

VA Financial Policies and Procedures
Major Construction Working Reserve Accounts

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0201 OVERVIEW

This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures relating to the accounting and reporting of funds being managed in the Major Construction Working Reserve account. Each year, VA requests appropriated funds to finance major construction projects. Because these projects can span several years, VA is authorized to carry forward fund balances from year-to-year in its construction accounts. VA is responsible for keeping track of and managing these balances to ensure that any unexpended balances that remain after construction projects are completed are redirected to other major construction project needs within the Department. The transfer of funds from the Major Construction Working Reserve accounts for use on a construction project that is in need of additional funds is called a reprogramming of funds.

Major construction projects include construction projects greater than \$10 million, including new medical and benefits facility construction and renovations, new national cemetery and gravesite expansion, land acquisitions for additional national cemeteries and medical facilities and support for other construction-related activities. VA has the authority to reprogram funds up to 10 percent of total appropriated funds for its major construction projects. These projects are appropriated by project along with individual line items for disposal of asbestos, hazardous waste, etc. When a project becomes financially complete, any remaining funds are transferred to this reserve account. Since major construction funds are normally no year funds, they are not removed from VA's accounts.

0202 POLICIES

020201 VA can reprogram funds from the Major Construction Working Reserve account to defray the costs of completing major construction projects.

020202 VA will hold excess funds on any major construction project after construction award until such time as it appears unlikely that additional funding will be necessary to complete the project. Once this occurs, the excess funds will be deposited into the applicable Major Construction Working Reserve account.

020203 VA will not normally authorize fund transfers into the Major Construction Working Reserve account until the project is at least 75 percent complete. At the time of authorization, VA will consider release of 50 percent of the project reserve to the Major Construction Working Reserve account. Upon approval, the funds in the project reserve will be moved to the Major Construction Working Reserve account.

020204 VA will ensure that all rules of budgeting, accounting and financial reporting, as required by the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury), are adhered to.

020205 VA will provide regular reporting of the composition of the Major Construction Working Reserve account by Administration to keep management aware of the availability of these specific no-year funds.

0203 AUTHORITY AND REFERENCES

020301 [Chief Financial Officers \(CFO\) Act of 1990](#)

020302 [31 U.S.C. Subtitle II, Chapter 15, Appropriation Accounting](#)

020303 [38 U.S.C. 8104, Congressional approval of certain medical facility acquisitions](#)

020304 [Office of Management and Budget \(OMB\) Circular A-11, Preparation, Submission and Execution of the Budget](#)

020305 [OMB Circular A-136, Financial Reporting Requirements - Revised](#)

020306 [United States Standard General Ledger, Treasury Financial Manual S2 08-03, Part 2 Fiscal 2009 Reporting](#)

0204 ROLES AND RESPONSIBILITIES

020401 The Assistant Secretary for Management/Chief Financial Officer (CFO), as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309, oversees all financial management activities relating to the Department's programs and operations. Specific 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.

020402 Under Secretaries, Assistant Secretaries, Chief Financial Officers, Fiscal Officers, Chief Accountants and other key officials are responsible for ensuring compliance with the policies and procedures set forth in this chapter.

020403 The Office of Construction and Facilities Management (CFM) provides design, major construction and lease project management, design and construction standards and historic preservation services. CFM executes all VA major construction, is responsible for financial execution of major construction and lease projects and reports to the Executive Director, Office of Acquisition, Logistics and Construction. CFM maintains a major construction working reserve account for each Administration, wherein funds can be used to finance, in part, the construction, alteration, extension and improvement of any of the facilities under the jurisdiction of VA, or for any of the purposes set forth in various sections of Title 38 of the United States Code.

0205 PROCEDURES

020501 The VA Secretary will approve all Major Construction Working Reserve fund transfer requests over \$5,000,000 with the concurrence of the Director, CFM, Executive Director, Office of Acquisition, Logistics and Construction, Administration Head, and the Assistant Secretary for Management/CFO.

020502 The Assistant Secretary for Management/CFO will approve the transfer of Major Construction Working Reserve funds with a cumulative value over \$500,000 to \$5,000,000 and transfers from the project reserves over 10 percent of the total project cost or \$5 million, whichever is less.

020503 The Director, CFM, will approve the use of Major Construction Working Reserve funds with a cumulative value up to \$500,000 and transfers from the project reserve up to 10 percent of the total project cost.

020504 The Director, CFM, is responsible for tracking and managing major construction account balances to ensure that any unexpended balances that remain after construction projects are completed are redirected to other major construction project needs within the Department. Annually, as part of the financial reporting year-end accounting certification, the Director, CFM, will certify that all unobligated and unliquidated funds on substantially completed projects or projects accepted for use are not excess and are necessary for project completion.

020505 Should there be any disagreement between the concurring officials, the disagreement will be resolved by the VA Secretary.

020506 The Assistant Secretary for Management/CFO will ensure that all available funds from major construction projects are properly transferred to and accounted for within the Major Construction Working Reserve account.

020507 All reprogramming funds over 10 percent of those authorized and appropriated by Congress¹ for a major construction project must be reported to the Congressional appropriating and authorizing committees.

020508 VA must account for the use of the Major Construction Working Reserve funds in the same fashion as is accomplished with all other obligations and expenditures of appropriated funds.

0206 DEFINITIONS

¹Notification to Congress means that both authorizing and appropriating Committees must be so advised about reprogramming activities within a certain cost level.

020601 Available Funds on a Major Construction Project. Unobligated funds that are no longer required for completion of said project and are available for redistribution after transfer to the Major Construction Working Reserve account.

020602 Construction, Major Projects. A construction, alteration, extension or improvement of any VA facility, where the estimated cost of the project is greater than \$10,000,000 or where funds for a project were made available in a previous appropriation.

020603 Major Construction Working Reserve Account Reprogramming. A transfer of funds from the appropriate Major Construction Working Reserve account to a major construction project whose funding requirements exceed those appropriated.

020604 Major Construction Working Reserve Account. An account established by VA to capture available major construction funds, allowing for the redirection of those funds to other construction projects upon approval by the appropriate official.

020605 Project Reserve. Funds remaining after construction contract award that are held for the project until a decision is made that determines that funds are no longer required for the project.

0207 QUESTIONS

Questions concerning these financial policies and procedures should be directed as shown below:

CFM
All Others

Director, Resource Management Office, CFM
OFP Accounting Policy (Outlook)