1301 OVERVIEW

This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures regarding unredeemed coupons. The Veterans Canteen Service (VCS) was established in VA by Public Law 636, 79th Congress, 1946, as amended, to furnish at reasonable prices merchandise and services to specified classes of persons. The VCS is financed by a revolving fund.

VA establishes, maintains and operates Veteran canteens where deemed necessary and practicable at VA medical centers homes of the Department and other Department establishments where similar essential facilities are not reasonably available from outside commercial sources. The primary beneficiaries of VCS operations are hospitalized or domiciled Veterans and those enrolled under section 1705 of this title (see Appendix A). Other authorized users may include VA personnel, recognized veteran organization representatives who may be employed or other persons employed at a facility where canteen services are provided. VCS may also be available to the families, relatives or other person(s) visiting the hospitalized or domiciled Veterans.

VCS provides Veterans and other interested parties with coupon books to enable them to purchase VCS merchandise and/or services offered. Until the coupons are redeemed, VCS incurs a liability for any unredeemed coupons remaining available for redemption. This liability is reflected in VA’s consolidated financial statements.

130101 AUTHORITY FOR UNREDEEMED COUPONS. Under 38 U.S.C. 7801, VCS was created in order to make available, at a reasonable price, articles of merchandise and services for the comfort and well-being of Veterans of the Armed Forces who are hospitalized or domiciled in hospitals or homes of the Department. Merchandise may be acquired using coupon books sold by the VCS.

130102 ACTIONS FOR UNREDEEMED COUPONS. VCS will sell coupon books to Veterans and other interested parties to purchase merchandise and services at VCS canteens and maintain proper inventories. Coupons may be redeemed for cash under certain conditions. Coupons detached from the coupon book may only be redeemed with proper approval. VCS will record unredeemed coupons as a liability at the end of an accounting period.

130103 FINANCIAL REPORTING AND DISCLOSURE FOR UNREDEEMED COUPONS. VA will report unredeemed coupons under Other Public Funded Liabilities on the consolidated financial statements and in the notes.

1302 POLICIES

130201 AUTHORITY FOR UNREDEEMED COUPONS. VCS will acquire merchandise, including coupon books, for resale at reasonable prices in VCS stores to Veterans and other interested parties in accordance with 38 U.S.C. Chapter 78.
130202 ACTIONS FOR UNREDEEMED COUPONS. VCS may sell coupon books to Veterans and other interested parties for use in VCS canteens. Coupons may be redeemed for cash under certain conditions. Coupons detached from the booklet in advance of purchase may only be used with proper justification and approval. VCS will record unredeemed coupons as a liability at the end of an accounting period.

130203 FINANCIAL REPORTING AND DISCLOSURE FOR UNREDEEMED COUPONS. VA will report unredeemed coupons as Other Public Funded Liabilities on its Consolidated Balance Sheet with appropriate note disclosure.

1303 AUTHORITY AND REFERENCES

130301 38 U.S.C. Chapter 78, Veterans’ Canteen Service

130302 VHA Handbook 1008.01, Veterans Canteen Service Procedures

130303 VHA Handbook 4721, VHA General Post Fund Procedures

1304 ROLES AND RESPONSIBILITIES

130401 The Secretary of VA will fix the prices of merchandise and services in canteens to carry out the purposes of 38 U.S.C. Chapter 78 and may accept gifts and donations of merchandise, fixtures, equipment and supplies for the use and benefit of the service. The Secretary may authorize the use of VCS funds, subject to the regulations deemed appropriate, for the purpose of cashing checks, money orders and similar instruments in nominal amounts for the payment of money presented by hospitalized or domiciled Veterans at VA facilities and by other persons authorized by 38 U.S.C. 7803 to make purchases at canteens.

130402 The Assistant Secretary for Management/Chief Financial Officer (CFO) oversees all financial management activities relating to the Department’s programs and operations, as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309. Responsibilities include the direction, management and provision of policy guidance and oversight of VA’s financial management personnel, activities and operations. The CFO establishes financial policy, systems and operating procedures for all VA financial entities and provides guidance on all aspects of financial management.

130403 Under Secretaries, Assistant Secretaries, Chief Financial Officers, Fiscal Officers, Chiefs of Finance Activities, Chief Accountants and other key officials are responsible for ensuring compliance with the policies and procedures set forth in this chapter.

130404 The Veterans Canteen Service (VCS) has the responsibility to provide merchandise and services, at a reasonable price for the comfort and well-being of Veterans of the Armed Forces who are hospitalized or domiciled in VA facilities. VCS operates as an independent unit of VA and uses the 36X4014 Canteen Service
Revolving Fund account to hold funds that finance the establishment, maintenance and operation of VCS. As an independent unit of VA, VCS works directly with the Financial Services Center (FSC) to record revenues and expenses in the financial accounting system.

130405 VA medical center (VAMC) directors have a major interest in the range and quality of canteen services provided and should integrate the canteen program with other VAMC programs and schedules where areas of common interest exist. However, they are not responsible for technical canteen operations or policy formulation. VAMC directors are required to provide the VCS with certain services. Distribution of the coupon books is subject to the administrative control of the VAMC director. Following are some of the items or services which may be provided:

- Furnishing adequate space, including provision for physical security of assets and maintaining the space in the same manner, order and condition as space occupied by other organizational elements of VA.

- Coordinating with the VCS regional/district manager and the Chief, Canteen Service, participating in a determination of the hours of canteen operation and the extent of canteen services, including authorized activities.

- Furnishing such services as utilities, supplies, repairs and other necessary operating activities.

- Providing for canteen procurement of subsistence items from VA through normal supply distribution channels.

- Including the canteen in VAMC subsistence item contracts as requested.

130406 VCS Regional Directors/District Managers will determine, with the concurrence of the VAMC Director, the authorized activities to be operated and the extent of the service to be provided.

1305 PROCEDURES

130501 AUTHORITY FOR UNREDEEMED COUPONS. VCS is an independent unit within VA, as authorized in 38 U.S.C. Chapter 78. No instructions may be issued which would place VCS under any degree of control or supervision by any official other than the Deputy Under Secretary for Health (Operations & Management), the VA Deputy Secretary and the VA Secretary with respect to performance of VCS duties and functions authorized by the law. VCS offers merchandise and services for sale, including coupon books, for purchase by Veterans and other interested parties to be redeemed at VCS canteens.

130502 ACTIONS FOR UNREDEEMED COUPONS.
A. ACQUISITION AND SALE OF COUPON BOOKS.

1. VCS will obtain coupon books in different denominations for use at its facilities, completing the following VA forms:
   - VA Form 10-5339, $10 denomination, used by VAMCs;
   - VA Form 10-5074, $5 denomination, used by VAMCs, VA Central Office (VACO) and Veterans Canteen Finance Center; and
   - VA Form 10-5094, $1 denomination, used by VAMCs, stations with outpatient activities, field stations and domiciliaries including medical centers with domiciliary activities.

2. VCS may sell coupon books to the following authorized individuals or organizations for use in VCS canteens:
   - Patients and family members.
   - Authorized representatives of service and welfare organizations participating in the VA Voluntary Service Program.
   - Officials of VA from General Post Funds (refer to VHA supp., MP-4, pt. VII, ch. 4).
   - Other persons or organizations who wish to purchase coupon books for patients or family members.

3. VCS will collect cash for coupon books from patients and family members (other than ward order deliveries paid from patient’s trust funds) and from other persons or organizations purchasing coupon books for patients or family members. Checks presented by authorized representatives of individuals and organizations may be accepted for the purchase of coupon books or other designated negotiable instruments, such as debit cards. Checks will be made payable to the VCS rather than the VAMC or VA.

4. Coupons are used by patients rather than cash to purchase merchandise and services.

B. ADMINISTRATIVE CONTROL AND DISTRIBUTION OF COUPON BOOKS.

1. The VAMC director is responsible for the administrative control and distribution of coupon books. When an individual purchases a book for a specific patient or member, distribution may be made by the purchaser. When an organization desires to distribute the books purchased, the approval of the VAMC director will be obtained.
2. The VCS requisitions coupon books directly through the VA Office of Acquisition, Logistics and Construction or another approved source and stores them in a secure manner according to current VCS policy.

3. Coupons will not be accepted by the canteen if previously detached from the book unless the VCS chief determines that the acceptance of detached coupons is justified.

4. Coupons will be redeemed for cash in the following instances:
   
a. Within limitations prescribed by the VAMC Director, the VCS chief will exchange coupons for cash to be used by patients and family members in coin-operated vending machines.

b. The VCS chief will exchange coupons for cash to reimburse VCS contractors who have received coupons from patients or family members.

c. Coupons in possession of a discharged patient or member may be redeemed for cash. For coupons owned by a deceased member, the executor of the estate may redeem the coupons for cash.

C. ACCOUNTING AND RECORDING OF COUPON BOOKS.

1. VCS will expense the supply of coupon books it purchases and will maintain a log of the numbered books to ensure they are not subsequently issued or taken without being purchased by authorized users.

2. VCS will recognize, upon the purchase of a coupon book by authorized users, the total amount of coupons sold by the VCS as an increase to SGL account 1190, Cash in Bank, and the associated increase to SGL account 2992, Unredeemed Coupons – Canteen. Amounts received will be transferred to the VCS revolving fund account 36X4014 on a daily basis.

3. VCS will account for the total sale of coupons that remain unredeemed as a liability in the SGL Account 2992.

4. When the coupons are used by the purchaser, the unredeemed coupon liability account will be reduced with a corresponding reduction to the inventory account. VA will make necessary adjustments to reflect this coupon book utilization. Unredeemed coupons remain open until used, since the books do not have an expiration date.

130503 FINANCIAL REPORTING AND DISCLOSURE FOR UNREDEEMED COUPONS.

VA will report unredeemed coupons as Other Liabilities on the Consolidated Balance Sheet with details included in a note to the statements under Other Public Funded Liabilities.
1306 DEFINITIONS

130601 Coupon. A certificate or document entitling the holder to merchandise or services from the issuing entity.

130602 Redeem. To exchange something of value for money or merchandise.

130603 Unredeemed Coupons. Certificates or documents that have not been redeemed for merchandise or services and represent a liability to the issuing entity.

1307 RESCISSIONS

None required.

1308 QUESTIONS

Questions concerning these financial policies and procedures should be directed as follows:

VHA VHA Accounting Policy (Outlook)
VBA VAVBAWAS/CO/FINREP (Outlook)
All Others OFP Accounting Policy (Outlook)
APPENDIX A: AUTHORIZED VETERAN ENROLLEES

AUTHORIZED VETERAN ENROLLEES PERMITTED TO USE VCS FACILITIES

A. Veterans with service-connected disabilities rated 30 percent or greater.

B. Veterans who are former prisoners of war or who were awarded the Purple Heart, Veterans with service-connected disabilities rated 10 percent or 20 percent, and Veterans described in subparagraphs (B) and (C) of 38 U.S.C. 1710(a)(2).

C. Veterans who are in receipt of increased pension based on a need of regular aid and attendance or by reason of being permanently housebound, and other Veterans who are catastrophically disabled.

D. Veterans not covered by paragraphs (1) through (4) who are unable to defray the expenses of necessary care as determined under 38 U.S.C. 1722(a).

E. All other Veterans eligible for hospital care, medical services or nursing home care under 38 U.S.C. 1710(a)(2).

F. Veterans described in 38 U.S.C. 1710(a)(3) who are eligible for treatment as a low-income family under section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)) for the area in which such Veterans reside, regardless of whether such Veterans are treated as single person families under paragraph (3)(A) of such section 3(b) or as families under paragraph (3)(B) of such section 3(b).

G. Veterans described in section 1710(a)(3) of this title who are not covered by the six categories above.