

SUPPLY FUND MANAGEMENT

1. REASON FOR ISSUE. To revise VA Handbook 7127/2, Supply Fund Management, dated August 31, 1998. This handbook provides departmentwide procedures for appropriate utilization of the "1VA + FUND Program." The procedures contained in this handbook implement [] the authority derived from Section 8121 [] of Title 38, United States Code.

2. SUMMARY OF CONTENTS/MAJOR CHANGES

a. **Part 5, Supply Fund Management.** This part defines the Supply Fund authority to execute agreements to receive obligations from program and administrative offices. These agreements will be maintained for as long as 5 fiscal years beyond the original life of the obligation authority for procurement of bona-fide, existing, and specified service and supply needs of the receiving organization. Also, the page numbers to this part have changed from 35 through 44 to 35 through 46.

b. **Part 6, Inventory Management.** As a result of the changes to Part 5, the page numbers have changed from 46 through 48 to 47 through 49. There are no other changes to this part.

c. **Part 7, Illustrations.** As a result of the above changes to Parts 5 and 6, the page numbers have changed from 50 through 52 to 51 through 53. There are no other changes to this part.

3. RESPONSIBLE OFFICE. Chief Financial Officer (90C), Office of the Deputy Assistant Secretary for Acquisition and Materiel Management (90).

4. RELATED DIRECTIVE. VA Directive 7127, dated September 19, 1995.

5. RESCISSION. VA Handbook 7127/2, dated August 31, 1998: Contents, Pages 3-5 and Part 5, Pages 35-45.

CERTIFIED BY:

**BY DIRECTION OF THE SECRETARY
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MATERIEL MANAGEMENT PROCEDURES

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one-time need will be priced at record value. The property will be sold immediately to the user as a Supply Fund sale, processing it through the Supply Fund inventory accounts.

5. 5409 Services. Services authorized for financing through the Supply Fund, other than contractual services for repair of Supply Fund items in stock or pending disposal, will be charged for at rates that will recover all costs.

6. 5411-4 Reimbursement for Services and Reclamation Work Performed at a Facility. Repair, inspection, and other services performed at field facilities by Service and Reclamation Division personnel will be reimbursed at rates established by the DAS/OA&MM (90).

7. 5413 Deposits and Demurrage on Returnable Containers. Record of the receipt or return of containers including both those on deposit or demurrage will be maintained. Local policies and procedures will be established to ensure proper credit is received and payment of demurrage is held to a minimum.

a. Deposits on gas cylinders, oil drums, and other containers will be made from the appropriation or Supply Fund, as appropriate.

b. Demurrage charges for retention of these items by the using service beyond the free loan period provided by the contractor are considered rentals and are chargeable to the appropriation or Supply Fund, whichever is appropriate.

c. The following information will be recorded:

- (1) cylinder size, amount received, amount returned, balance,
- (2) purchase order number,
- (3) vendor, and
- (4) invoice number.

8. 5500 Scope of "1VA + FUND" Program. Under the "1VA + FUND" program, customers are permitted to enter into a VA Supply Fund (SF) agreement and obligate current year appropriation authority to the SF. The obligation, subject to the terms of the agreement, [extends to later years the time for use of the funds to fulfill the needs described within the agreement.] Program offices are encouraged to complete the work under "1VA + FUND" agreements within 3 additional years rather than extending for the 5 years provided by statute.

a. As detailed in a written opinion of the Department of Veterans Affairs General Counsel (VAOPGCADV 26-97, dated September 24, 1997), this authority requires careful adherence both in: (1) determining whether a "carry forward" qualifies under the program, and (2) administration of the funds when and after obligation authority is transferred to the SF.

b. Program Managers may carry forward a qualified obligation of appropriations for use in subsequent fiscal years by complying with the guidelines contained in this handbook when making program, fiscal, and contracting management decisions involving the "1VA + FUND" program.

9. 5501 Qualifying Factors. To determine whether a proposed agreement qualifies under the "1VA + FUND" authority, [each of] the following requirements must be met. Qualifying determinations must be [] [developed] in writing at the time an agreement is entered into and prior to transfer of obligation authority.

a. The acquisition must be for services, supplies, or equipment; most typically, larger applications that require longer planning, site and development lead time, e.g., IT and telecommunications projects, activations, and larger equipment purchases.

b. [A "1VA + FUND" agreement obligates and preserves funds which might otherwise lapse in order to fulfil the intended program purposes which are defined as the bona fide needs in the agreement. Although the 1VA + FUND program is designed to preserve obligation authority for funds that are due to expire, [] no-year [or non-expiring multiple year] appropriations and [or] revolving fund obligation authority [] [may] be converted under this authority [to the extent necessary to provide sufficient obligated funding to fulfill the described bona fide need.]

c. Funding for this acquisition must be from a VA entity and must be conveyed under the authority of 38 U.S.C §8121 rather than the Economy Act, 31 U.S.C. §1535.

d. A bona fide need must [already] exist [in the current fiscal year and] at the time the agreement is executed. [The overall scope of the defined bona fide need may not be materially changed in a subsequent fiscal year.] Paragraph 5503, herein, provides guidance on "bona fide need."

e. The program needs, deliverables, and terms and conditions for performance of the work must be [] [described in the agreement.] [The description should define the bona fide need and intended use for the specified amount of funds to be obligated under the agreement. In instances where the amount so obligated will fund only a component, portion, phase or segment of a larger project, the agreement should describe those elements which management expects to accomplish with the related available funding.]

[NOTE: *If it is determined that actual costs exceed the amount provided in existing or future agreements, the program and contracting officials should consider contacting 1VA + FUND program officials in OA&MM, Central Office to discuss and define the available options. The options generally include: (1) reduce (within the scope of the "1VA + FUND" agreement) the quantities or elements of requirements under the third party solicitation; (2) supplement the available funds through the original funding year account; or (3) use other appropriate multiple year, no year, or revolving funds. Additional funding must come from sources that were available for obligation at the time the agreement was executed. Finally, if those options fail to produce sufficient funds to support a contract award, consideration should be given to termination of the agreement. Funds remaining in a terminated "1VA + FUND" agreement will be transferred to VA Expired Funds accounts.]*

f. The amount to be obligated must be identified [in the agreement].

g. A [] [Supply Fund] account must exist, or be established, at the VA facility or the agreement must be [] [executed] directly through the Office of Acquisition and Materiel Management (OA&MM) (90).

10. 5502 Documentation

a. When program officials elect to carry over a qualifying "1VA + FUND" application, the obligating official [may] [] then transfer obligation authority to the VA SF pursuant to an agreement that [] [must contain] all the information required to support the action.

b. VA Form 2269, Interagency Cross-Servicing Support Agreement, will be used as the document on which agreements will be executed.

11. 5503 Bona Fide Need

a. **Like any obligation, an obligation under the "1VA + FUND" program must be for a bona fide need of the current fiscal year. To qualify as a bona fide need, there must be a current need for the requested goods and/or services at the time the agreement is executed.** However, delivery times should not be specified in the SF agreement. For further guidance on what constitutes a bona fide need, see Chapter 5, Section B, of the "Principles of Federal Appropriations Law, [Volume 1,] Second Edition," General Accounting Office (GAO) publication GAO/OGC-91-5, which is available from the Superintendent of Documents, U.S. Government Printing Office (GPO) Stock No. 020-000-00268-9(v.3). This publication is available on the Internet at:

<http://www.gao.gov/special.pubs/publist.htm>.

b. **Consumable Supplies.** Consumable supplies may be considered a bona fide need for the current fiscal year and can be included [] [in] an agreement, but [] only to the extent [] necessary: [(1)] to establish or to [restore] [] [a depleted] inventory at reasonable and historical levels, and (2) provided that the quantities ordered are not excessive and the order constitutes a sound business decision. For example, if [] [a VA program area] [] typically maintains a 14-day supply of particular items, [establishing an inventory for a new facility or restoring depleted inventories to] that [typical] stock level would [] [meet] the "reasonable and historical" [standard] [] upon which to base a bona fide need determination. The procedures covered by this directive and handbook may still be useful in acquiring [consumable] items, particularly open market items, where [limited] time or other circumstances do not permit the completion of the acquisition process prior to the expiration of fiscal year funds.

c. **Nonseverable Services.** Nonseverable services may be considered a bona fide need of the current fiscal year and can be included on an agreement. A service is nonseverable if it can be viewed as "entire" and represents a single undertaking. If you pay for a final finished product

and would get little or nothing of value if the contract was terminated before completion, it is a nonseverable service contract. Training, one-time repair contracts, consultant contracts, and IT development contracts are examples of nonseverable contracts. [For example, funding may have been appropriated or may otherwise be available for bona fide purposes of training, one-time repairs, or activation of IT or other management initiatives which remain in the development stage at or near the time when obligation authority would otherwise expire. Prematurely obligating such funds to a third party vendor/contractor might be imprudent, impossible, or both. In such cases, management should consider the programmatic advantages of placing funding for such nonseverable services within a "1VA + FUND" agreement in order to facilitate optimal VA timing for placing the ultimate obligations with third party vendors.]

d. **Severable Services.** Severable services are not appropriate and may not be included in an agreement under this program. A severable service, defined in Chapter 5, Section B.5. "Principles of Federal Appropriations Law, Second Edition, " is a service that is continuing and recurring, such as an annual contract for maintenance, refuse collection, window washing, or medical staffing (FTE). Since contracts for severable services may already cross fiscal years, as provided in FAR 32.703-3, and since the maximum period that may be obligated under such contracts is 1 year, there is no need to enter into an agreement with the SF for such services.

12. 5504 Responsible Officials (Parties to the VA Form 2269 Agreement)

a. For [agreements executed by] National [program offices] or VA Integrated Service Network[] (VISN) [c]onrolled [f]unds:

(1) The Fiscal Officer having appropriate obligating authority is the signing official for the "supplying organization" (Block 9A, VA Form 2269).

(2) A designated OA&MM Accountable Officer signs for the "receiving organization" (Block 9B, VA Form 2269). The "receiving organization" signature on VA Form 2269, Interagency Cross-Servicing Support Agreement, will serve as authority to transfer obligation authority to the SF.

(3) Central Office Administration Heads; [] Assistant Secretaries; Deputy Assistant Secretaries; and Staff Office [] Heads or their designees shall be [the] [R]esponsible [Official] for certifying that the goods and/or services listed on VA Form 2269 are "bona fide needs" of the current fiscal year in accordance with GAO guidance.

(4) VISN Directors or their designees shall be [the] [R]esponsible [Official] for certifying that the goods and/or services listed on VA Form 2269 are, in accordance with GAO guidance, "bona fide needs" of the current fiscal year.

b. For [Agreements Executed Using] Medical Center Controlled Funds[:]

(1) The Fiscal Officer having appropriate authority to obligate the funds is the signing official for the "supply organization" (Block 9A, VA Form 2269).

(2) The authorized SF Accountable Officer responsible for SF transactions at the medical center signs for the "receiving organization" (Block 9B, VA Form 2269). The "receiving organization" signature on VA Form 2269 will serve as authority to transfer obligation authority to the SF.

(3) The facility director shall be [the] [r]esponsible [Official] for certifying that the goods and/or services listed on the VA Form 2269 are "bona fide needs" of the current fiscal year in accordance with GAO guidance.

c. The following certification statement will be inserted in Block 7 of VA Form 2269:

As a Responsible Official, defined [] [in] [] VA Handbook 7127/3, Subpart 5504, Supply Fund Management, I certify that there is a currently existing "bona fide need" for the goods, equipment, or services described as the subject of this agreement.

*

*Signature of person defined in the above noted handbook, Paragraphs (3) or (4) of Section 5504 a. or b.

d. Other Government Agencies (OGAs) - Agreements with OGAs or agreements including funds from OGAs are not permitted.

13. 5505 Distribution of Executed Agreements (VA Form 2269). In addition to the copies normally retained by the parties executing and administering the VA Form 2269 agreement, a copy of each agreement shall also be sent to the following:

a. Chief Financial Officer (90C), Office of the Deputy Assistant Secretary for Acquisition and Materiel Management, 810 Vermont Avenue NW, Washington, DC 20420; and

b. The national-level Chief Financial Officer of the respective Administration or Staff Office overseeing the program activity.

14. 5506 Accounting, Fees, and Instructions for Completing VA Form 2269

a. The accounting system is the VA Financial Management System (FMS). [Agreements to be obligated in Central Office should be accompanied by a VA Form 1358.] VA medical centers entering into "1VA + FUND" agreements need local SF account authority [and generally record the obligations by a manually prepared purchase order.]

b. Agreements for projects that, when added to remaining obligation balances from all other "1VA + FUND" agreements at a medical center or program office, cumulatively exceed \$10 million will also require approval of the respective program Chief Financial Officer.

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c. [] [Commencing with agreements executed after May 19, 1999, a one-time fee of 1 percent will be assessed by the SF] [] [to cover the costs] associated with placing, holding, [] retaining, [and subsequent expenditure of] [] [funds through] the SF [accounts.] [This fee will be assessed when all fiscal year agreements have been executed, reconciled to the FMS, and are found to be in order, which generally will be within the first month of the following fiscal year. The only other [SF] fees [which] may be [] assessed [] [will be fees normally charged when] OA&MM is requested to perform contracting and contract administration services. [Funding provided under a 1VA + FUND agreement should include the amount estimated to fund the defined bona fide need plus the 1 percent SF fee and the fee, if any, that may be associated with contracting services expected to be obtained through OA&MM.] []].

d. Accounting Transactions. There are two periods during which accounting transactions are required in support of agreements executed under the "1VA + FUND" program. The first is when funds are obligated to the SF, and the second is when the funds are expended. Fiscal transactions and instructions are outlined herein, subparagraphs (1) through (6), and in the following "Accounting Instructions:"

(1) Under the instructions, the Fiscal Officer for the requesting office obligates the funds specified in the agreement to the SF from a single year or the last year of multi-year funds. The obligation is recorded with a High Tech (HT) Document through FMS online or IFCAP. [An Unfilled Customer Order (UFC) is recorded in FUND 4537B3 on the SF books.] [] The UFC provides the SF obligational authority necessary to place the order for goods or services. No orders may be placed using this obligational authority until the following year. If there is a need to use some of those funds during the present fiscal year, a decrease should be processed against the obligation established, and a corresponding decrease must be made to the UFC.

(2) During the Annual Close/New Year Startup process, an automated process will be run to distribute budgetary authority to the facility's SF - Fund 4537B[3][] for the new fiscal year. The customer's eventual reimbursement to the SF will be from funds established by the initial obligation. For example, an order placed by the SF in [the current] fiscal year [] based on a Medical Care obligation made to the SF in [a prior] fiscal year [] would reference [the prior] fiscal year [] [and] SF 4537B[3][]. [Also, at the start of the fiscal year[] [the customer will process an Internal Voucher (known as an IM document) [] to collect the 1 percent fee for the Supply Fund and [] [charge] the corresponding obligation on the station/program office's records.]

(3) When the equipment or service prescribed by the agreement is purchased, the related obligation to the vendor should be made using a Miscellaneous Order (MO) or a Service Order (SO). The MO/SO document is processed in SF - Fund 4537B[3][], referencing the original Accounting Classification Code (ACC): [A cost center is not used. The BOC "2529" is to be used for all orders placed within the 1 VA + FUND.]

(4) When the equipment or service is received, a receiving report (Receivable Code (RC) or (RT) document if using the Centralized Accounting Payable Payments System (CAPPS)), should be generated and transmitted to Fiscal Service for approval. When Fiscal approves the

receiving report, an [] IM document is processed. This IM document should [be processed in the same month as the RC/RT for MOs and PV for SOs, and] cross reference the original HT document on the buyers' side mentioned in subparagraph (1) above. The IM document reimburses the SF, reverses out the unfilled customer order, and record[s] revenue on the SF books, as well as posting the entry on the customer's appropriations general ledger account. Revenue Source Code SF 90 ("1VA + FUND") is entered at this time. If capital equipment is being purchased, an AEMS/MERS document should also be generated to record the fixed asset. Fixed assets should be recorded in the customer's appropriations general ledger account, **NOT** in the SF.

(5) When the invoice from the vendor is received, a Payment Voucher (PV document) or Certified Voucher (CV document), if using CAPPS, should be made referencing the SF RC or RT respectively. []

(6) The deliverables covered by the agreement are expected to be fulfilled within 3 years. Program managers will be required to provide additional justification explaining the circumstances and further justifying the "Bona Fide Need" in instances that extend the completion beyond 3 years.

(7) When the deliverables have been fulfilled or if the funds have reached the 5-year expiration limit, any remaining balance in the obligation account shall be de-obligated. The corresponding SF UFC should be closed. There should not be any open SF obligations funded by the closed UFC.

(8) The following accounting instructions are presented for informational purpose[s] []. These instructions reflect the accounts currently to be used when the "1VA + FUND" is utilized in what is expected to apply to most situations, e.g., for acquiring capital assets. However, the general ledger accounts change from time-to-time and some "1VA + FUND" agreements may procure goods or services that are not capitalized. Thus, financial officers are encouraged to verify the appropriate accounts to be used by reviewing the following VA Web sites:

- | | |
|---------------------------------|---|
| (a) FMS Service | http://152.125.6.4/fmshome/ |
| (b) FMS Reference Tables | http://152.125.6.4/FMSTRANS/ |

**Accounting Instructions
For Use With “1VA + FUND” Agreements (VA Form 2269)**

CAUTION: The General Ledger accounts and transactions codes shown below are current as of [] [July 30, 1999.] Financial officers are advised to verify appropriate accounts by reviewing the FMS Web sites cited on [] page 4 [] [1,] subparagraph (8).

[Creating the Obligation for a “1VA + FUND” Agreement:] The obligating document for agreements processed in the Central Office is a VA Form 1358. Agreements obligated in the field generally use a manually prepared purchase order. The agreement on VA Form 2269 provides details to obligate station/program funds as [] [follows:] [Page 40, Paragraph 1].

Transaction Code: HT 4610 / 480[F]	Transaction Type: 01	HT will be a MO document clone setup specifically for this program.
Fund: Obligating Medicare Fund	DocID: [] [Characters 1-3 = Station No. Characters 4-5 = HT Character 6 = BFY=9 (for 2269 signed in BFY99),0 for BFY 2000, etc. Characters 7-9 = Sequential Number 001]	
Vendor: Supply Fund		

When the Obligation is created[,] a corresponding entry is recorded to reflect the Unfilled Customer Order on the Supply [] [Fund’s new Fund: 4537B3.] [Page 40, Paragraph 1].

Transaction Code: SV [] [422A]/ 4210	Transaction Type: UF	
Fund: 4537B[] [3]	DocID: [] [Use the same sequence as above]	

[] [As part of the year-end closing, the Austin Finance Center will prepare a report from the OBL table identifying all HT documents. The data, summarized on an AL and SA load file, will serve to establish the succeeding year budgetary authority within the SF 4537B3 Fund and will reflect the identical ACCs as the original HT. For example, if a station or program office had the following three obligations:]

- HT out of Fund 0160A1 ACC 01AB40901 for \$600,000
- HT out of Fund 0160A1 ACC 01AC42100 for \$500,000
- HT out of Fund 0160A1 ACC 01AB40901 for \$150,000

the 4537B[][3] budget would be distributed as follows:

- Fund 4537B[][3] ACC 01AB40901 \$750,000
- Fund 4537B[][3] ACC 01AC42100 \$500,000

[Accounting Instructions for Recording 1% Fee: To record and collect the 1 percent fee for handling/servicing “1VA + FUND agreements, an IM document should be processed for each agreement. The IM document will charge the fee against the funds reserved under the 1VA +FUND agreement. Without regard to how the fee was contemplated when the agreement was executed, please calculate the fee by dividing the total provided under the agreement by 101% and subtract that result from the total to arrive at the fee. The fee should be 1% of the net rather than the gross balance. (Example: Total provided under agreement \$101,000 divided by 101% equals \$100,000. \$101,000 minus \$100,000 equals \$1,000 fee.)

A new General Ledger Account “1721 – 1VA + Markup – Work in Process” has been created and should be used for processing IM CM document transaction only on agreements that will result in creating a capitalized property. Upon completion of the work under such agreement, the balance in account 1721 should be transferred to the cost of the capitalized asset. SV documents have been created in FMS to complete this transfer. For agreements that will not create a capitalized asset, charge the 1% to the IM CM document to your existing General Ledger Account “6100 – Operating Expenses.]”

Transaction Code: IM	Buyer Transaction Type:	Explanation
[6100/1021 4610/490G 3100/5700	CF	Process IM CF for Non-capitalized and all other.
1721/1021 4610/490G 3100/5700	CM	Reference DOC – HT Process IM CM for capitalized equipment.
1043/5207 425G/422A	Seller Transaction Type: V2 – Fund 4537B3	
Buyer’s Fund: Fund Symbol of HT	Reference DocID: HT done in first step	
Seller’s Fund: 4537B3]		

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[Recording Vendor Obligations in Supply Fund Accounts (4537B3).] To record the related orders subsequently placed through the Supply Fund, use the cost center “6153” and the budget object code “2529.”]

Transaction Code: MO Fund: 4537B[][3] 4610 / 480N	Transaction Type: 01 ACC: [] [Use original Project ACC and the year HT was created.]	CC 6153 BOC 2529
Vendor: Commercial Vendor	[BOC: 2529]	

[Special Note: Recording vendor obligations in Fund 4537B2, use the budget year the SF obligation is made. For example, if “MO” is placed in FY 2000, use BFY 00.]

Receiving Report Entry

Transaction Code: RC or RT if using CAPPS 6507/211[][1] 4610/490N	Transaction Type: 01	
Fund: Supply Fund 4537B[][3]	Reference DocID: Supply Fund MO obligation	Transaction partially or fully liquidates Supply Fund MO

[Clearing Supply Fund and Program Office Accounts:] After the receiving report processes, an IV document (IM) is prepared to reimburse Supply Fund and to clear the obligation on the station/program office records. [See Page 40, Paragraph (4).]

Transaction Code: IM 1750 / 1021 4610 / 490G 3100 / 5700 [] [1043] / 5107 425G / [][422A]	Buyer Transaction Type: CF Seller Transaction Type: V1	
Buyer Fund: Fund Symbol of HT Seller Fund: 4537B[][3]	Reference Doc ID: HT done in first step	Transaction partially or fully liquidates receiving report

Transaction Code: PV or CV If using CAPPS	Transaction Type: 01	
Fund: 4537B[][3] 6507 / 2122 4610 / 490N	Reference Doc ID: RC or RT, if using CAPPS, made to Vendor	Transaction partially or fully liquidates obligation to Vendor.

When the terms of the [1VA + FUND agreement are fulfilled, any balance remaining in the obligation account is de-obligated by transfer to the expired funds account for the year the agreement was created.]

**VA Form 2269 Interagency Cross-Servicing Support Agreement
For Use When Converting Annual Appropriations Under The "1VA + FUND" Program For
Use In Future Fiscal Years**

The agreement to accomplish transfer of obligation authority will be executed using VA Form 2269, Interagency Cross-Servicing Agreement. The blocks on VA Form 2269 should be completed to include the following information:

- | | |
|----------|---|
| Block 1A | Station number and, if the agreement is to be managed at a medical center, a locally established Identification Number. Nationally controlled agreements will designate Station 101, and a number will be assigned by the OA&MM fiscal office. |
| Block 1B | Disregard. |
| Block 2 | Disregard. |
| Block 3 | Enter name, address and mailing symbols relative to party executing Block 9A. |
| Block 4 | Routine information entered at facility or program level. |
| Block 5 | Routine information entered at facility or program level. |
| Block 6 | Routine information entered at facility or program level. |
| Block 7 | Insert a [] [descriptive explanation] of the equipment or service to be acquired [with the specific amount obligated under the agreement.] The description should describe the rationale for your requirement. Each project must be identified by a specified dollar amount. If multiple project listings are required, the description may be continued on an attachment to the VA Form 2269 or inserted in open space in Block 7 (reference Block 7 in Blocks 8B or 8C when you do this). Also, include a certifying statement and signature as prescribed in Section 5504 of this handbook. |
| Block 8A | Refer to "Accounting Instructions" on pages 42 and 44 of this Part. |
| Block 8B | Obligated amount and accounting/appropriation data. |
| Block 8C | Account/appropriation data. Identify obligating office. |

- Block 8D Disregard.
- Block 8E Supply Fund at issuing medical center or delegated OA&MM office.
- Block 9A To be signed by the obligating Fiscal Officer (Section 5504, subpart (a.(1) or (b.(1))).
- Block 9B To be signed by an OA&MM or Supply Fund Accountable Officer (Section 5504, subpart (a.(2) or b.(2))).
- Block 10 Disregard unless OGA funding is included. In such case, OGA funds must be provided under an authority other than the Economy Act.
- Block 11 Authorities: VA authority is Section 8121, 38 U.S.C. See instruction for Block 10 above and Section 5504, (subparagraph d.) whenever the agreement includes funding sources, in whole or in part, from other Government sources.

PART 6. INVENTORY ACCOUNTING

1. 5602 Accounting Media. Inventory accounting systems, IFCAP/GIP, FMS, and AEMS/MERS, will be utilized at field facilities to meet materiel management requirements and to provide data for reporting needs, including the integration of inventory accounts with standard general ledger accounts.

2. 5604 Valuation of Excess Property

a. Warehouse stocks determined to be excess to the needs of the facility will be transferred to the applicable property pending disposal account at record value.

b. Excess Non-Supply Fund property will be transferred between VA facilities at record value and to other Government agencies without reimbursement. Transfer documents for Non-Supply Fund property will show the dollar value at which the property is currently recorded. Transfer documents for Supply Fund property will show the record value of the property for the purpose of recording the interfacility transfer.

c. Excess Trust Fund expendable property withdrawn by the declaring facility will be issued at no cost to the using activity. Nonexpendable Trust Fund property will be issued at no cost to the using activity and transferred to the trust equipment inventory account.

d. Excess Trust Fund property will be transferred between VA facilities without reimbursement and will remain classified as Trust Fund property.

3. 5605 Equipment Inventory Listing (EIL)

a. Accountable nonexpendable property will be listed on the EIL.

b. Central Office department heads and staff office directors or their deputies will assume responsibility for nonexpendable property assigned to their departments or staff offices. This responsibility may be delegated to one service director or equivalent within a department or staff office.

c. The director of a field facility or activity will designate in writing one or more employees to assume responsibility for nonexpendable property assigned to the activity. In making these assignments, consideration will be given to the inventory management responsibilities required for the proper control, utilization, and replacement for property. Unless otherwise designated by the director, A&MMS is responsible for all ward property in use and will perform all administrative functions relative to control, replacement, maintenance, and repair of ward property, in coordination with the using service. Designations will be confined to members of the director's immediate staff, normally division and service chiefs. An exception may be made in research activities by designating either the Research Coordinator or the individual investigator as the responsible official.

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d. Responsible officials specified in paragraphs b. and c. may designate, in writing, administrative or other employees to act for them in handling inventories and other paperwork involved in equipment control. The written designation must state that the responsible official acknowledges that by designating an employee to act in their behalf, they do not relinquish their responsibility as responsible official and they must continue to sign the EIL and make certifications in accordance with 7127.5302-3 and 7125.5006. The original of this designation will be furnished to the accountable officer.

e. Debit and credit transactions, accomplished subsequent to the date on which the EIL is signed, will be supported by documentation.

f. Each EIL will be assigned a number in accordance with standardized department numbers.

g. Nonexpendable property used by the Resident Engineer will be assigned a standardized department number and listed on the EIL when the project has been completed and disposition instructions have been received from the Office of Construction Management, Central Office:

(1) Property not to be shipped to another facility and declared excess will be disposed of in accordance with current excess procedures.

(2) Property to be shipped to another facility will be transferred by executing VA Form 134, Combination Requisition and Shipping Ticket.

4. 5608-1 Reporting Requirements

a. Reconciliation of A&MMS and Fiscal Accounts

(1) Reconciliation of standard general ledger accounts is a Departmentwide requirement of A&MM and Fiscal or Financial Services (VHA, VBA, NCA, etc.) and will be accomplished at the end of each month. Research will be conducted on all discrepancies to include verification of the original document. Corrections will be promptly completed.

(2) The Chief, A&MMS, as accountable officer, or designee, will submit in letter form certification that inventory values have been reconciled and are in balance with those of Fiscal or Finance Service as of year-end. In addition, the Chief, Fiscal or Finance Service, will cosign the certification, thereby attesting to accuracy of the year-end standard general ledger account balances for equipment and Supply Fund stock inventories.

b. Equipment Purchased, Delivered, Not Installed

(1) Equipment not installed 180 days after delivery will be reported to the DAS/A&MM (90M). The requirement to request retention of installed equipment is eliminated. Facilities are required to report the number of days since equipment receipt.

(2) Reports will include individual equipment items or equipment systems with an acquisition value of \$100,000 or greater.

(3) Reports will be generated every 6 months at the end of the first and third quarters. Negative reports are required.

5. 5611-1 Receiving and Sales. A copy of the signed receiving report or VA Form 2237 is the issue document for non expendable equipment. It will accompany the receiving document, be signed by the receiving official, and filed in the appropriate EIL.

6. 5611-2 Turn-ins. Documentation covering the turn-in of nonexpendable property will be properly annotated as to the intended action. A common number will be assigned to the document. After action is taken, the document will be filed with the applicable EIL.

7. 5611-3 Reports of Survey and Adjustment Vouchers. Discrepancies discovered as a result of an inventory will be adjusted by preparing appropriate debit and credit adjustment transactions. A computer prepared voucher, or manually prepared VA Form 140, may be used for documentation. The document will be forwarded to the approving official for a determination as to the need for report of survey action. Reports of survey prepared as a result of an adjustment voucher will be assigned the same common number and filed with the adjustment voucher.

8. 5611-4 Equipment Installed as Part of Initial Construction. Nonexpendable property installed, as part of initial construction will, on completion of the contracts, be picked up in property records at the acquisition value or the current market value. After a construction project is completed and accepted, title to property furnished and installed by construction contractors is transferred to the facility through the Resident Engineer. It is the joint responsibility of A&MMS and Engineering Service to work together to ensure all items have been identified and entered into property records. The Resident Engineer will transfer all descriptive literature, warranty data, and maintenance manuals to Engineering Service.

PART 7. ILLUSTRATIONS

1. 9901 Revocable License. *(This agreement sets forth the conditions under which the following described nonexpendable personal property is licensed for use by the individual, institution, or organization named herein):*

a. **Description of Property:** _____

Acq. Cost: _____ **Acq. Date:** _____ **Condition Code:** _____

b. **Licensee:** *(Individual, institution, or organization to be charged with responsibility for the property.).* **Note:** *If an institution, provide name of individual primarily involved as the user.*

Name: _____

Address: _____

c. **Purpose of License:** *(Describe benefits to be derived by VA or cite other reasons for license. Identify research project, if applicable. If joint usage is involved, identify participating VA employee(s):* _____

d. **Duration of License:** *(Indicate specific date for termination, not to exceed 1 year.)*

License begins: _____ License terminates: _____

e. **Terms of Agreement:**

(1) **VA** reserves the right to terminate the license at any time, at the will of the Government.

(2) **The loanee will:**

- not acquire any enforceable rights pursuant to use of the property described herein
- assure the property is properly used and safeguarded.
- maintain the property in good operating condition during the loan of use, and return it in equally good condition.
- bear all expense incident to transportation of property to and from point of proposed use.
- reserve the right to terminate the license at any time.

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- agree to return the property to VA at an earlier date if the purpose is accomplished sooner.

(3) **Liability:** VA accepts no liability for any loss or injury resulting from, arising out of, or in any way connected with the use of the equipment herein identified while in custody and under responsibility of the licensee.

(4) **Effective Date:** *(This agreement becomes effective on the date the property is physically removed from VA premises and accepted by licensee.)*

ACCEPTED by:

ACCEPTED by:

Department of Veterans Affairs
(field facility)

Title: _____

Title: _____

(Signature) (Date)

(Signature) (Date)

Concur/Nonconcur: _____
(Signature, District Counsel) (Date)

2. 9902 Loan of Department of Veterans Affairs-Owned Personal Property. This agreement sets forth the conditions under which the facility has agreed to loan the following:

a. **Description of Property:** _____

b. **Value:** _____ c. **Acquisition Date:** _____

d. **NSN No.** _____ e. **Serial No.** _____

f. **Condition Code:** _____

g. **Purpose of Loan:** _____

h. The Period for which Loan is made:

From: _____ **To:** _____
(Not to exceed 60 days)

i. Approved:

Name: _____ Name: _____
(Chief, A&MMS) (Director)

(Signature) (Date) (Signature) (Date)

j. Agreement: I hereby accept the responsibility of the aforementioned personal property and agree to return said item(s) in as good condition as when loaned, fair wear and tear excepted.

k. Official Acknowledging Receipt of Loan:

Name: _____
(Signature) (Date)

Address: _____

City/State: _____

Zipcode: _____