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MP-4, Part V
Change 194

b. All costs payable from the Supply Fund for Publications Service and Service and Reclamation Division operations are chargeable to subsidiary operating accounts applicable to each program.

c. Accounting requisites for Service and Reclamation operations:

(1) Costs of materials issued from the Service and Reclamation Division storeroom for repair, inspection, and other project activities will be charged initially to Work in Process—Current Fiscal Year Acquisitions—Service and Reclamation Division and applicable cost accounts. Costs of travel, transportation, labor, other services, depreciation, and unposted supplies applicable to operations of the Service and Reclamation Division will be charged initially to Undistributed Operating Expense—Service and Reclamation Division and to the Undistributed and Holding cost account at the time of computing monthend accruals and at the time payrolls, receiving reports, and other documents are received or processed for payment. Costs will be transferred from Undistributed Operating Expense and related cost account to Work in Process and applicable cost accounts upon notification that costs have been applied to projects. Salary rates and other service transportation, and employee travel costs cited on the daily reports will be verified with records maintained in the Fiscal activity prior to transferring costs from Undistributed Operating Expense and the Undistributed and Holding cost account. At the time projects are completed, the costs thereof will be transferred from Work in Process to Completed Reimbursable Projects or Completed Nonreimbursable Projects, as applicable; no adjustment or transfer will be necessary in the cost accounts.

(2) Project records in the form of cards, journals, or registers will be maintained in the Fiscal activity for each project established by the Service and Reclamation Division in order to accumulate costs applicable to project activities. These project records will also support certified payments, and billings to vendors, carriers, other agencies, and field stations. The project record will serve as the subsidiary record to general ledger Work-in-Process accounts.

(3) Upon receipt of "Report of Completion of Repairs" initiated by the Service and Reclamation Division for repaired property to be placed in depot warehouse stock, the Fiscal activity will record thereon the total cost of repairs as shown on the project record for the specific project concerned and forward the form to the Stock Control Division for stock valuation purposes.

(4) Overhead rates are prescribed as a means of distributing indirect project costs to projects thus permitting an equitable billing to field stations and others for services rendered. Administrative overhead costs consisting primarily of shop supervision, annual leave, sick leave, and other nonproject expenses will be transferred between Personal Services and Benefits subaccounts under the cost accounts concerned. Equipment overhead costs, representing operating equipment depreciation expenses, will be distributed on an equitable basis to depreciation subaccounts under the cost accounts concerned at the end of each accounting period.

d. Accounting requisites for Publications Service operation (Central Office only):

(1) Costs of personal services and benefits, travel and transportation, communications, other services, supplies, materials, and depreciation will be charged to Operating Expense—Publications Service and subsidiary cost accounts in the expense section of the operating ledger.

(2) A depreciation schedule record will be maintained as subsidiaries to general ledger account, Reserve for Depreciation, for each item of printing and reproduction equipment in use in accordance with principles set forth in paragraph [7E.06].

(3) Operating accounts subsidiary to general ledger control account, Receivables—Federal, will be maintained to reflect the selling price of forms and publications produced applicable to each Central Office staff activity and department.

6C.07 COST OF ANCILLARY MEDICAL SERVICES SUPPORT OF MEDICAL RESEARCH PROGRAMS

a. Ancillary medical services support for which equitable charges are to be applied against the Medical and Prosthetic Research appropriation are those provided from Direct Medical Care cost centers 221 through 229. When the continuity of the Medical Care ancillary service to the Medical Research program has been established, it is essential that there be an equitable distribution of costs for these services between the Medical Care and the Medical Research appropriations.

b. The criterion to be applied against each ancillary service is whether or not this service is required for patient care, regardless of its contribution to the Medical Research program. If the service is a part of the patient care requirement, it is not to be charged against the Medical Research program.

c. Only those services that are provided above and beyond patient care needs will be charged to the Medical Research program. Each month a realistic estimate of the proportionate cost applicable to the Medical Research program will be developed. An OF 1017G, Journal Voucher, will be prepared in this amount charging the Medical and Prosthetic Research appropriation and crediting the Medical Care appropriation. Charges will be made to the applicable cost center and subaccount 2580.

6C.08 ADMINISTRATIVE SUPPORT SERVICES TO MEDICAL RESEARCH PROGRAMS

a. Costs of administrative support service to Medical Research programs will be borne entirely by the Medical Care appropriation. These services include support activities such as fiscal, supply, building management (400 and 500 series of accounts), etc.

b. Other costs to be borne entirely by the Medical Care appropriation are those for services of physicians, dentists, and nurses engaged in research work on less than a full-time basis and for whom placement on Medical Research rolls has not been specifically approved by Central Office.

c. Costs for administrative support services, and services of physicians, dentists, and nurses engaged in research work on less than a full-time basis will continue to be budgeted and charged to the Medical Care appropriation with no part of such costs charged to the Medical Research program.

[6C.09 GENERAL STANDARDS FOR MAINTENANCE AND REPAIRS

a. This section prescribes the Capitalization policy of the VA. It has been developed in full recognition of the Accounting Principles and Standards in GAO Manual for Guidance of Federal Agencies, Title 2—Accounting (Comptroller General). In the event that the following guidelines do not describe a situation at your facility, the Chief, Accounting Section, shall record such transactions in a manner consistent with sound judgment and accounting practices in accordance with the general principles outlined here.

b. Purchase and hire and VA employee labor costs will not be capitalized for maintenance and repairs, minor improvements or building service equipment projects.

6C.10 GENERAL ELEMENTS FOR M&R

a. Consistent with the principles as prescribed in Title 2, the criteria for costing recurring and nonrecurring maintenance and repairs are as follows:

(1) When all three criteria listed below are met you *must capitalize*.

(a) The repair (i.e., maintenance, replacement, improvement), has an expected useful life of more than 2 years;

(b) The dollar value (i.e., labor and materials) is in excess of \$5,000;

(c) The repairs extend the useful life or service capacity of the item being repaired.

(2) The cost of assets or components removed, superseded, or destroyed in the improvement process shall be excessed.

b. It should be recognized that not all maintenance and repairs should be capitalized, the following elements will be helpful in applying the criteria for costing.