

ACCOUNTING FOR EMERGENCY-RELATED COSTS

- 1. REASON FOR ISSUE.** This handbook provides Departmentwide procedures for identifying, compiling and reporting costs incurred in connection with a “declared emergency.”
- 2. SUMMARY OF CONTENTS.** This handbook identifies when and for how long emergency accounting procedures are to be implemented; the specific costs to be captured in connection with the emergency; the specialized budget object codes to be used to capture those costs; and the format and procedures to be used in reporting those costs to VA management, Congress, GAO, OMB, and other interested parties.
- 3. RESPONSIBLE OFFICE.** The Office of Management is responsible for the content of this handbook.
- 4. RELATED DIRECTIVE.** VA Directive 4005, Accounting for Emergency-Related Costs.
- 5. RESCISSION.** None.

CERTIFIED BY:

**BY DIRECTION OF THE SECRETARY
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ACCOUNTING FOR EMERGENCY-RELATED COSTS

1. PURPOSE. The purpose of this handbook is to describe the procedures to be used for identifying, compiling and reporting costs associated with a declared emergency. The primary objectives of these procedures are to:

a. Provide VA management, Congress, the President and other interested parties with timely and accurate information regarding the incremental costs of a declared emergency and the impact on VA's operating budget.

b. Ensure that the data reported are uniform across the Department.

c. Identify the incremental costs of the emergency separately and distinctly from routine operating costs so expenditures from appropriated funds in connection with the provisions of 42 U.S.C., Chapter 68, Section 5147, or such other sources as may be available, can be reimbursed.

2. SCOPE. This handbook applies to all levels of the Department and addresses declared emergencies, to include:

a. A national emergency such as a war involving U.S. Armed Forces, an attack on the United States, or any threat to the continuity of the Federal government;

b. Natural and technological disasters such as radiological accidents or emergencies, hazardous materials accidents, and environmental disasters;

c. Events declared by the President to be major disasters or emergencies under 42 U.S.C., Chapter 68, Section 5122 (1) and (2);

d. Civil disorders, terrorism, or other violent acts; or,

e. When the Secretary determines a localized event such as a fire will impose significant extraordinary costs on the operations of VA facilities.

3. IMPLEMENTATION. The Secretary, or his designee, will issue a statement of "declared emergency" that will note the time the emergency is declared and the VA facilities covered by the declaration. Those stations will then be authorized to use the restricted Declared Emergency budget object codes (BOCs) and will be required to track the incremental costs of the emergency until such time as the Secretary or his designee issues a statement that the emergency has ended and normal operations have been restored.

4. DECLARED EMERGENCY BUDGET OBJECT CODES. Use of the Declared Emergency BOCs is restricted to those facilities covered by the Secretary's declaration of an emergency and to VACO and other specified regional offices, VISNs, etc. that provide direct support to the affected facilities. All normal costs of operations will be recorded using regular budget object codes. Only the direct incremental costs of a declared emergency will be recorded in the restricted Declared Emergency BOCs. Overhead costs as defined in VA Cost Accounting Handbook 4560.1 will be recorded in the restricted BOCs. The cost of disaster mitigation expenses (costs incurred to prepare for emergencies in general and not for any specific emergency) paid out of budgeted funds prior to the onset of a declared emergency will not be recorded in the Declared Emergency BOCs. Declared Emergency BOCs include:

a. **1153 Declared Emergency Incremental Pay.** Includes the incremental costs of personal services related to the emergency, including the additional overtime, shift differential, hazardous duty, holiday pay, etc., incurred in connection with and directly related to the declared emergency. It should be noted that this also includes regular pay for the duration of the declared emergency for any positions that are temporarily or permanently added to the payroll to address situations resulting from the emergency.

b. **2160 Declared Emergency TDY.** Includes all travel, meals and lodging expenses incurred in connection with and directly related to dealing with the emergency itself, clean-up activities, recovery and return to normal operations. This BOC will not contain costs related to Permanent Change of Station.

c. **2211 Declared Emergency Shipment of Bodies.** Includes the shipment of bodies of non-veteran eligible individuals, required as a result of or directly related to a declared emergency.

d. **2280 Declared Emergency Shipments.** Includes freight and express shipments of personal effects of deceased beneficiaries; contractual transfers of supplies and equipment; and rental of trucks and vehicles from commercial sources to move goods and supplies when done in connection with and directly related to a declared emergency. If the shipping cost exceeds the purchase order threshold of \$250 or more, a separate purchase order will be established for the shipping cost using this BOC. If the shipping cost is less than the threshold, shipping will be charged to the same BOC as the goods ordered.

e. **2315 Declared Emergency Communications.** Includes the cost of all temporary communication set up fees, hardware, service fees, etc. incurred to deal with the immediate effects and aftermath of a declared emergency.

f. **2333 Declared Emergency Rental/Lease of Space.** Includes the cost of all clinical or office space rented/leased during a declared emergency to replace existing clinical or office space (whether owned, rented or leased) rendered unusable by a declared emergency.

g. **2508 Declared Emergency Automated Data Processing (ADP) Support and Backup.** Includes the cost of all systems support provided by private contractors and the rental or purchase of hardware/software, including its installation, necessary to augment/replace ADP capabilities directly related to and affected by the declared emergency.

h. **2527 Declared Emergency Interior Repair and Refurbishment.** Includes the cost to clean up/refurbish clinical and office space owned, rented, or leased by the Department and restore it to operational status. Costs to repair structural damage should be recorded in BOC 3253.

i. **2536 Declared Emergency Burial of Unclaimed Bodies.** Includes the cost of burial, temporary internment, cremation, etc. of ineligible individuals, required as a result of or directly related to a declared emergency.

j. **2537 Declared Emergency Non-Clinical Contract Services.** Includes the cost of all non-clinical contract services procured in connection with and directly related to a declared emergency and not covered by one of the other declared emergency BOCs.

k. **2538 Declared Emergency Clinical Contract Services.** Includes the cost of all temporary clinical service contracts (physician, nursing, laboratory, pharmacy, radiology, etc.) required as a result of and directly related to a declared emergency, either to replace capacity lost as a result of the emergency or to address humanitarian care requirements.

l. **2637 Declared Emergency Humanitarian Supplies.** Includes the cost of all supplies (clinical, pharmaceutical, provisions, paper products, etc.) expended for humanitarian care of non-eligible individuals provided as a result of and in direct connection with a declared emergency.

m. **3152 Declared Emergency Equipment – Non-Capitalized.** Includes the purchase, rental or lease of all equipment (both clinical and non-clinical) required to replace comparable equipment lost or damaged as a result of a declared emergency, or new equipment necessary to cope with increased humanitarian workloads resulting from the emergency. (See BOC 3153 for Capitalized Declared Emergency Equipment).

n. **3153 Declared Emergency Equipment – Capitalized.** Includes the purchase, rental or lease of all equipment (both clinical and non-clinical) required to replace comparable equipment lost or damaged as a result of a declared emergency, or new equipment necessary to cope with increased humanitarian workloads resulting from the emergency. (See BOC 3152 for Non-Capitalized Declared Emergency Equipment).

o. **3157 Declared Emergency Cleanup and Repair of Personal Property.** Includes the cost of cleanup and repair/refurbishment of personal property damaged as a result of and directly related to a declared emergency.

p. **3252 Declared Emergency Cleanup and Repair/Refurbishment of Land, Buildings and Structures – Non Capitalized.** Includes the cost of cleanup and repair/refurbishment of real property as a result of and directly related to a declared emergency, except that the cost of interior cleanup and refurbishment of non-structurally damaged clinical and office space will be recorded in BOC 2527. (See BOC 3253 for Capitalized Declared Emergency Cleanup and Repair/Refurbishment of Land, Buildings and Structures.)

q. **3253 Declared Emergency Cleanup and Repair/Refurbishment of Land, Buildings and Structures – Capitalized.** Includes the cost of cleanup and repair/refurbishment of real property as a result of and directly related to a declared emergency, except that the cost of interior cleanup and refurbishment of non-structurally damaged clinical and office space will be recorded in BOC 2527. (See BOC 3252 for Non-Capitalized Declared Emergency Cleanup and Repair/Refurbishment of Land, Buildings and Structures.)

5. REIMBURSABLE COSTS. Federal agencies may be reimbursed for expenditures connected to an emergency under the provisions of 42 U.S.C., Chapter 68, Section 5147, or other sources. It is, therefore, essential to properly document and account for VA funds expended during a declared emergency. For example, under 42 U.S.C. Section 5149 (b), Federal agencies are authorized to:

a. Appoint and fix the compensation of such temporary personnel as may be necessary without regard to the provisions of Title 5 governing appointments in competitive services. In addition, agencies may employ experts and consultants in accordance with the provisions of 5 U.S.C. Section 3109 without regard to the provisions of Chapter 51 and Subchapter III of Chapter 53 of 5 U.S.C. relating to classification and General Schedule pay rates.

b. Incur obligations on behalf of the United States by contract or otherwise for the acquisition, rental, or hire of equipment, services, materials, and supplies for shipping, drayage, travel, and communications, and for the supervision and administration of such activities.

c. Develop in advance plans and procedures for identifying and recovering funds reimbursable under 42 U.S.C., Chapter 68, or by other sources. However, at a minimum, all offices must maintain documentation of emergency-related expenditures, whether reimbursable or not, that includes:

(1) **For temporary employees/consultants:** the name, Social Security Number, date of birth, and address of the employee/consultant; dates of employment; hours worked each day; agreed-upon rate of pay/consulting fee; supervisors' attestation of work completed, and signature of authorizing official.

(2) **For contracts or other means of acquisition:** the name, address, and Tax I.D. of the vendor; the services, supplies, and/or equipment to be provided; the quantity; the price; and the signature of the contracting officer, approving official, and receiving official.

6. RESPONSIBILITIES

a. **The Assistant Secretary for Management (Chief Financial Officer (CFO)).** The Department CFO will compile all staff office costs related to the declared emergency along with the reports from Administration CFOs and, within 60 days of the declaration ending the emergency, provide the Secretary with a report of the incremental costs of the emergency, the estimated amount of costs reimbursable by FEMA or other sources, and if necessary, an estimate of any supplemental budget request needed to sustain regular operations until the end of the current fiscal year.

b. **Administration Chief Financial Officers (CFO).** Administration CFOs having one or more facilities affected by a declared emergency shall compile a report indicating the incremental costs of those expenses incurred as a direct result of the emergency, as well as a breakout of costs that are potentially reimbursable to the Department by FEMA under the provisions of 42 U.S.C., Chapter 68, or some other source. The report is to be forwarded to the Department CFO within 30 days of the date that the Secretary has declared the end of the emergency. The Administration CFOs must ensure that all costs reported in connection with the emergency have proper documentation to sustain them.

c. **Fiscal Officers.** For staff office or other non-Administration field facilities, the fiscal officer responsible for such facility affected by the emergency shall compile a report indicating the incremental cost of any expenses incurred as a direct result of the emergency to his/her counterpart in Central Office at the end of the emergency. The facility fiscal officer will ensure that proper documentation for all expenses is forwarded with the report.