

PERSONAL FUNDS OF PATIENTS PROCEDURES

1. REASON FOR ISSUE: Attached is a total revision of VA Manual MP-4, Part I, Chapter 3, which has been divided into VA Directive 4020 and VA Handbook 4020.

2. SUMMARY OF CONTENTS/MAJOR CHANGES: This handbook revises VA Personal Funds of Patients procedures to incorporate new titles and department names, and provides new addresses for the redemption of savings bonds held in the patients' funds account.

3. RESPONSIBLE OFFICE: Fiscal Policy Service (047GC), Office of the Deputy Assistant Secretary for Financial Management.

4. RELATED DIRECTIVE: VA Directive 4020, Personal Funds of Patients Policy.

5. RESCISSION: MP-4, Part I, Chapter 3.

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PERSONAL FUNDS OF PATIENTS

1. PURPOSE. This handbook prescribes administrative accounting procedures to maintain fiscal controls and accountability of Personal Funds of Patients in accordance with the policy contained in VA Directive 4020.

2. DEFINITIONS

a. Patients. The term "patients" includes veterans in VA medical centers and domiciliaries unless specifically indicated otherwise.

b. **Restricted Accounts.** Restricted accounts are patients' accounts for which the Director has been designated as trustee, and into which have been deposited personal funds belonging to the following types of patients:

(1) All patients who have been adjudged incompetent by a court.

(2) All patients who have been rated incompetent by VA or who are considered by the Director to be incapable of administering their funds.

(3) For purposes of administration, psychiatric patients whose funds should be controlled because of their ward assignment or because consideration is being given in regard to a rating of incompetency.

Directors may designate, for temporary periods, certain "restricted" accounts as "unrestricted" and authorize the patient concerned to use his/her account, within prudent limits, as an unrestricted account when this action will aid either in the patient's therapeutic progress or in the determination of the patient's capability to handle the funds.

c. **Unrestricted Accounts.** Unrestricted accounts are those accounts of patients capable of handling personal funds, which are deposited for safekeeping, are not subject to the trusteeship of the Director, and are available for return to patients upon demand.

d. **Institutional Award.** An award of disability compensation, pension, or emergency officers' retirement pay to the chief officer of a VA, other Federal, State, or private contract hospital, on behalf of a veteran rated incompetent by VA or court decree, or both.

e. **Fiduciary.** Fiduciary is a generic term denoting a person or corporation holding property in trust under a legal duty to act for the benefit of the other as to matters within the scope of the trust relationship. For purposes of this handbook, it includes all individuals or corporations appointed to act in this capacity by courts, and legal custodians, custodians-in-fact, and chief officers of hospitals, recognized pursuant to VA regulations.

f. **Guardian.** A person or corporation who, pursuant to a decree of a court of competent jurisdiction, has the care of the person or property, or both, of a minor or mentally incompetent VA beneficiary.

3. RESPONSIBILITY OF DIRECTORS. All Personal Funds of Patients received for deposit to restricted accounts will be under trusteeship of the Director and subject to the Director's personal action, in accordance with VA Directive 4020.

4. DEPOSITS FOR SAFEKEEPING. The Fiscal Officer has the overall responsibility for implementing the procedures for the safekeeping of funds voluntarily submitted by patients whose accounts are not restricted. All funds will be deposited in Personal Funds of Patients. Withdrawals will be by cash to the extent permitted by the Agent Cashier's

advance; otherwise withdrawals will be by check. Patients should be informed that this is a non-interest bearing account.

5. RECEIPTING AND DEPOSITING

a. All remittances received for deposit to Personal Funds of Patients will be turned over to the Agent Cashier, who will issue an official receipt immediately and deposit the funds in a Federal Reserve bank or a general depository. No receipt will be issued for amounts withheld from VA benefit payments at the Hines Finance Center. These deductions are automatically deposited to the individual accounts.

b. Where a VA medical center is receiving recurring institutional award remittances on behalf of more than one veteran, request may be made to have such payments consolidated into one check payable to the Director. Such requests should be in letter form and made to the regional office having jurisdiction over the veteran's claims folder, if known; otherwise to the regional office having jurisdiction over the area in which the medical facility is located. All requests should be directed to the attention of the Finance Officer and should include the following information:

(1) Name and address of the consolidated payee.

(2) Full name of veteran.

(3) Claim number of the veteran.

c. Requests will not be made to remove the names of discharged incompetent veterans from the consolidated list until a change in fiduciary has been accomplished. At that time, deletion requests should contain the name and C-number, as well as the residence or forwarding address.

d. The Division of Disbursement will issue the consolidated check, and the Hines Finance Center will furnish the payee a listing showing individual patients and amounts to be credited to their accounts. This listing will serve as a posting medium for the patients funds clerk.

6. MAINTENANCE OF ACCOUNTS

a. A separate account, VA Form 10-1083 series, Patient's or Member's Account, will be established for each patient for whom funds are deposited in the Personal Funds of Patients account. The patient's signature must be obtained for identification purposes for unrestricted accounts. This is normally done by the Agent Cashier when the patient makes the first deposit. Each deposit and withdrawal affecting accounts will be posted thereon in a timely manner. A system of codes or symbols will be used to identify various expenditures and special purpose funds in order to have available necessary information to prepare statements of accounts to Veterans Services Officers, District Counsels, guardians, and others. Funds deposited by regional offices other than Manila will be

transferred immediately to the Hines Finance Center, which is responsible for the accounting functions of the regional office Personal Funds of Patients and Funds Due Incompetent Beneficiaries.

b. On restricted accounts maximum and minimum balances will be shown as required by M-1, Part I, Chapter 8. Asset information is required when the patient does not have a guardian, spouse or child.

c. The accounts for incompetent patients will also be maintained in such a manner as to make readily discernible the balance of funds on deposit derived from gratuitous benefits which were deposited by VA under laws administered by VA and those funds derived from other sources. Therefore, all deposits made to the account except those deposits made by VA in behalf of the veterans are considered funds derived from other sources. All expenditures from the account will be considered to have been made from gratuitous benefits not to exceed the extent of deposit of such benefits. Immediately upon the death of a veteran who has been adjudged or rated incompetent, an analysis by source of the balance in the patient's account will be forwarded to the appropriate VA regional office for filing in the XC-file.

d. The maintenance of accounts at medical centers having a majority of neuropsychiatric patients is the responsibility of the Medical Administration Service. The Medical Administration Service also may be assigned responsibility for maintaining the accounts at those stations where the Director determines a savings of personnel and improved service to the patient will result. Otherwise maintenance of the accounts will be the responsibility of the Fiscal activity. Regardless of where the accounts are maintained, the Chief, Fiscal activity is responsible for auditing the accounts as frequently as necessary to assure accuracy of posting and agreement with the general ledger account balance.

e. In the interest of efficient internal control, stations with more than one patients funds clerk should periodically rotate the segments or blocks of accounts among the clerks. To the extent feasible, stations with only one patients funds clerk should occasionally assign the duties to another employee.

f. Current active cards to which entries are being made will be filed alphabetically. Completed active cards which have been filed but the account is still active will be filed separately in alphabetical order after the annual microfilm. Inactive cards for patients whose accounts have been closed will be filed alphabetically by calendar year in a separate file.

g. Close liaison and prompt exchange of information between Fiscal and the Medical Administration Service is required in order to maintain effective control of accounts. VA Form 10-1420, Notice Regarding Patient's Funds Account, may be used in transmitting such information. The provisions of M-1, Part I, Chapter 8, apply.

h. Computer System

(1) Those facilities using a computer system for the maintenance of Personal Funds of Patients accounts must run a daily backup disk, to be stored in a separate, secured location from the computer itself. The backup disk could be made on floppy disks, hard disks, or tape driven depending on the computer system used. This is extremely important to prevent the loss of Patients Funds data in case of a fire or other disaster in the location where the computer is housed. The foregoing would apply whether a facility used a microcomputer located in the Patients Funds office or used a terminal connected to a main computer system elsewhere in the facility.

(2) If the facility chose not to use account cards in conjunction with their computer system, then a patient's signature card must be established to maintain the patient's signature on file in the Patients Funds office.

7. PROTECTION OF RECORDS. Active records of the accounts of individual beneficiaries except those maintained at the Hines Finance Center will be adequately protected against tampering and the hazards of fire through the use of fire-resistant filing cabinets with suitable locks, or utilization of safes. In fire-resistant buildings, fire-resistant filing cabinets are not required.

8. POSTING TO ACCOUNT CARDS

a. Date Column. Dates of entries in this column will be as follows:

Deposit	Date of entry
Funds transferred in	Date of acknowledgment of receipt on transfer document
Funds transferred out	Date approved for transfer
Canceled checks	Date forwarded to Disbursing Office
Uncollectible checks	Date of schedule
Adjustments	Date of entry
Cash withdrawals or check payments	Date of entry

b. Reference Column

(1) Postings in this column will give reference information relative to the entry being made. Field service receipt numbers will be used for collections deposited by the Agent Cashier. Schedule numbers, control numbers, etc., will be used in other cases and will be prefixed by the form number involved. Cash withdrawals will be entered on the account card posting using the prefix "ACP" and the number. Check withdrawals or payments will be identified by the prefix "VS" for voucher schedule number or "PO" for purchase order number. Voucher schedule numbers need not be maintained in consecutive order in the scheduling of vouchers for payment. Adjustments to previously recorded entries and cancellations will also cite the reference number used for recording the document.

(2) The following symbols are prescribed for use where practical for analysis purposes. Amounts for withdrawal need not be divided merely because the withdrawal involves more than one code symbol. In such case more than one symbol may be indicated as "ICB," or no symbol indicated for the entry. In the preparation of statements the items may be grouped as "Incidentals" and "Coupon Books," etc. showing one amount if the party using the statement does not desire a more detailed listing.

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|-----|-----------|--|
| (a) | Adj. | Adjustments which change a previous entry. |
| (b) | Canc. | Cancellation. |
| (c) | CA
the | Cash. (Regular cash withdrawals for general use by patient.) |
| (d) | CB | Coupon Books. |
| (e) | CL | Clothing. |
| (f) | I | Incidentals. |
| (g) | SE | Special expenditures. |

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| (h) SP
individual | A donation for deposit in the account of the patient when the donor has designated a specific use for donation. (Identify the desires of the donor.) |
| (i) NBC | Non-bed Care, including authorized and unauthorized absences |

c. Deposits Column

- (1) Entries in this column will be amounts received for deposit as shown by field service receipts, funds transferred in, amounts listed on schedules covering canceled checks, adjustments, etc.
- (2) When deferred credit dates are shown on field service receipts, the deferred credit date will be posted in pencil to ensure that the credit will not be used prior to the available date.
- (3) Adjustments and cancellations referring to previous entries in this column will be recorded in this column.
- (4) Collections requiring special consideration are discussed in Manual M-1, Part I, Chapter 8.

d. Withdrawal Column

- (1) Entries on restricted accounts will be made from withdrawal documents approved by the Director or designee and on unrestricted accounts from documents approved by the patient, transfer-out documents, schedules covering uncollectible checks and adjustments, and cancellations.
- (2) Temporary obligation entries will not be recorded. The withdrawal will be posted as a permanent entry on the account card. Upon receipt of a document authorizing a withdrawal, the procedure outlined below normally will be as follows:
 - (a) The patient's funds clerk will examine the document for completeness and identify the patient's signature with the signature recorded on the account card where a withdrawal from an unrestricted account is involved, and, in the case of a restricted account, verify the authority and signature of the VA official signing the document as the authorizing official. Care must be exercised to assure that the withdrawal will be made from the correct account.

(b) The patients funds clerk will verify that funds are available, record the withdrawal entry and date and sign the original and all copies of the document in the space provided on the document underneath the legend "Funds available" or similar words. If the document used does not carry the legend on the printed form, the legend or similar language will be endorsed in a suitable area on the face or reverse of the form. Carbon impressions are acceptable on the copies.

(3) Adjustments and cancellations referring to previous entries in this column will be recorded in this column.

e. Balance Column. This column will reflect the accumulative balance of funds to the credit of the patient available for withdrawal except as limited by a deposit on which the deferred credit date has not cleared.

9. WITHDRAWALS

a. Withdrawal from accounts maintained by the data processing center will be processed on VA Form 4-8268, Fiscal Payment and Adjustment Code Sheet, pursuant to award action by the adjudication activity or an authorization by the Veterans Services Officer.

b. Documents authorizing payments must indicate the name and, when appropriate, address of the payee. When VA Forms 10-2675, Consolidated Requisition for Cash Withdrawals, are the requisitioning document they may be consolidated into a single account card posting "ACP" voucher in accordance with VA Handbook 4010. The signature or mark as receipt by the payee must be obtained for all payments. Mark signatures must be supported by the signature of two witnesses.

c. Cash or check withdrawal from unrestricted accounts will be authorized by a properly signed VA Form 10-1126, Withdrawal of Personal Funds, or other approved form. An exception to this requirement can be utilized when a patient has been discharged; in this case check payment of residual balances may be authorized by indicating the date of discharge on the form instead of a signature. In such instances a letter should be sent to the payee informing them of the balance and advising them that a check will be received shortly in that amount. Patients may authorize payment to third parties. The documents directing the payment must indicate the name and address of the party to whom payment is to be made.

d. Whenever possible, payments from restricted accounts as authorized by a properly signed VA Form 10-2920, Authorization for Release of Patient's Funds, will be made by the Agent Cashier. If necessary, however, the Director may designate an employee to make payments, who must acknowledge receipt for temporary custody of the funds by signing the copy of the requisition.

e. Cash may be advanced from restricted accounts to third parties to make purchases for the patient. The document (VA Form 102920) authorizing the expenditure must name the party to whom the funds are to be advanced. That person will account to the Director for

all funds expended. In cases where funds are furnished by the guardian or other party for a specific purpose, those parties will be furnished a copy of the accounting. Funds remaining will be redeposited to the individual's account. A field service receipt will be issued in the name of the person depositing the funds. In the event any part of the amount deposited for an express purpose remains unexpended, it will be refunded to the person from whom the funds were received.

f. Any Personal Funds of Patients which were derived from gratuitous benefits under laws administered by VA may be used to offset any overpayment of VA compensation or pension, or hospitalization furnished that individual to which there was no legal entitlement. They may also be used to offset other indebtednesses due the United States, not specifically precluded by statute. Funds acquired from private sources should be used to liquidate an indebtedness only after obtaining agreement of the patient. Withdrawal and transfer to the proper appropriation or fund will be accomplished in accordance with MP-4, Part V, Chapter 2.

g. Withdrawals from restricted accounts for the purchase of U.S. Savings Bonds are authorized from nongratuitous funds only. The application for U.S. Savings Bonds, Series EE, will be prepared in the name of the patient. Where cash is withdrawn for the purchase of savings bonds, VA Form 10-2920 will be prepared to name the Director, or person acting for the Director, as payee. These officials would then purchase the bond or designate employees to perform this function. The Agent Cashier will deliver the bond to the person retaining custody, and obtain the signature of that person on the prepared VA Form 10-2920, together with the number and denomination of the bond.

10. CERTIFICATION OF VOUCHERS

a. Generally, all vouchers covering expenditures and withdrawals from restricted accounts should be certified by the Director who will be designated as a certifying officer in accordance with VA Handbook 4010. At the discretion of the Director, this authority may be delegated in writing to other certifying officers.

b. Expenditures and withdrawals from Personal Funds of Patients not under trusteeship may be certified by any authorized certifying officer.

c. As a general rule, field stations will make disbursements from Personal Funds of Patients in U.S. dollar amounts rather than in foreign currency. Only in a rare instance should there be an occasion to make a disbursement in foreign currency; for example, where a patient desires to purchase an item available only in a foreign country. In this type of case, the provisions of MP-4, Part V, paragraph 2C.03 will be followed.

11. OVERDRAWN ACCOUNTS

a. Accounts of patients overdrawn will be reimbursed by the employee or employees responsible for the overdraft if it is determined that fault or negligence on the part of the employee was the cause of the shortage in the account.

b. Responsibility will be fixed by the Director. If it is determined that an employee is to be held liable for the shortage, reimbursement to the account will be required within 30 days from the date the overdraft was discovered. VA Form 4-1028, Field Service Receipt-Patient's Funds, will be issued for funds deposited in reimbursement of the overdraft. The receipt will be issued in the name of the employee remitting the funds in reimbursement of such overdraft. If it is determined that the shortage occurred through no fault or negligence on the part of the employee(s) deemed most accountable or responsible at the time the loss occurred, relief may be requested on behalf of the employee(s) under the procedures provided for cashier losses in VA Handbook 4010.

c. If the amount of the overdraft is subsequently collected from other sources, the amount of restitution paid by the employee will be refunded to such employee. VA Form 10-2920, or SF 1047, Public Voucher for Refunds, will be used to authorize the refund of the amount. The form must be signed by the Director or designee to evidence approval. These vouchers will not be paid by the Agent Cashier.

12. REDEMPTION OF SAVINGS BONDS

a. When it is necessary to redeem a U.S. Savings Bond registered in the name of a patient with a restricted account who does not have a legal guardian or custodian, the following procedure will be observed:

The director or designee will sign the bond in the presence of the Fiscal Officer:

(Name of Veteran) incompetent, by (Name)

Director, VA (Medical Center), as custodian designated by the Department of Veterans Affairs.

b. The bond will then be signed by the Fiscal Officer, who is authorized by the Under Secretary of the Department of the Treasury to witness and certify requests for payment of U.S. Savings Bonds registered in the names of veterans under custodianship of Medical Center Directors. It will then be forwarded for payment to one of Federal Reserve banks listed as follows:

Savings Bonds Department

Federal Reserve Bank of Cleveland

Pittsburg Branch

P.O. Box 867

Pittsburg, PA 15230

Savings Bonds Department

Federal Reserve Bank of New York

Federal Reserve P.O. Station

New York, NY 10045

Savings Bonds Department

Federal Reserve Bank of Richmond

P.O. Box 27622

Richmond, VA 23261

Savings Bonds Department

Federal Reserve Bank of Minneapolis

250 Marquette Avenue

Minneapolis, MN 55480

Savings Bonds Department

Federal Reserve Bank of Kansas City

925 Grand Avenue

Kansas City, MO 64198

13. TRANSFERRING FUNDS

a. VA medical centers and domiciliaries will maintain restricted accounts of Personal Funds of Patients for beneficiaries hospitalized or domiciled at those stations, and will continue to maintain the restricted account of a patient discharged for admission to a community nursing home at VA expense, until payment may be made directly to the veteran or until payment to a guardian is authorized. The funds of the discharged patient will be administered in the same manner as funds of a patient in a non-bed care status. The Hines Finance Center will maintain accounts of personal funds of beneficiaries receiving authorized care in a non-VA medical center or non-VA nursing home. Certification and transfer of patient fund liability will be accomplished by the use of VA Form 4-4564a, Transfer of Disbursing Authority-Field Station/DPC. Each VA medical center initiating the transfer of a beneficiary to a non-VA medical Center will accomplish the transfer of funds in a restricted account by making transfer directly to the Hines Finance Center, station 201. An information copy of VA Form 4-4564a, will be fully annotated and routed to the field station of jurisdiction. A separate communication will

simultaneously be prepared by the Fiscal activity of the VA medical center and directed to the Veterans Services Officer. Knowledge of the amount transferred is essential to the operational responsibilities of the Veterans Services Officer. When an incompetent patient is transferred to a non-VA medical center, those funds in Personal Funds of Patients account derived from private sources may be withdrawn and given to the patient or the person to whose custody the veteran is released. If, in the opinion of the station Director, the balance of private source funds is too large to release in safety to the patient or person having custody, a withdrawal voucher should be initiated by the Medical Administration Service in favor of the appropriate official of the non-VA medical center, and forwarded to the Fiscal activity for payment processing.

b. In all permanent interstation transfers, funds will be transferred immediately to the station where the patient will be located. Sources of funds will be indicated on VA Form 4-4564, Transfer of Disbursing Authority. The daily gains and losses sheet or other official notification will be the authority for initiating such transfer. During temporary transfers of short duration, where it is contemplated to return the patient to the releasing station, funds will not as a general rule be transferred, provided the needs of the patient can be adequately met through a mutually acceptable working agreement with the other hospital. Should the beneficiary require funds during the temporary transfer, funds may be withdrawn from the beneficiary's account on either VA Form 10-1126, Withdrawal of Personal Funds, or VA Form 10-2920, Authorization for Release of Patient's Funds. In the case of a restricted account, the check will be drawn payable to the beneficiary and mailed to the patient in care of the Director. The Agent Cashier is authorized to cash this check. If hospitalization is prolonged, or should death occur or the patient be discharged, funds will be transferred to the station on the basis of a memorandum from the Medical Administration Service.

14. CONTROLLING \$1,500 STATUTORY LIMIT

a. Title 38 U.S.C. 5503(b)(1)(A), reads in part as follows: "In any case in which a veteran having neither spouse nor child is being furnished hospital treatment or institutional or domiciliary care without charge or otherwise by the United States, or any political subdivision thereof, ... and the veteran's estate (excluding the value of the veteran's home unless there is no reasonable likelihood that the veteran will again reside in such home), from any source equals or exceeds \$1,500, further payments of pension, compensation, or emergency officers' retirement pay shall not be made until the estate is reduced to \$500 ..."

b. In order to effectively control institutional award payments so that the estate of an incompetent hospitalized or domiciled veteran does not exceed \$1,500, asset information will be forwarded by the activity maintaining Personal Funds of Patients accounts to the adjudication activity before the estate reaches \$1,500. This is necessary in order that the adjudication activity can initiate action to discontinue the institutional award the first day of the month in which payment was actually received which causes the estate to equal or exceed \$1,500. For example, if the February balance of the veteran is sufficient so that an additional payment will cause the estate to equal or exceed \$1,500, the adjudication

activity should be notified immediately. The adjudication activity will then discontinue the award effective March 1. If, after receiving the February payment in March, the estate exceeds \$1,500, the excess amount would not be considered an overpayment. Any subsequent benefit check would be considered an illegal payment. When the balance of the veteran's estate is reduced to \$500 the adjudication activity will be notified in order that the award can be resumed. As an additional control the Hines Finance Center will also advise the adjudication activity by a computer-generated message when the balance of Funds Due Incompetent Beneficiaries and/or Personal Funds of Patients approximates \$1,500.

c. When a fiduciary has been appointed, it is the responsibility of the Veterans Services Officer to advise the adjudication activity when the estate approximates \$1,500 regardless of where the veteran is being furnished hospital or domiciliary care.

15. DISPOSITION OF FUNDS

a. Proceeds from sale of effects will be delivered to the Agent Cashier for deposit to the credit of the individual patient in Personal Funds of Patients. VA Form 4-1028, Field Service Receipt-Patient's Funds, will be issued in the name of the remitter. Before any disposition of funds is made, the patients funds clerk will review the account to determine whether or not any recent deposit represents an institutional award which might have been received and deposited after the patient's death. If it is found that such a deposit has been made, the amount will be transferred locally by means of OF 1017G, Journal Voucher, from the Personal Funds of Patients to the appropriation from which paid.

b. Funds of patients who die in VA medical centers, domiciliaries, contract hospitals, or other institutions - Federal, State, or private - will be disposed of in accordance with 38 CFR Part 12. Where disposition of funds cannot otherwise be made under the foregoing regulations, such funds will be restored to the benefit appropriation provided for payment of compensation, pension, or emergency officer's retirement pay, in accordance with 38 U.S.C. 5502(e) if it can be readily determined the funds were received from such source. If the source cannot be determined, funds will be transferred to the General Post Fund, in accordance with 38 U.S.C. 8520(a). Payment of claims to heirs or next of kin residing in foreign countries will be made in U.S. dollars and scheduled in accordance with MP-4, Part V, paragraph 2C.03.

c. There are two policies governing the disposition of funds on deposit in the Personal Funds of Patients account for veterans rated or adjudged incompetent at time of death. The determining factor as to which policy governs is whether: (1) the funds were derived from gratuitous benefits under laws administered by VA and deposited by VA, or (2) derived from other sources. For this purpose gratuitous benefits are defined as all benefit payments under laws administered by VA except insurance payments. Immediately upon death of an incompetent veteran a determination will be made as to the source of funds on deposit. A record of this determination will be made. The original of the determination will be forwarded for filing to the office where the XC-folder is located. A copy will be retained at the station. If the deceased left funds on deposit in Personal Funds of Patients

account, the Finance Division of the regional office having jurisdiction of the XC-folder will be contacted by telephone to determine if an overpayment of VA funds exists. Documentation of the call will be made on VA Form 119, Report of Contact. If an overpayment exists, the District Counsel will be promptly notified so that action can be initiated to recover the overpayment. Funds will not be released from the account until authorized by the District Counsel (reference M-1, Part I, Chapter 14, paragraph 14.71a).

(1) The balance of funds on deposit in the Personal Funds of Patients account for an incompetent veteran which represents gratuitous benefits deposited by VA will be paid upon the veteran's death in the following order of preference to persons living at time of settlement: (a) surviving spouse, (b) children (without regard to age or marital status) in equal parts, and (c) dependent parents in equal parts. In the absence of any person in the preceding classes, there may be paid (other than to political subdivision of the United States) from any balance remaining so much as may be necessary for reimbursement of expenses for last sickness or burial. If at time of death there is no evidence at the station to indicate that there are persons of the acceptable class living, the balance of funds deposited by VA derived from gratuitous benefits will be immediately transferred to the compensation and pension appropriation. If there is evidence of living persons of the acceptable class, and no claim is pending at the end of 1 year from date of death, the balance of such funds will be transferred to the appropriation. Transfers to the compensation and pensions appropriation will be made to the Hines Finance Center. A copy of the financial document will be forwarded to the office where the XC-folder is located for filing there. Any claims subsequently approved will be paid from the appropriation. Claims by the prescribed class of persons will be made in writing on VA Form 21-6898, Application for Amounts on Deposit for Deceased Veteran. Upon receipt of a claim, the patient's account will be noted to this effect. The claim will then be forwarded to the adjudication activity having jurisdiction over the XC-folder. After development of the claim, the adjudication activity will furnish the station a certificate signed by an adjudicator and approved by an authorization officer showing the eligibility of the claimant or claimants and the proportion of their entitlement. The claim together with the certification will be returned to the station for payment. Reimbursement claims for last sickness or burial will be considered only when, at the time of settlement, there are no survivors within the permitted class eligible to receive the funds. Claimants should be instructed to file claims directly with the adjudication activity having jurisdiction over the XC-folder. For further information pertaining to interstation transfers of Personal Funds of Patients, see MP-4, Part V, Chapter 2.

(2) Field stations will retain the quadruplicate copy OF 1017G for their records. The Austin Finance Center will furnish the Hines Finance Center the accomplished copy of the OF 1017G after entry into the accounts.

(3) Funds of deceased incompetent patients derived from sources other than gratuitous benefits deposited by VA, will be disposed of in the same manner as for competent patients.

d. Funds on deposit to the credit of a competent patient at time of death and funds which may accrue to the credit of the account of the deceased veteran subsequent to the date of death will be disposed of by the payment of claims to entitled claimants. In connection with the above, the following instructions are applicable:

(1) VA Form 90-2064, Authority to Release and Ship Effects and Funds, in duplicate, and VA Form 10-1171, Notice to Person Designated by Veteran Regarding Personal Effects, will be routed to the Fiscal activity for payment. VA Form 90-2064 will indicate the manner payment should be effected. The duplicate copy which is given to the payee or mailed with the check will contain the following statement: "Transfer of these funds covers possession only, and such transfer does not in itself affect title thereto. If contested, payee will be accountable to the owner of said funds under the applicable laws." The VA Form 10-1171 will bear the signature of the person designated by the veteran and will be used by the Agent Cashier for identification when payment is made in cash. The VA Form 90-2064 will become the AC voucher. After payment is made the VA Form 10-1171 will be returned to the Medical Administration activity.

(2) If an administrator or executor has or will be appointed, that individual must furnish evidence of authority consisting of a copy of letters testamentary certified over the signature of the appointing court. In making claim for the funds of a deceased veteran's estate, the administrator or executor will execute SF 1055, Claim Against the United States for Amounts Due in the Case of a Deceased Creditor. Any payment which may be authorized from the Personal Funds of Patients account will be made to that person, provided there is no evidence of record to indicate there may be an escheat, and interest of the United States would not be jeopardized by making such payment.

(3) When it is indicated that no administrator or executor has been or will be appointed, distribution of the funds may be made to the persons found entitled under the intestacy laws of the State of the veteran's last residence, with due regard to exemptions and allowances, the order of payment of debts, and heirs. Payments will be made on the basis of SF 1055, with necessary supporting evidence. Nongratuious funds in excess of \$1000 or funds equal to the amount requiring probate under applicable State statute will be considered a reasonable basis to withhold possession. In these cases, funds will be released only on the written advice of the Veterans Services Officer having jurisdiction.

(4) In the absence of a claim for amounts of less than \$25, payment may be made to the person entitled to the personal property of the deceased. SF 1055 will not be required in such cases but may be procured if evidence is incomplete as to those entitled.

(5) The Fiscal activity will make distribution of funds left by members of the Armed Forces, Allied beneficiaries, and other nonveterans according to instruction received from the Director or designee.

16. DEPOSITS TO GENERAL POST FUND

a. Balances in Personal Funds of Patients belonging to a veteran who dies while receiving care at the expense of VA will be transferred to the General Post Fund only after it is determined that the veteran did not leave a spouse, heir, or next of kin. The VA records (including the hospital file and claims folder) as well as any other available information will be thoroughly examined in making such determination. When assets of a deceased patient (veteran) accrue to the benefit of the General Post Fund, field stations are responsible for converting assets into cash, pursuant to 38 CFR Part 12. Proceeds from the conversion of personal property will be delivered to the Agent Cashier for deposit to 36X8180, 1 A/R, General Post Fund. VA Form 41027, Field Service Receipt - General, will be issued in the name of the remitter. The purpose block on the receipt will show the deceased veteran's name and XC-number and indicate the funds were obtained from the sale of personal property.

b. A memorandum account will be established on VA Form 10-1083, Patient's or Member's Account, for each deceased patient whose Personal Funds of Patients account and/or proceeds from the disposition of other personal property has been credited to the General Post Fund. The account card will be headed "Memorandum Account - Fund Credited to General Post Fund (General Donation)." In addition, the card will show the deceased patient's name, XC-number, date of death, source and amount of each credit to General Post Fund, and any other information that may be useful in processing a subsequent claim against the account. The amount will be recorded by posting the applicable information in the Date, Reference, Deposit and Balance columns of the card. In the case of a deposit, the number of the receipt, VA Form 4-1027, will be posted in the Reference column. Immediately below this entry a statement will be recorded to the effect: "Deposited (Transferred) to General Post Fund, Central Office Restricted Account by C/D (journal voucher) number _____ dated _____. " (use applicable words.) The statement will be signed by the Chief, Fiscal activity. Additional entries will be recorded in the same manner. After it is reasonably certain that all deposits and transfers to the General Post Fund have been accomplished, the VA Form 10-1083 will be forwarded to the appropriate regional office for filing in the veteran's XC-file.

17. CLAIMS AGAINST GENERAL POST FUND

a. Assets of the estate of the veteran which have been deposited to the General Post Fund are subject to valid claims of an heir, next of kin, or other person found to be legally entitled to the veteran's personal property. Creditors must present their claims within 1 year from the date of death, or as otherwise provided by law. Any heir, next of kin, or other person found to be legally entitled to the veteran's personal property may claim the same within 5 years from the date of the veterans's death. However, if a claimant is under a legal disability (such as minor, incompetent, etc.) at the date of the veteran's death, the 5-year period begins upon the termination or removal of the legal disability.

b. Claims will be processed and paid by the VA medical center where the veteran died. If death occurred in a contract hospital the claim will be processed by the hospital or independent clinic authorizing admittance. The procedures outlined below will be observed:

(1) Upon receipt of a claim for funds deposited or transferred to the General Post Fund, the appropriate regional office will be requested to transfer the XC-folder to the Fiscal activity of the requesting station.

(2) Stations will forward claims to the appropriate District Counsel, for review and approval, prior to payment. (XC-file will remain at the station requesting review; it will be transferred only at request of the District Counsel.)

(3) Claims for the decedent's estate will be stated on SF 1055. The SF 1055 will be supported by the following documents or certification as applicable under the circumstances in the case:

(a) A certified copy of letters of administration together with a certified copy of a degree of heirship entered by a court of competent jurisdiction naming the persons entitled to the decedent's personal property.

(b) A certification by the District Counsel that it has been determined that there need not be formal administration of the estate under applicable State law dealing with small estates, that claimant has established legal entitlement in accordance with such State law to decedent's personal property, and that a specified amount may be paid to named claimant(s).

(4) A claim in proper form will be scheduled on SF 1166 OCR, Voucher and Schedule of Payments. The SF 1055 together with other pertinent documents will serve as the subvoucher. The XC-folder will accompany the voucher schedule for review by the voucher examiner and the certifying officer.

(5) Claims to be paid in foreign currency will be scheduled as prescribed in paragraph 15b above.

(6) Request to Central Office for funds to pay an approved claim will be for the amount of the claim only and will give the name of the deceased veteran and the XC-number.

(7) The payment transaction will be recorded on the memorandum account card. This entry will be in addition to the payment transaction entry in the regular "General Purpose" subsidiary account. The reference information will be the number of the schedule, SF 1166 OCR. In addition a statement will be endorsed on the memorandum account card to the effect: "Paid to (name and address) by D.O. voucher (number) dated (date)." The statement will be signed by the Chief, Fiscal activity. The station will make a photocopy of the account card, and file it in a paid file for audit purposes. The memorandum account card will be filed in the veteran's XC-folder prior to returning the folder to the regional office.

18. FUNDS OF VETERANS - WHEREABOUTS UNKNOWN

a. Balances in the accounts Personal Funds of Patients and Funds Due Incompetent Beneficiaries representing money belonging to individuals whose whereabouts are unknown, which have been on deposit for more than 1 year, will be considered for transfer as follows:

(1) Individual amount of \$25 or more will be transferred to account 20X6133, Payment of Unclaimed Moneys (T). VA medical centers and the Manila regional office will transfer these amounts by OF 1017G, Journal Voucher, bearing the notation "Unclaimed balances under 31 U.S.C. 1322." The form will be marked "Expenditure Transfer" and carry the ALC number. A copy of the OF 1017G will be forwarded to Director, VACO Finance Service (047H). Names, C-numbers, individual amounts and other pertinent information will be shown either on the copy of the document submitted to Central Office or on an attached list. Where such cases are under jurisdiction of the Hines Finance Center the computer will generate a VA Form 20-6560, Notice of Benefit Payment Transaction, which will be forwarded to the VACO Finance Service.

(2) Individual amounts of less than \$25 will be transferred to the general fund receipt account, 361060, "Forfeitures of Unclaimed Money and Property." OF 1017G will bear the notation, "Unclaimed individual balances of less than \$25 under 31 U.S.C. 1322." Only the total amount need be shown and it will not be necessary to identify the individual items by name and amount.

b Prior to making any transfer, a field station will examine VA records (including hospital file and claims folder) as well as any other available information in an effort to locate the veteran. If the veteran cannot be located, funds at the Hines Finance Center will be transferred at the end of the month; other funds will be transferred on September 30 of each year.

c. If the veteran is located at a later date, the procedures outlined in VA Manual MP-4, Part III, paragraph 3.26 should be followed to obtain a refund of funds transferred to account 20X6133.

19. RECONCILIATION OF ACCOUNTS. At the end of each month accounts will be reconciled with the general ledger control accounts in accordance with MP-4, Part V, Chapter 2, Section G. The reconciliation statement will be signed by the Fiscal Officer and routed to the Director. A duplicate copy signed by the Chief, Accounting activity and the patients funds clerk will be made a part of the accounting records. The statement for the month of September each year will be supported by a listing of the individual accounts or an adding-machine tape properly annotated for verification purposes. The Hines Finance Center will furnish regional offices an annual listing of Personal Funds of Patients and Funds Due Incompetent Beneficiaries accounts for review against the claims folder and memorandum receivable records.

20. REPORTING. When requested, an itemized statement of an individual patient's restricted account will be furnished to Veterans Services Officers and guardians. Reports

will also be furnished to relatives or friends supplying funds to patients with restricted accounts.