



# Department of Veterans Affairs

## Financial Policy

### Volume VI

#### Liabilities

### Chapter 13

## Unredeemed Coupons - Veterans Canteen Service

Approved:

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**1301 Overview**

This chapter establishes the Department of Veterans Affairs (VA) financial policies regarding the accounting and reporting of unredeemed coupons by the Veterans Canteen Service (VCS). VCS was established in 1946, in accordance with 38 U.S.C. Chapter 78, to furnish merchandise and services at reasonable prices to Veterans, caregivers, and visitors.

VCS provides Veterans and other interested parties with coupons to enable them to purchase VCS merchandise and/or services offered.

Key points covered in this chapter:

- VCS records a liability for any coupons or gift cards remaining available for redemption until the coupons or gift cards are redeemed; and
- The liability for unredeemed coupons shall be reflected in VA’s consolidated financial statements.

**1302 Revisions**

Section	Revision	Office	Reason for Change	Effective Date
Various	Reformatted to new policy format and completed five-year update	OFP (047G)	Reorganized chapter layout	March 2019
1303 Definitions	Added gift cards to the definition of Unredeemed Coupons	OFP (047G)	Coupons are now available in paper and gift card form	March 2019

**1303 Definitions**

**Coupon** – A certificate, document, or card, entitling the holder to merchandise or services from the issuing entity.

**Redeem** – To exchange something of value for money or merchandise.

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

**1304 Roles and Responsibilities**

The **Veterans Canteen Service** is responsible for administering the VCS coupon program, including the proper accounting and reporting of unredeemed coupons.

The **Director of Veterans Canteen Service, Central Office (VCSCO)**, is responsible for the administrative control of the VCS coupon program.

The **Chief of the Local Canteen** is responsible for establishing controls for the security of unpurchased coupons stored at the local canteen, and for maintaining a log of unpurchased coupon books and cards.

## **1305 Policies**

### **130501 General Policies**

- A. VA establishes, maintains, and operates Veteran Canteens where deemed necessary and practicable at VA medical centers and other Department establishments where similar essential facilities are not reasonably available from outside commercial sources.
- B. Coupon books and cards may be purchased to be used in lieu of cash at Canteen facilities, similar to gift certificates or gift cards used at retail stores.
- C. VCS coupons may be in the traditional paper form, or in the form of a gift card.

### **130502 Authority for Veterans Canteen Service**

- A. VCS is an independent unit within VA, authorized by 38 U.S.C. Chapter 78.
- B. VCS offers merchandise and services for sale, including coupons, for purchase by Veterans and other interested parties to be redeemed at VCS canteens.
- C. The use of coupons in VCS establishments is authorized by VHA Handbook 1008.01, Veterans Canteen Service Procedures.

### **130503 Distribution of Coupons from VCSCO to Local Canteen Stores**

- A. VCSCO distributes the coupon books and cards to the local VCS canteens.
- B. Upon receipt, the local VCS Chief stores coupons in a secure manner according to current VCS policy.

- C. VCS will maintain a log of the numbered coupon books and cards to ensure they are not subsequently issued or taken without being purchased by authorized users.

### **130504 Sale of Coupons**

- A. The local VCS Chief will provide for the distribution of coupons at the VA establishment.
- B. The local VCS establishment may sell coupons 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;
  - VA Officials authorized to use General Post Funds (refer to VHA Directive 4721); and
  - Other persons or organizations who wish to purchase coupons for patients or family members.
- C. VCS will collect payment for coupons in the form of cash, check, or credit/debit card.
1. Ward order deliveries will be paid from patient's trust funds.
  2. Checks for the purchase of coupons will be made payable to the VCS not the VAMC or VA.
- D. VCS will recognize, upon the sale of coupons, the total amount of coupons sold as an increase to Cash in Bank (SGL 119000), and the associated increase to Unredeemed Coupons – Canteen liability (SGL 299200). VCS will account for the total amount of all unredeemed coupons as a liability in the SGL Account 299200. Amounts received for coupon sales will be transferred to the VCS revolving fund account 36X4014 on a daily basis.

### **130505 Redemption**

- A. Paper coupons, provided in books, 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.
- B. Coupons will be redeemed for cash only in the following instances:
1. Within limitations prescribed by the VAMC Director, the local VCS Chief may exchange coupons for cash to be used by patients and family members in coin-operated vending machines.

2. The VCS Chief may exchange coupons for cash to reimburse VCS contractors who have received coupons from patients or family members.
  3. Coupons in possession of a patient or member at the time of discharge may be redeemed for cash by the agent of the patient or member.
  4. For coupons owned by a deceased member, the executor of the estate may redeem the coupons for cash.
- C. When the coupons are used by the purchaser, the unredeemed coupon liability account (SGL 299200) will be reduced with a corresponding increase to the sales account (SGL 510300). Then, the inventory account associated with the sale is decremented with a debit to the Cost of Goods Sold Account (SGL 651500), and a credit to the inventory account (SGL 153000). VA will make necessary adjustments to reflect this coupon utilization.
- D. Unredeemed coupons remain open until used, since the coupons do not have an expiration date.

### **130506 Financial Reporting and Disclosure for Unredeemed Coupons**

VCSCO will report nationwide unredeemed coupons as Other Public Funded Liabilities on its Consolidated Balance Sheet with an appropriate note disclosure.

### **1306 Authorities and References**

[38 U.S.C. Chapter 78, Veterans' Canteen Service](#)

[VHA Handbook 1008.01, Veterans Canteen Service Procedures](#)

[VHA Directive 4721, VHA General Post Funds - Gifts and Donations](#)

### **1307 Rescissions**

VA Financial Policy Volume VI, Chapter 13, Unredeemed Coupons, dated October 2010.

### **1308 Questions**

Questions concerning these financial policies and procedures should be directed to the specific POC's and formatted as follows using the group email.

VHA  
VBA  
All Others

VHA 10A3A Accounting Policy (Outlook)  
VAVBAWAS/CO/OPERATIONS (Outlook)  
OFP Accounting Policy (Outlook)