

MANAGEMENT OF MAJOR CONSTRUCTION

RESERVE ACCOUNTS AND WORKING RESERVE BOARD

1. **REASON FOR ISSUE.** This VA Directive establishes policies and procedures for the management of funds in major construction reserve accounts and the Major Working Reserve Board.
2. **SUMMARY OF CONTENTS/MAJOR CHANGES.** The Directive establishes policy for the major construction reserve accounts, movement of funds to the major construction reserve and project reserve accounts. It also establishes the Working Reserve Board membership and responsibilities and lists the approval levels for transfers from the major construction reserve accounts.
3. **RESPONSIBLE OFFICE.** The Office of Construction & Facilities Management (00CFM) is responsible for the contents of this Directive.
4. **RELATED HANDBOOK.** None
5. **RESCISSIONS.** None.

CERTIFIED BY:

**BY DIRECTION OF THE SECRETARY
OF VETERANS AFFAIRS:**

/s/
Roger W. Baker
Assistant Secretary for
Information and Technology

/s/
Glenn D. Haggstrom
Executive Director, Office of
Acquisition, Logistics and
Construction

Distribution: Electronic Only

**MANAGEMENT OF MAJOR CONSTRUCTION
RESERVE ACCOUNTS AND WORKING RESERVE BOARD**

1. **PURPOSE AND SCOPE:** The purpose of this Directive is to establish policy and procedures for the transfer of funds from the Major Construction Working Reserves and establish the Working Reserve Board.

2. **POLICY:**

a. A total project cost (TPC) will be established for all major medical facility construction projects.

b. Upon receipt of a low acceptable or negotiated bid, a revised TPC may be established. Excess funds on major medical facility construction projects will be held on a project after construction award until such time as it appears unlikely that additional funding will be necessary to complete the project.

c. Funds held in project reserves will not normally be released until the project is at least 75 percent complete. At that time, the Working Reserve Board (WRB) will consider release of 50 percent of the Project Reserve to the major construction reserve accounts. Upon the Board's approval 50 percent of the funds in the project reserve will be moved to the major construction reserve accounts.

d. At financial completion, any funds remaining on a major project will be moved to the major construction reserve accounts.

e. Approval levels for funds transfer from the major construction reserve accounts are as follows.

(1) The Secretary will approve amounts over \$5 million up to 10 percent of the Total Project Cost (TPC).

(2) The Assistant Secretary for Management will approve amounts over \$500,000 to \$5 million.

(3) The Director, CFM will approve amounts up to \$500,000.

(4) Amounts over 10 percent of that authorized and appropriated require notification to the appropriating and authorizing committees.

3. RESPONSIBILITIES:

a. Approval Levels for Major Construction Transfers (requires WRB concurrence):

(1) **The Secretary** approves all transfer requests over \$5,000,000 with the concurrence of WRB, CFM and the Assistant Secretary for Management. All transfer requests in an amount that will cause the total amount obligated for that project to exceed the amount specified in the law by more than 10 percent require notification to the appropriating and authorizing committees not less than 30 days before obligating funds.

(2) **The Assistant Secretary for Management** approves transfer requests with a cumulative value over \$500,000 up to \$5,000,000 and transfers from the project reserves over 10 percent of the TPC or \$5 million, whichever is less.

(3) **The Director, Office of Construction & Facilities Management** approves transfer requests with a cumulative value up to \$500,000 and transfers from the project reserve up to 10 percent of the TPC. (See Appendix A for additional information.)

b. Working Reserve Board

(1) Working Reserve Board Membership:

(a) Director, Resource Management Office (00CFM2) (Chairperson)

(b) A representative from the Office of the Deputy Under Secretary for Health for Operations and Management (10N)

(c) A representative from the Office of Asset Enterprise Management (044)

(d) A representative from the National Cemetery Administration

(e) A representative from the Veterans Benefits Administration

(f) A representative from the Office of Construction & Facilities Management (respective Project Management Team Leader office)

(g) The Chief Financial Officer (or representative) of each Administration

(2) The WRB members will review transfer requests for major construction funds from Project Reserves, the Working Reserve, and line item balances at the request of the Chairperson. The Chairperson will transmit requests electronically to Board members. After review, Board members will respond electronically to the Chairperson with their concurrence or non-concurrence.

(3) Recommendations of the Board will be forwarded to the appropriate official as designated in paragraph 2(e) above for approval.

(4) The Chair of the WRB will issue a report to Board members by the 15th day after the end of each quarter showing all transactions for the quarter and the balance in the major working reserves. This report also reflects the major construction projects that were closed out, and whose funds were returned to the appropriate line item or working reserve account based on CFM review.

MANAGEMENT OF FUNDS

- a. This Appendix provides additional information regarding the management of funds in major construction reserve and project reserve accounts and the composition and responsibilities of the Major Working Reserve Board.
- b. The Department may transfer funds from within the major construction appropriation, when funding needs do not exceed those approved and authorized by Congress for a specific project.
- c. VA also has authority to obligate up to 10 percent over the total authorized cost of a major project. The Department must notify the appropriating and authorizing Committees when obligations are over 10 percent of the total estimated project cost. Title 38, section 8104 states “Not less than 30 days before obligating funds for a major medical facility project approved by a law described in subsection (a)(2) of this section in an amount that would cause the total amount obligated for that project to exceed the amount specified in the law for that project (or would add to total obligations exceeding such specified amount) by more than 10 percent, the Secretary shall provide the appropriating and authorizing committees with notice of the Secretary's intention to do so and the reasons for the specified amount being exceeded.” The need for notification to the Committees for cemetery major construction projects where the total amount obligated will exceed by more than 10 percent the amount specified in law will be determined on a case-by-case basis.
- d. In recent years congressional reprogrammings or transfers in excess of \$500,000 (between projects or activities) had to be approved by the congressional appropriations committees. This is no longer a requirement, but Department staff should review appropriation legislation each year to ensure congressional direction continues to be followed.
- e. VA established the major construction reserve accounts in 1976 along with the Working Reserve Board to facilitate the approval and improved tracking of major construction reprogramming and cost limit increases. Funds are deposited into the major working reserve fund in a number of ways. Funds are transferred to the major working reserve once a major project is determined to be financially complete. Excess funds for projects whose award amounts are less than Congress appropriated may be placed in the specific project's reserve. At various stages of completion (see Policy section below), the funds are moved to the major working reserve and may be redirected to other projects when approved by the Major Working Reserve Board and other appropriate VA officials.