## **0605 PROCEDURES**

060501 VA will use the 1358 as an obligation control document **only** for the approved uses listed in Appendix A, and VHA Community Care obligations that began in FY 2019, as detailed in Appendix D, Community Care Obligation at Payment Programs. The 1358 is purely a financial action (except for Community Care obligations utilizing the Obligation at Payment methodology, as indicated in Appendix D), and shall not be used as any type of contract or agreement document, i.e., establishing a contract or as an invoice payment method. Terms and conditions of the contract take precedence over these procedures.

060502 The following rules apply in establishing a 1358 for an item listed as an approved use in accordance with Appendix A, except for Community Care obligations utilizing the Obligation at Payment methodology (See Appendix D for guidelines on these transactions):

- A. The 1358 must be completed in accordance with the details in Appendix A.
- B. The approved purpose will be one of the approved uses within Appendix A, or sub-categories and the period of performance will be designated.
- C. The obligation number will be assigned to the 1358 when the finance office obligates the document. The requesting agency/service will be notified of the obligation number.
- D. Line item details (authorizations), to include the period of performance and total estimated obligations, will be clearly identified for the individual line item.
- E. Each line item (authorization) will be monitored by the requesting agency/service. This includes ensuring that all transactions and activity have been properly recorded and tracked for each line item.

F. The total amount for all line items (authorizations) will not exceed the total funds obligated on the 1358. If the amount required exceeds the obligation, the amount on the 1358 will be increased. Increases will be approved by the requesting agency/service Control Point Official. Where the obligation is for a contract, agreement, or order in place, increases over the obligation amount must have funds verified by budget and/or the finance office. Additionally, notifications will be sent to the Contracting Officer. Upon issuance of a modification to a contract, the obligation may be increased.

G. After all expected activity has been completed, any balance remaining will be closed out within 30 days following the end of the month or fiscal year, as appropriate. Decreases will be initiated and approved by the requesting agency/service and routed to the finance office.

060503 For approved uses in Appendix A, the finance office will not obligate a new 1358 without the appropriate information recorded in the vendor, contract number, period of service, and purpose fields on the document, as stated in Appendix C. Obligations will be processed when the information is verified and accurate. A 1358 lacking this information will be returned to the requester, stating the reason for return.

060504 As required in the Federal Procurement Data System (FPDS), procurement expenditures using a 1358 as an obligation document only (uses listed in Appendix A only) will be reported in accordance with contracting reporting requirements. Purchasing and contracting activities will request the required information from the finance office for 1358s that have been established and need to be reported in FPDS. The contracting official is responsible for ensuring the appropriate information is requested, the obligation is tied to the contracting method, and is appropriately submitted to FPDS. The finance office will provide the following minimum information for each 1358 based on contracting's request. The requested information may change based on contracting reporting requirements.

- 1358 obligation number;
- Contract number;
- Vendor;
- Specific purpose, period of performance and appropriate reference; and
- Total obligation amount for the period requested.

060505 Indefinite Delivery/Indefinite Quantity (IDIQ) contracts will not be obligated using the 1358 unless the purpose is listed as an approved use in Appendix A. If the purpose is not listed, VA Form 2237, Request, Turn-in, and Receipt for Property or Services, will be used as the requesting document and VA Form 2138, Order for Supplies or Services, will be used as the obligating document.

## **0606 DEFINITIONS**

060601 Honoraria. Voluntary payments to a person for a service for which a fee is not legally or traditionally required. VA policy, [Volume II, Chapter 7B, Honoraria](#), allows for

honoraria payments, not to exceed \$100, provided that the payments are not of a significant nature, enforceable by law, and are used as more of a thank you or an expression of appreciation for voluntary services received.

060602 Obligation. A legally binding agreement that will result in outlays, immediately or in the future. When an individual places an order, signs a contract, awards a grant, purchases a service or takes other actions that require the Government to make payments to the public or from one Government account to another, an obligation is incurred.

060603 Obligation at Payment. Certain Community Care transactions (see Appendix D), recognize obligations when claims are received, validated, and paid. (VA records these obligations on the date of payment.) These obligations are unique to the Veterans Health Administration (VHA) appropriations for 1358: Use #1, Nursing Home / Adult Day Health Care; Use #2, Community Care, including Dental, Homemaker/Home Health Aid, Community Hospitalization; and Use #21 – CHAMPVA, Spina Bifida Health, Children of Women Vietnam Veterans, Foreign Medical Program, and other VHA Office of Community Care (formerly Chief Business Office Purchased Care) programs located at the Health Administration Center.

060604 Receivers for Delivery of Goods. An authorized individual who accepts or rejects the delivery of goods or services on an invoice as compared to the order or contract. Discrepancies are noted for items not received, incomplete, broken, etc. Receivers for an online system may rely on a notification (written or softcopy form) from another Federal employee before performing the receipt in a system.

060605 Stipends. Fixed sums of money paid periodically for services or to defray expenses. A stipend is distinct from a salary payment because it does not represent payment for work performed, but rather is payment for a role that is normally unpaid or which cannot be measured in terms of a task. 41 CFR 101 allows compensation and expense reimbursement of advisory committee members, staffs, and consultants up to the maximum GS-15 daily rate unless approved by the SECVA.

## **0607 RESCISSIONS**

060701 Financial Policy Volume II Chapter 6, *1358 Obligations*, dated July 2018

## **0608 QUESTIONS**

Questions concerning these financial policies should be directed as follows:

VHA  
VBA  
All Others

VHA CFO Accounting Policy (10A3A) (Outlook)  
VAVBAWAS/CO/FINREP (Outlook)  
OFP Accounting Policy (Outlook)

0609 REVISIONS

Section	Revision	Office	Date
Appendix A, Use #15	Allowed Eyeglass Fabrication services to be paid on the 1358	OFP (047G)	October 2020
Appendix A, Use #19	Added “Education Debt Reduction Program” to authorized use #19	OFP (047G)	September 2020
Appendix A, Use #20 Appendix B, Paragraph #5	Allowed postage payments to the U.S. Postal Service under Use #20, Non-Procurement Obligations	OFP (047G)	September 2020
Appendix B, Paragraph #8	Allowed exemption for the use of the 1358 on Construction and Facilities Management obligations	OFP (047G)	September 2020
Appendix B, Paragraph #11	Removed Compensated Work Therapy from the list of invalid uses	OFP (047G)	September 2020
Appendix C	Added “Regulated Utilities” to Use #18 and “Employee Training, Scholarships, Tuition, Training, OIG Emergency Purchases” to Use #19 on IFCAP Chart.	OFP (047G)	September 2020
Appendix D, Paragraph B	Removed “except for State Home Services (which are not processed via 1358s).”	OFP (047G)	September 2020

## APPENDIX A: VA FORM 1358 APPROVED USES

Following is a list of uses that are appropriate (approved) for the use of a VA Form 1358. The 1358 will **not** be used for any other purpose. Items not listed under this appendix require the use of VA Form 2237.

Required information for the 1358:

- An approved use and specific purpose description;
- Period of performance: Date or date range;
- Referenced order, obligation, or contract number, if not included elsewhere; and
- Vendor or multiple vendors, if applicable. Note: If a waiver allows for the use of “Miscellaneous Vendor” and there are multiple vendors, a separate obligation is required for each vendor type (federal and non-federal). Federal vendors will require a separate obligation for each agency.

Refer to Appendix C, VA Form 1358 Required Information, for additional information and a complete IFCAP listing of the approved uses.

### 1. Nursing Homes/Adult Day Health Care

A. Description. Individual contracts are awarded for Community Nursing Home (CNH) or Adult Day Health Care services. ([38 USC 1703, Contracts for hospital care and medical services in non-Department facilities](#), and [38 U.S.C. 1720, Transfers for nursing home care; adult day health care](#))

Nursing Homes/Adult Day Health Care are included in Obligation at Payment authority refer to Appendix D, Community Care Obligation at Payment Programs.

B. Justification.

(1) Individual authorizations are made by VA Form 10-1204, Referral for CNH Care, against the established Blanket Ordering Agreement awarded by a contracting official. The CNH software package was developed exclusively with an interface to the VA Form 1358 package in IFCAP.

(2) Multiple contractors are involved. Miscellaneous vendors may be used; identify vendors in the Purpose field.

(3) The number of patients/usage is undefined.

(4) Required tracking is easier under VA Form 1358 (workload issue).

### 2. Community Care (formerly Non-VA Medical Care), including Dental, Homemaker/Home Health Aid, Community Hospitalization (formerly Non-VA Hospitalization)

A. Description. These are pre-authorized and not pre-authorized activities for medical care that cannot be provided by the VA medical facility due to either geographical inaccessibility, or economic infeasibility, or the facility is unable to furnish the required services. (38 U.S.C. 1703, [Contracts for hospital care and medical services in non-Department facilities](#); and 38 U.S.C. 8153, [Sharing of health-care resources](#); and 38 U.S.C. 1712, [Dental care; drugs and medicines for certain disabled veterans; vaccines](#). In addition, emergent travel which has not previously been authorized may be considered under 38 U.S.C. 1725 and 38 U.S.C. 1728.

Community Care, including Dental, Homemaker/Home Health Aid, and Community Hospitalization are included in Obligation at Payment authority refer to Appendix D, Community Care Obligation at Payment Programs.

B. Justification.

(1) The VistA Fee Software package is interfaced with the VA Form 1358 package in IFCAP. Unless significant programming changes are made, there is no capability for the Community Care (formerly non-VA medical care) individual authorizations paid invoices to be associated with a VA Form 2237/Purchase Order (PO) transaction. FAR 32.702 requires that funds must be verified/approved prior to contract award.

(2) Authorizations are issued on VA Forms 10-7078 (inpatient) and 10-7079 (outpatient) for medical services. One VA Form 1358 may be used to document multiple authorizations.

(3) Use of the Fee Basis Claims System and/or the VistA Fee software package is required to process non-VA medical care claims.

(4) Payments are made per Veteran.

(5) Multiple invoices may be received for authorized and unauthorized services (x-ray, lab, pharmacy, hospital, which may include multiple bills for each of these services, per provider).

(6) Multiple providers that are not known upfront may be paid for approved services. As the specific provider is unknown at the time of obligation, it is allowable to select "Miscellaneous Vendor" for this authorized use. FAR 32.702 requires that funds must be verified/approved prior to contract award.

### 3. Standardized Obligations

A. Description. These obligations are established by a service-level agreement or other contractual agreement at the national level. For example, at the beginning of each fiscal year, for VHA facilities, VHA Central Office provides a list of all standard obligations to the field for local obligations. Payments for the following programs or

services are provided by the national level and are distributed to individual facilities for obligation at the local level:

- (1) Federal Telecommunications Services (FTS) 2001.
- (2) College of American Pathology/Joint Pathology Center.
- (3) Convenience check fees.
- (4) Denver Acquisition and Logistics Center (DALC) services and supplies.
- (5) SmartPay (US Bank and the National Patient-Centered Community Care (PC3) Centralized contract administrative fees.
- (6) Federal Employees Compensation Program (FECP), also referred to as Office of Workers' Compensation Programs (OWCP).
- (7) SHPS Inc. SHPS is contracted by the Office of Personnel Management (OPM) to administer the Flexible Spending Account (FSA) program. It is a provider of integrated health solutions to help improve personal health and reduce spending.
- (8) Standard Level User Charges General Services Administration (SLUC/GSA), to include National Archives and Records Administration (NARA) services.
- (9) Transit benefits.
- (10) Franchise Fund Accounts: Security and Investigations Center, Law Enforcement Training Center, Financial Services Center, Debt Management Center, IT Infrastructure Operations, Human Resource Enterprise Center, , and Records Center and Vault.
- (11) Supply Fund: Strategic Acquisition Center (SAC).
- (12) Supply Fund: Technology Acquisition Center (TAC).

**B. Justification.**

- (1) Costs must be borne by the requesting agency/service.
- (2) No other payment methodology is available for the DALC at this time.
- (3) As contracts are awarded/inter-agency/intra-agency agreements enacted (on a national basis) to individual vendors for these purposes, a specific vendor must be used in creating each 1358. "Miscellaneous vendors" may not be selected for this authorized use.

C. On VA Form 1358, VHA must reference the standardized obligation in the Purpose field as directed.

#### **4. Standardized Obligations Supply Fund: National Acquisitions Center (NAC)**

A. Description. These obligations are established by a service-level agreement or other contractual agreement at the national level. For example, at the beginning of each fiscal year, for VHA facilities, VHA Central Office provides a list of all standard obligations to the field for local obligations. Payments for the following program is provided by the national level and is distributed to individual facilities for obligation at the local level:

(1) National Acquisition Center (NAC).

B. Justification.

(1) Costs must be borne by the requesting agency/service.

(2) As contracts are awarded to individual vendors/inter-agency/intra-agency agreements enacted for these purposes, a specific vendor must be used in creating each 1358. “Miscellaneous vendors” may not be selected for this authorized use.

C. On VA Form 1358, VHA must reference the standardized obligation in the Purpose field as directed.

#### **5. Research Studies/Royalty Payments**

A. Description. These can be studies conducted by both VA and external organizations. This approved use sets up the supporting obligation for payments made directly to multiple participants (VA patients) of research studies for minor costs, such as those associated with travel to their appointments. ([38 U.S.C. 7303, Functions of Veterans Health Administration: research programs](#)) VA Form 1358 must reference the research study.

B. Justification. Multiple individuals are involved and there are no contract(s). “Miscellaneous vendors” may be used because of PII concerns with research study participants; identify the external organization vendor(s) in the Purpose field. Participants will be listed in supporting documentation to ensure that individuals are paid appropriately and to reduce duplicate payments.

C. On VA Form 1358, in the Purpose field, reference the research study and provide a description.

**6. Inter-Library Loan Program (authority code 6) is now disallowed and should no longer be used. Refer to “INVALID USES OF VA FORM 1358” below for additional information.**

**7. Affiliation Agreements for Interns/Residents.** Long-term residency agreements are established between the medical center director and dean of the affiliated university medical school for training of interns/residents. These agreements are negotiated by the medical center director, in consultation with the Office of Academic Affairs in VHA Central Office and may be negotiated yearly or multiple times per year.

A. Description. Negotiations are conducted for residents from an affiliated university assigned to a medical center. These are affiliation agreements for resident/intern programs, not for medical service contracts negotiated under [38 U.S.C. 8153, Sharing of health-care resources](#); [38 U.S.C. 7406, Residencies and internships](#); or [38 U.S.C. 7409, Contracts for scarce medical specialist services](#).

B. Justification. 38 U.S.C. 8153 exempts these agreements from FAR contracting requirements.

C. On VA Form 1358, in the Purpose field, reference Affiliation Agreement.

D. Affiliation Agreements are done with individual university medical schools/medical school disbursing agents for these purposes, a specific vendor must be used in creating each 1358. “Miscellaneous vendors” may not be selected for this authorized use.

## **8. Tort Claims/EEO settlements; OIG Confidential Services and Investigative Purchases**

A. Description. Tort claims/EEO settlements may include settlement, including Judgment Fund, payments to the Department of the Treasury. ([Tort: 38 U.S.C. §515, Administrative settlement of tort claims and 28 USC § 2672, Administrative adjustment of claims](#)).

B. Justification.

(1) No contract or acquisition activity is involved with tort claims/EEO settlements.

(2) “Miscellaneous Vendor” is not permitted for this use. An individual must be vendorized so that a 1099 may be issued for tax purposes.

(3) There is no way to predict the amount or payee in advance; identify the vendor in the description or vendor field. In certain settlement cases, the vendor may be the representative of the claimant. The recipient’s identity in confidential settlements will be recorded in supporting documentation to ensure that claimants are paid appropriately.

C. On VA Form 1358, reference the case number in the Purpose field.

## 9. Volunteer and Resident Meal Tickets, Volunteer Reimbursements, Honoraria, and Stipends

A. Description. Volunteer meals can be paid for by medical centers. Some facilities establish a VA Form 1358 for meals for residents. This could be either paid for with General Post Fund donations or Medical Services appropriations. It may also include reimbursements to volunteers for out-of-pocket costs incurred to meet requirements to volunteer, e.g., costs of VA printouts for volunteer drivers. ([38 U.S.C. 7406\(b\)](#), [Residents](#) and [38 U.S.C. 513, Contracts and personal services](#)) Honoraria are voluntary payments to a person for a service for which a fee is not legally or traditionally required. VA policy, [Volume II, Chapter 7B, Honoraria](#), allows for honoraria payments, not to exceed \$100, provided that the payments are not of a significant nature, enforceable by law, and are used as more of a thank you or an expression of appreciation for voluntary services received. Stipends are fixed sums of money paid periodically for services or to defray expenses. A stipend is distinct from a salary payment because it does not represent payment for work performed, but rather is payment for a role that is normally unpaid or which cannot be measured in terms of a task. [41 CFR 101](#) allows compensation and expense reimbursement of advisory committee members, staffs, and consultants.

B. Justification.

(1) No contract or acquisition activity is required.

(2) This may be a requirement of an affiliation agreement or may be voluntary on the part of the facility.

C. This 1358 approved use is comprised of five separate types of transactions:

(1) Inter-departmental transactions between VHA and the Veterans Canteen Service (VCS). Reimbursable agreements must be established for each location within both Voluntary Services and the VHA medical centers which procure VCS meal tickets for volunteers or residents/interns. These agreements must comply with VA policy on reimbursable agreements and must include the estimated dollar amount of meal tickets that will be procured by that organization for the fiscal year. An annual 1358 obligation with the Canteen Service as the federal vendor must be established for this amount. All VCS reimbursable agreements must be processed via Intra-Governmental Payment and Collection (IPAC), no purchase cards or checks will be used between VCS and VHA.

(2) Reimbursements to volunteers for local transportation costs and miscellaneous reimbursable expenses. Since there are a very large number of one-time payments for this program, it is not efficient for VA to individually vendorize each payee. Therefore, "Miscellaneous Vendor" is permitted to use for this purpose

(3) Public transportation passes/tickets provided to volunteers in accordance with [VHA Handbook 1620.01, Voluntary Service Procedures](#). These should be procured through either the purchase card or a contract, not a 1358. For vendors that do not accept a purchase card, a convenience check may be used for up to \$5,000. Documentation supporting these payments will be kept with other applicable voluntary services documentation in accordance with Records Retention guidelines required by Handbook 1620.01.

(4) Procurement of meals from non-federal sources. These transactions should be procured through either the purchase card or a contract, not a 1358. For vendors that do not accept a purchase card, a convenience check may be used for up to \$5,000.

(5) Honoraria and stipends. These transactions should be individually vendorized on the 1358, i.e., “Miscellaneous Vendor” is not permitted.

On VA Form 1358, describe the type of obligation, e.g., meals, reimbursement; and the requirement; etc. in the Purpose field.

#### **10. Incentive Therapy/Compensated Work Therapy ([38 U.S.C. 1718, Therapeutic and rehabilitative activities](#))**

A. Description. The Compensated Work Therapy (CWT) Program includes several sub-programs: Incentive Therapy; Sheltered Workshop; Transitional Work and Vocational Assistance; Supported Employment and Post-Employment Supports; and Transitional Residence. This paid work therapy may be performed by select Veterans at VA facilities or at non-VA (federal or non-federal) facilities.

B. Justification.

(1) There are multiple patients. “Miscellaneous vendor” may be used.

#### **11. Beneficiary Travel and Direct Payments to Veterans from General Post Fund**

A. Description. Payments are made to Veterans and/or attendant or non-contract transportation vendors for travel related to medical care from Medical Services appropriation and other payments to Veterans from the General Post Fund. ([38 U.S.C. 111, Payments or allowances for beneficiary travel](#))

B. Justification.

(1) There are multiple beneficiaries or vendors. Since there are a very large number of one-time payments for this program, it is not efficient for VA to make individual obligations for each payee. Therefore, “Miscellaneous Vendor” is permitted to use for this purpose.

#### **12. Home Improvement Structural Alterations (HISA)**

A. Description. Prosthetics implemented in accordance with 38 CFR §17.3100-17.3130 for the HISA benefit are to be paid to the beneficiary instead of the vendor. The 1358 will be used to obligate the funds for the approved benefit amount. The 1358 is necessary to capture the transaction in the National Prosthetic Patient Database (NPPD), an integral part of patient workload and inventory management.

B. Justification.

(1) A benefit payment will be made to the beneficiary.

(2) As payments are processed to individual beneficiaries for these purposes, a specific vendor, i.e., beneficiary, must be used in creating each 1358. "Miscellaneous vendors" may not be selected for this authorized use.

### **13. National Cemetery Administration (NCA) Veteran Benefit**

#### **A. Outer Burial Receptacle**

(1) Description. A one-time benefit payment (monetary allowance) is made to the next-of-kin of a deceased Veteran who has chosen to have a private vault for burial in lieu of a VA-furnished vault. Outer burial receptacles are funded by the Veterans Benefits Administration Compensation and Pension appropriation. The Veterans Benefits Administration (VBA) establishes a single VA Form 1358 for the year (38 U.S.C. 2303, Death in Department facility; plot allowance). A file is sent weekly from NCA burial system to the Corporate Data Center Operations (CDCO). The CDCO uses this data to create a payment file that references the VA Form 1358 obligation and sends these payments to the Financial Management System using MISCOBR as the vendor and referencing the VA Form 1358 obligation.

(2) Justification.

(a) Payment is a one-time small dollar amount made to a beneficiary's family member.

(b) There are multiple payees. Due to system limitations, "Miscellaneous Vendor" may be used for this authorized use; Use OBRBENE as the FMS miscellaneous vendor code.

3. The payment crosses Administrations from VBA to NCA.

#### **B. Dignified Burial Casket/Urn**

(1) Description. A flat fee payment is made to a funeral home, state or local government agency for the purchase of an original casket or urn for the interment of the remains of deceased eligible Veterans without next-of-kin and without sufficient resources available for burial.

(2) Justification.

(a) Payment on behalf of each unclaimed veteran will be made to a funeral home, state or local government agency. There is no procurement activity involved in the transaction.

(b) As payments are processed to individual vendors for these purposes, a specific vendor must be used in creating each 1358. “Miscellaneous vendors” may not be selected for this authorized use.

#### **14. VBA Lease Agreement Overtime Charges**

A. Description. VBA has lease agreements for office space with the General Services Administration (GSA) for most of its regional offices. These lease payments are normally paid from a centralized lease contract at the Office of Facilities, Access and Administration (OFAA) at VBA VACO. When there are adjustments to the lease payments, such as utility payments for overtime, the cost must be absorbed by the regional office and paid under a reimbursable work authorization (RWA). The amounts and timing of these payments are unknown and an estimated obligation, for these overtime charges, must be established.

B. Justification.

(1) The payment is billed through IPAC and the actual amount is unknown until the bill is received.

(2) The frequency of need is unknown, and usually overtime is not regularly scheduled and is subject to availability of funds.

(3) As payments are processed to an individual vendor (GSA) for this purpose, a specific vendor must be used in creating each 1358. “Miscellaneous vendors” may not be selected for this authorized use

C. On VA Form 1358, reference RWA in the purpose field.

#### **15. Home Oxygen and Eyeglass Fabrication**

A. Description. Individual facility or multi-facility indefinite delivery/indefinite quantity (IDIQ) contracts are awarded for home oxygen and eyeglass fabrication. Because these bills are paid in arrears, an obligation for the estimated amount of the bills is required. It is not possible to estimate an annual amount for each patient on a VA Form 2237, as the number of patients provided home oxygen or eyeglasses changes from month to month.

B. Justification.

(1) Contracts are awarded to individual vendors for home oxygen and eyeglass fabrication services. However, due to the multitude of vendors, fluctuating oxygen and eyeglass needs of patients, number of clinicians involved in determining specific oxygen and eyeglass needs, and system limitations, “Miscellaneous Vendor” may be used for this authorized use

C. On VA Form 1358, reference the IDIQ contract in the Purpose field.

D. VA Form 1358 may be used to obligate the estimated monthly amount of supplies and services. The initiating service will review the monthly invoices prior to payment to ensure the vendor used the proper pricing (established in the IDIQ contract) and that the quantities of supplies and services are valid.

**16. Prosthetics -- New or Repaired Items.** NOTE: This is an interim approved use that will no longer be allowed upon completion of necessary modifications to the Prosthetics software. (38 U.S.C. 543, Advisory Committee on Prosthetics and Special-Disabilities Program)

A. Description. VA Form 1358 is used in lieu of a VA Form 2237 whenever a vendor for a prosthetic item or repair will not accept a purchase card.

B. Justification. If the vendor does not accept purchase cards because he or she does not have a mechanism for doing so, and the item/service must be provided to a patient, it is obligated on a VA Form 1358.

C. As contracts are awarded to individual vendors for these purposes (when the purchase card is not used), a specific vendor must be used in creating each 1358. “Miscellaneous vendors” may not be selected for this authorized use.

**17. Pharmacy/Subsistence Prime Vendors and Consolidated Mail Order Pharmacy (CMOP) Direct-to-Patient (DTP) Program<sup>3</sup>**

A. Description. A Prime Vendor contract is in place for Pharmaceuticals and Subsistence ordered by VHA field facilities and CMOP. A DTP contract is in place with vendors and managed by the CMOP to supply prescribed items directly to the Veteran. For the reasons listed below, a monthly, quarterly or annual VA Form 1358 is required.

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<sup>3</sup> In pharmacy, the Contracting Officer (from the National Acquisition Center) approves the Ordering Officer, who in turn places orders with the prime vendor. When an Ordering Officer establishes the 1358, he or she is barred from performing other segregation of duty functions, but may receive/certify orders placed by other ordering officers.

B. Justification.

(1) For Prime Vendor, orders are placed directly through the Prime Vendor's online proprietary ordering system against a pre-established purchase card account. These charges require a corresponding obligation number in the accounting system.

(2) Because of currently limited capabilities of IFCAP, there is no alternate method for obligating these daily, high-volume orders without considerable duplication of data entry, which greatly increases the potential for typing errors, causing more difficulty in reconciling.

(3) For DTP, the total amount of weekly invoices is unknown in advance and the large volume of invoices makes tracking expenditures against the obligation difficult without external tracking mechanisms. Utilizing a 1358 provides a stronger tracking mechanism for these expenditures.

(4) To use this approved use, ordering activities must follow the Prime Vendor 1358 Guidebook issued by the Pharmacy Benefits Management Office (PBM).

(5) As contracts are awarded to individual vendors for these purposes, a specific vendor must be used in creating each 1358. "Miscellaneous vendors" may not be selected for this authorized use.

C. On VA Form 1358, reference the Prime Vendor contract number in the Purpose field.

## 18. Regulated Utilities

A. Description. VA Form 1358 may be used to obligate public utility services with rates approved and/or established by a regulatory body.

B. Justification.

(1) A [FAR and VAAR deviation](#) was issued, effective February 1, 2020, to remove the unnecessary, burdensome, and costly regulatory requirements to seek bilateral written contracts for services provided by public utilities under rates approved and/or established by a regulatory body, while remaining compliant with applicable fiscal law regarding the recording of obligations at 31 U.S.C. §1501(a)(8). This deviation allows VA to streamline the processing of a narrow group of utility service acquisitions by providing an exception to the regulatory requirement to use bilateral contract(s) when procuring regulated utility services under rates approved and/or established by a regulatory body.

(2) As contracts are awarded to individual vendors for these purposes, a specific vendor must be used in creating each 1358. "Miscellaneous vendors" may not be selected for this authorized use.

C. On VA Form 1358, describe the utility service in the Purpose field.

**19. Reimbursements to VA Employees or Students; Employee Training, Scholarships, Tuition, Training, OIG Emergency Purchases.**

A. Description. VA employees can be reimbursed for tuition, book expenses, and examination fees that have been approved on an SF-182, Authorization, Agreement, and Certification of Training, and when all requirements of VA Directive 5015, Employee Development, have been met. In addition, the following reimbursements may be made:

(1) To employees for:

- Professional Liability Insurance (50% of cost), not to exceed \$150<sup>4</sup>
- Certificates or certification licenses required by VA for employees to perform their duties (e.g., pesticide application)<sup>5</sup>
- Education Debt Reduction Program (EDRP)
- Self-certified transit and bicycle benefits, in accordance with Volume III, Chapter 1, Transit Benefit and Bicycle Benefit Programs, Appendix A: Self-Certification Reimbursements.
- OIG Emergency Purchases.

Obligations for employee reimbursements can be made on VA Form 1358.

(2) Employee training in accordance with [VA Handbook 5015](#).

Supervisory approval is required for individual employee training requests, approval requirements are as follows:

- Less than or equal to \$10,000 – first level supervisor.
- Greater than \$10,000 but less than \$25,000 – First level Senior Executive Service (SES).
- Greater than \$25,000 – Undersecretary, Assistant Secretary, or Other Key Official.

The Government Purchase Card is encouraged to be used for payment of employee training programs, to the maximum extent practicable. VA Form 1358 may be used in instances where the training cost exceeds the purchase card limit, or the vendor does not accept payment by credit card. As payments are processed to individual vendors

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<sup>4</sup> Per Public Law 106-58, dated September 29, 1999, professional liability insurance premiums are one-half the cost incurred, not to exceed \$150. For managers and supervisors, refer to Section 7103(a) of Title 5, and for law enforcement officers, refer to Section 8331(20) or 8401 of Title 5 or Section 4823 of Title 22.

<sup>5</sup> The employee is responsible for submitting a signed application accompanied by proof of payment.

for these purposes, a specific vendor must be used in creating each 1358. “Miscellaneous vendors” may not be selected for this authorized use.

Training programs in excess of the micro-purchase threshold specifically created or tailored to VA must be routed via a 2237 through the contracting office a 2237.

(3) Scholarship programs and centrally monitored training programs.

VA may also pay tuition directly to Universities, Colleges, or Other Professional training institutions, paid on behalf of employees and students (e.g., for college students enrolled in the Visual Impairment and Orientation and Mobility Professional Scholarship Program or Health Professionals Educational Assistance Scholarship Programs (such as the Employee Incentive Scholarship Program and the Health Professional Scholarship Program).

#### **B. Justification.**

(1) Because reimbursements paid to VA employees for training are not reportable obligations to the Federal Procurement Data System (FPDS), and they are not subject to procurement regulations, the obligation does not need to be made on a VA Form 2237/PO. (618 F.2d 170, 176 (2nd Cir. 1980), University of Rochester v. Hartman)

(a) A copy of the approved SF-182 or other documentation required by VA Directive 5015 must be kept on file by the Finance Activity Office as backup to VA Form 1358 expenditures

(2) The Government Employees Training Act ([5 U.S.C. § 4105](#)) states that the head of an agency, without regard to section [41 U.S.C. § 6101 \(b-d\)](#), may make agreements or other arrangements for the training of employees of the agency by, in, or through non-Government facilities.

(3) Tuition and scholarship transactions are not for the purchase, sale, or use of personal property or non-personal services; therefore, these transactions are not subject to the provisions of the FAR. See University of Rochester v. Hartman, 618 F.2d 170, 176 (2nd Cir. 1980).

C. As reimbursements are processed to individual employees or educational institutions for these purposes, a specific vendor must be used in creating each 1358. “Miscellaneous vendors” may not be selected for this authorized use.

## **20. Non-Procurement Obligations**

A. Description. The following non-procurement obligations may be obligated on a VA Form 1358 as long as the source document for each expenditure is kept on file in the Finance Office and the requesting agency/service for each authorized transaction against the VA Form 1358.

(1) OneVA Plus Fund, Compensated Work Therapy (CWT) program (used by VA entities to obligate funds to reimburse CWT program for services provided by CWT workers), other VA internal programs and agreements and Agent Cashier bank service charges.

(2) VA Homeless Providers Grant and Per Diem Program, Cemetery Grants, and other VA grant programs as authorized by regulatory guidance that meet the criteria of grants as determined in [31 U.S.C., Chapter 63, Using Procurement Contracts and Grant and Cooperative Agreements](#).

(3) Other government agency obligations such as GSA activity (including Global Stock, vehicle, property leasing and utilities), Government Printing Office, Interagency Agreements<sup>6</sup>, Inter-agency Sharing Agreements, Intra-agency Sharing Agreements (VHA, VBA, NCA, OIT), Intergovernmental Personnel Agreements and services (includes Cooperative Administrative Support Units (CASUs)), and Treasury Offset Program (TOP) fees.

(4) The 1358 may be used for postage paid directly to the United States Postal Service. Postage should not be included on metered mail contracts with commercial vendors (e.g. Neopost, Pitney Bowes). Only the lease of the machines should be included on metered mail contracts. Metered mail contracts are not authorized to be paid via VA Form 1358 and will continue to be paid via VA Form 2237/PO or government purchase card.

#### B. Justification.

(1) These obligations do not require any action by a procurement official and do not require reporting to FPDS. Using the 1358 under this approved use is not authorization to circumvent the acquisition review; users are encouraged to seek the Office of Acquisition's advice.

(2) Source documents for these obligations may not be automated in the feeder system. For these, supporting documentation would need to be retained.

(3) The NCA State Grant Program, authorized by [38 U.S.C. 2408, Aid to States for establishment, expansion, and improvement of veterans' cemeteries](#), authorizes the Secretary to issue an award letter for the monetary grant to a state to establish, expand, or improve a state Veterans' cemetery and to make progress payments from these funds as the work is completed. A Memorandum of Agreement is established between the state and VA stipulating the terms of the grant. These grants are authorized by the Secretary.

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<sup>6</sup> Refer to [Volume I Chapter 11, Reimbursable Agreements](#).

(4) Under Treasury Financial Manual (TFM) Bulletin No. 2006-07, Federal Program Agencies using commercial mail processes in accordance with the 41 CFR Part 102-192, as amended, must use Automated Clearing House (ACH) credits for postage payments when funding their USPS PostalOne!® account and postage meter services. Postage payments directly to USPS do not require Contracting support.

C. On VA Form 1358, use the source document reference number in the Purpose field.

D. The affected parties are identifiable. As contracts are awarded to individual vendors for these purposes, a specific vendor must be used in creating each 1358. “Miscellaneous vendors” may not be selected for this authorized use.

**21. CHAMPVA, Spina Bifida Health, Children of Women Vietnam Veterans, Foreign Medical Program, and other VHA Office of Community Care (formerly Chief Business Office Purchased Care) programs located at the Health Administration Center.**

A. Description. These are fee-for-service activities for medical care furnished by health care providers to Veterans residing or traveling in a foreign country, and health care benefits purchased from health care providers for the treatment of surviving spouses and beneficiaries of Veterans. ([38 U.S.C., Chapter 18, Benefits for Children of Vietnam Veterans and Certain Other Veterans](#))

CHAMPVA, Spina Bifida Health, Children of Women Vietnam Veterans, Foreign Medical Program, and other VHA Office of Community Care (formerly Chief Business Office Purchased Care) programs located at the Health Administration Center are included in Obligation at Payment authority refer to Appendix D, Community Care Obligation at Payment Programs.

**22. Special Adaptive Housing Inspections (authority code 22) is now disallowed and should no longer be used. Refer to “INVALID USES OF VA FORM 1358” for additional information.**

**23. State Approving Agency (SAA)**

A. Description. The state legislation established the State Approving Agency (SAA) for approving courses and programs in accordance with the provisions of Title 38, U.S.C. VA is authorized, under the provisions of [38 U.S.C. 3671, Designation](#), and [3674, Reimbursement of expenses](#), to reimburse the SAA for reasonable and necessary expenses of salary, travel, administrative costs, outreach activities, and subcontract work incurred by employees of the SAA.

B. Justification.

(1) Contracts are not required as these are reimbursements. A specific vendor must be used in creating each 1358. “Miscellaneous vendors” may not be selected for this

authorized use.

C. On VA Form 1358, reference the SAA in the Purpose field.

## APPENDIX B: INVALID USES OF VA FORM 1358

**Following are examples of invalid uses of VA Form 1358. This list is not all-inclusive and other authorized obligation forms may be used where appropriate.**

1. Deregulated utilities, Network, and or voice/data telecommunications, or combination of services solely relying from both Network and non-Network sources, and electronic and information technology (EIT). Obligate on VA Form 2237/PO.
2. Contract ambulance. Obligate on VA Form 2237/PO.
3. Bed rentals. Obligate on VA Form 2237/PO or Government purchase card.
4. Transcription services. Obligate estimated quantities on a VA Form 2237/PO.
5. Facility security services. Obligate contracted services on a VA Form 2237/PO.
6. Desktop delivery of office supplies. Obligate on a VA Form 2237/PO or Government purchase card.
7. General Post Funds. Obligate using VA Form 2237/PO or Government purchase card, except for meal tickets, direct payments to Veterans, or non-procurement actions (such as directed-use donated funds).
8. Construction. Obligate on VA Form 2237/PO. Contingency funds not included in the contract amount should remain unobligated in the appropriate fund control point until required. Major and minor construction contracts performed via interagency agreement with the U.S. Army Corps of Engineers are permitted to use the VA Form 1358 due to system limitations.
9. Interior design/furniture. Obligate on VA Form 2237/PO or Government purchase card.
10. Studies, such as environmental studies. These should be on contract, agreement, or MOU and obligated on VA Form 2237/PO. Note: This does not apply to research studies.
11. Registry for nursing services/temporary services. Obligated on VA Form 2237/PO or purchase card.
12. Headstones. Obligate on VA Form 2237/PO or Government purchase card.
13. Lab tests and blood products. These are individual contracts and single vendors; obligate on VA Form 2237/PO.

14. Demurrage for medical gas cylinders. Obligate contracted services on VA Form 2237/PO.

15. Contracts for medical services performed in a VA facility require the contractor to document services provided in the VHA CPRS package and Patient Encounter systems. As a result, obligation of funds for services provided in a VA facility should be made on VA Form 2237/PO, not on a VA Form 1358 for payment through the VistA Fee software package.

16. Convenience checks. Obligate on VA Form 2237/PO. Refer to [Volume XVI Chapter 1, Government Purchase Card](#).

17. Limited Open Travel Authority. Enter into the travel system.

18. Local Travel Under the Manual Threshold (former authority code 4). Enter into the travel system.

19. No Longer Used (Formerly Emergency Care Beneficiary Travel, Including Mileage) (former sub-authority code 3E). Use sub-authority code 2F (Non-Contract Emergency Travel).

20. Undefined (former sub-authority code 3R). Use appropriate authority code.

21. NCA Burial Receptacles (former authority code 13). Use sub-authority code 13A (Outer Burial Receptacles).

22. Inter-Library Loan Program (formerly authority code 6). Administration forecasting and analysis should be done to determine if a contract is appropriate in order to preclude splitting requirements. Delivery/task orders will be done by contracting officers or ordering officials appointed by contracting officers. If this analysis determines that the requirement (based on annual figures) is less than the micro-purchase threshold, then the purchase card, not a contract, must be used. A convenience may be used for up to \$5,000 for vendors who do not accept a purchase card.

23. Training programs in excess of the micro-purchase threshold specifically created or tailored to VA must be routed via a 2237 through the contracting office.

24. Fees imposed by States for reviews of professional certifications of medical staff to ensure accreditation in the State (formerly included as part of sub authority code 20A). Organization forecasting and analysis should be done to determine if a contract is appropriate in order to preclude splitting requirements. Delivery/task orders will be done by contracting officers or ordering officials appointed by contracting officers. If this analysis determines that the requirement (based on annual figures) is less than the micro-purchase threshold, then the purchase card, not a contract, must be used. A

convenience check may be used for up to \$5,000 for vendors who do not accept a purchase card.

25. Special Adaptive Housing (SAH) inspections are reviews of properties for compliance with SAH requirements for grants by VA to Veterans or Servicemembers who have specific service-connected disabilities for the purpose of constructing an adapted home or modifying an existing home (formerly authority code 22). Either a contract or the purchase card, if less than the micro-purchase threshold, must be used. A convenience check may be used for up to \$5,000 for vendors who do not accept a purchase card.

26. State Home Program (formerly part of authority code 20) obligations are no longer processed in VistA. VA Form 1358 is not used for this program, since obligations now occur directly in FMS and payment is processed in IPPS.

**APPENDIX C: VA FORM 1358 REQUIRED INFORMATION**

A. The following information is required for use of a VA Form 1358 entered in IFCAP. This guidance is not applicable to Community Care obligations utilizing the Obligation at Payment methodology. See Appendix D, Community Care Obligation at Payment Programs, for further information and guidelines.

Purpose Field: 1358 Approved Use =	<ul style="list-style-type: none"> <li>• Specific purpose (mandatory field). Refer to section C for a complete listing of approved uses as identified in Appendix A.</li> </ul>
Period of Performance =	<ul style="list-style-type: none"> <li>• Start and End Dates</li> </ul>
Vendor Field =	<ul style="list-style-type: none"> <li>• Vendor name and address.</li> <li>• Not required for multiple vendors.</li> </ul>
Contract Number Field =	<ul style="list-style-type: none"> <li>• Contract number only required when a contract is associated with a vendor and the system allows the format.<sup>7</sup> If a contract number does not fit the format, enter it in the Description field.</li> <li>• Not required for multiple vendors or when exception designates a single vendor and a regulatory authority, e.g., HISA, Prosthetics.</li> </ul>
Description/Justification Field =	<ul style="list-style-type: none"> <li>• Description of service/product being received or ordered.</li> <li>• Multiple vendors (if applicable).</li> <li>• Referenced order, obligation, or contract number, when required and if not included in Contract Number field.</li> </ul>

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<sup>7</sup> Integrated Funds, Distribution, Control Point Activity Accounting and Procurement (IFCAP) only brings up the contract number field when a single vendor is input and must be entered in a set format. Also, unless the contract is completed through IFCAP, the contract number may not fit the format. Regulatory authorities cannot be entered in this field.

B. The following information is required for a manual VA Form 1358.

Vendor Field =	<ul style="list-style-type: none"> <li>• Vendor name and address.</li> <li>• Not required for multiple vendors.</li> </ul>
Contract Number Field =	<ul style="list-style-type: none"> <li>• Referenced contract, order, or obligation number, when required.</li> <li>• Not required for multiple vendors or when exception designates a single vendor and a regulatory authority, e.g., HISA, Prosthetics.</li> </ul>
Purpose Field Description/Justification Field =	<ul style="list-style-type: none"> <li>• Approved use (mandatory). Refer to section C below for a complete listing of approved uses as identified in Appendix A.</li> <li>• Description of service/product being received or ordered.</li> <li>• Specific period of performance (start and end dates.)</li> <li>• Multiple vendors (if applicable).</li> </ul>

C. Updated listing of approved uses as identified in IFCAP (based on Appendix A.)  
The items below may not be reflective of what is programmed in IFCAP. The following list should be used where differences occur.

Authority	Sub-Authority	Approved Use
<b>1</b>		<b>Nursing Homes/Adult Day Health Care</b>
1	A	Nursing Home
1	B	Adult Day Health Care
<b>2</b>		<b>Community Care (formerly Non-VA Medical Care) Program</b>
2	A	Community Care (formerly Non-VA Medical/Dental Care) (pre-authorized)
2	B	Community Care (formerly Non-VA Medical/Dental/Emergent Transportation (no prior authorization)
2	C	Homemaker/Home Health Aid
2	D	Community Care (formerly Non-VA Hospitalization (pre-authorized)
2	E	Community hospitalization (formerly Non-VA Hospitalization (no prior authorization)
2	F	Non-Contract Emergency Travel
<b>3</b>		<b>Standardized Obligations</b>
3	A	Federal Telecommunications Services (FTS) 2001
3	B	College of American Pathology/Joint Pathology Center

Authority	Sub-Authority	Approved Use
3	C	Convenience Check Fees
3	D	Denver Acquisition and Logistics Center Services and Supplies
3	E	Supply Fund: Strategic Acquisition Center
3	F	SmartPay (US Bank) and National Patient-Centered Community Care (PC3) Centralized contract administrative fees
3	G	Federal Employees Compensation Program
3	H	SHPS
3	I	Standard Level User Charges/GSA/NARA
3	J	Transit Benefits
3	K	Franchise Fund: Security and Investigations Center
3	L	Franchise Fund: Law Enforcement Training Center
3	M	Franchise Fund: Financial Services Center
3	N	Franchise Fund: Debt Management Center
3	O	Franchise Fund: IT Infrastructure Operations
3	P	Franchise Fund: Records Center and Vault
3	R	Supply Fund: Technology Acquisition Center
<b>4</b>		<b>Standardized Obligations Supply Fund: National Acquisition Center</b>
<b>5</b>		<b>Research Studies/Royalty Payments</b>
<b>6</b>		<b>Disabled: Not a Valid Code</b>
<b>7</b>		<b>Affiliated Agreements for Interns/Residents</b>
<b>8</b>		<b>Tort Claims/EEO Settlements/OIG Confidential Services and Investigative Purchases</b>
<b>9</b>		<b>Volunteer and Resident Meal Tickets, Volunteer Reimbursement, Honoraria, and Stipends</b>
<b>10</b>		<b>Incentive Therapy/Compensated Work Therapy</b>
<b>11</b>		<b>Beneficiary Travel and Direct Payments to Veterans from General Post Fund</b>
<b>12</b>		<b>Home Improvement Structural Alterations</b>
<b>13</b>		<b>Disabled: Not a Valid Code</b>
13	A	Outer Burial Receptacles
13	B	Dignified Burial Casket/Urn
<b>14</b>		<b>VBA Lease Agreement Overtime Charges</b>
<b>15</b>		<b>Home Oxygen and Eyeglass Fabrication</b>
<b>16</b>		<b>Prosthetics - New or Repaired Items</b>
<b>17</b>		<b>Pharmacy/Subsistence Prime Vendors Consolidated Mail Order Pharmacy (CMOP) Direct-to-Patient (DPT) Program</b>
<b>18</b>		<b>Regulated Utilities</b>

Authority	Sub-Authority	Approved Use
19		<p><b>Reimbursements to VA Employees or Students; Employee Training, Scholarships, Tuition, Training, OIG Emergency Purchases</b></p> <ul style="list-style-type: none"> <li>• Professional Liability Insurance (50% of cost) not to exceed \$150</li> <li>• Certificates or certification licenses required by VA employees to perform their duties (e.g., pesticide application)</li> <li>• Self-certified transit benefit and bicycle benefits per VA Volume III, Chapter 1</li> <li>• Employee training reimbursements not included in Statutorily Authorized Scholarships, Health Professionals Educational Assistance Programs, and Academic Degree Programs</li> <li>• Employee training paid to training providers</li> <li>• Direct payments to Universities, Colleges, or Other Professional Schools for statutorily authorized scholarship programs, paid on behalf of employees and students</li> <li>• OIG Emergency Purchases</li> <li>• Education Debt Reduction Program</li> </ul>
20		<b>Non-Procurement Obligations</b>
20	A	One VA Plus Fund and Agent Cashier Bank Service Charges
20	B	Compensated Work Therapy Program
20	C	Internal VA Programs and Agreements
20	D	VA Homeless Providers Grant and Per Diem Program
20	E	Cemetery Grants and other VA Grant Programs
20	F	GSA Activities and TOP Fees
20	G	Government Printing Office
20	H	Inter-Agency Sharing Agreements (VA/DOD/IHS/THP Sharing) and Interagency Agreements (USPS)
20	I	Intra-Agency Sharing Agreements (VHA, VBA, NCA, OIT)
20	J	Intergovernmental Personnel Agreements and Services, including CASUs
21		<b>VHA Office of Community Care (OCC) (formerly Chief Business Office Purchased) Community Care Programs</b>
21	A	CHAMPVA
21	B	Spina Bifida Health
21	C	Children of Women Vietnam Veterans
21	D	Foreign Medical Program
21	E	Other Community Care Programs
22		<b>Disabled: Not a Valid Code</b>
23		<b>State Approving Agency (SAA)</b>

## APPENDIX D: COMMUNITY CARE OBLIGATION AT PAYMENT PROGRAMS

A. In Fiscal Year (FY) 2019, the following Community Care programs (categories of care) implemented the Obligation at Payment model for recognizing the timing of medical service provider obligations:

- Community Care programs operating under fund 0140 (*Medical Community Care*), except for those with the Department of Defense (DoD), which are executed under reimbursable and sharing agreements;
- Community Care programs operating under fund 0172 (*Veterans Choice Fund*) that are recorded in accordance with 31 U.S.C. § 1501, which states “an obligation shall be recorded only when supported by documentary evidence, i.e., a binding agreement between an agency and another person that is— (A) in writing, in a way and form, and for a purpose authorized by law; and (B) executed before the end of the period of availability for obligation of the appropriation or fund used for specific goods to be delivered, real property to be bought or leased, or work or service to be provided.” These include:
  - Choice Beneficiary Travel
  - Choice Prosthetics
  - Choice Pharmacy

(The Veterans Choice Fund sunset on June 6, 2019.)

B. Community Care programs operating under fund 0160 (*Expenses, Medical Services*) do not use the Obligation at Payment model.

C. Under the Obligation at Payment model, obligations are recognized when claims are received, validated, and paid. (VA records these obligations on the date of payment.)

D. In order for Community Care Obligation at Payment programs to be able to process, i.e., perform batched payment processing through medical authorization systems, obligations must be recorded IFCAP prior to establishing medical authorizations. (Refer to the *VHA Office of Community Care Obligation at Payment Standard Operating Procedures*, issued February 14, 2019, for further information.)

E. Prior to, or at the beginning of each FY:

1. VA’s Office of Community Care will issue guidance detailing the specific categories of care and providing the associated obligation numbering schema.
2. Annually for each Community Care category of care, including Choice Provider Agreements (which sunseted on June 6, 2019) operating under the Obligation at Payment model, one 1358 obligation for \$1 will be recorded by fiscal staff at each VA facility.

3. The \$1 obligation will be entered into IFCAP and transmitted to FMS. This is necessary to establish the accounting string in FMS in order to record obligations at time of payment.

4. Once the medical claim is approved for payment, FMS will automatically increase the annual obligation balance in FMS by the amount of the adjudicated/approved claim payment.

F. Funds (budgets) are managed and legal obligations recorded in FMS for Obligation at Payment categories of care.

APPENDIX E: VA FORM 1358

VA Forms website, <http://vaww4.va.gov/vaforms/> (VA accessible only)

 Department of Veterans Affairs			
1358 OBLIGATION OR CHANGE IN OBLIGATION			
NAME AND ROUTING SYMBOL OF ORIGINATING OFFICE		OBLIGATION NUMBER	DATE OF REQUEST
		NAME OF REQUESTOR	
NAME AND ADDRESS OF VENDOR		CONTRACT NUMBER	
NAME AND TITLE OF APPROVING OFFICIAL	SIGNATURE OF APPROVING OFFICIAL		DATE SIGNED
<b>FUND CERTIFICATION:</b> The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been obligated.			
NAME OF PERSON OBLIGATING FUNDS			DATE OBLIGATED
APPROPRIATION AND ACCOUNTING INFORMATION			ESTIMATED OBLIGATION AMOUNT
ESTIMATED OBLIGATION INCREASE/DECREASE AMOUNT			
CHANGE ORDER	INCREASE AMOUNT	DECREASE AMOUNT	BALANCE
PURPOSE (Select the Purpose and complete the Description Field)			
1358 APPROVED USES (OFF VOL II CH 6, 1358 OBLIGATIONS, APP A)		<input type="text" value="1A - Nursing Home"/>	
DESCRIPTION / JUSTIFICATION			

**APPENDIX F: PREVIOUS POLICY REVISIONS**

Section	Revision	Office	Date
0602	Added references to Appendix D for Community Care medical obligations  Removed the authorization to use “Miscellaneous Vendor” on VA Form 1358, with limited exceptions	OFP (047G)	March 2020
0603	Added definition for Obligate at Payment	OFP (047G)	March 2020
0605	Added references to Appendix D for Community Care medical obligations	OFP (047G)	March 2020
0609	Moved previous policy revisions table to a new Appendix F	OFP (047G)	March 2020
Appendix A Appendix C	Added references to Appendix D for Community Care medical obligations	OFP (047G)	March 2020
Appendix A	Strengthened controls over the use of “Miscellaneous Vendors” for each approved use	OFP (047G)	March 2020
Appendix A Appendix B	Reinstated the approved use #18 for regulated utilities, in accordance with FAR and VAAR deviation	OFP (047G)	March 2020
Appendix A Appendix B	Moved Special Adaptive Housing Inspections from 1358 approved use to invalid use	OFP (047G)	March 2020
Appendix A	Revised Use #19 to include training and scholarship payments paid by VA directly to educational institutions. Added internal controls for individual training requests over \$10,000 and \$25,000.	OFP (047G)	March 2020
Appendix B	Clarified the Invalid Uses of VA Form 1358 for General Post Funds and Payments made to educational institutions or training providers on behalf of employees or students	OFP (047G)	March 2020
Appendix B	Removed previous Invalid Use #26 (payments made directly by VA to educational institutions) to be consistent with revisions to Appendix	OFP (047G)	March 2020

Section	Revision	Office	Date
	A, Use #19 (Training and Tuition payments)		
Appendix D	Added procedures for VHA Community Care medical obligations	OFF (047G)	March 2020
Appendix E	Moved previous policy section Appendix D to Appendix E	OFF (047G)	March 2020
060205	Modify to read: After approval and prior to the purchase of goods or services, the respective budget and/or finance office will be responsible for verifying that funds are available and authorized, and ensuring the obligation is recorded in the financial system, when properly supported in accordance with the requirements of this chapter, including sections 060202 through 060205.	003A2A	July 2018
060205	Update reference from Online Certification System (OLCS) to Invoice Payment Processing System (IPPS).	42C	July 2018
060205	Change the legal reference in footnote two to: Matter of: Coast Guard-- Electronic Certification Procedures, B-302789, July 6, 2005.	023	July 2018
060205	Change: references from delegated to authorized.	047G	July 2018
060207	Delete: The Office of Internal Controls (OIC) may include reviews of 1358 obligations to ensure compliance with this chapter as indicated in the Annual Review Plan approved by the VA CFO.	047B1	July 2018
060404	Delete: OIC is the VA CFO's primary quality assurance organization providing oversight of Department financial management, capital asset management, and logistics activities. OIC is responsible for conducting periodic reviews of VA Form 1358 usage to ensure compliance with this	047B1	July 2018

Section	Revision	Office	Date
	chapter as indicated in the Annual Review Plan approved by the VA CFO.		
060501	Delete: The 1358 will not be used for any other purposes. Add: The 1358 is purely a financial action and shall not be used as any type of contract or agreement document, i.e., establishing a contract or as an invoice payment method. Terms and conditions of the contract take precedence over these procedures.	003A2A	July 2018
060502	Add: Where the obligation is for a contract, agreement, or order in place, increases over the obligation amount must have funds verified, the Contracting Officer should be notified, and upon issuance of a modification to a contract, the obligation may be increased.	003A2A	July 2018
060504	Add: Using a 1358 as an obligation document only.	003A2A	July 2018
060504	Modify verbiage to state: The contracting official is responsible for ensuring the appropriate information is requested, the obligation is tied to the contracting method, and is appropriately submitted to FPDS.	003A2A	July 2018
060601	Add: Honoraria. Voluntary payments to a person for a service for which a fee is not legally or traditionally required. VA policy, <u>Volume II, Chapter 7B, Honoraria</u> , allows for honoraria payments, not to exceed \$100, provided that the payments are not of a significant nature, enforceable by law, and are used as more of a thank you or an expression of appreciation for voluntary services received.	047G	July 2018
060604	Add: Stipends. Fixed sums of money paid periodically for services or to defray expenses. A stipend is distinct	047G	July 2018

Section	Revision	Office	Date
	from a salary payment because it does not represent payment for work performed, but rather is payment for a role that is normally unpaid or which cannot be measured in terms of a task. 41 CFR 101 allows compensation and expense reimbursement of advisory committee members, staffs, and consultants up to the maximum GS-15 daily rate unless approved by the SECVA.		
Appendix A	Add to authority code 2: FAR 32.702 requires that funds must be verified/approved prior to contract award.	003A2A	July 2018
Appendix A	Add to authority code 3: Supply Fund: Strategic Acquisition Center (SAC).	003A2A	July 2018
Appendix A	Add to authority code 3: Supply Fund: Technology Acquisition Center (TAC).	003A2A	July 2018
Appendix A	Change authority code 4 to: Standardized Obligations Supply Fund: National Acquisition Center (NAC)	003A2A	July 2018
Appendix A	Change authority code 6 to: Disabled: Not a Valid Code.	047J	July 2018
Appendix A	Change authority code 9 to: Volunteer and Resident Meal Tickets, Volunteer Reimbursement, Stipends, and Honoraria.	047A	July 2018
Appendix A	Add to authority code 9: Honoraria are voluntary payments to a person for a service for which a fee is not legally or traditionally required. VA policy, <a href="#">Volume II, Chapter 2, Honoraria</a> , allows for honoraria payments, not to exceed \$100, provided that the payments are not of a significant nature, enforceable by law, and are used as more of a thank you or an expression of appreciation for voluntary services received. Stipends are fixed sums of	047J	July 2018

Section	Revision	Office	Date
	<p>money paid periodically for services or to defray expenses. A stipend is distinct from a salary payment because it does not represent payment for work performed, but rather is payment for a role that is normally unpaid or which cannot be measured in terms of a task. <a href="#">41 CFR 101</a> allows compensation and expense reimbursement of advisory committee members, staffs, and consultants.</p>		
Appendix A	<p>Change authority code 18 to: Disabled: Not a Valid Code.</p>	047J	July 2018
Appendix A	<p>Change authority code 19, deleting: Tuition expenditures made on behalf of an employee or scholarship recipient and paid directly to a vendor may also be made on VA Form 1358.</p>	047J	July 2018
Appendix A	<p>Change sub authority code 20A to reflect the disallowed 1358 use for: Fees imposed by States for reviews of professional certifications of medical staff to ensure accreditation in the State.</p>	047J	July 2018
Appendix A	<p>Updated authority code 22 hyperlink to 38 U.S.C. 2101, Acquisition and Adaption of Housing Eligible Veterans.</p>	003A2A	July 2018
Appendix B	<p>Add: Inter-Library Loan Program (former authority code 6). Administration forecasting and analysis should be done to determine if a contract is appropriate in order to preclude splitting requirements. Delivery/task orders will be done by contracting officers or ordering officials appointed by contracting officers. If this analysis determines that the requirement is less than the micro-purchase threshold, then the purchase card, not a contract, must be used. A convenience check may be used for up to one-half of the micro-purchase</p>	047J	July 2018

Section	Revision	Office	Date
	threshold, for vendors who do not accept a purchase card.		
Appendix B	Add: Regulated Utilities (formerly authority code 18). All regulated utilities will be routed through contracting, which will determine the appropriate contracting method. VA Form 90-2237 will be used to request regulated utilities and obligations will be recorded via VA Form 90-2138.	047J	July 2018
Appendix B	Add: Payments made directly by VA to educational institutions or training providers on behalf of employees or students (formerly included as part of authority code 19). Organization forecasting and analysis should be done to determine if a contract is appropriate in order to preclude splitting requirements. Delivery/task orders will be done by contracting officers or ordering officials appointed by contracting officers. If this analysis determines that the requirement (based on annual figures) is less than the micro-purchase threshold, then the purchase card, not a contract, must be used. A convenience check tied to the purchase card may be used for up to one-half of the micro-purchase threshold, for vendors who do not accept a purchase card. Employees must agree in writing that if they do not successfully complete the course; they will incur a federal debt and a bill of collection will be issued to them.	047J	July 2018
Appendix B	Add: Fees imposed by States for reviews of professional certifications of medical Staff to ensure accreditation in the State (formerly included as part of sub-authority code 20A). Organization forecasting and analysis should be done to determine if a contract is	047J	July 2018

Section	Revision	Office	Date
	appropriate in order to preclude splitting requirements. Delivery/task orders will be done by contracting officers or ordering officials appointed by contracting officers. If this analysis determines that the requirement is less than the micro-purchase threshold, then the purchase card, not a contract, must be used. A convenience check may be used for up to one-half of the micro-purchase threshold for vendors who do not accept a purchase card.		
Appendix C	Change: Sub-authority code 3E to: Supply Fund: Strategic Acquisition Center.	003A2A	July 2018
Appendix C	Change: Sub-authority code 3R to: Supply Fund: Technology Acquisition Center.	003A2A	July 2018
Appendix C	Change: Authority code 4 to: Standardized Obligations Supply Fund: National Acquisition Center.	003A2A	July 2018
Appendix C	Change authority code 6 to: Disabled: Not a Valid Code.	047J	July 2018
Appendix C	Change authority code 18 to: Disabled: Not a Valid Code.	047J	July 2018
Appendix C	Change authority code 19 to: Reimbursements to VA Employees or Students.	047J	July 2018
Appendix C	Change sub authority code 20A to: One VA Plus Fund and Agent Cashier Bank Service Charges.	047J	July 2018