



Department of Veterans Affairs

Financial Policy

Volume II

Appropriations, Funds, and Related Information

Chapter 7G

Refunds Issued by VA

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0701 Overview

This chapter establishes the Department of Veterans Affairs (VA) financial policies regarding refunds of money previously collected by the agency.

VA will comply with Treasury Financial Manual (TFM) Volume I, Part 6, Chapter 3000, Payments of Unclaimed Moneys and Refund of Moneys Erroneously Received and Covered, when issuing refunds of collected money. Refer to Volume II, Chapter 7F, Refunds and Rebates, for policy pertaining to VA collecting a refund from an entity.

Key points covered in this chapter:

- VA will charge a valid refund claim to the appropriation account where the receivable was established; and
- VA will only use Treasury’s account, Refund of Moneys Erroneously Received and Covered (020X1807) when collections were deposited with Treasury as miscellaneous receipts, such as interest charges collected on debts. These collections represent receipts that were not properly chargeable to any VA appropriation.

0702 Revisions

Section	Revision	Office	Reason for Change	Effective Date
070502 – Review of Refund Requests	Added TFM guidance for issuing refunds at the \$25 threshold.	OFP (047G)	To ensure administrative cost efficiency when issuing refunds.	September 2020
All	New Chapter	OFP (047G)	Provide policy on refunds of money collected by VA	April 2019

0703 Definitions

Refund – The return of funds improperly collected or collected in excess of the amount owed.

Third Party Payer – An entity (other than the patient or the health care provider) that reimburses and manages health care expenses. These include insurance companies, governmental agencies, and employers.

Treasury Account Symbol (TAS) – An identification code assigned by the Department of the Treasury. TAS represents individual appropriation, receipt, and other fund accounts.

0704 Roles and Responsibilities

Administration and Staff Office Chief Financial Officers are responsible for the timely review and adjudication of refund requests.

Local Finance Offices are responsible for certifying the payment of approved refunds from the correct appropriation account.

The **Financial Services Center (FSC)** is responsible for certification of all payments from Treasury's Secure Payment System (SPS). The certification is at a summary Treasury Account Symbol (TAS) level and will include payments from Treasury Account 020X1807.

Office of General Counsel (OGC) is responsible for providing legal counsel to resolve disputes in refund requests that cannot be resolved locally.

0705 Policies

070501 General Policies

- A. When VA collects money for a debt from an entity, it is deposited into the appropriation account (including fiscal year) for the specific purpose assigned by law. VA will separately deposit interest into Interest Paid on Receivables (036_1435) and administrative charges into General Fund Proprietary Receipts, Not Otherwise Classified, All Other (036_3220). These are Treasury Receipt accounts for money collected on a debt. Accounting for receivables and collection of those receivables is described in VA financial policy, Volume II, Chapter 2D, General Fund Receipt Account, Volume V, Chapter 1, Recognition and Accounting for Assets, and Chapter 6, Accounts and Interests Receivable.
- B. Situations which may result in a refund include, but are not limited to:
- Discovery of a Veterans retro-active service connection;
 - Third-Party Payer overpayment;
 - Refunds of top-offset fees charged to the Veteran;
 - Granting financial hardship on a debt collection;
 - Refunding a housing funding fee that a Veteran paid prior to being approved for a service connection; or
 - Refunding a payment made after a debt was offset from another source.

070502 Review of Refund Requests

- A. Each Administration will establish and implement procedures for the timely processing of refund requests. Staff will establish internal controls to ensure proper segregation of duties so the request for refund is prepared and reviewed by separate individuals.
- B. Administration staff will review refund requests and supporting documentation to determine the validity of the request and that the appropriate account is used to pay the refund. See Appendix A, VHA Medical Care Collections Fund (MCCF) Refund, for sample guidance. If an entity makes a request for a refund of money previously paid to VA on behalf of a deceased Veteran, VA will review the refund request to determine if the entity is a legal representative for the estate, prior to payment.
- C. All refund requests will be reviewed by a designated second-level reviewer prior to processing the payment or rejecting the request.
- D. VA will refund any overpayment received that is \$25 or more in accordance with TFM Volume 1, Part 6, § 3000, Payments of Unclaimed Moneys and Refund of Moneys Erroneously Received and Covered. In addition, VA will refund any overpayment received that is less than \$25 upon receipt of a valid refund request. This will occur no less frequently than on a quarterly basis. Administrations may continue to refund amounts less than \$25 without a refund request according to existing standard operating procedures.
- E. VA will analyze uninvested trust, revolving, and deposit fund accounts no less frequently than on a quarterly basis, to determine if unclaimed moneys that may be refunded to the depositor are being held. If held for more than one-year, unclaimed refunds or funds that cannot be returned to the payor will be transferred to the miscellaneous receipt account 6133, "Payment of Unclaimed Moneys," amounts of \$25 or more that are properly refundable but cannot be refunded because the individual's whereabouts are unknown. If held for more than one year, unclaimed amounts that do not meet the criteria for transfer to miscellaneous receipt account 6133 will be transferred to the miscellaneous receipt account 1060, "Forfeitures of Unclaimed Money and Property", unclaimed amounts of less than \$25 or amounts of \$25 or more that have been held for more than one year and do not meet all of the following provisions:
- Amount is \$25 or more;
 - A refund, upon claim, would be justified;
 - There is no doubt as to legal ownership of the funds; and
 - A named individual, business, or other entity can be identified with the item or other entity can be identified with the item.

- F. The Office of General Counsel (OGC) is to be consulted, as necessary, in disputes over refunds which cannot be resolved locally.

070503 Payment from Proper VA Appropriations

- A. After a refund is properly reviewed and determined valid, the local finance office will refund the principal portion of the payment from the original appropriation account, whether it is expired, current, reimbursable, or non-reimbursable. The payment may be made from the current year appropriation account if the original appropriation was closed after the fifth year that the period of availability ended, in accordance with 31 U.S.C. § 1553, Availability of Appropriation Accounts to Pay Obligations. See Appendix B, Proper Funds for VHA Collections and Refunds, for the proper appropriation to be used for collections deposited and refunds recorded.
- B. Interest and administrative charges on the refunded payment will be paid from Treasury Account 020X1807, in accordance with section 070504.

070504 Payment from Treasury Account 020X1807

- A. VA will only charge Treasury Account, Refund of Moneys Erroneously Received and Covered (020X1807), when the original collections were deposited with Treasury as miscellaneous receipts, and the amount to be refunded is not properly chargeable to any VA appropriation.
- B. FSC will certify payments from Treasury's SPS at the summary TAS level on a daily basis, including payments refunded from Treasury Account 020X1807, Refund of Moneys Erroneously Received and Covered.
- C. The local finance office will ensure the validity, accuracy, and legality of any charges to Treasury Account Refund of Moneys Erroneously Received and Covered (020X1807) and retain documentation of the appropriation account and amount(s) which were erroneously credited.
- D. VA will provide written documentation of the above items to the Funds Management Branch of the Treasury prior to initiating a withdrawal for over \$100,000.
- E. VA will report transactions and/or balances pertaining to account Refund of Moneys Erroneously Received and Covered (020X1807) upon request from Treasury's Fiscal Service.

070505 Records Retention

- A. All documentation related to the refund of money collected will be retained in accordance with the National Archives and Records Administration (NARA) General Record Schedule.
- B. VA will comply with Treasury’s requirements to maintain adequate records in support of the use of Treasury Account Refund of Moneys Erroneously Received and Covered (020X1807). Specifically, VA will:
- Maintain a memorandum account for Refund of Moneys Erroneously Received and Covered (020X1807);
 - Maintain a file of paid disbursement voucher forms with supporting documents for payments made from Refund of Moneys Erroneously Received and Covered (020X1807); and
 - Make records available to internal auditors and auditors conducting on-site audits for the Government Accountability Office (GAO).

0706 Authorities and References

[31 U.S.C. § 1553, Availability of Appropriation Accounts to Pay Obligations](#)

[Standard Form 1047, Public Voucher for Refunds](#)

[Treasury Financial Manual, Volume I, Part 6, Chapter 3000, Payment of Unclaimed Moneys and Refund of Moneys Erroneously Received and Covered](#)

[VA Financial Policy Volume II, Chapter 2D, General Fund Receipt Account](#)

[VA Financial Policy Volume II, Chapter 7F, Refunds and Rebates](#)

[VA Financial Policy Volume V, Chapter 1, Recognition and Accounting for Assets](#)

[VA Financial Policy Volume V, Chapter 6, Accounts and Interest Receivables](#)

0707 Rescissions

None.

0708 Questions

Questions concerning these financial policies and procedures should be directed to the points of contact:

VHA

VHA 10A3A Accounting Policy (Outlook)

VHA
VBA
VBA
NCA
All Others

VAFSC Nationwide Accounting (Outlook)
VAVBAWAS/CO/FINREP (Outlook)
VAVBAWAS/CO/OPERATIONS (Outlook)
NCA Financial Policy Group (Outlook)
OFP Accounting Policy (Outlook)

Appendix A: VHA Medical Care Collections Fund Refunds

- A. When a refund request is received, the contacted service will determine if the request for refund is appropriate and submit an [SF 1047, Public Voucher for Refunds](#), to the finance office within 45 business days.
1. When a request for a Veteran or Third-Party Payer refund is received, the contacted service will perform a thorough review in accordance with the Refund Review procedures in the [VHA Office of Community Care Knowledge Management System](#). The reviewer will determine the validity of the request and maintain a log of all requests either electronically or in a file. Internal controls will ensure proper segregation of duties.
 2. The contacted service will prepare an SF 1047 for the total amount to be refunded and complete the required documentation for all associated accounts or bills to record the actions taken if a refund is determined to be appropriate. The SF 1047 may be in an electronic format (i.e. fillable PDF) and electronic signatures are acceptable.
 3. SF 1047s will be reviewed by a designated second level reviewer before submission to the finance office to ensure accurate refunds are made from the appropriate account(s) and documentation exists to support the refund. For additional information on review guidelines, see [VHA Office of Community Care Knowledge Management System](#).
 4. SF 1047s will be submitted to the designated finance office for approval.
 - Chief Fiscal Service
 - Consolidated Patient Account Center (CPAC) Chief Financial Officer
 - Other Authorizing Official
 5. The contacted service will complete documentation for all associated accounts or bills to record the actions taken and document the decision if a refund is determined to not be appropriate.
- B. The responsible finance office will review Standard Form (SF) 1047s, Public Voucher for Refunds.
1. Each reviewer will be designated the authorizing official for refunds and a delegation of specific authority to certify refunds is documented on a Delegation of Authority memorandum stating the specific dollar amount of the individual's authority.
 2. The finance office will verify the correctness of payment under the appropriation or fund involved and authorize or deny the refund request.

- C. The finance office will correspond with the contacted service that initiated the refund request to inform them if the refund was approved or denied.

Appendix B: Proper Funds for VHA Collections and Refunds

The table below illustrates the appropriation to be used for collections deposited and refunds recorded.

RECEIVABLE TYPE		COLLECTIONS DEPOSITED FUND	REFUNDS RECORDED FUND
VHA First-Party	Medication Co-payments	036X528701	036X528701
	Medical Care Co-payments	036X528703	036X528703
	Extended Care Co-payments (Long Term Care)	036X528709	036X528709
	Community Care	036X528714	036X528714
VHA Third-Party	Reimbursable Insurance (includes non-Federal Workers' Compensation, Tortfeasor and No-Fault Automobile Insurance claims)	036X528704	036X528704
	Prescription Claims	036X528711	036X528711
	Community Care	036X528713	036X528713
VHA Other	Medical Services Fund Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA), TRICARE, TRICARE Cost shares, Ineligible, Fugitive Felon	036_0160A1	036_0160A1
Miscellaneous	Administrative Charges Paid on Receivables	036_3220	020X1807
	Interest Paid on Receivables	036_1435	020X1807
	Marshall Fee and Court Cost	036X0869	036X0869
	Treasury Offset Program (TOP) Fee	None	036X0160X4
	Funds Deposited to Suspense	036F3875	036F3875