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.

Key points covered in this chapter:
- 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.
- VA will charge a valid refund claim to the appropriate appropriation account; 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 as these collections represent receipts that were not properly chargeable to any VA appropriation.

0702 Revisions

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<tr>
<th>Section</th>
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<tr>
<td>Various</td>
<td>Reorganized the chapter, renamed sections, and added TFM Volume I Part 6 Chapter 3000 updates</td>
<td>OFP (047G)</td>
<td>To reorganize the chapter and add updates to guidance when issuing refunds.</td>
<td>October 2021</td>
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<td>Appendix B</td>
<td>Deleted</td>
<td>OFP (047G)</td>
<td>Selection of appropriation explained in policy section.</td>
<td>October 2021</td>
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<td>070502 – Review of Refund Requests</td>
<td>Added TFM guidance for issuing refunds at the $25 threshold.</td>
<td>OFP (047G)</td>
<td>To ensure administrative cost efficiency when issuing refunds.</td>
<td>September 2020</td>
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<td>All</td>
<td>New Chapter</td>
<td>OFP (047G)</td>
<td>Provide policy on refunds of money collected by VA</td>
<td>April 2019</td>
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0703 Definitions

Classification, Transactions and Accountability (CTA) – Federal Program Agencies use the Classification, Transactions, and Accountability Module within the Central Accounting Reporting System to reclassify or correct their accounting activity which
serves as a basis of the Department of the Treasury’s publications to Congress and the public regarding federal revenues and expenditures.

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.

Treasury Secure Payment System (SPS) – Allows Federal Program Agencies (FPAs) the ability to create and certify payment schedules while maintaining strictly enforced separation of duties.

0704 Roles and Responsibilities

Under Secretaries, Assistant Secretaries, Other Key Officials, and Financial Officials, are responsible for ensuring compliance with the policies set forth in this chapter.

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

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

Financial Services Center (FSC) is responsible for certification of all payments from Treasury’s Secure Payment System (SPS) and for entering information in the CTA module of CARS. The certification is at a summary Treasury Account Symbol (TAS) level and will include payments from Treasury Account 020X1807.

0705 Policies

070501 General Policies

A. VA will issue refunds in accordance with:
   • 31 U.S.C. § 1322,
   • TFM Volume 1, Part 6, Chapter 3000, and
B. VA will automatically refund overpayments in excess of $25. Overpayments less than $25 should only be refunded upon receipt of a valid refund request, unless an automated refund processes for all overpayments (including those less than $25) exists.

C. VA will review uninvested trust, revolving, and deposit fund accounts quarterly to determine whether unclaimed moneys are being held that should be refunded. VA will adhere to guidance contained in VA Financial Policy Volume II, Chapter 2J, Unclaimed Moneys and TFM Volume 1, Part 6, Chapter 3000 for unclaimed moneys.

070502 Processing Refund Requests

A. Situations which may result in a refund include, but are not limited to:
   • Discovery of a Veteran’s retro-active service-connected disability;
   • Third-Party Payer overpayment;
   • Refunds of Treasury Offset Program (TOP) fees charged to the Veteran;
   • Granting of financial hardship on a debt collection effort;
   • Discovering a housing funding fee that a Veteran paid prior to being approved for a service-connected disability; or
   • Identifying a payment made after a debt was offset from another source.

B. VA will process refund requests within 45 days of receipt.

C. Duties related to the processing of refund requests will be properly segregated. Specifically, refund requests must be prepared, reviewed and approved by separate individuals.

D. When a refund request is received, a review will be conducted to determine the validity of the request and to ensure that the appropriate account is indicated for payment of the refund. Appendix A, VHA Medical Care Collections Fund (MCCF) Refund, contains sample guidance.

E. Refunds will be assigned a second level reviewer to review refund requests prior to submitting for approval.

F. When the second level review is complete, refund requests will be submitted to the finance office for approval.

G. The approving official in the finance office processing the refund must ensure the validity, accuracy, and legality of the refund.

H. The finance office processing the refund request will notify the office that submitted the request when the refund is paid or denied.
I. FSC will certify payments from Treasury’s Secure Payment System (SPS) at the summary TAS level on a daily basis, including payments refunded from Treasury Account 020X1807, Refund of Moneys Erroneously Received and Covered (Indefinite).

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

### 070503 Accounting for Refunds

A. VA will charge a valid refund request to the appropriation account where the deposit was initially credited unless the appropriation account is closed. If the appropriation account is closed the refund may be made in accordance with 31 U.S.C. § 1553, from a current year appropriation that was established for the same purpose.

B. In accordance with 31 U.S.C. §1322, VA will charge a valid refund claim to Treasury’s General Fund Account 020X1807, Refund of Moneys Erroneously Received and Covered (Indefinite) for receipts erroneously deposited into Treasury when it cannot be properly charged to any other appropriation.

C. When issuing refunds from account 020X1807, FSC will certify the payments and report them in the Classifications, Transactions, and Accountability (CTA) module of CARS.

D. Prior to issuing a refund of $100,000 or more from account 020X1807, written documentation must be provided to Treasury documenting the reason for the refund. FSC will coordinate with the appropriate office to ensure adequate documentation is provided in a timely manner.

E. If VA erroneously collects moneys from a payor and deposits those funds to a miscellaneous receipts account, but a court or other decisional body subsequently determines that the funds should not have been collected from the payor and orders VA to refund the amounts collected, 020X1807 can be utilized for the refund only if the refund cannot be properly chargeable to another appropriation. See the Government Accountability Office’s Red Book, which provides guidance regarding refund of moneys erroneously received.

F. If VA has statutory authority to retain collections, but erroneously deposited collections into a miscellaneous receipts account, VA should reverse the transaction by debiting miscellaneous receipts and crediting its statutorily authorized account.

G. The debiting of miscellaneous receipts may require a backdated transaction to the applicable prior year. If so, VA must coordinate with the Office of Management and Budget for proper guidance. Refer to the Treasury Financial Manual Bulletin Using the Prior-Year Adjustment Attribute Required by the Governmentwide Treasury
Account Symbol Adjusted Trial Balance System (GTAS) for Reporting, Submitting, and Tracking Treasury Backdated Documents.

H. Interest and administrative charges related to a refund will be paid from Treasury Account 020X1807.

I. In accordance with TFM Volume 1 Part 6 Ch 3000, Section 3065: “Fiscal Service may, from time to time, request reports on transactions or balances pertaining to account 020X1807.” VA will comply with requests for data from Treasury’s Fiscal Service.

070504 Record 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 020X1807. Specifically, VA will:
   • Maintain a memorandum account for 020X1807;
   • Maintain a file of paid disbursement voucher forms with supporting documents for payments made from 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 2J, Unclaimed Moneys
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

VA Financial Policy, Volume II Chapter 7G, Refunds Issued by VA, April 2019

0708 Questions

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

VHA
VHA 10A3A Accounting Policy (Outlook)

VHA
VAFSC Nationwide Accounting (Outlook)

VBA
VAVBAWAS/CO/FINREP (Outlook)

VBA
VAVBAWAS/CO/OPERATIONS (Outlook)

NCA
NCA Financial Policy Group (Outlook)

All Others
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. For example, 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. 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.