

## Accounting for Supply Fund Inventory

### 1. PURPOSE:

This bulletin provides Department of Veterans Affairs (VA) Supply Fund guidelines regarding the correct method for costing and accounting for inventory.

### 2. BACKGROUND:

The Supply Fund (SF) inventory is valued on the cost of the items listed on the receiving reports plus any anticipated shipping charges. The Integrated Funds Distribution Control Point Activity (IFCAP) Generic Inventory Package (GIP) Program is used to manage the receipt, distribution, and maintenance of supplies utilized throughout the medical centers. The IFCAP General Inventory System does not allow payment adjustments created in FMS to be recorded automatically in the GIP inventory management system. The payment adjustments, which usually average less than \$100 per month, include discounts, interest, and invoice variances within the FSC tolerances. Other adjustments could include late discovery of shipping charges or proportional purchase card rebates.

### 3. RECONCILIATIONS:

Detailed reconciliations, evidenced by supervisory sign-off, by the medical centers must be completed monthly between the Financial Management System (FMS) and GIP systems. If the inventory balance is in excess of \$75,000, a copy of the reconciliation should be forwarded to the Office of Acquisition and Materiel Management (049M). If an inventory adjustment is required by the medical center, a copy of any initiated adjustment voucher must accompany the reconciliation, regardless of the value of the inventory.

If these instructions are not followed, then the medical center will not be allowed use of the Supply Fund for posted stock.

**4. RESPONSIBLE OFFICES:** VA medical centers.

### 5. REFERENCES:

MP-4, Part V, Chapter 7, VA Handbook 7127/3, VHA Handbook 1761.2, Appendix A, VHA Handbook 1730.2

**OA&MM Bulletin 07.01**

**6. QUESTIONS:** Questions concerning this bulletin should be addressed to:

VACO Fiscal Office	Ron Sires	(202) 273-8082
VACO OA&MM	Robert McKenna	(202) 273-6116
VACO OA&MM	Freddie Martinez	(202) 273-6119

Steve Graves  
Supply Fund Chief Financial Officer