



# Department of Veterans Affairs

## Financial Policy

### Volume VIII

#### Cash Management

#### Chapter 4

#### Personal Funds of Patients

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**0401 Overview**

This chapter establishes the Department of Veterans Affairs’ (VA) financial policies for maintaining fiscal control and accountability of Personal Funds of Patients (PFOP) and the disposition of funds and effects of deceased patients.

VA uses individual accounts emulating a mini-banking system for the accounting, monitoring, safeguarding and management of a patient’s personal funds while under the care of the agency. PFOP accounts are noninterest-bearing accounts designated as either unrestricted or restricted in accordance with competency determinations made by VA. Unrestricted accounts are for competent patients and managed by the patients themselves. Patients who have been deemed incompetent have their accounts designated as restricted and placed under trusteeship and managed by VA.

When a patient is relocated within VA, released from VA care, or dies while under VA care, the agency transfers, refunds or distribute funds held in their account as appropriate.

Key points covered in this chapter:

- VA has a fiduciary responsibility to safeguard funds of patients under its care by establishing and maintaining patient accounts in non-interest-bearing accounts;
- Patients will have access to their funds held by VA in an unrestricted account unless they have been adjudged incompetent or determined by an attending physician or practitioner to be unable to manage financial affairs, in which case their account will be restricted and subject to additional safeguards;
- In the event a patient with an open account is transferred, discharged, or dies VA will ensure the funds are appropriately handled in a timely fashion; and
- VA will adhere to Financial Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 31, Accounting for Fiduciary Activities, and appropriately report, in the notes to its financial statements, material fiduciary activities related to personal funds of patients.

**0402 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 and revised policy to reflect guidance updates	November 2020

Appendix A	Incorporated HB 4020, VHA Directive 99-045, and VHA Manual guidance on PFOP	OFP (047G)	Update and centralize outdated guidance	November 2020
Appendix B	Updated reference to VBA Manual guidance on PFOP	OFP (047G)	Update reference to guidance	November 2020

**0403 Definitions**

**Accountable Officer** – Any United States Government officer or employee who is responsible for or has custody of U.S. Government funds. Accountable officers (authorized disbursing officers, certifying officers, collecting officers, cashiers, and other designated employees with custody of U.S. Government funds) are personally liable to the U.S. Government for any loss of funds in their custody regardless of fault, unless relief is granted, or the loss is recovered.

**Allied Beneficiaries** – Former members of the armed forces of nations allied with the United States (U.S.) in World War I (WWI) (except any nation which was an enemy of the United States during World War II) or World War II (WWII). An individual Veteran need not have served in either WWI or WWII but must be a Veteran of a nation that was allied with the U.S. in WWI or WWII.

**Apportionment** – The act of dividing available funds between two or more eligible claimants.

**Compensation and Pension Record Interchange (CAPRI)** – Software which acts as a bridge between the VBA and VHA information systems. It offers VBA Rating Veteran Service Representatives and Decision Review Officers help in building the rating decision documentation through online access to medical data. It also offers VHA Compensation and Pension (C&P) staff an easy, standardized way of recording C&P Examination reports.

**Competent Patient** – An individual receiving care from VA who is capable of making decisions on their own behalf. This includes the ability to manage their own affairs, including disbursement of funds without limitation.

**Effects** – All other property of every description not covered under the definition of PFOP, including insurance policies, certificates of stock, bonds and notes the obligation of the United States or of others, and all other papers of every character except checks drawn on the Treasurer of the United States, as well as clothing, jewelry and other forms of property, or evidences of interest therein.

**Escheat** – The transfer of property to the State when its owner dies without a will or any heirs.

**Family Member** – A spouse, parent, child, stepfamily member, extended family member, or an individual who lives with the patient and is acting on behalf of the patient.

**Fiduciary** – As defined in 38 C.F.R. § 13.20, an individual or entity appointed by VA to receive VA benefits on behalf of a beneficiary for the use and benefit of the beneficiary and the beneficiary's dependents. This individual or entity may receive money paid under any of the laws administered by the Secretary for the use and benefit of a minor, incompetent, or other beneficiary as defined in 38 U.S.C. § 5506. For purposes of this chapter, there are three types of fiduciaries referenced:

- Court appointed fiduciaries, which includes all individuals or corporations appointed to act in this capacity by courts;
- VA appointed fiduciaries (e.g. Director, social worker); and
- Spouse-payee or spouse fiduciary, which includes a husband or wife whose marriage meets the requirements of 38 U.S.C. § 103(c), including “common law” marriage and same-sex marriage, and who is on the Veteran’s VA benefit award as a dependent.

**Fiduciary Activities** –Activities that relate to the collection or receipt, and the subsequent management, protection, accounting, investment and disposition of cash or other assets in which non-Federal individuals or entities have an ownership interest that the Federal Government must uphold. The fiduciary relationship must be based on statutory or other legal authority and the fiduciary activity must be in furtherance of that relationship.

**Fiduciary Hub** – A division under each VA Regional Office (RO) responsible for the appointment and oversight of fiduciaries within their assigned states. Fiduciary hubs produce beneficiaries' final ratings of incompetency, initiate monthly benefit payments to fiduciaries on behalf of beneficiaries, and release beneficiaries' retroactive benefits to their fiduciaries.

**Field Facilities** – Hospitals, medical centers, domiciliary activities, supply depots and other offices over which VA has direct and exclusive administrative jurisdiction; excludes State, county, city, private and contract hospitals and hospitals or other institutions operated by the United States through agencies other than VA.

**Incompetent** – Lacking the mental capacity to manage one’s own affairs, including disbursement of funds without limitation. As prescribed in 38 C.F.R. § 3.353, VA has the sole authority to rate an individual as incompetent for VA purposes.

**Institutional Award** – Payments made to the chief officer of a VA or non-VA institution on behalf of an incompetent Veteran who is entitled to pension, compensation, or retirement pay.

**Legal Guardian** – A person or entity appointed by a court to make decisions for an individual who has been judicially determined to be incompetent.

**Next of Kin** – A close relative of the patient, in the following priority order: spouse, child, parent, sibling, grandparent, or grandchild.

**Non-Bed-Care Status (NBC)** – This type of discharge, for a minimum of 30 days is to determine the patient's ability to make a satisfactory adjustment outside the healthcare facility. The period of release for a committed patient will not exceed the maximum permitted under the applicable State law. NBC will be used for patients who are committed, for patients whom institutional awards are being paid, or both.

**Non-VA Funds** – Personal funds in a patients' account deposited upon admittance. Interest on U.S. savings bonds purchased from VA funds is considered non-VA funds. Formerly referred to as "non-gratuitous funds."

**Patient** – An individual receiving hospital, nursing home or domiciliary care under VA auspices.

**Patient's Designee** – This designee is an individual defined on the patient's account or as specified on the latest VA Form 10-10118, Designee for Patient Personal Property, to whom VA will deliver the patient's personal funds and effects in the event of their death in a VA medical facility. The designee may not be a VA employee unless such employee is a member of the patient's family. The delivery of patient funds and effects to the designee is only a delivery of possession and does not affect in any manner: (1) The title to such funds or effects; or (2) The person legally entitled to ownership of such funds or effects.

**Patient Funds Patient Account Cards** – The historical record within the web-based Veterans Personal Finance System (VPFS) reflecting account transaction information for each current patient.

**Personal Funds of Patients (PFOP)** – Funds (e.g., cash or check) deposited in non-interest-bearing accounts at VA healthcare facilities by, or on behalf of, patients for safekeeping.

**Restricted Accounts** – Accounts that are maintained for patients who have been adjudged incompetent or determined by VA to be unable to manage financial affairs. A VA healthcare facility Director, or someone delegated by the Director, will serve as the trustee.

**Trustee** – An individual person, entity, or member of a board given control or powers of administration of property in trust with a legal obligation to administer it solely for the purposes specified, e.g. the benefit of a third party.

**Unrestricted Accounts** – Accounts that are maintained for patients capable of handling personal funds. Such accounts are not subject to trusteeship, and the funds in these accounts are available for return to the patients on demand.

**VA Benefits** – Funds that were paid to a Veteran or beneficiary by VA (e.g., compensation or pension payments). Formerly referred to as “gratuitous funds.”

**Veteran Health Identification Card (VHIC)** – A form of photo identification issued only to Veterans enrolled in the VA healthcare system. The VHIC is primarily used to check-in for appointments and business at VA medical centers.

**Veterans Health Information Systems and Technology Architecture (VistA)** – An automated system that supports day-to-day operations at local VHA healthcare facilities to manage the accounts of patients in the VA hospital system. Access to the data in the new VPFS is controlled by security software that limits access according to the specific VistA site and user role.

**Veteran ID Card (VIC)** – A form of photo identification for eligible Veterans that can be used to get discounts at many stores, businesses, and restaurants. Veterans enrolled in the VA healthcare system should use their VHIC in lieu of obtaining a VIC.

**Veterans Personal Finance System (VPFS)** – A web-based system used by the Veterans Health Administration (VHA) to manage PFOP accounts. VPFS allows authorized users across VA to access the same centralized application using a web browser. VPFS stores all account data in one centralized database.

**Veterans Service Center Manager (VSCM)** – the VBA official responsible for administration and management of a Veterans Service Center (VSC) at the VA Regional Office (RO). The VSCM provides information and assistance to Veterans and their dependents regarding Veterans’ rights and benefits under laws administered by VA and other agencies.

**Veterans Service Network (VETSNET)** – VETSNET is a suite of applications that establish and process compensation and pension (C&P) claims for VA benefits. Once eligibility has been determined, the Finance and Accounting System (FAS) module within VETSNET will generate monthly payments and manage receivables and other finance or accounting activities at the detail level.

#### **0404 Roles and Responsibilities**

**Under Secretaries, Assistant Secretaries, Chief Financial Officers, and other key officials** are responsible for ensuring compliance with the policies and procedures set forth in this chapter to ensure VA fulfills its fiduciary relationship for both restricted and unrestricted PFOP accounts.

**Fiduciary Hub Managers** are VBA employees responsible for directing payments to fiduciaries serving beneficiaries that VA has determined are unable to manage their VA benefits.

**VA health care facility Director** or delegate is responsible for patient accounts at the facility. They ensure accounts are properly established on admission of Veterans, and that both unrestricted and restricted accounts are properly managed by trained personnel. The Director or delegate also works with the facility CFO to address deposits, withdrawals, safeguarding of funds, and the correct and timely disposition of funds in accounts of deceased patients. The Director or delegate may act as trustee for an incompetent patient admitted to the facility.

**VA health care facility Chief Fiscal Officers (CFO)** are responsible for the safekeeping of funds voluntarily submitted by patients or others on behalf of the patient, establishing withdrawal procedures and controls that prevent unnecessary or improper expenditures, and monthly reconciliation and certification of Patients' Funds accounts.

**Local finance office** is responsible for ensuring PFOP transactions, executed by the VBA Fiduciary Hub, Trustees, and other approved parties, are accurately recorded in VA's accounting system. In the event of a patient's death the office works with partners within VA to ensure timely disposition of funds to those person(s) legally entitled, including the designee, executor, spouse, heir, next of kin, etc.

**Attending physicians** are responsible for evaluating the patients' ability to manage funds deposited in a PFOP account. They designate the patients' accounts as restricted or unrestricted, document in the patient's medical record the justification for a restricted account type and inform the patient of the right to appeal the designation of a restricted account.

**Review panels** are responsible for providing a hearing within 10 days after a request; and approving, disapproving, or modifying determinations of the attending physician. The review panel may overrule the attending physician's determination that an account should be restricted, change the maximum amount to be withdrawn from a restricted account per withdrawal, change the frequency with which withdrawals may be made, and render final decisions concerning restrictions.

**Trustees** represent the interests of patients deemed incompetent and work with VA to ensure accounts held in trust by the Agency are safeguarded and used to support the patient's recovery.

## **0405 Policies**

### **040501 General Policies**

- A. VA will maintain accounts on behalf of a patient in the Veterans Personal Finance System (VPFS) or in the Veterans Service Network (VETSNET) system.

- B. VHA will maintain accounts of patients currently admitted to a VA health care facility, including VA long-term care facilities. VBA will maintain accounts for individuals deemed incompetent who are admitted to a non-VA medical facility or nursing home.
- C. Access to VPFS and VETSNET will be limited to individuals responsible for the management of personal funds of patient (PFOP) accounts.
- D. Deposit activity will be posted to accounts within 24 hours of receipt.
- E. VA will adhere to the financial reporting and disclosure requirements as prescribed in Financial Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 31, *Accounting for Fiduciary Activities*.

#### **040502 Restricted Accounts**

- A. Within 10 days of admission to a VA facility the attending physician will determine whether a living patient is deemed competent and may have a personal stake in the management of their own financial matters, including the use of funds in their VA personal funds of patient (PFOP) account.

Examples of situations which may lead the attending physician to deem a living patient not competent may include when the patient has been:

- Previously adjudged incompetent by a court;
- Previously been rated as unable to manage financial affairs by VA or another government agency that administers benefits;
- Determined by VA's rating activity or review panel on appeal to be unable to manage their own PFOP accounts independently;
- Admitted as a psychiatric patient; or
- Suffering from conditions that significantly impair their judgment and the trustee restricts their funds pending the incompetency rating.

- B. The Veteran has a right to dispute and appeal the attending physician's determination of competency. In the event of a dispute, VA must schedule a hearing for a review panel to approve, disapprove, or modify the determination and associated restrictions established by the attending physician.
  1. The review panel, at minimum, will be comprised of no less than a board of three and must include at least one mental health clinician. Members of the treatment team for the patient being evaluated are prohibited from serving on the review panel.
  2. The hearing must occur within 10 days after the Veteran's request.

3. Judicial determinations regarding competency, as well as VA Regional Office or Social Security Administration determinations on competency, are not reviewable by this panel.
  4. The review panel may confirm or overrule the attending physician's determination. If the panel confirms the determination but disagrees with the restrictions, they may:
    - Modify the maximum amount to be withdrawn from a restricted account per withdrawal;
    - Change the frequency with which withdrawals may be made; or
    - Render any other final decisions concerning restrictions on the account.
- C. If VA medically determines a Veteran to be incompetent, medical evidence in support of this determination will be made available to VBA for use in its rating process (competency/incompetency determination), which is outlined in M21-1, Part III, Subpart iv, Chapter 8.A. The documentation in support of the incompetent rating can be provided to the appropriate VA Regional Office and/or uploaded to the Compensation and Pension Record Interchange (CAPRI).
- D. After a rating of incompetency is proposed and finalized by VA, a fiduciary hub will then work to put a fiduciary in place to manage the Veteran/beneficiary's funds. With regard to PFOP accounts specifically, if a Veteran has been hospitalized in a VA healthcare facility and there is an active PFOP account, the fiduciary hub responsible may direct the local finance office to maintain or disperse funds to this account as described in M21-1, Part III, Subpart v, Chapter 6.E.4.
- E. Restricted accounts for patients admitted to a VA health care facility will be managed under the trusteeship of the VA health care facility Director or delegate until such time as:
  - The attending physician or VBA deems the patient competent; or
  - The patient has been discharged and the VA health care facility Director or delegate is notified of an assigned fiduciary to which VA can transfer the balance of the account.
- F. VBA will manage funds of Veterans rated as incompetent and without a fiduciary who are admitted to a non-VA medical center or nursing home.
- G. The health care facility Director or a trustee may set minimum and maximum balances that may be retained in a restricted account.
- H. The health care facility Director or a trustee may designate, for temporary periods, certain restricted accounts as unrestricted and may authorize the patient to use the account, within prudent limits, as an unrestricted account if the attending physician concurs that such use will aid the patient's therapeutic progress or will help to determine clinically the patient's capability to handle the funds.

- I. VA can withdraw from restricted accounts necessary funds to meet patients' healthcare needs, spending requirements, and other incidentals.
- J. On each restricted PFOP account record the facility Director or delegate will stipulate a maximum withdrawal amount that can be made by the patient.
- K. The attending physician and the health care facility Director or a trustee will review restricted accounts at a minimum every six months to validate the need for restricted account status.

#### **040503 Establishing Accounts**

- A. VA will register patients in the VPFS by completing an automated VA Form 10-1083, *Patient's Account*, for each patient.
- B. VA will maintain a separate account for each patient in a manner to discern the portion of the account balances derived from VA benefits and from other sources.
- C. Identification of patients will be verified electronically through use of the patient's Veteran Health Identification Card (VHIC). If circumstances prevent use of a patient's VHIC to verify their identity, VA must maintain manual signature cards to reflect the patient's signature for identification purposes.
- D. The following mandatory information must be entered at the time an account is established in VPFS:
  - Patient's name, social security number, treating facility, and ward location;
  - Type of account, i.e., restricted or unrestricted; and
  - Type and amount of monetary benefits, i.e., VA pension, VA compensation, social security and /or military retirement benefits, VA or non-VA funds, that will be deposited.

#### **040504 Deposits**

- A. VA will encourage patients admitted to a VA facility to deposit all funds in a PFOP account, unless the funds are required to satisfy some immediate personal need. Funds received at time of admission from patients who are incapacitated, suffering from conditions which significantly impair their judgement, or have previously been adjudged incompetent by a VA physician will be deposited to restricted accounts.
- B. Deposit activity will be posted to PFOP accounts within 24 hours of receipt.
- C. Agent Cashiers will deposit any PFOP funds they receive in accordance with VA Financial Policy Volume VIII, Chapter 3 – Agent Cashier Accountability Policy.

- D. VA will properly identify all deposits from other sources as non-VA funds.
- E. VA will consider funds deposited to restricted accounts as derived from other sources, except those made by VA on behalf of the Veterans.
- F. For Treasury checks representing VA benefit payments, the facility director will endorse the checks and deposit the funds as a VA benefit. VA's handling of Treasury checks and money orders made payable to the patient will be dependent upon whether the patient has a fiduciary.
- G. When dealing with PFOP deposits which are contaminated, damaged, hazardous, or deemed counterfeit, VA will adhere to guidance provided by the Federal Reserve Bank (FRB). See Volume VIII, Chapter 3 – Agent Cashier Accountability Policy for additional information.
- H. VA will provide the patient with a receipt of the deposit transaction, as well as a copy of their electronic Patient Funds Patient Account Card from VPFS when requested. When VPFS is unavailable, a paper account card, VA Form 10-1083, will be prepared for the patient's signature, and the patient will be issued a Temporary Receipt.

#### **040505 Withdrawals**

- A. VA will allow patients receiving care and who have unrestricted accounts to make withdrawals to make purchases while admitted.
- B. VA will provide the patient with a receipt of the withdrawal transaction, as well as a copy of their electronic Patient Funds Patient Account Card from VPFS when requested.
- C. VA may release funds directly to patients in the ward (the area where the patient is registered) when they cannot physically present themselves to the Agent Cashier.
- D. VA will consider all withdrawals from restricted accounts made by, or on behalf of, the patient for expenditures as coming from VA benefits, to the extent of the balance on deposit of such benefits. Non-VA derived funds may be expended in the event the balance of VA benefits in an account is exhausted.
  - 1. VA must ensure any item purchased by VA on behalf of the patient is not of a nature that it should be furnished at Government expense.
  - 2. Withdrawals from restricted accounts for the purchase of U.S. Savings Bonds on behalf of the Veterans are authorized only from non-VA derived funds.

### 040506 Transfers

- A. Patients can only have a single patient account; it will be in either VPFS or VETSNET. The account will be transferred to the new facility if the patient moves or has a change in status.
- B. The transfer of PFOP between facilities will depend upon whether the patient transfer is to be permanent or temporary. The medical transfer order approved by the attending physician and Chief of the local finance office, will indicate whether the PFOP account should be transferred. Transfers will be sent via a VA Form 4-4564, *Transfer of Disbursing Authority (TDA)*.
- C. When VA healthcare facilities transfer a patient that is deemed incompetent to a non-VA medical center or nursing home, their PFOP account is transferred to VBA and re-labeled as “PFOP/Funds Due Incompetent Beneficiaries (FDIB),” or PFOP/FDIB while under VBA control. Funds in the PFOP account derived from non-VA sources may be withdrawn and given to the patient unless the patient has a court appointed fiduciary.

### 040507 Discharge

- A. Upon discharge VA will provide patients any remaining balances in their unrestricted accounts.
- B. VA may issue EFT, debit card, or a Treasury check in lieu of cash, except for small immediate cash needs of the discharged patient.
- C. When patients with restricted PFOP accounts are discharged VA will continue to maintain the account until the funds can be transferred to the appropriate non-VA trustee or until payment to a guardian is authorized.
  - 1. Fiduciaries of patients should make arrangements with VA prior to discharge. VA will release funds to approved fiduciaries or as they instruct using VA Form 10-2920 or 10-2675 with a VA Form 21P-555 or other notification (e.g., Hospital Inquiry [HINQ] screen) attached.
  - 2. When a patient rated as unable to manage their VA benefits with no fiduciary is transferred to a non-VA health care facility release of funds is dependent on their origin.
    - a. Funds in the PFOP account derived from non-VA sources may be withdrawn and given to the patient. In the event a patient is unable to accept the funds they may be given to the person to whose custody the patient is released. Payment of large sums may be handled via EFT or Treasury.

- b. Funds in the PFOP account derived from VA benefits will transferred to VBA and re-labeled as PFOP/FDIB. The Hines Finance Center will maintain accounts of personal funds of beneficiaries receiving authorized care in a non-VA healthcare facility or non-VA nursing home.
  
- D. VA will transfer PFOP balances, related to patients whose whereabouts are unknown for more than one year, to the Treasury trust fund account *“Unclaimed Moneys of Individuals Whose Whereabouts Are Unknown.”* Any future claims that VA may receive for these monies, subsequent to transfer, will be paid from the Treasury trust fund account.

#### **040508 Deceased Patient Accounts**

- A. Upon death of a patient with PFOP funds on deposit, VA will determine the appropriate person(s) entitled to receive the remaining money in their PFOP account.
  
- B. VA will prepare a final accounting identifying the source of funds on deposit in PFOP accounts within 10 days of the patient’s death.
  
- C. VA will disburse all patient funds under its management at a VA health care facility to the patient’s designee with limited exceptions as listed in Appendix A Section 28, Disposition of Funds to Designee Following Patient’s Death; Exceptions. The designee must request from the Regional Office such disbursement using VA Form 21-6898, Application for Amounts on Deposit for Deceased Veteran, within 90 days following VA’s mailing of the notice of death.
  
- D. When no designee is named, or the designee has not requested funds within 90 days, the VA healthcare facility’s local finance office will take the appropriate action to dispose of the funds to the person(s) legally entitled to the funds under the laws of the Veteran’s domicile, e.g. an executor or administrator, spouse, heir, or next of kin.
  
- E. When at the time of death there is no evidence to indicate that there are any valid beneficiaries, the balance of funds deposited by VA at a VA healthcare facility which are derived from VA benefits will be immediately transferred to the appropriate VA Regional Office.
  
- F. Funds of patients on deposit or transferred to the Regional Office will be disposed of in accordance with 38 C.F.R. Part 3.
  
- G. If after one year of the date of death there are no beneficiaries or pending claims in existence for funds held at a VA healthcare facility which were not derived from VA benefits, the remaining balance will be transferred to the medical center General Post Fund in accordance with 38 C.F.R. Part 12.

- H. VA will review claims to funds on deposit made within five years from the date of the Veteran's death. However, when a claimant is under a legal or judicial disability (such as minor, incompetent, etc.) at the date of the patient's death, the five-year period begins upon the termination or removal of the legal disability. See Appendix A Section 34, Claims Against the General Post Fund.
- I. When VA benefits are under the management of a non-VA fiduciary the treatment of the balance of funds at time of death is depended on a number of factors, including whether the patient was rated as competent, and whether a valid will or heir(s) exists. Regardless of treatment, the fiduciary must submit a final accounting to the fiduciary hub with jurisdiction within 90 days of the beneficiary's death. See Fiduciary Program Manual (FPM) Chapter 4.D.14, Issues Regarding Beneficiaries' Funds, for situation specific guidance.
- J. When funds are managed by a fiduciary, and the Veteran dies with a valid will or heirs, the fiduciary must hold the remaining funds under management in trust for the deceased patient's estate until the will is probated or heirs ascertained, and disburse the funds according to applicable State law.

#### **040509 Reconciliations**

- A. VA healthcare facility CFO, delegate, or similar will ensure PFOP account balances are reconciled with the general ledger control accounts on a monthly basis.
- B. When a shortage is discovered through reconciliation, audit, or other similar activities VA will make a determination on the cause and seek the appropriate collection activities for restoring funds to the PFOP accounts. The facility Director has the sole responsibility for making determinations of fault or negligence of accountable officers for shortages in PFOP accounts.
- C. VA will review open accounts on a monthly basis to identify those which require closure due to a change in patient status.
- D. Reconciliations of PFOP Deposit Funds (36X6020 and 36X6021) will be completed monthly, or more frequently as necessary. At fiscal year-end VA will review 36X6020 and 36X6021 to determine if there is a requirement to reclassify any fund amounts as unclaimed, due to the deceased patient's designee or legally entitled party, or escheatable to the VA or State.

#### **0406 Authorities and References**

[31 C.F.R. Part 315, Subpart K - Minors, Incompetents, Aged Persons, Absentees, et al.](#)

[31 C.F.R. Part 360, Subpart J – Minors, Incompetents, Aged Persons, Absentees, et al.](#)

[31 C.F.R. Parts 901-904, Federal Claims Collection Standards](#)

[31 U.S.C. § 1321, Trust Funds](#)

[31 U.S.C. § 1322, Payments of unclaimed trust fund amounts and refund of amounts erroneously deposited](#)

[31 U.S.C. Chapter 37, Claims](#)

[38 U.S.C. Chapter 55, Minors, Incompetents, and Other Wards](#)

[38 U.S.C. Chapter 59, Agents and Attorneys](#)

[38 U.S.C. Chapter 61, Penal and Forfeiture Provisions](#)

[38 C.F.R. § 3.353, Determinations of incompetency and competency](#)

[38 C.F.R. Part 12, Disposition of Veteran's Personal Funds and Effects](#)

[38 C.F.R. Part 13, Fiduciary Activities](#)

[38 C.F.R. Part 14, Legal Services, General Counsel, and Miscellaneous Claims](#)

[38 C.F.R. §§ 1.900-1.953, General Provisions – Standards for Collection, Compromise, Suspension or Termination of Collection Effort, and Referral of Civil Claims for Money or Property](#)

[Federal Accounting Standards Advisory Board \(FASAB\) Statement of Federal Financial Accounting Standards \(SFFAS\) No. 31, Accounting for Fiduciary Activities](#)

[Federal Deposit Insurance Corporation \(FDIC\) – Laws & Regulations](#)

[M21-1, Part III, Subpart v, 6.E.6](#)

[M21-1, Part VIII, Chapter 5 – Authorization and Notification](#)

[VA Forms Intranet](#)

[Veterans Personal Finance System \(VA Software Document Library\)](#)

[VHA Directive 1733, VHA Finance Quality Assurance Reviews](#)

[VA Financial Policy Volume VIII, Chapter 1 – Administrative Fiscal Policies and Procedures](#)

[VA Financial Policy Volume VIII, Chapter 3 – Agent Cashier Accountability Policy](#)

[VA Financial Policy Volume XII, Debt Management](#)

#### **0407 Rescissions**

- A. VA Handbook 4020, Personal Funds of Patients Procedures, dated October 17, 1994.
- B. VHA Directive 99-045 Monitoring Personal Funds of Patients (PFOP) Accounts.
- C. VHA Manual M-1, Part I, Chapter 8, dated October 29, 1979.
- D. VHA Manual M-1, Part I, Chapter 8 Change 1, dated January 16, 1987.
- E. Volume VIII, Chapter 4 – Personal Funds of Patients, dated August 2010.

#### **0408 Questions**

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

VHA	VHA Financial Policy (Outlook)
VBA	VAVBAWAS/CO/OPERATIONS (Outlook)
NCA	NCA Financial Policy Group (Outlook)
All Others	OFP Accounting Policy (Outlook)

Appendix A: VHA Procedures

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## 1. SUMMARY

This appendix prescribes the Department of Veterans Affairs (VA) administrative and financial accounting procedures to maintain fiscal controls and accountability of Personal Funds of Patients (PFOP), including disposition of funds and effects of deceased patients, in accordance with established laws, regulations, and policies. VHA Directive 99-045, Monitoring Personal Funds of Patients (PFOP) Accounts, and VHA Manual, M-1, Part 1, “Medical Administration”, Chapter 8, “Personal Funds of Patients” have been rewritten and incorporated into this appendix. The Chief, Finance Office, VHA, is responsible for this appendix.

PFOP represent funds initially deposited in non-interest-bearing accounts at VA health care facilities by, or on behalf of, a patient hospitalized in a VA health care facility for safekeeping. VHA facilities are charged with the safekeeping of PFOP accounts and must have adequate monitors to ensure controls are in place for the safeguarding and management of patient funds in PFOP accounts. VBA is charged with the safekeeping of PFOP/FDIB accounts and will have similar controls in place.

Laws governing Personal Funds of Patients (PFOP) accounts are in Title 38 U.S.C. §§ 5502, 5504, 5506, and Title 31 U.S.C. § 1321(b). Title 38 U.S.C. Chapter 55 and 38 C.F.R. Part 12 governs the disposition of personal funds and effects of patients.

## 2. VETERANS PERSONAL FINANCE SYSTEM (VPFS)

### A. Establishing Account Cards

- (1) An automated VA Form 10-1083, *Patient’s Account*, record will be completed by a Patient Fund Clerk for each patient when a VPFS account is established and the following information will be completed at the time the record is created:
  - Patient’s name, social security number, treating facility, and ward location;
  - Type of account, i.e., restricted or unrestricted; and
  - Type of monetary benefits, i.e., VA pension, VA compensation, social security and /or military retirement benefits, VA or non-VA funds that will be deposited.
- (2) When funds are deposited or withdrawn an electronic Patient Funds Patient Account Card will be printed from VPFS and provided to the patient as a receipt. When VPFS is unavailable, a paper account card, VA Form 10-1083, will be prepared for the patient’s signature, and the patient will be issued a Temporary Receipt.

## 3. RECEIPTING AND DEPOSITING

- A. Receipt of Funds. Within 24 hours of receipt of a deposit to PFOP the posting will be made to the patient's VPFS account. Patient funds clerks are considered disbursing officials in accordance with 31 U.S.C. § 3321. Refer to Volume VIII, Chapter 3 – Agent Cashier Accountability Policy, for detailed information on these disbursing officials and their role. All funds are 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. Identification of Non-VA Funds. All deposits from other sources will be properly identified as non-VA funds and, when the account is created, the amount of private source funds included in the balance will be indicated under the heading "Income Source."
- C. Acceptance of Funds for Specific Purposes
- (1) Certain funds received by the trustee for deposit to patients' accounts are subject to restrictions and require special action. Funds received for a patient which are designated by the depositor for a specific purpose, when accepted, will be identified as such in VPFS and must be expended for that purpose. The acceptance of such funds will depend on whether it is feasible to expend the funds for the purpose specified.
  - (2) Unused balances of specific purpose funds will either be returned to the third-party depositor or, on approval of the remitter, merged with other funds in the patient's account.
  - (3) Funds designated for specific purposes that are not accepted will be returned to the remitter with an appropriate explanation for the return.
- D. Acceptance of Personal Checks or Foreign Checks or Bank Drafts
- (1) Deposits received in the form of personal checks, foreign checks and bank drafts drawn on foreign financial institutions will be deposited with a deferred credit date. VA's deferred credit period is defined in Volume VIII, Chapter 3 – Agent Cashier Accountability Policy. The VA health care facility Director waives in writing the deferred credit period when sufficient emergent circumstances justify such action. There is no remedy for replenishing a shortage of funds created by this procedure except by collecting from the remitter, the patient, or the facility Director.
  - (2) Checks received from a military Disbursing Officer for beneficiaries of the Department of Defense, from court appointed fiduciaries, fiduciaries

appointed by the Secretary, or from Federal, State or local governmental agencies are not subject to the deferred credit provisions.

- (3) Money orders from USPS are treated as equivalent to cash deposits, and commercial money orders are treated the same as personal checks.

E. Deposit of Funds to PFOP Accounts

- (1) During Office Hours. Funds for deposit in accounts will be deposited with the Agent Cashier. Patients will be encouraged to deposit funds while being processed for admissions; however, funds may be accepted after the patient has been admitted to a ward.
- (2) During Non-Business Hours. The Administrative Officer of the Day (AOD) or another person designated by the VA health care Facility Director will receive funds for deposit to PFOP accounts during irregular hours. All deposits and returned deposits will be witnessed and verified by two VA employees.

- F. Deposits to Accounts of Deceased Patients. Remittances received from other than Government sources for deposit to the account of a deceased patient will be returned to the remitter. Governmental checks will be returned to the issuing office; however, when the check includes a remittance for another living patient, the check will be deposited in the usual manner and the facility will then dispose of the funds of the funds in accordance with 38 C.F.R. Part 12.

G. Recurring Institutional Award Remittances.

When a VA health care facility is receiving recurring institutional award remittances of VA benefits on behalf of more than one patient, a request may be made to have such payments consolidated into one check payable to the VA health care facility Director. Such requests should be in letter form and addressed to the VA Regional Office having jurisdiction over the Veterans' claims folders. When this information is unknown, then the letter should be addressed to the VA Regional Office having jurisdiction over the area in which the VA health care facility is located. All requests should be directed to the attention of the Chief of the local finance office and should include the following information:

- Name and address of the consolidated payee;
- Full name of patient; and
- Claim number of the patient.

- (1) Requests will not be made to remove the names of discharged Veterans whom VA has determined is incapable of managing their financial affairs from the consolidated list until a change in VA fiduciary has been accomplished. At

that time, deletion requests should contain the patient's name and claim number, as well as the residence or forwarding address of the VA fiduciary.

- (2) 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 patient funds clerk.

#### 4. ISSUING TEMPORARY RECEIPTS

- A. Receipts for Patient Fund Accounts. Employees accepting funds of patients will issue VA Form 10-2815, Temporary Receipt for Funds. When funds are deposited directly with the Agent Cashier by the remitter, a VA Form 4-1028, Field Service Receipt will be issued by the Agent Cashier; no temporary receipt will be issued.
- B. All funds received after regular duty hours will be deposited for safekeeping in accordance with established policies and procedures, as provided in Section 5 of this appendix.
- C. Temporary Receipt. The original of the temporary receipt will be given:
- (1) To the patient, when the patient is the remitter and their condition permits them to safeguard the receipt; or
  - (2) To the Patients Funds Clerk, Medical Administration, or other designee:
    - When the patient is the remitter and the patient's condition does not permit them to safeguard the receipt; or,
    - When the patient is not the remitter, however, a copy will be sent to the remitter.
- D. Retention of Receipts. Receipts will be retained until after accounting reconciliation is completed and then disposed of in accordance with VHA Records Control Schedule 10-I.

#### 5. SAFEGUARDING PATIENT FUNDS

- A. Upon intake, or when an exchange in control of funds occurs, VA will ensure two staff witnesses are present and complete the appropriate forms (e.g. VA Form 10-2637, VA Form 10-1083, and VA Form 10-2815). If possible, staff should obtain signature of the individual relinquishing control, or their representative. Copies of the form(s) should be provided to the patient, included with the patient's belongings, and filed in the patient's chart.

B. Securing Night/Weekend Deposits. A slotted strongbox of the bank night-depository type or a similar security mechanism to secure personal property will be located in a suitable location in the admission area for safeguarding patients' personal funds until they can be properly deposited with the Agent Cashier.

- (1) The strongbox or similar security mechanism will have a double lock, and either be securely attached to the premises or will be a type of strongbox that cannot be easily removed.
- (2) An employee designated, in writing, by the VA health care facility Director will retain the keys to one lock, and the keys to the other lock(s) (of a different type) will be in the custody of the Agent Cashier or alternate to the Agent Cashier.
- (3) Employees designated by the VA health care facility Director, will receipt the funds according to the provisions of this handbook.
- (4) The funds along with a copy of VA Form 10-2815, will be counted, sealed in an envelope, and deposited in the strongbox.
- (5) Funds will be placed only in the designated strongbox unless it is known that the patient will be released before funds are accepted by the Agent Cashier or when funds must be made available for patients being discharged during hours when the Agent Cashier is not available. In these cases, funds may be kept in bolted safes, strongboxes, or other receptacles containing patients' funds. The return of the funds will be witnessed and verified by two individuals.
- (6) Strongboxes with combination locks must be changed, whenever there is a change in cashiers, upon transfer of accountability due to unforeseen absence of the cashier, a compromise of the combination in some way, or at least once a year.

C. Disposition of the Contents Safeguarded in Strongbox.

- (1) The Agent Cashier, or alternate, and the employee designated by the VA health care facility Director will open the strongbox on the next workday and jointly verify the amount of contents of each envelope.
- (2) The Agent Cashier, or alternate, and the designated employee will sign the VA Form 10-2815. The Agent Cashier will retain the original to prepare the VA Form 1028.

- (3) If duties for PFOP are delegated to an individual other than the Agent Cashier or the designated employee, a copy of the VA Form 10-2815 will be forwarded to the responsible individual to create or update the patient's PFOP account.
- (4) Funds safeguarded overnight or during weekends for patients who are discharged prior to receipt by the Agent Cashier, may be returned to the patient without establishment of an account.
  - Patients will be required to sign a receipt for the specific amount and show the date the money was returned to them. This certification will be placed on the reverse of VA Form 10-2815 by rubber stamp or equivalent imprint.
  - Signed copies will be filed in the patient's electronic medical administrative records in Computerized Patient Record System (CPRS).

## 6. MAINTENANCE OF ACCOUNTS – INCLUDING RESTRICTED ACCOUNTS

A. Maintenance of Patient Fund Accounts. The Agent Cashier must obtain the patient's signature for identification purposes when the patient makes the first deposit in an unrestricted account. The VHIC may substitute for this requirement. However, for restricted accounts, the trustee's signature must be on file in order to complete the first deposit. Each deposit and withdrawal affecting accounts will be posted within 24 hours in the Veterans Personal Finance System (VPFS). Memorandum entry in the remarks section of the VPFS record will be used to identify various expenditures and special purpose funds in order to have available necessary information to prepare a patient summary report to Veterans Service Center Manager, Fiduciary Hub Manager, Regional Counsels, guardians, and others. Funds deposited by Regional Offices will be transferred immediately by the Chief Fiscal Officer to the Hines Finance Center, which is responsible for the accounting functions of the Regional Office PFOP and Funds Due Incompetent Beneficiaries (FDIB). VA Form 10-1083 may be utilized in conjunction with VPFS for backup purposes.

- (1) All Asset information is required on VA Form 10-1083 when a court has appointed a fiduciary for the patient (guardian, spouse, child, or other entity).
- (2) Restricted accounts must be maintained according to the same requirements as unrestricted accounts. Additionally, accounts for patients VA has determined not able to manage their own funds will be maintained in such a manner as to identify the balance of funds on deposit derived from VA benefits, and funds received from other sources. All deposits made to the account of these patients not deposited by VA on behalf of the patient, are considered funds from other sources.
- (3) Analysis of the patient's account balance must be performed within 10 days of their death when the patient was rated by VA as unable to manage their VA

benefits, or had a court-appointed fiduciary. Analysis will identify the source of the funds in the patient's account (VA versus non-VA funds). Amounts determined to be VA funds will be forwarded to the appropriate VA Regional Office. Non-VA funds will be forwarded to the Veteran's executor or the administrator of their estate upon receipt of appropriate documentation when the executor or administrator of the estate has not made a written request for the Veterans funds within 90 days of death all funds will be forwarded to the appropriate General Post Fund (8180G).

(4) The local finance office is responsible for overseeing maintenance of accounts at VA health care facilities.

- B. Internal Controls on Patient Fund Accounts. Efficient internal controls require that field facilities periodically rotate the management of segments/blocks of patient funds accounts, among the Patient's Funds clerks responsible for those accounts to ensure integrity and accountability for the patient's funds. VA health care facilities with only one Patient's Funds clerk may assign the duties to another VA employee in accordance with facility policy and procedures. Separation of duties prohibits the assignment of responsibility to one person for the acquisition of assets, their custody, and the related record keeping. It ensures that there is oversight and review to catch errors and helps to prevent fraud or theft as it requires two people to collude in order to hide a transaction. See [Volume VIII, Chapter 1 – Administrative Fiscal Policies and Procedures](#) for additional information on separation of duties.

## 7. OVERDRAWN ACCOUNTS

- A. Account Shortage. When a shortage occurs in a PFOP account, the VA health care facility Director is responsible for making a determination as to the fault or negligence of the accountable officer. When 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 [Volume VIII, Chapter 3 – Agent Cashier Accountability Policy](#).
- B. Recovery of Funds. Recovery from an improper payee or recipient will first be attempted in accordance with the Federal Claims Collection Act, 31 U.S.C. § 3701 *et seq.*, 31 C.F.R. Parts 901-904, 38 C.F.R. §§ 1.900-1.953 and Volume XII, Debt Management.
- C. Improper Payments. The recipient of an improper payment is liable for the full amount. Any amounts collected will be applied to reduce the accountable officer's liability. The accountable officer remains liable for any remaining balance.

- D. Responsibility for Unrecovered Funds. Under the Federal Claims Collections Act (31 U.S.C. § 3711(c)), when a debt claim is compromised in accordance with the statute and implementing regulations, no accountable officer will be held liable for the portion unrecovered by virtue of the compromise. A compromise with the recipient for payment of less than the full amount due operates to relieve the accountable officer for any amounts unrecovered because of the compromise.
- E. Termination of Collection Action. Unlike compromise, the termination of collection action against the recipient does not eliminate the accountable officer's liability for any unrecovered balance.
- F. Offset of Improper Payments. Where a loss cannot be recovered from the improper payee after the collection process, including submission to the Treasury Offset Program (TOP), and relief is not granted to the accountable officer, the accountable officer becomes indebted to the Government for the amount owed. At this point, VA will initiate collection action against the accountable officer.
- G. Recovery of Funds after Termination of Collection. Any amount collected from the improper payee or other sources after repayment of the debt in full by the accountable officer will be deposited to the proper account and refunded to the accountable officer.

## 8. PERSONAL FUNDS OF PATIENTS – COMPETENT PATIENT – UNRESTRICTED ACCOUNTS

### A. Depositing Personal Funds

- (1) Patients admitted to VA health care facilities will be furnished the guidelines for the deposit of personal funds by the Patient Funds Clerk when an account is initiated.
- (2) Upon admission, patients will be encouraged to either turn any funds in excess of \$10.00 over to a family member identified as the spouse, parent, child, step family member, extended family member, contractor (e.g. caretaker), or an individual who lives with the Veteran but is not a member of the Veteran's family, for safekeeping or to deposit such funds with the Agent Cashier, unless needed to satisfy some immediate personal needs.
- (3) The patient or their designee must complete VA Form 10-10118 *Designee for Patient Personal Property* upon each admission to a VA health care facility. The completed form is filed in the administrative section of the patient's electronic medical record.

- (4) Agent Cashiers will deposit any funds they receive directly on behalf of the patient into their personal funds account. Any funds derived from other sources, such as bonds, will be deposited to the PFOP account and used to meet the patient's needs. If duties for PFOP are delegated to an individual other than the Agent Cashier, the individual responsible will be notified to post in VPFS all PFOP deposits.
- (5) The Patient Funds Clerk will advise patients of the facility's responsibility for, and the security of, patients' funds deposited in the PFOP account.
- (6) Patients will be advised of their personal responsibility for the safekeeping of funds not deposited in a PFOP account.
- (7) The Agent Cashier will issue a field service receipt to the remitter upon deposit of funds.
- (8) The original of the field service receipt will be given to the patient when the patient is the remitter and provided the patient's condition permits.
- (9) Copies of receipts will be retained until after accounting reconciliations are completed and then disposed of in accordance with VHA Records Control Schedule 10-I.
- (10) Service certificates, compensation bonds, terminal leave pay and/or bonds may be cashed per printed instructions. Funds derived from these securities will be deposited to the patient's account and used to meet the patient's needs.
- (11) VA health care facility Directors may redeem Series E savings bonds registered in the name of the patient for the patient's individual needs when a court appointed fiduciary has not been appointed.

B. Withdrawals from Unrestricted Accounts

- (1) Patients may make cash withdrawals by completing VA Form 10-1126, *Withdrawal of Personal Funds*.
- (2) Limitations imposed on cash on hand by National and/or local policies may inhibit the Agent Cashier's ability to fulfill requests for large cash withdrawals. The Agent Cashier will, at minimum, provide a reasonable amount of cash to fulfill the patient's immediate needs and then submit a request for disbursement of the balance of funds on the request to be paid via EFT, debit, or Treasury check.

- (3) Marked signatures must be supported by signatures of two witnesses at time of payment to payee, as evidence of receipt of funds.
- (4) Residual balances left in an account after discharge from the VA health care facility may be issued to the patient by U.S. Treasury check or EFT. In lieu of the patient's signature, the date of discharge should be entered on the withdrawal form.
- (5) Hospitalized patients with unrestricted accounts must adhere to policies, procedures, and schedules established locally for withdrawal and hours of operation for PFOP accounts.
- (6) Facilities have the option of utilizing VA Form 10-2675, *Consolidated Requisition for Cash Withdrawals*, in instances where it is desirable to release funds directly to patients in ward areas when they are physically unable to present themselves to the Agent Cashier for withdrawal by use of VA Form 10-1126.
- (7) The Agent Cashier, and the individual assigned PFOP duties if other than the Agent Cashier, will verify the availability of funds prior to the authorization of payment voucher.
- (8) Patient Funds Clerk will post all withdrawals to the patient's funds account within 24 hours.

C. Withdrawal from Unrestricted Accounts for Payment to a Third Party. Patients may authorize in writing payment by U S Treasury check from an unrestricted funds account to third parties. The signed document directing the payment must clearly indicate the name and address of the third party to whom payment is to be made. For identification purposes, an unsigned copy of the document may be prepared for enclosing with the U S Treasury check.

## 9. PERSONAL FUNDS OF PATIENTS – RESTRICTED ACCOUNTS OF AN INCOMPETENT PATIENT

### A. Depositing Personal Funds of Patients into a Restricted Account

- (1) VA will consider funds deposited to restricted accounts as derived from other sources, except deposits made by VA on behalf of the Veterans. For Treasury checks and money orders made payable to the patient, handling will depend upon whether the patient has a VA or court appointed fiduciary. For Treasury checks representing VA benefit payments, the trustee will endorse the checks and deposit the funds as a VA benefit. All cash found in the possession of patients with restricted accounts will be deposited with the Agent Cashier for deposit in a PFOP account, except as follows:

- Small amounts of cash for the patient's personal immediate use, or
  - Cash that has been classified by the patient or others as having value as a keepsake or collector's item.
- (2) Cash accepted from an unaccompanied patient incapable of handling funds will be counted by one employee and verified by another employee, who will certify the amount received on the VA receipt.
- (3) Cash received by mail for patients whose accounts are restricted will be counted, in the presence of a witness, by the person responsible for opening the patients' mail. A temporary receipt, VA Form 10-2815, will be issued listing the patient as the remitter for funds received by mail and funds received when the patient is unable to make a direct deposit with the Agent Cashier. The Agent Cashier or individual delegated PFOP duties will create or update the profile in VPFS.
- (4) When checks and money orders are mailed in for deposit to a restricted patient account, the person responsible for disbursing funds to patients will be advised to:
- Make checks and money orders payable to the "VA Health Care Facility Director for deposit to the account of (name of patient)";
  - Address mail containing such funds to the VA health care facility Director; and
  - Notify the patient that there is a hold period for personal or foreign checks as well as commercial money orders and provide information of acceptable forms of deposits that would make funds immediately available to the patient.
- (5) The VA health care facility Director's designee may endorse U.S. Treasury checks representing payment of VA benefits by stamped endorsement and depositing such funds as a VA benefit in the patient's account. The endorsement will read:
- "Absence of Payee's Endorsement Guaranteed Proceeds Deposited to Credit of Payee in Department of Veterans Affairs"***
- (6) Cashable checks and money orders will have the checks and money orders made payable to the patient and will be endorsed by the patient before delivery to the Agent Cashier for deposit, when the patient is capable of understanding the nature of the transaction, or otherwise by the trustee or appointed fiduciary. Checks and money orders for deposit in a patient's account do not require the endorsement of the patient when made payable to the VA health care facility Director designee.

- (7) Checks and money orders made payable to a patient with an appointed fiduciary will be forwarded to the court appointed fiduciary.
- (8) Checks and money orders made payable to a patient without an appointed fiduciary will be deposited in a PFOP account for the patient. The patient's signature should be obtained prior to deposit, whenever possible. When the patient's endorsement cannot be obtained, the following procedures apply:
  - a. The VA health care facility Director's designee will return other U.S. Treasury Checks payable to patients to the appropriate disbursing office by letter. The letter will indicate that the patient's medical condition precludes their handling of funds. A copy of the letter will be forwarded to the Government agency responsible for payment of the funds. The letter should request reissuance of the check as soon as feasible, to the trustee or appointed fiduciary to ensure funds are available for the patient's needs.
  - b. Personal checks and money orders made payable to a patient will be endorsed by stamp and deposited in the patient's account as non-VA funds. The remitter will be requested to submit future checks payable to the VA health care facility Director for the account of the patient.
  - c. Funds delivered by attendants who accompany patients or funds found in the possession of patient who are moribund, unconscious, incapable of handling funds on admission or during the course of hospitalization will be accepted, and a temporary receipt for funds will be issued in the name of the patient.
- (9) The notation "Delivered by (name of the person from who received) attendant" will be inserted on the receipt, and a copy given to the person delivering the funds.
- (10) Funds will be promptly delivered to the Agent Cashier, who will issue a VA Form 4-1028 Field Service Receipt – Patient's Funds, or safeguarded using local policies and procedures.
- (11) In cases where funds are furnished by the court appointed fiduciary or other party for a specific purpose, those parties will be furnished a copy of the accounting. Funds remaining will be re-deposited to the individual's account.
- (12) 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.

(13) When a Veteran is admitted to a VA field facility and it is determined after assessment by a VA clinician that a restricted account is needed for the Veteran, the VA field facility staff will contact VBA for the application of [38 C.F.R. § 3.353](#) and consideration of an incompetency rating. VA field facility staff will mail or fax the clinician's medical report and a statement concerning the Veteran's inability to manage their financial affairs to the designated VBA centralized mail operations center. When appropriate, VBA will also apply [38 C.F.R. § 13.55](#) regarding appointment of a VA fiduciary. A VBA rating which indicates the Veteran is unable to manage their VA benefits and cancels any previous designation made by the Veteran on VA Form 10-10118, *Designee For Patient Personal Property*, with respect to VA benefits deposited into the Personal Funds of Patients. The Veteran's designation will not change with respect to disposition of funds and personal effects derived from non-VA sources, unless a court-appointed fiduciary or conservator changes or revokes the existing designation.

**B. Protecting the Patient's Interests – Restricted Accounts**

- (1) VA will ensure that restricted account records distinguish between funds derived from VA benefits and those derived from other sources. All restricted accounts must be reviewed at least semiannually to validate the current restricted account status. The VA health care facility Director or designee will authorize withdrawals from restricted accounts to protect the interests or to meet moral obligations of a patient. Examples of such occasions would be:
- a. To pay patient's taxes, insurance premiums, or indebtedness to a third party.
  - b. To advance funds to a family member identified as the spouse, parent, child, stepfamily member, extended family member emergency contact, or an individual who lives with the Veteran but is not a member of the Veteran's family.
  - c. To make purchases for the patient by advancing funds to a third party. VA Form 10-2920, *Authorization for Release of Patient's Funds*, which authorizes the expenditure, must name the party to whom the funds are to be advanced. That person will account to the VA health care facility Director for all funds expended.
- (2) Payments from restricted accounts as authorized by a properly signed VA Form 10-2920, will be made by the Agent Cashier. When necessary, 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.

- (3) Requests for withdrawals from a restricted account in which funds are regularly deposited from a court or a VA appointed fiduciary or other person will be referred to that person for action.
- (4) When instructed by the person furnishing funds, routine releases to the patient may be authorized.
- (5) A copy of the instructions will be attached to the authorization for withdrawal.
- (6) All withdrawals from restricted accounts will be in accordance with the following:
  - a. Payment of Indebtedness. Withdrawals for payment of a debt to a third party may be authorized when all the following conditions are met:
    - The patient acknowledges the indebtedness, appears to understand all circumstances involved, and wishes payment to be made. Regional Counsel should be consulted with the attending physician on the issue of whether the patient understands all circumstances involved and wishes payment to be made.
    - Patient has a court or VA appointed fiduciary that authorizes payment on behalf of the patient.
    - Enough funds would remain in the patients account to meet other needs.
    - There is no legal bar to payment such as a statute of limitation. Regional Counsel should be consulted on this issue.
    - When a patient is incapable of understanding all of the circumstances involved in the payment of indebtedness, obtain the advice of the Regional Counsel in the area in which the facility is located whether or not to authorize withdrawal for payment of the indebtedness without the patient's consent.
    - When the determination is made to authorize the withdrawal for payment of the indebtedness absent the patient's consent, attach a copy of the written advice received from the Regional Counsel to the authorization for withdrawal.
    - Support all such withdrawals with an itemized claim from the creditor.

- A claim submitted on other than a creditor's invoice must contain the creditor's address and signature.
- b. Withdrawal authorizations for the payment of taxes, insurance premiums, utility bills, or similar obligations will be granted when the trustee believes the best interests of the patient will be served.
- c. Department of Veterans Affairs benefits may not be invested by the Director of the VA Medical Center (VAMC) serving as the Veteran's VA appointed fiduciary. However, any non-VA fund surplus to the immediate need of the patient may be withdrawn from a patient's account for the purpose of investing those funds as noted:
  - At the request of a patient when the patient understands the significance of the transaction; or
  - At the request of the family member, court or VA appointed fiduciary when the patient is unable to understand the significance of the transaction and does not have a court appointed fiduciary.

C. Advance of Funds to a Patient's Spouse, Child, Parent, from a Restricted Account

- (1) Funds may be advanced to a patient's spouse, child, or parent, when no court or VA appointed fiduciary exists, and when the advance serves and protects the best interest of the Veteran.
- (2) A determination will be made that the release of funds does not infringe upon the functions of the VSC with respect to apportionments, except as provided in subsection D below. For example, it is proper to release funds from the account of a newly admitted Veteran to a spouse until such time as the spouse can file an application for an apportionment and adjudication action taken.
- (3) After such action has been taken, the VA health care facility Director will ensure that releases do not conflict with this determination.

D. Releasing Funds to Dependent Parents in Lieu of Apportionment from a Restricted Account and When No Court Appointed Fiduciary Exists

- (1) Funds may be released from a restricted account to a dependent parent under the following circumstances:
  - a. The size of the Veteran's estate and the balance of the Veteran's restricted account is sufficient as the release will not compromise the Veteran's welfare;

- b. No court or VA appointed fiduciary was appointed for the Veteran; and
  - c. The VSCM advises the VA health care facility Director that a dependent parent should be furnished funds each month from the Veteran's account.
- (2) The request from the VSCM will be in the form of a memorandum and will give the following information:
- a. Name and address of the dependent parent(s) to whom the funds are to be released;
  - b. Amount of each monthly release; and
  - c. Date releases are to begin.
- (3) VA health care facility Directors will establish controls which assure the timely release of funds in order that a dependent parent receives the payment on approximately the first day of each month.
- (4) A letter will be forwarded to reach the dependent parent at approximately the same time as the arrival of the first check.
- (5) The letter will inform the dependent parent that payment from the Veteran's funds will be received from the facility until further notice and request notification of any change of address.
- (6) Approximately 30 days prior to the time that the Veteran's account will be reduced to a stipulated amount, the patient funds clerk will notify the VA health care facility Director or Director's executive equivalent, who must inform the VSCM who recommended the payment. The VSCM would then recommend initiation of an apportionment of the Veteran's award by the Adjudication Division of the RO.
- (7) VA health care facilities will continue to release funds to the parent until advised that a fiduciary was appointed by the court or VA, or that an apportionment was authorized.
- (8) In some instances, the VSCM may request that regular releases of a stipulated amount to the dependent parent be continued.
- (9) Requests from VSCM will be accepted and acted upon unless circumstances arise that would be contrary to the patient's best interest, such as plans for discharge from inpatient status, where depletion of the account may occur. In

such circumstances, the VSCM will be advised of these circumstances and requested to reconsider.

#### **10. ACTIVE DUTY SERVICE MEMBERS – PERSONAL FUNDS OF PATIENTS – RESTRICTED ACCOUNTS**

- A. VA health care facility Directors may secure personal funds for judicially incompetent members and ex-members of the military services who are patients in VA health care facilities by fulfilling the following procedures set forth in this section.
- B. When a judicially incompetent active duty service member is transferred from any of the military departments either prior or subsequent to separation, the VA health care facility Director will contact the referring military department. The facility director will arrange for funds not to exceed \$250 be transferred to VA to provide for the patient's needs.
- C. The appropriate military department will advise the VA health care facility Director, of the name and address of the designated military trustee. When a trustee has not been designated, the military will furnish the requested funds to the VA health care facility Director, provided there are sufficient funds due the patient.
- D. When the patient is retired and a trustee is designated after funds have been advanced, the military will notify the VA health care facility Director, to submit a final accounting of the advanced funds.
- E. This final accounting using VA Form 21P-4706b, *Federal Fiduciary's Account*, will be submitted to the appropriate military department and not to the designated trustee.
- F. An accounting of the initial advance of funds must be submitted to the military trustee when requesting supplemental advances.
- G. When a patient that has been placed into a retired status from an active duty status is released from care, the VA health care facility Director will notify the appropriate military department and submit final accounting of the advance funds.
- H. In the event the patient is mentally judicially incompetent at the time of release and a trustee or legal representative has not been designated, the balance of advanced funds remaining in the patient's account will be immediately returned to the Department of Defense (DoD) with a final accounting.

- I. When the patient is discharged, rather than retired, the VA health care facility Director, will submit a final accounting of the advance funds as provided in Section 10.C above to DoD.
- J. The VA health care facility Director will notify the patient's commanding officer of the death or absence of active duty service members. Within seven business days, the VA health care facility Director will send to the commanding officer, without expense to VA or the patient, the personal property of the deceased or absent service member and procure a receipt. When it has not been disposed of at the expiration of 90 days after the date of death or absence, the funds will be transferred to the General Post Fund.

#### **11. PROCUREMENT OF CLOTHING AND CLOTHING SERVICES FROM RESTRICTED ACCOUNTS**

- A. The Trustee of funds on deposit in all PFOP accounts must ensure that purchases for patients with restricted accounts are made under the most advantageous conditions.
- B. The Secretary of Veterans Affairs is vested with statutory authority and responsibility to charge reasonable prices in retail sales activities operated by the Veteran Canteen Service (VCS).
- C. Whenever possible, items should be purchased at the VCS. Procurement of items not available at the VCS may be accomplished in any available market.
- D. Regardless of the source of procurement, the Trustee shall encourage patients to participate and assume as much responsibility in making purchases as their conditions permit. Visits to display and or sales rooms, personal selection of merchandise, and participation in the acceptance, delivery, and payment for the merchandise and services are some of the therapeutic objectives that will be considered in establishing procedures for purchases.
- E. Purchases may be authorized using the following methods with preference given in the sequence shown:
  - (1) Cash withdrawals.
  - (2) Use of VCS coupon books.
  - (3) Use of [VA Form 10-2920, Authorization for Release of Patient's Funds](#).
- F. When patients are permitted to make direct purchases of clothing, the clothing will be marked for identification.

- G. A court appointed fiduciary or other person furnishing funds for the purpose of purchasing merchandise for patients may stipulate the quality, price, and source of purchase. These stipulations must be as within [Volume II, Chapter 8 – Bartering](#).
- H. References to the written authorization of third parties furnishing funds will be recorded on the purchasing document.
- I. The routine and/or distribution of purchasing documents will vary, depending on whether the responsibility for maintenance of patients' funds activities is delegated to the CFO or another office.

## **12. PROVIDING FUNDS NECESSARY FOR PERSONAL NEEDS - RESTRICTED ACCOUNTS *WITHOUT* A FIDUCIARY AT DISCHARGE**

- A. A patient without an appointed fiduciary, who is incapable of handling funds while hospitalized or at time of discharge, may be provided funds from their restricted account necessary to meet personal needs. It is possible that a patient may be clinically stable for discharge from the hospital even though the patient is considered incapable of handling the balance of funds in the restricted account. VA Form 10-2920 will be used to authorize such releases to the patient or the person accepting responsibility for the patient. The releasing physician should ensure VBA has been notified that a competency rating decision is necessary in the event an official rating is not on file at time of discharge.
- B. Cash may be advanced from restricted accounts to third parties to make purchases for the patient. VA Form 10-2920 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 court or VA appointed fiduciary 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 third person from whom the funds were received.
- C. No information regarding a patient with an unrestricted account will be released or forwarded to the Chief Fiscal Officer with VA Form 10-2920.
- D. Either VA Form 21P-555, *Certificate of Legal Capacity to Receive and Disburse Benefits*, or a copy of the instructions received from the VA Fiduciary Hub Manager will be forwarded with VA Form 10-2920 to the Chief Fiscal Officer when a fiduciary is involved.

- E. When the patient is admitted to a VA field facility and they are determined to be judicially incompetent pursuant to an order of a state court, or is determined to be in need of a restricted account based on the assessment of a VA clinician, the VA field facility staff will contact VBA. The local RO will be notified for the application of 38 C.F.R. § 3.353, regarding a rating as to whether the patient is able to manage monetary VA benefits.
- F. Notification by a VA health care facility will be made through submission of VA Form 7131, *Administrative and Adjudicative Action Exchange of Beneficiary Information and Request*, either by mail or secure fax to the designated VBA centralized mail operations center.

### **13. CONTROL OF RESTRICTED PATIENT PFOP ACCOUNTS *WITHOUT* A COURT APPOINTED FIDUCIARY**

- A. When available information indicates the patient has been awarded VA compensation or pension, the VA health care facility Directors may expect that an institutional award will be received after the patient is rated incompetent. Prompt submission of required reports will facilitate adjudication action.
- B. Referral to the Adjudication Division. A recommendation will be made to the VA Fiduciary Hub Manager concerning the patient's competency when an account has been restricted for 12 consecutive months or when otherwise warranted.
- C. Apportionments. When the entire amount of an institutional award is made payable to the court or VA appointed fiduciary it is usually with the understanding that the fiduciary will provide for the patient's needs and funds for the patient will be obtained as outlined in Section 15. When a difficulty is encountered in obtaining funds, the VBA Veteran Service Center Manager or (VA Fiduciary Hub Manager) having jurisdiction over the fiduciary will be informed. When only a portion of an award is made to or on behalf of the fiduciary, the recipients should not be expected to provide additional funds for the patient's needs. VBA has already adjudicated the basis of need (apportionment) and the recipient is not responsible for any additional funds.
- D. Institutional Awards. The amount of VA funds received by the VA health care facility Director as an institutional award will represent all the funds that are available from VA for the patient's needs.

### **14. CONTROLLING BALANCES FOR FIDUCIARY ACCOUNTS**

- A. General. Certain types of restricted accounts require control balances for administrative and reporting purposes. These controls apply to accounts of Veterans who have fiduciaries.

- B. Restricted accounts of Veterans who have a fiduciary will be managed to provide funds for the needs of the patient without causing the accumulation of excessive balances.
- C. Generally, the maximum balance can be set at an amount that represents an estimate of the annual expenditure of the patient.
- D. The minimum balance will not be set below a 2-month requirement nor below the amount necessary to meet the needs of the patient pending replenishment action by the fiduciary.

#### **15. CONTROL ON RESTRICTED PATIENT PFOP ACCOUNTS WITH FIDUCIARIES**

- A. Patient documentation received from the fiduciary will be reviewed to determine the amount and source of funds that might be available for the personal use of a patient with a restricted account. Hospital Inquiry (HINQ) or Veterans Information System (VIS) will be reviewed to determine whether the patient is in receipt of VA benefits.
- B. These records will show the award amount of which the benefits are being paid, and whether a fiduciary has been appointed.
- C. The individual accompanying the patient at the time of admission may be able to furnish information regarding the patient's financial status.
- D. A letter will be written by the VA health care facility Director or designee advising the fiduciary of the patient's admission, the need for funds, and VA policy regarding the forwarding of funds for the patient, in accordance with all applicable privacy laws concerning personal health information.
- E. The fiduciary will be requested to furnish funds in a lump sum consistent with established balances.
- F. The letter should encourage a fiduciary to give the VA health care facility Director full control of the funds received from the fiduciary. This will obviate the need for subsequent letters requesting permission to make expenditures that are not covered by the understanding reached with the fiduciary.

#### **16. RESTRICTED ACCOUNTS WITH A FIDUCIARY AT DISCHARGE**

- A. Prior to discharge of the patient, arrangements will be made with the fiduciary to provide for the patient's needs after discharge.
- B. Funds may be released from an account at the time of discharge to meet the patient's needs until the fiduciary can make fund usage adjustments based on

release from hospitalization. VA Form 10-2920 or 10-2675 will be used to authorize releases to patients or persons assuming responsibility for patients.

- C. The balance remaining in the patient's account will be released to the fiduciary. VA Form 21P-555 or other notification (ex. HINQ screen) to confirm recognition of the fiduciary, will be attached to VA Form 10-2920 authorizing such payments.

#### **17. NOTIFICATION TO FIDUCIARY HUB MANAGER REGARDING A VETERAN WHO IS DETERMINED BY VA AS UNABLE TO MANAGE VA BENEFITS**

- A. The Fiduciary Hub Manager ensures that the VA-appointed fiduciary is acting in the Veteran's best interests, will be advised when the VA fiduciary is delinquent in furnishing funds. When there is no VA fiduciary, the facility director or designee will ensure the following special provisions for releasing cash directly to restricted patients must be followed:
  - (1) In authorizing cash releases of funds to patients, certain "restricted" accounts may be temporarily designated as "unrestricted." The attending physician will determine when or what circumstances necessitate an account becoming "unrestricted." For example, instead of authorizing patient cash withdrawals at regular intervals, the patient's account may be designated "unrestricted" for a specific period and for an amount deemed appropriate.
  - (2) These actions will be coordinated with the attending physician responsible for the patient's treatment.
  - (3) This procedure will permit the patient to visit the Agent Cashier and withdraw cash to the extent authorized and should be an aid in determining their capability of handling funds. Also, administrative procedures involved in Section 18 below can be eliminated

#### **18. WITHDRAWALS FROM RESTRICTED ACCOUNTS FOR SPENDING MONEY, INCIDENTALS, AND FOR THERAPEUTIC PURPOSES**

- A. All withdrawals from restricted accounts will be authorized by the trustee or patient's designee named in writing, based on review by the attending physician.
- B. Cash may be released to selected patients, based on the sound medical judgment of the attending physician at regular intervals for their discretionary use for incidentals while hospitalized. Such releases are considered therapeutically beneficial and in accordance with current policy of allowing each patient maximum independence. The maximum amount of cash released to patients for these purposes will be established by the trustee in consultation with the attending physician. In determining the amount of funds to be released to

patients, the therapeutic benefits to be derived and other circumstances that may influence the release of cash will be considered individually.

- C. VA Form 10-2675 will be used to authorize withdrawal of funds. VA health care facility Directors may appoint one or more employees as designee in receiving and delivering the funds to the patients. This does not preclude patients or members from receiving funds under this section directly from the Agent Cashier.
- D. Withdrawals may be authorized for the purchase of any article or service which will be of therapeutic benefit to the patient provided sufficient funds remain in the patient's account to meet their clothing, incidental, and other essential needs. The purpose of these withdrawals includes, but are not limited to, purchases of articles such as watches, radios, cameras, electric shavers, gifts, magazine subscriptions, and payment of organizational dues. Such withdrawals will be predicated on the judgment of the professional staff as to:
- (1) The therapeutic benefit to be derived by the patient;
  - (2) The patient's ability to understand the nature of the transaction;
  - (3) The patient's willingness to participate in the realistic planning for the purchase; and
  - (4) The patient's capability of taking care of the article purchased.
- E. Consent of Fiduciary or Other Person Furnishing Funds. VA health care facility Directors and trustees are restricted in authorizing withdrawals for patients for whom funds are received from a fiduciary or other person by the conditions and agreements under which the funds were requested and furnished. A statement that the withdrawal falls within the purview of agreement, or that special consent has been obtained from the fiduciary or other person will be inserted on VA Form 10-2920 under "Remarks". A copy of the agreement or special consent need not be attached.
- F. Consent of Staff. The patient's record will be documented to indicate that the withdrawal meets the therapeutic considerations involved by the attending physician. When needed, the assistance of the clinical staff will be obtained.
- G. Consent of patient. The patient's signature will be obtained on the authorizing form to indicate their understanding of the therapeutic considerations involved. When the patient's signature cannot be obtained because of absence from the facility, or due to a physical disability, enter a statement to that effect on the authorizing form. When the patient is capable of providing only a marked signature (i.e., signing "X" in lieu of a signature) two adults must also countersign the form indicating that they witnessed the patient sign the form.

- H. Procedures. Withdrawals of this nature will be made by use of VA Forms 10-2920, 10-2675, or 10-2696, when the form is not available within VPFS, or completed in accordance with the preceding sections, and it is preferred the patient be permitted to make the purchase so as to enhance the therapeutic benefits that are to be derived.

## **19. INSTITUTIONAL AWARDS**

- A. An institutional award in accordance with 38 C.F.R. § 13.61, paid to a VA health care facility Director as a VA-appointed fiduciary may be continued when the patient for whom it is being paid is discharged for admission to either a VA Community Living Center (CLC) or to a Community Nursing Home (CNH) at VA expense.
- B. An appropriate statement will be made in the "Remarks" space of VA Form 10-7132, Status Change, Adjudication Division-1, in such a case.
- C. A hospital summary, along with VA Form 10-7132, will be electronically transmitted via the Compensation and Pension Record Interchange (CAPRI) to the appropriate VA Regional Office, Adjudication Division, or in the case of an individual adjudicated incompetent, to the servicing Fiduciary Hub.

## **20. PATIENT TRANSFER AT PERSONAL EXPENSE – RESTRICTED ACCOUNT**

- A. Funds required to defray the cost of transferring a patient for personal reasons will not be at VA expense and must be furnished by the patient when competent or the fiduciary or by the person designated as the patient's surrogate when the patient lacks decision making capacity to manage financial affairs.
- B. Fiduciaries may furnish specific funds for this purpose or may authorize use of funds already on deposit in the patient's account.
- C. In the case of a patient without a fiduciary, funds in the patient's account may be used when not obtainable from the person acting for the patient in matters concerning the transfer.
- D. When it is considered more efficient, third parties may be encouraged to secure whatever transportation is medically indicated for the transfer.
- E. Reduced rate transportation requests may be issued in these instances; however, any funds furnished by third parties will be deposited in the patient's accounts and earmarked for this purpose.

- F. VA Form 10-2920 will be used for the withdrawal of funds necessary for travel expenses and advances to attendants for miscellaneous expenses. Fees will not be paid to attendants until completion of the travel.

## **21. EXPENSES FOR AUTHORIZED ABSENCE – RESTRICTED ACCOUNTS**

- A. Funds may be released to meet the needs of a patient while on authorized absence. Whenever possible, funds will be released directly to the patient. When the patient is not capable of handling funds, they will be released to the person assuming responsibility for the patient during the authorized absence.
- B. VA Form 10-2920 will be used to authorize withdrawals directly from the Agent Cashier.
- C. To facilitate identification of a patient, an employee's signature attesting to the patient's signature will appear on all forms authorizing direct release of funds to patients, provided other means of pictorial identification are not adequate (i.e., members cards, Patient ID bracelets, facility personnel, etc.).
- D. The original copy of VA Form 10-2920 will be submitted to the CFO and an additional signed copy will be submitted when dual payment is authorized, i.e., a cash release on departure and a check to be mailed. VA Form 10-2675 may be used when direct payment by the Agent Cashier is not feasible.

## **22. EXPENSES WHEN ON NON-BED-CARE (NBC) STATUS – RESTRICTED ACCOUNTS**

### **A. Incompetent Patients without Fiduciaries**

- (1) Funds may be released from the restricted account of a patient without a fiduciary to provide for expenses while in NBC status.
- (2) On departure, the patient, or the person assuming responsibility for the patient, may be given cash and/or check in the amount sufficient to meet the patient's needs until the next scheduled date for forwarding monthly remittances to NBC patients.
- (3) The amount should include funds necessary for returning the patient to the facility when the return is not at VA expense.
- (4) Maintenance funds will usually be provided by monthly remittances for patients in NBC status and will be processed to reach the patient about the same date each month.

- (5) Controls will be established to ensure appropriate review and recommendations regarding the patient's need for funds by the attending physician or treatment team.
- (6) VA Form 10-2920 will be used to authorize release of funds for this purpose and, in lieu of a separately prepared form each month; it may be prepared in sufficient copies to authorize a series of monthly releases. When the latter procedure is adopted, the Patient Funds clerk will promptly notify the CFO of any change in patient's status to preclude the release of funds when patient is re-hospitalized.
- (7) When mutual operating advantages result to the CFO and the office delegated patient funds activities, releases for all patients in NBC status may be listed monthly on SF 1166, Voucher and Schedule of Payments, and SF 1167 (Continuation Sheet) in lieu of individual VA Form 10-2920.
- (8) The authorization for the withdrawals will be typed on the CFO's copy of the forms and will read as follows:

***"Withdrawals from the above-named patient's accounts are authorized for non-bed care expenses for the month of (month)."***

- (9) The authorization will be signed by the VA health care facility Director or designee. In preparing the SF 1166 and SF 1167, releases will be listed in the following manner:

Direct to Veteran  
James E. Smith  
100 First Avenue  
Hometown, U.S.A.  
ZIP Code

to Responsible Person  
Mrs. Mary Smith  
Mrs. Mary Smith  
A/C James E. Smith  
423 First Avenue  
Hometown, USA ZIP Code

B. Incompetent Patients with Fiduciaries

- (1) These accounts will be managed to provide funds for the needs of the patient. Generally, the maximum balance can be set at an amount not to exceed the estimated annual expenditure of the patient. The minimum balance will not be set below a 2-month requirement or below the amount necessary to meet the needs of the patient pending replenishment action by the fiduciary.
- (2) A patient who has a fiduciary may be given only enough cash on departure to meet their immediate needs until funds can be furnished by the fiduciary directly to the patient or to the person accepting responsibility for the patient.

- (3) Prior to the patient's departure, arrangements will be made with the fiduciary to provide for the patient's subsequent needs and will include provisions for the disposition of the remaining balance in the patient's account, (i.e., retained at the facility until officially released to the fiduciary, court or the patient when determined competent). Release funds by means of VA Form 10-2920.
- (4) A copy of VA Form 21P-555, *Certificate of Legal Capacity to Receive and Disburse Benefits*, or other notification (ex. HINQ screen) to confirm recognition of the fiduciary will be attached to VA Form 10-2920 authorizing the release of the balance in the account of the fiduciary.

### **23. DISPOSITION OF FUNDS UPON PATIENT'S DISCHARGE – COMPETENT PATIENT**

#### **A. Unrestricted (Competent) Accounts**

- (1) Patients with unrestricted accounts may receive the balance of funds from their VPFS account. VA Form 10-2920 or 10-2675 will be used to authorize withdrawals.
- (2) Ideally, discharges are planned and communicated to Patient Funds staff during normal business hours to facilitate disposition of funds. Hospitalized patients with unrestricted accounts must adhere to policies, procedures, and schedules established locally for withdrawals and hours of operation for PFOP accounts.
- (3) Patient fund balances upon discharge may require issuance of a U.S. Treasury check or EFT in lieu of cash, except for small immediate cash needs of the discharged patient.

### **24. DISPOSITION OF FUNDS AFTER UNAUTHORIZED ABSENCE – COMPETENT PATIENT**

Following Unauthorized Absence, disposition of the balance of funds in the patient's account will not be made until the patient's unauthorized absence status has been terminated other than by return to the facility. Funds of patients absent without leave or who have been discharged or have eloped (and who are not to be returned to the field facility) will be disposed of in accordance with the provisions of current VA procedures, under authority 38 C.F.R. § 12.8.

### **25. DISPOSITION OF FUNDS OF PATIENTS – WHEREABOUTS UNKNOWN**

A. Balances in the accounts PFOP of Veterans who do not have fiduciaries and 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 health care facilities and the VA Regional Office Manila will transfer these amounts by OF 1017G, Journal Voucher, bearing the notation "Unclaimed individual balances of more than \$25 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 Operation Service (047E4). 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, 36 1060 "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.
  - a. Prior to making any transfer, a field facility will examine VA records (including hospital file and claims folder), and any other applicable information to locate the patient. When the patient 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.
  - b. When the patient is located at a later date, the Patient Funds Clerk will obtain a refund of funds transferred to account 20X6133.
  - c. Balances in the accounts PFOP of Veterans who have fiduciaries and whose whereabouts are unknown will be returned to the fiduciary of record as identified by a HINQ inquiry.

## **26. REMITTANCE TO DECEASED PATIENTS ACCOUNTS**

Remittances received from other than Government sources, for deposit to the account of a deceased patient, will be returned to the remitter. Governmental checks will be returned to the issuing office. However, when the check includes a remittance for another living patient, the check will be deposited in the usual manner and the facility will then dispose of the funds in accordance with 38 C.F.R. Part 12.

## **27. DISPOSITION OF FUNDS OF DECEASED**

- A. For information on the sale of a deceased Veteran's effects, see [38 C.F.R. Part 12 – Disposition Of Veteran's Personal Funds And Effects](#). Before any disposition of funds is made, the patient's funds clerk will review the account to determine whether any recent deposit represents VA benefits received and deposited after the patient's death. When it is found such a deposit has been made, the amount will be transferred locally by means OF 1017G, Journal Voucher, from the PFOP to the appropriation from which paid.
- B. Funds of patients who die in VA health care facilities, domiciliary, contract hospitals, or other institutions –over which VA has direct exclusive administrative jurisdiction will be disposed of in accordance with 38 C.F.R. 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 VA compensation or, pension in accordance with 38 U.S.C. § 5502(e). When the source of the funds of the patient 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.
- C. There are two policies governing the disposition of funds on deposit in the PFOP account for patients rated or adjudged judicially incompetent at time of death. The determining factor as to which policy governs is whether:
- (1) The funds were derived from VA benefits, or
  - (2) Derived from Non-VA funds.
- D. VA benefits. For the purposes of this section only the term "VA benefits" does not include insurance payments paid by VA. Immediately upon death of a patient rated as unable to manage their VA benefits or with a court or VA appointed fiduciary, a determination will be made as to the source of funds on deposit. A record of this determination will be made. A copy will be retained at the field facility. When the deceased left funds on deposit in PFOP account, the Finance Division of the VA Regional Office having jurisdiction of the claims 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 0820, *Report of General Information*. When an overpayment exists, the Regional 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 Regional Counsel.
- (1) The balance of funds on deposit in the PFOP account for a patient rated as unable to manage their VA benefits which represents VA benefits deposited by VA will be paid upon the patient's death in the following order of preference to persons living at time of settlement:

- a. The fiduciary, is an individual or entity other than the VA health care facility Director or designee,
  - b. The executor or administrator of the decedent, when the fiduciary is the VAMC Director,
  - c. When VA does not have notice of the appointment of an executor or administrator, all VA benefits in the decedent's PFOP account shall not be paid to the personal representative, but shall be paid to the following persons living at the time of settlement, and in the order named: the surviving spouse, the children (without regard to age or marital status) in equal parts, and the dependent parents of such Veteran, in equal parts.
- (2) In the absence of any person in the preceding classes, any remaining balance may be used to pay expenses for last sickness or burial of the decedent, except that the funds may not be paid to a political subdivision of the United States.
- (3) When at the time of death there is no evidence at the VA health care facility to indicate that there are persons of the prescribed class living, the balance of funds deposited by VA derived from VA benefits will be immediately transferred to the financial appropriation as instructed by VBA.
- (4) 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 Veteran Service Center Manager having jurisdiction over the claims folder. After development of the claim, the Veteran Service Center Manager will furnish the VA health care facility a certificate showing the eligibility of the claimant or claimants and the proportion of their entitlement.
- (5) When there is evidence of living persons of the prescribed 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 medical center General Post Fund. Transfers to appropriations will be made to the VSCM with jurisdiction of the claim. Any claims subsequently approved will be paid from appropriations.
- (6) The claim, together with the certification, will be returned to the field facility by the appropriate Veterans Service Center Manager 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 Veterans Service Center Manager having jurisdiction over the claims folder.

(7) Field facilities will retain the quadruplicate copy the Journal Voucher (OF 1017G) for their records. The Austin Automation Center will furnish the Hines Finance Center the accomplished copy of the OF 1017G after entry into the accounts.

E. Non-VA funds. Funds of deceased patients rated as unable to manage their VA benefits derived from sources other than VA benefits deposited by VA, will be disposed of in the same manner as for competent patients.

F. 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 patient 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 local finance office for payment. VA Form 90-2064 will indicate the manner payment should be affected. 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 do not in itself affect title thereto. When contested, the payee will be accountable to the owner of said funds under the applicable laws." VA Form 10-1171 will bear the signature of the person designated by the patient and will be used by the Agent Cashier for identification when payment is made in cash. VA Form 90-2064 will become the AC voucher. After payment is made VA Form 10-1171 will be retained in the local finance office.

(2) When 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 patient'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 PFOP 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 patient'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. Non-VA funds on deposit in excess of \$1,000 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 Service Center Manager having jurisdiction.
- G. 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 when evidence is incomplete as to those entitled.
- H. The local finance office will make distribution of funds left by members of the Armed Forces, Allied beneficiaries, and other non-Veterans according to instruction received from the VA health care facility Director or designee.

## **28. DISPOSITION OF FUNDS TO DESIGNEE FOLLOWING PATIENT'S DEATH; EXCEPTIONS**

- A. All funds will be delivered or sent to the patient's designee of the deceased patient upon request within 90 days following the mailing of notice to the designee unless:
- (1) The executor or administrator of the estate of the deceased patient shall have notified the VA health care facility Director, of their desire and readiness to receive the funds; the VA health care facility Director will authorize delivery of all funds to the executor or administrator upon receipt of appropriate documentary evidence of their qualifications and in exchange for appropriate receipts, or
  - (2) An heir capable of inheriting the personal property of the patient makes claim for the funds prior to delivery to the designee; or
  - (3) Subsequent to the naming of a designee the patient determined as judicially incompetent and the patient's guardian revoked the designation; the VA health care facility Director will deliver all funds to the court appointed fiduciary in exchange for appropriate receipts, or
  - (4) The designee selected by the patient was the patient's spouse at the time of designation, and information at the disposal of the field facility indicates that they were thereafter divorced and the patient was rated as unable to manage their VA benefits at, or subsequent to the time of divorce, or

- (5) Notwithstanding there is a designee, it is probable that title would pass to the United States under the provisions of 38 C.F.R. §§12.19 to 12.23 issued pursuant to 38 U.S.C. §§ 5502(e) and 8520(a), or
- (6) The VA health care facility Director in coordination with Regional Counsel determines that there is reasonable ground to believe that the transfer of the funds to the designee probably would be contrary to the interests of the person legally entitled to the personal funds, or there are any other special circumstances raising a serious doubt as to the propriety of the delivery to the designee, or
- (7) In any case the VA health care facility Director, does not deliver the funds, because of the provisions of subsections A (3), (4), and (5) of this section, they will develop all facts and refer the matter to the Regional Counsel of the VA Regional Office having jurisdiction over the area where the health care facility is located, for advice as to the disposition which legally should be made of the funds, or
- (8) When possession of funds is transferred to a designee, the attention of the designee will again be directed to the fact that possession only has been transferred to him or her and that the transfer does not of itself affect title thereto and that such designee will be accountable to the owner of said funds under applicable laws, or
- (9) Upon receipt from the proper Regional Counsel of an appropriate certification that a guardianship was in full force and effect at the time of the patient's death and that the court appointed fiduciaries bond is adequate, funds (other than funds derived from VA benefits deposited by the Department of Veterans Affairs in PFOP accounts) and effects of a judicially incompetent patient may be immediately delivered or sent to the court appointed fiduciary, inasmuch as the court appointed fiduciary had a right to possession, and they will be accountable to the party entitled to receive the decedent's estate.

## **29. DISPOSITION OF FUNDS TO NON-DESIGNEE FOLLOWING PATIENT'S DEATH; EXCEPTIONS**

- A. When death occurs at a hospital or domiciliary of a competent Veteran admitted to that facility and no patient designee exists at the time of death, or the designee fails or refuses to claim the patient funds within 90 days following a notice being mailed to the designee, the VA health care facility Director will dispose of the funds to the person or persons legally entitled, in the following order of precedence:
  - (1) The executor or administrator of the decedent, or,

(2) In the case of a restricted account, where VA does not have notice of the appointment of an executor or administrator, all VA benefits in the decedent's PFOP account shall not be paid to the personal representative. Benefits shall be paid to the following persons living at the time of settlement, and in the order named: the surviving spouse, the children (without regard to age or marital status) in equal parts, and the dependent parents of such Veteran, in equal parts.

B. Except where delivery is made to a designee, executor, or administrator, funds of patients who were competent at time of death will be released to the person or persons who would ultimately be entitled to distribution under the laws of the State of the decedent's domicile. The person or persons entitled may waive, in writing, their right to the funds in favor of another heir or next of kin.

C. Funds of patients who were rated as unable to manage their VA benefits at time of death, when derived from sources other than VA benefits deposited by the VA in PFOP accounts, will be paid to the individual or entity serving as the executor.

D. Funds deposited by VA in PFOP accounts at any office for patients who were rated as unable to manage their VA benefits at time of death and which were derived from VA benefits, will be paid upon receipt of proper application to the following persons living at the time of settlement, and in the order named:

(1) The executor or administrator of the decedent, or

(2) When VA does not have notice of the appointment of an executor or administrator, to the decedent's surviving spouse, child, grandchild, mother, father, grandmother, grandfather, brother, or sister in that order of preference.

### **30. ACTIVE DUTY SERVICE MEMBERS – ACCRUED PAY AND ALLOWANCES AND DISPOSITION OF FUNDS**

A. Incompetent Military Service Members. VA health care facility Directors will take prompt action to obtain accrued pay and allowances due to a patient judicially incompetent who is discharged from active service while hospitalized. Claims will be submitted to the appropriate military department.

B. Incompetent Retired Military Service Members

(1) Normally, judicially incompetent ex-members of the military service do not have accrued pay and allowances due them; therefore, retirement funds for judicially incompetent retired members should be requested from the guardian or trustee appointed by the military only when it is known that there are funds payable.

- (2) Funds, when available, are payable only to a legally appointed fiduciary, or a trustee designated by the military department. The easiest way to obtain pay and allowances under these circumstances is through the designation of a trustee by the military department concerned.
- (3) When beneficiaries are without funds to defray personal expenses, the next-of-kin will be requested to provide necessary funds. They will be advised that any pay, allowances, and/or retired pay due the judicially incompetent beneficiary may be secured by making written application for designation as trustee of the military department concerned.
- (4) When there is no known next-of-kin, the VA health care facility Director or designee will make application to the military department concerned for appointment as trustee for the accrued pay and allowances only. Applications will be directed to the appropriate department.

C. Disposition of Funds Left by Active Duty U.S. military service members or other uniformed services

- (1) The VA health care facility Director or designee will notify the commanding officer of the death or absence of such patient and will deliver to the commanding officer, without expense to the Department of Veterans Affairs, the funds of the deceased or absent officer, or enlisted man procuring a receipt there for.
- (2) When the funds are not delivered to the commanding officer within seven days after the death or absence without leave of an officer, or enlisted man, the funds will be deposited in the PFOP. When not disposed of at the expiration of 90 days after the date of death or absence, the funds will be transferred to the General Post Fund.

### 31. DISPOSITION OF FUNDS, ALLIED BENEFICIARIES

The general provisions of this chapter and appendices apply to allied beneficiaries. See [38 U.S.C. § 109](#) for more information on allied beneficiaries.

### 32. TRANSFERRING FUNDS – RESTRICTED AND NON-RESTRICTED ACCOUNTS

- A. Patients can only have a single patient account in the VPFS, which can be transferred to another site when the patient moves.
- B. 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*. The source of funds will be indicated clearly on the form.

- C. In all permanent inter-facility transfers, funds will be transferred immediately to the field facility where the patient will be located. The daily gains and losses sheet or other official notification will be the authority for initiating such transfer.
- D. During temporary transfers of short duration, where it is contemplated to return the patient to the releasing field facility, 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 or VA Form 10-2920. In the case of a restricted account, the check will be drawn payable to the beneficiary in care of the fiduciary and mailed to the patient in care of the VA health care facility Director. The Agent Cashier is authorized to cash this check. When hospitalization is prolonged, or should death occur or the patient be discharged, funds will be transferred to the field facility, on the basis of a memorandum from the Business Office/Medical Administration or appropriate like service.
- E. VA health care facilities and domiciliary 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 patient or until a fiduciary is appointed. The funds of the discharged patient will be administered in the same manner as funds of a patient in a non-bed care status.
- F. Each VA health care facility initiating the transfer of a beneficiary to a non-VA health care facility will accomplish the transfer of funds in a restricted account by making transfer directly to the Hines Finance Center. An informational copy of VA Form 4-4564a, will be fully annotated and routed to the Veterans Service Center Manager of jurisdiction. Knowledge of the amount transferred is essential to the operational responsibilities of the Veterans Service Center Manager. When a patient rated as unable to manage their VA benefits is transferred to a non-VA health care facility, those funds in PFOP account derived from non-VA sources may be withdrawn and given to the patient unless the patient has a court appointed fiduciary. When a court or VA appointed fiduciary exists, instructions must be received from the guardian regarding disbursement. When there is no guardian and the Veteran is unable to receive the funds directly, funds may be given to the person to whose custody the patient is released. When, in the opinion of the VA health care facility Director or designee, the balance of private source funds is too large to safely release to the or person having custody, a withdrawal voucher should be initiated by the Health Administration Service or appropriate like service, in favor of the appropriate official of the non-VA health care facility, and forwarded to the local finance office for payment processing.

- G. The Hines Finance Center will maintain accounts of personal funds of beneficiaries receiving authorized care in non-VA health care facilities or non-VA nursing home.

### **33. DEPOSITS TO GENERAL POST FUND**

- A. Balances in PFOP, not including VA benefits, belonging to a patient 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 is believed to have died without a will and did not leave a spouse, heir, or next of kin entitled under the laws of the Veteran's domicile. 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 accrue to the benefit of the General Post Fund, field facilities are responsible for converting assets into cash, pursuant to 38 C.F.R. Part 12. Proceeds from the conversion of personal property will be delivered to the Agent Cashier for deposit and a receipt which will be issued in the name of the depositor. The purpose block on the receipt will show the deceased patient's name and Claim 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, for each deceased patient whose PFOP 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)." Additionally, the card will show the deceased patient's name, VA claim 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 of the local finance office. 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, VA Form 10-1083 will be forwarded to the appropriate VA Regional Office for filing in the Veteran's eFolder or VPFS System.

### **34. CLAIMS AGAINST GENERAL POST FUND**

- A. Assets of the estate of the patient 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 patient's personal funds. Claimants 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 patient's personal funds may claim the same within five years from the date of the patients' death. However, when a claimant is under a legal or judicial disability (such as minor, incompetent, etc.) at the date of the patient's death, the five-year period begins upon the termination or removal of the legal disability.

- B. Claims will be processed and paid by the VA health care facility where the patient died. When 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 followed:
- (1) Upon receipt of a claim for funds deposited or transferred to the General Post Fund, the appropriate VA Regional Office will be requested to provide claims information regarding the deceased Veteran to the local finance office of the requesting field facility.
  - (2) Field facilities will forward claims to the appropriate Regional Counsel for review and approval prior to payment.
  - (3) Claims for the decedent's estate will be submitted on SF 1055. The SF 1055 will be supported by the following documents or certification as applicable under the circumstances in the case:
    - a. In the case of a claim based wholly or in part on hardship, certified copies of letters of administration together with a certified copy of a degree of hardship entered by a court of competent jurisdiction naming the persons entitled to the decedent's personal funds.
    - b. Certification by Regional 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) The SF 1055 together with other pertinent documents will serve as the sub-voucher. The voucher schedule is sent for review by the voucher examiner and the certifying officer.
  - (5) Payment of claims to heirs or next of kin residing in foreign countries will be made in U.S. dollars.
  - (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 VA claim 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. Additionally, 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 of the local finance office. The field facility will make a photocopy of the account card, and file it in a paid file for audit purposes. The memorandum account card will be forwarded to the VA Regional Office of jurisdiction for incorporation into the Veteran's eFolder.

### **35. REMUNERATION FOR INCENTIVE THERAPY AND COMMUNITY EMPLOYMENT PROGRAMS**

#### **A. Incentive Therapy Program**

- (1) Payments in incentive therapy programs are not intended as remuneration for services rendered but rather as an inducement to select patients and members to enter into activities that will assist them in regaining self-reliance.
- (2) Payments in incentive therapy programs will be made directly to the patient or member or, when medically indicated, to their PFOP account.
- (3) These payments are for medical care and do not fall within the category of benefits otherwise payable to a fiduciary.
- (4) Payments made for incentive therapy programs are classified as non-VA funds.

#### **B. Community Employment Programs**

- (1) Payments to the patient from sources other than VA (i.e., work for pay program in the community or community contract work projects) for work performed within and outside of the facility as a part of the Compensated Work Therapy program, must be considered as salary or wages.
- (2) When the patient has a fiduciary, an advance request will be made of the fiduciary to allow the use of the Veteran's earnings for spending money. When the fiduciary is court-appointed, the court may require prior permission for such a procedure, or an accounting of the salary paid.
- (3) Since the question of whether prior permission is needed is a matter of State law, the Regional Counsel serving the area in which the facility is located should be consulted to determine the appropriate action.

- (4) When an incompetent patient does not have a fiduciary, the Veteran may be paid the entire amount of their salary, but only when it has been medically determined that they can handle these funds. Otherwise, salary funds should be sent to the VA health care facility Director for deposit in the patient's account.

### **36. ADJUSTMENTS OF BENEFITS UNDER TITLE 38, UNITED STATES CODE**

- A. In those cases where a Veteran's pension has been reduced to a monthly amount of \$90 or less in accordance with 38 U.S.C. § 5503, the Veteran is entitled to the full amount of the pension while on authorized absence, provided such balance is not being apportioned to the Veteran's spouse or children. For continuous periods of absence of 30 days or more, the Veteran's pension will be automatically adjusted, on receipt by the Veterans Service Center Manager, of VA Form 10-7132, or CAPRI equivalent.
- B. When absences are for less than 30 days, adjustment of the pension will be made in a lump sum on discharge and receipt by Veterans Service Center Manager of VA Form 10-7132, or CAPRI equivalent. Adjustment of the award may be requested prior to discharge under all the following conditions:
  - (1) The Veteran has been receiving hospital treatment or domiciliary care in excess of 6 months;
  - (2) Periods of absence for which adjustment is claimed cumulatively exceed a total of 30 days;
  - (3) The request states the inclusive dates of each period of absence; and
  - (4) The adjustment is necessary to meet the financial need of the Veteran.
- C. Where patients' funds accounts were not consolidated under one office, effective control of restricted accounts requires close liaison and prompt exchange of information between the CFO and the office responsible for patient funds activities.
- D. VA Form 10-1420, *Notice Regarding Patient's Funds Account*, will be used in requesting and transmitting information.
- E. Letters received from the VA Regional Offices, fiduciaries or other persons furnishing funds for the patient may be endorsed by the receiving service and used in lieu of VA Form 10-1420.
- F. Initiation of VA Form 10-1420 by the CFO for action by the Patient Funds Clerk. VA Form 10-1420 will be initiated and completed by the appropriate officials.

- G. When an initial deposit has been made to a patient's restricted account, the CFO will prepare Part I of VA Form 10-1420, and forward to the Patient Funds Official. Part II of the form will be completed; furnishing information needed to establish the account, and then returned to the CFO.
- H. When the non-obligated balance in an account has been reduced below the established minimum, the Patient Funds Official will take action to secure additional funds or advise the CFO that additional funds are not available.
- I. When a deposit has restored the non-obligated balance to the Patient Funds Official will advise all concerned in order for them to appropriately plan for the patient's needs.
- J. When the non-obligated balance exceeds the established maximum, the Patient Funds Official will request the patient's fiduciary or other person furnishing funds, not to submit additional funds.
- K. When there is excess of funds and the patient has a fiduciary, the VA health care facility Director's designee will authorize the release of the excess to the fiduciary by use of VA Form 10-2920. This does not include non-VA funds (ex. SSA).
- L. VA Form 21P-555, executed by the Fiduciary Hub Manager having jurisdiction of the fiduciary account, will be forwarded with VA Form 10-2920 to the CFO.
- M. The Patient Funds Official will forward VA Form 10-1420 to the CFO with information from any source pertaining to a change in the status of a patient's account.
- N. The Patient Funds Official will furnish information to analyze accounts for the purpose of restricting the inheritance of VA benefits in accounts of deceased, VA or judicially determined incompetent patients to the persons eligible to inherit under 38 U.S.C. § 5502(d).
- O. The CFO will revise controls with the information received and take action indicated.
- P. The Patient Funds Official is responsible for furnishing information regarding the patient's financial status to all personnel who are initiating purchase orders, cash releases, and planning for the patient's care and treatment.

### **37. REPORTING REQUIREMENTS**

- A. When requested, an itemized statement of an individual patient's restricted account will be furnished to a Veterans Service Center Manager or Fiduciary Hub

Manager fulfilling duties assigned in this handbook, or to a patient's court appointed representative. An itemized statement may also be provided to depositors of funds in the account.

### **38. FORMS RELATED TO PERSONAL FUNDS OF PATIENTS ACCOUNTS**

OF 1017G, Journal Voucher

SF 1055, Claim against the United States for Amounts Due in the Case of a Deceased Creditor

SF 1166, Voucher and Schedule of Payments

SF 1167, Voucher and Schedule of Payments (Continuation Sheet)

VA Form 119, Report of Contact

VA Form 4-1027, Field Service Receipt

VA Form 4-1028, Field Service Receipt-Patient's Funds

VA Form 4-4564, Transfer of Disbursing Authority

VA Form 4-4564a, Transfer of Disbursing Authority-Field Station/DPC

VA Form 10-1083, Patient's Account

VA Form 10-1126, Withdrawal of Personal Funds

VA Form 10-1171, Notice to Person Designated by Veteran Regarding Personal Effects

VA Form 10-1420, Notice Regarding Patient's Funds Account

VA Form 10-2675, Consolidated Requisition for Cash Withdrawals

VA Form 10-2815, Temporary Receipt for Funds

VA Form 10-2920, Authorization for Release of Patient's Funds

VA Form 10-7131, Exchange of Beneficiary Information and Request for Administrative and Adjudicative Action

VA Form 10-7132, Status Change

VA Form 10-10118, Designee for Patient Personal Property

VA Form 20-6560, Notice of Benefit Payment Transaction

VA Form 21P-555, Certificate of Legal Capacity to Receive and Disburse Benefits

VA Form 21P-4706b, Federal Fiduciary's Account

VA Form 21-6898, Application for Amounts on Deposit for Deceased Veteran

VA Form 90-2064, Authority to Release and Ship Effects and Funds

## Appendix B: VBA Procedures

Veterans Benefits Administration (VBA) procedures for PFOP are contained in:

- [M21-1, Part III, subpart v, Chapter 6, Section E, \*Awards to Institutionalized, Incompetent Veterans\*](#);
- [Fiduciary Program Manual \(FPM\) Chapter 4, \*Estate Administration and Supervision\*](#);
- [VBA RO Procedures Guide, Chapter 5, Section 5.7 B-2.5](#); and
- [Fiduciary Service PFOP Standard Operation Procedure](#).

Questions regarding VBA procedures for PFOP should be directed to [VAVBAWAS/CO/OPERATIONS \(Outlook\)](#).