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**Chapter 34. Insurance Collections Policy**

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**Subchapter 1 - General**

**34.01 ORGANIZATION**

The Insurance Collections Activity is within the organizational structure of the Policyholders Services Division, operating as the Collections Section in the Philadelphia VA Insurance Center. However, physical payments are processed through the Department of Treasury’s collections lockbox service provider. Where reference in this chapter is made to "Collections Activity" or "Collections", identification is made with the Insurance Collections Activity of the Policyholders Services Division.

**34.02 FUNCTION**

1. The VAIC is responsible for processing collections and other payments for the VA-administered life insurance programs Treasury’s lockbox service provider processes all direct payments sent via check/money order, while the VAIC processes the remaining forms of payment.
2. The VAIC receives and processes for deposit and credit to proper accounts, remittances received from the following sources:
3. Collections files received from the Fiscal Service collections lockbox provider for all payments sent via check/money order according to the Fiscal Service General Lockbox Network Retail Lockbox Statement of Required Services Agreement: GLN - VA Life Insurance Premium Lockbox #105535.
4. A Veteran can send a payment check/money order for his or her insurance premium or loan directly to the Treasury’s lockbox service provider for one or multiple policies. The lockbox service provider is a shared services vendor with Treasury and is responsible for all check payment processing for the VAIC.
5. When a Veteran sends a payment check/money order directly to Treasury’s lockbox service provider, he or she must include the bill or coupon that was received from the VAIC requesting the payment. If the Veteran had any correspondence with the VAIC, such as a request for a loan, then the Veteran may send the payment to the VAIC. In this case, the VAIC mailroom routes the communication to VAIC Collections Staff, who mails the payment to Treasury’s lockbox service provider overnight with a tracker to ensure it arrives.
6. Upon receipt of payment, Treasury’s lockbox service provider processes the payment within the Electronic Check Processing (ECP) system and scans the check into this system. All insurance bills include a scan line, and the ECP system reads the scan line on the bill to identify the bill amount, payment date, and Veteran file number. ECP interfaces with the VA Insurance System to match the Veteran’s bill information to the actual payment that the Veteran sent. There are different breakdowns for how the VA Insurance System may process a payment:
7. If all the information on the payment matches the bill, the payment is “paid as billed”. Once the VA Insurance System updates to indicate that the payment was “paid as billed”, the Veteran does not automatically receive a notification that the payment was processed, but he or she can request a statement from the VAIC.
8. If the payment amount is greater than the amount requested on the bill, the ECP system processes the full amount of the payment. Once ECP communicates with the VA Insurance System to reflect the excess amount, the VA Insurance System automatically credits any excess amount to the Veteran’s account. VAIC Collections then provides the Veteran with an auto-generated statement showing the credit and the due date for the next payment.
9. If the payment amount is less than the amount requested on the bill, the ECP system processes the entire amount. When the VA Insurance System updates via the mainframe file, the system attributes the amount to the Veteran’s premium or loan account, and the VA Insurance System automatically creates a task to notify a VAIC Policy Services Specialist that the Veteran did not pay the full amount. The VAIC Policy Services Specialist then generates a notification letter to the Veteran requesting the remainder of the payment.
10. If a payment received does not include the relevant bill or coupon, but Treasury’s lockbox service provider can identify the Veteran’s file number and policy information, Treasury’s lockbox service provider processes the payment as noted above in 1-3. If a payment received does not include the relevant bill or coupon, or Treasury’s lockbox service provider cannot identify the Veteran’s file number and policy information, Treasury’s lockbox service provider processes the payment and marks it as unidentified.
11. Agent cashiers at VA field stations (Forwarded for deposit and processed similarly to direct remittances).
12. Veterans can also make direct payments at any VA Medical Center (VAMC) or Regional Office (RO). The VA location’s Agent Cashier documents the payment on VA Form 4-1551, Transmittal Schedule of Insurance Collections. The Agent Cashier prepares an IPAC payment to send the collection amount to the VAIC and includes the Veteran’s information in the description section on the Intragovernmental Payments and Collections (IPAC). The VAIC Finance Division checks Treasury’s IPAC system on a daily basis. If the VAIC receives an IPAC from another VA location’s Agent Cashier, the VAIC Finance Division downloads the payment IPAC and manually records the payment in IGL. After recording the payment in IGL, the VAIC Finance Division Staff sends the IPAC sheet to the VAIC Collections Staff.
13. On a daily basis, the VAIC Collections Staff reviews the IPAC sheet to identify the Veteran’s file number, IPAC number, voucher number, and date of payment. Once the VAIC Collections Staff verifies the IPAC information, the VAIC Collections Staff prepares a memorandum and submits this to the VAIC Clerical Support Staff. The VAIC Clerical Support Staff manually enters the payment information in Inforce to indicate that the VAIC received the Veteran’s payment. The VAIC Collections Staff reviews the transaction within Inforce the next day to ensure the original information input into Inforce was accurate and applied correctly by the system. Although the VAIC Collections Staff reviews the transaction in Inforce the next day, the review is not documented.
14. Active and retired Servicemembers may choose to have a portion of their retirement pay go directly to the VAIC for the payment of insurance premiums or the repayment of a loan for any insurance program. These are known as allotments. The Servicemember is responsible for requesting an allotment, which his or her branch of service will automatically deduct from his or her pay and remit to VA via IPAC. DoD is responsible for collecting the allotments from all branches of service. DoD’s accounting agency, Defense Finance and Accounting Service (DFAS), is then tasked with initiating one IPAC transaction monthly to remit the total amount to the VAIC to pay for the Servicemembers’ insurance premiums. DFAS provides a file of payments from each branch of service listing all Veterans who used DFAS allotments to pay their premiums via Connect: Direct to the VAIC mainframe. The VAIC Programmers notify the Policy Services Division (PSD) that they have received the DFAS allotment file. During a daily check of the IPAC system, the Insurance Technician looks for the DFAS Allotment. Once received, the Insurance Technician pulls the IPAC information from the IPAC website and manually records the amounts into IGL.
15. All premium payments and loan/lien repayments deducted from VA benefits.
16. Veterans receiving C&P benefits from VA have the option of paying NSLI insurance premiums through monthly benefit offsets. VMLI premiums must be paid through monthly C&P benefit offsets, if funds are available. Once VAIC receives a Veteran’s request, the VAIC PSD enters the request into Inforce. On a monthly basis, Inforce creates an electronic file containing all requests for the deduction establishment, increase, decrease, or termination, the date of change or termination, and the amount of the deduction for all Veterans who have opted in to using offsets. The VAIC transmits this electronic file to the VBA Finance Center (VBAFC), and it automatically interfaces with Veterans Services Network (VETSNET)-Finance and Accounting System (FAS) to input the offset for the deduction to start, change, or stop. The VBAFC C&P Benefit Accountant does not perform a check on this input, but VETSNET-FAS begins automatically offsetting the Veteran’s benefit payments to pay the Veteran’s insurance premiums. Once the Veteran’s election of benefit offset interfaces into VETSNET-FAS, the system routinely offsets the Veteran’s benefit by the amount of the insurance premium indicated on the electronic file.
17. The VAIC Finance Division checks Treasury’s IPAC system on a daily basis. When the VAIC receives an IPAC from VBAFC for benefit offsets, the VAIC Finance Division downloads the payment IPAC and manually records the payment in IGL. The VAIC Finance Division sends the IPAC to the VAIC Collections Staff for their reference.
18. Insurance premium payments received through Electronic Funds Transfer(EFT) known as preauthorized debits.
19. A Veteran can request that VAIC automatically collect his or her premium payments directly from his or her bank account via EFT. To set up payment via EFT, the Veteran must send the VAIC a VA matic form with his or her bank account information. The PSD Staff then updates the Veteran’s account with his or her bank account information and payment date that the Veteran requested for monthly payments. If the bank information is entered incorrectly, the payment will not go through and the VAIC will verify the bank information at that time.
20. Insurance Premium and loan payments received through the Fiscal Service Online Bill Payment Service. Policyholder’s make electronic premium and loan payments to VA Insurance through their financial institution’s “Online Bill Pay” feature. Payments are received via Fiscal Service Credit Gateway application and reported to the Collections Information Repository (CIR). The Philadelphia Collections Activity is responsible for extracting the Online Bill Pay file from CIR for processing on the Insurance ADP system, as well as reconciling misdirected payments.

**34.03 RESPONSIBILITY-COLLECTIONS ACTIVITY**

1. The primary responsibility of the Collections activity is to process remittances promptly and to ensure that the remittances are properly credited to the individual's account. This is essential in order to permit the availability of these funds for investment earnings and for application to the proper Insurance subsystem accounts.
2. The Insurance Program Management Division is responsible for management and oversight of the contract with Treasury and their lockbox service provider.
3. Collections is also responsible for providing the Accounting Section with deposit information broken down by insurance fund.
4. The Collections activity writes and maintains detailed operating instructions for processing all Insurance remittances, including the detailed Statement of Operating Procedures for the Fiscal Service lockbox provider. A copy of these procedures is maintained with applicable personnel in the Collections Activity. The Collections Activity also follows the procedures outlined by the Director, VBA Finance Staff (241). These instructions address both Open and Closed Mail (see 34.10) processing, for all remittance activities as follows:
5. Premium, loan, lien and interest collections
6. Online Bill Payments
7. Preauthorized Debit (EFT) receipts
8. Deposit reconciliation and/or Federal Reserve Bank reconciliations
9. Unassociated and/or Unidentified collections
10. Audit trail requirements and/or electronic imaging requirements
11. Premium notices and payments received and deposited in the wrong office
12. Manila collections (See 34.21)

**34.04 COLLECTIONS MANAGEMENT**

1. Workload reports (beginning balance, received, processed, and ending balance) will be maintained daily to accomplish the following:
2. To keep collections receipts current to preclude unnecessary lapse of policies and late payment notices.
3. To practice the most efficient form of cash management within the budgetary restraints imposed on the Department of Veterans Affairs.

**NOTE**: Cost per remittance calculations can be obtained based on annual contract cost for Fiscal Service Lockbox provider and number of remittances processed.

1. The Treasury Lockbox provider is responsible for providing a range of reports regarding electronica check processing. These reports are listed in the Statement of Work.
2. The Treasury Financial Manual (Part 5 – Deposit Regulations, Chapter 4600-Treasury Lockbox Network) prescribes the procedures to be observed by all Federal agencies involved with the lockbox paper check and/or remittance processing (electronic or paper) of Federal agency receipts.

**34.05 REPORTING**

1. Direct Remittance
2. Daily insurance collections on deposited basis
3. Deposit Tickets are prepared daily for the following remittances:
4. Preauthorized Debits,
5. Direct Payments (checks and money orders),
6. Cash, and
7. Online Bill Payments.
8. These tickets are hand carried to the Finance Division for their action on the same day the deposit is forwarded to the Federal Reserve Bank. Disbursement authority against the Deposit Ticket(s) for the day is recognized even though the deposit has not been released to the Federal Reserve Bank.
9. Treasury’s lockbox service provider sends VAIC a daily COIN report that provides the premium payments received by insurance fund, how many items Treasury’s lockbox service provider received, and the date, along with detailed information about the insurance payments. The COINS report documents the different payments and notifies the VAIC of which payments were “paid as billed” and which need additional attention. The VAIC Finance Division performs a monthly reconciliation of the COINS report to the direct payments summary in Insurance General Ledger (IGL), which shows the total amount of direct payments the VAIC received instead of the amounts received per individual policyholder. On a monthly basis, the VAIC Finance Staff reconciles the direct payments to Treasury’s lockbox service provider to confirm that the amounts and accounting information is recorded properly in IGL. The VAIC Finance Staff can pull summary reports from the Formerly Control-D folder for the reconciliation performed that display the total amount of payments or collections over a certain date range. The VAIC Accountant compares the summary values on each report to the amounts recorded in those IGL accounts. If there are any discrepancies, the VAIC Accountant researches the issues to determine the cause and communicates with VAIC Programmers (for system-generated transactions) or to the group that processed the claim to correct the issues. The VAIC accountant documents his or her review on IAG155P-GRND-TOT in the Formerly Control-D folder that he or she reviewed by date stamping and signing the document. The VAIC Accountant then saves the reports and the supporting documentation to the shared drive.

Table 34-1 provides the IGL and GL accounts related to direct payments.

**Table 34-1: Direct Payments**

|  |  |  |  |
| --- | --- | --- | --- |
| **IGL** **Account Number** | **IGL** **Account** **Description** | **GL** **Account Number** | **(D)ebit** **/** **(C)redit** |
| **1012.01** | **Disbursing Authority – Cash Account** | **1010** | **D** |
| **3569.01** | **Undistributed Insurance Collections – Direct Pay** | **5500****(5501)** | **C** |
| **3569.01** | **Undistributed Insurance Collections – Direct Pay 370 (system generated)** | **5500****(5501)** | **D** |
| **3561.20** | **Premiums – Cash Collections TT 370 (system generated)** | **5500****(5501)** | **C** |

1. Agent Cashier Payments
2. On a daily basis, the VAIC Accountant pulls an IGL Summary Report of the manual inputs in IGL and any relevant supporting documentation for the transaction. The VAIC Finance Staff Accountant compares the daily Run 155 Report to the IGL Summary Report and any supporting documentation, such as the IPAC from the Agent Cashier, to verify that the manual entries are recorded properly. If there are any discrepancies for manual entries, the VAIC Accountant corrects the IGL entry based on the supporting documentation. The VAIC Accountant date stamps and signs the summaries as evidence of the review and saves the document and supporting documentation to the shared drive.

Table 34-2 provides the IGL and GL accounts related to payments received by an agent cashier at a VAMC or RO.

**Table 34-2: Payments Received by VAMC or RO Agent Cashier**

|  |  |  |  |
| --- | --- | --- | --- |
| **IGL** **Account Number** | **IGL** **Account** **Description** | **GL** **Account Number** | **(D)ebit** **/** **(C)redit** |
| **3569.01** | **Undistributed Insurance Collections** | **5500****(5501)** | **C** |
| **1215.30** | **Receivables – Off Tape** | **1310****(1311)** | **D** |

1. Allotment
2. The VAIC Accountant reviews the manual transaction in IGL to confirm it is correct by pulling an IGL Summary Report of the manual inputs for that day and any relevant supporting documentation. On a daily basis, the VAIC Finance Staff Accountant compares the Run 155 Report from Formerly Control-D folder to the IGL Summary Report and any supporting documentation, such as the IPAC from DFAS, to verify that the manual entries are recorded properly. If there are any discrepancies for manual entries, the VAIC Accountant corrects the IGL entry based on the supporting documentation. The VAIC Accountant date stamps and signs the summaries as evidence of the review and saves the document and supporting documentation to the shared drive.
3. The DFAS allotment file, sent to the VAIC mainframe from DFAS via Connect: Direct each month, automatically interfaces with Inforce to update the Veterans’ files who paid their premiums via a DFAS allotment. Prior to the end of each month, the VAIC Collections Division pulls a report from the Formerly Control-D folder, which identifies the premium payments that could not be attributed to a Veteran. The VAIC Collections Division researches the unidentified payments and attributes them to the relevant policyholder in the VA Insurance System.
4. Deductions from VA benefits
5. On a monthly basis (every third week of the month), VETSNET-FAS runs cycle Z automatically, which is an end of month processing report. Cycle Z produces a PDF report for VMLI and NSLI vouchers that the VBAFC will process that month.
6. For VMLI, the VBAFC C&P Benefit Accountant prints the automatically generated VMLI Recurring Deduction Report, VMLI Established/Discontinued Report, and the Accounting Journal Report from VETSNET-FAS. The VBAFC C&P Benefit Accountant reviews all of the documentation to confirm that the amounts match across all reports. If there is a discrepancy, the VBAFC C&P Benefit Accountant contacts the VA Office of Information Technology (OIT) field office in St. Petersburg, Florida via email for an explanation of the variance. This correspondence is stored with the VMLI packet on the VBAFC shared drive.
7. For NSLI Vouchers, the VBAFC C&P Benefit Accountant prints the VA02 Monthly Summary of Deductions Report, Established/Discontinued Report, and the Accounting Journal Report from VETSNET-FAS to compare the amounts on all of the reports. The VBAFC C&P Benefit Accountant uses the total offset amount on the Accounting Journal Report and adds the irregular deductions found on the Monthly Summary of Deductions Report. This total is the amount listed as “Total Vouchered” on the Monthly Summary of Deductions Report. If there is a major variance in amounts, the VBAFC C&P Benefit Accountant contacts the OIT field office in St. Petersburg, Florida for an explanation of the variance. This correspondence is stored with the NSLI packet on the VBAFC shared drive.
8. Using the previous month’s Excel journal vouchers for NSLI and VMLI, the VBAFC C&P Benefit Accountant inserts a new tab for each program for the current month and inputs the information from the Established/Discontinued Report. Based on the inputs, formulas within the journal voucher spreadsheet recalculate the beginning balance plus total established, less total discontinuance.
9. The VBAFC C&P Benefit Accountant submits the PDF journal voucher and supporting documentation to the VBAFC C&P Accounting Chief for review and approval. Prior to the end of each month once the VBAFC C&P Benefit Accountant saves the PDF file, the VBAFC C&P Accounting Chief compares the signed PDF journal voucher to the VETSNET–FAS reports and the Excel journal voucher to ensure that the station, fund, account, amount, document number, and document type match across all documentation to confirm the payment to the VAIC. Once this information is verified, the VBAFC C&P Accounting Chief electronically signs the PDF journal voucher. The VBAFC C&P Accounting Chief sends an email to the VBAFC C&P Benefit Accountant for approval and to instruct the VBAFC C&P Benefit Accountant to send an IPAC to the VAIC. The VBAFC C&P Accounting Chief saves the authorized PDF journal voucher and associated documentation on the shared drive.
10. Upon approval, the VBAFC C&P Benefit Accountant manually enters all the information from the journal voucher into Treasury’s IPAC system. The VBAFC C&P Benefit Accountant sends a copy of the IPAC payment to the VBAFC C&P Accounting Chief. Each month once the VBAFC C&P Benefit Accountant prepares the IPAC, the VBAFC C&P Accounting Chief compares the information on the IPAC to the information on the journal voucher to ensure it matches and then authorizes the IPAC payment to VAIC within Treasury’s IPAC system. The VBAFC C&P Accounting Chief evidences the review via email to the VBAFC C&P Benefit Accountant. The VBAFC C&P Benefit Accountant then manually records the IPAC payment amount in VETSNET–FAS and on the C&P Voucher Log Excel Spreadsheet. The VBAFC C&P Accountant saves screenshots of the VETSNET-FAS entries and the C&P Voucher Log to the shared drive. The following day after recording the IPAC payment amount in VETSNET-FAS, the VBAFC C&P Benefit Accountant reviews VETSNET-FAS to ensure the journal voucher posted correctly for the correct amount based on the IPAC documentation.
11. The VAIC Accountant reviews the manual transaction in IGL to confirm it is correct by pulling an IGL Summary Report of the manual inputs for that day and any relevant supporting documentation. On a daily basis, the VAIC Finance Staff Accountant compares the Run 155 Report from Formerly Control-D to the IGL Summary Report and any supporting documentation, such as the IPAC from the VBAFC, to verify that the manual entries are recorded properly. If there are any discrepancies for manual entries, the VAIC Accountant corrects the IGL entry based on the supporting documentation. The VAIC Accountant date stamps and signs the summaries as evidence of the review and saves the document and supporting documentation to the shared drive.

Table 34-3 provides the IGL and GL accounts related to VBAFC’s IPAC payments for VMLI and NSLI benefit offsets.

**Table 34-3: VBAFC IPAC Payments for VMLI and NSLI Offsets**

|  |  |  |  |
| --- | --- | --- | --- |
| **IGL** **Account Number** | **IGL** **Account** **Description** | **GL** **Account Number** | **(D)ebit** **/** **(C)redit** |
| **1012.01** | **Disbursing Authority – Cash Account** | **1010** | **D** |
| **3569.08** | **Undistributed Insurance Collections-Allotment** | **5500****(5501)** | **C** |
| **3569.05** | **Undistributed Insurance Collections-DFB** | **5500****(5501)** | **C** |

Table 34-4 provides the IGL and GL accounts related to loan repayments.

**Table 34-4: Loan Repayments**

|  |  |  |  |
| --- | --- | --- | --- |
| **IGL** **Account Number** | **IGL** **Account** **Description** | **GL** **Account Number** | **(D)ebit** **/** **(C)redit** |
| **1012.01** | **Disbursing Authority – Cash Account** | **1010** | **D** |
| **1142.20** | **Policy Loans – Cash Collections** | **2320****(2323)** | **C** |

1. EFT
2. VAIC Collections prepares a daily report noting which payments Treasury should debit from Veterans’ accounts for those who have opted in to EFT and manually uploads it to Pay.gov, a Treasury application that allows federal agencies to complete EFT payments and collections. Treasury processes the payments included on the daily report and creates a second daily report noting which payments Treasury processed and those that Treasury was not able to process. On a daily basis, VAIC Collections downloads this COINS 109 report as a mainframe file, which shows the insured Veterans that have paid or not paid their premiums from Pay.gov’s interface.
3. For those accounts in which payment completes correctly, the mainframe file interfaces with VA Insurance systems automatically to update the Veteran’s account to reflect that the account is up to date on payments. The mainframe file also interfaces with IGL to record the payments received via EFT as a summary amount.

1. For those instances in which the payment cannot be processed, VAIC Collections manually generates a notification letter to the Veteran noting what the issue was and requesting the necessary solution, such as providing the correct bank account information.
2. On a monthly basis, the VAIC Finance Staff performs a reconciliation of the EFT collections to confirm that the amounts and accounting information is recorded properly in IGL. The VAIC Finance Staff can pull summary reports from the Formerly Control-D folder for the reconciliation performed that display the total amount of payments or collections over a certain date range. The VAIC Accountant compares the summary values on each report to the amounts recorded in those IGL accounts. If there are any discrepancies, the VAIC Accountant researches the issues to determine the cause and communicates with VAIC Programmers (for system-generated transactions) or to the group that processed the claim to correct the issues. The VAIC Accountant documents his or her review on each Formerly Control-D folder report that he or she reviewed by date stamping and signing the document. The VAIC Accountant saves the reports and the supporting documentation to the shared drive.

Table 34-5 provides the IGL and GL accounts related to EFT collections.

**Table 34-5: EFT Collections**

|  |  |  |  |
| --- | --- | --- | --- |
| **IGL****Account Number** | **IGL** **Account** **Description** | **GL** **Account Number** | **(D)ebit** **/** **(C)redit** |
| **1012.01** | **Disbursing Authority – Cash Account** | **1010** | **D** |
| **3569.01** | **Undistributed Insurance Collections – Direct Pay** | **5500****(5501)** | **C** |
| **3569.01** | **Undistributed Insurance Collections – Direct Pay 370 (system generated)** | **5500****(5501)** | **D** |
| **3561.30** | **Premiums – Offsets** | **5500****(5501)** | **C** |

**34.06 SECURITY AGAINST LOSS**

1. Adequate precautionary measures will be taken and extreme caution will be exercised at all times to prevent the loss, destruction, or misplacement of all remittances and records through negligence, fire or theft. Fireproof vaults and safes will be used to store all remittances, together with attachments, on hand at the close of business each workday.

**NOTE**: Supervisory employees of the Collections activity are charged with the responsibility of placing all remittances in the safes or vaults at the close of business and, after locking vaults and safes, will certify to that fact by signing a record book maintained by the Collections Section Chief. As a further precautionary measure, the chief or other designated employee will check all vaults and safes in the Collections activity to insure they are locked.

1. Access to the Collections activity will be limited to VA Insurance Collections, Imaging, and Clerical staff as well as designated management personnel.

1. The Statement of Work for the Fiscal Service Lockbox provider includes provisions to ensure the security of data involved in the collections process.
2. The chief guard will be furnished with the name, home address, and telephone number of the responsible official to be notified, should an emergency involving security arise after business hours.

**34.07 ENDORSEMENT OF REMITTANCES**

1. All remittances made payable to one of the following, any abbreviation, or any reasonable variation thereof will be deposited with the VA endorsement as specified by Federal Reserve Bank directive.
2. Veterans Administrations (VBA, VHA, NCA)
3. Veterans Affairs
4. Department of Veterans Affairs
5. U.S. Treasury
6. VA Life Insurance
7. VAIC (Veterans Affairs Insurance Center)
8. Government Life Insurance
9. VAROIC (VA Regional Office & Insurance Center)
10. Checks which are made payable to the insured, but not endorsed by that person, require special endorsement. For such checks the following virtual endorsement is as follows:

0410-3601-7

US TREAS DG-ECP DATE

1. In instances where banks refuse to accept a special endorsement, the returned check will be processed as an uncollectible remittance.

**34.08 REMOVAL OF POSTAGE STAMPS**

Postage stamps are not to be removed from envelopes since re-use of non-canceled stamps is not permitted. Also, envelopes should not be defaced or marked in any way that might destroy the postmark.

**34.09 AUTOMATIC RE-PRESENT OF CHECKS BY FEDERAL RESERVE BANK**

The Federal Reserve Bank will automatically re-present uncollectible checks once unless the reason for refusal of payment is in a category similar to the following:

1. Maker deceased
2. Account closed, transferred, or no account
3. Payment stopped

**Subchapter 2 - Processing of Regular (Domestic/Non-Cash) Collections Remittances**

**34.10 GENERAL**

1. Remittances are any mail enclosed in an envelope mailed to one of the following: P.O. Box 105535, Atlanta, GA 30438-5535; P.O. Box 7787and P.O. Box 42954 both in Philadelphia, PA 19101. The mail is classified as either Closed Mail or Open Mail.
2. Closed Mail is mail received at one of the specified Post Office Boxes for remittances.
3. Open Mail is all mail sent to a P.O. Box other than above P.O. Boxes, or any mail which requires a clerical action before deposit processing.
4. The Fiscal Service Lockbox provider is responsible for providing VA a daily batch listing report.
5. Any remittances received at any of the Philadelphia P.O. Boxes will be sent to the Fiscal Service Lockbox provider P.O. Box in Atlanta, Georgia for processing.

**34.11 DEPOSIT OF REGULAR REMITTANCES (DOMESTIC)**

The Statement of Work for the Fiscal Service Lockbox provider includes detailed processes for handling daily deposits of domestic payments.

**34.12 NON-NEGOTIABLE REMITTANCES**

1. The following types of remittances are classified as nonnegotiable under the Statement of Work for the Fiscal Service Lockbox provider.
2. Remittances made payable to wrong payee (see exceptions in par. 34.07, Endorsement of Remittances)
3. Postage stamps
4. U.S. Savings Bonds
5. Mutilated remittances
6. Blank check or no dollar amount
7. Check in foreign currency (Note: Foreign checks made out in US currency will be processed.)
8. When processing non-negotiable remittances, Treasury’s Fiscal Service Lockbox provider will assure that all related material is attached to the premium notice, including the envelope. All such remittances will be processed as general correspondence by the Policyholder Services Division.

**34.13 UNCOLLECTIBLE REMITTANCES**

1. Treasury's Fiscal Service Lockbox provider sends VA a daily package that includes uncollectible remittances. Through this provider, VA has access to the Debit Voucher Report that lists SF 5515 information via ECP.
2. The Collections Unit will review the daily package from the Lockbox provider, print copies of the Debit Vouchers, match debit vouchers with copy of check, and write down Reason Code on payment.
3. Policyholder Services takes the required actions on the VA Insurance System, completes debit slip, prepares correspondence to the insured, makes two copies of the debit slip, letter, and returned payment. This information is then returned to the Collections Unit by a Policyholders Service Supervisor.
4. The Collections Unit will prepare the necessary reporting to Finance.

**Subchapter 3 - Remittances from Other VA Stations And/Or Cash**

**34.14 DAILY CASH LEDGER**

1. A daily bound columnar ledger with printed pre-numbered pages is maintained by the Collections Unit. This ledger is used to control the receipt and deposit of cash received with payments. Pertinent information will be entered to identify the source of the cash as follows:
2. Forwarding Office (City and State)
3. Schedule No. (prefixed by Station No.)
4. Number of items
5. Certified or Registered Mail No.
6. Total amount of the schedule
7. Total local cash and source
8. Cash received for insurance payments in the Philadelphia Insurance Center, must be handed to the supervisor. The employee will hand in the entire contents of the envelope and will annotate the cash amount, date and his/her operator number.
9. At that time, the supervisor will record in the cash ledger the following: postmark date, name, file number, check amount (if any), cash amount and the bank identification number.
10. The supervisor will then walk to the VA Federal Credit Union and obtain money orders for the cash amounts. The supervisor indicates on each payment document the cash amount and the check amount and then indicates the total amount that each account is to be credited. The supervisor then balances the total document payments with the total of the check amounts plus the money order amount.
11. The supervisor sends the money orders to Treasury’s Fiscal Service Lockbox provider's P.O. Box in Atlanta, Georgia.

**34.15 PROCESSING**

1. Remittances ready for processing (including cash) generally come from three sources:
2. Treasury lockbox provider,
3. Mail Unit - Administrative Division, and
4. Agent Cashiers at VA offices nationwide.
5. There are instances where remittances could come from other VA organizations. A description of applicable processing procedures follows:
6. Cash Processing
7. Collections. Any cash and related material is taken immediately to the supervisor who will verify the amount and record the receipt of cash in the cashbook. The cash is kept in a locked cash box maintained by the designee who hand carries the cash and related material to the Credit Union once a day.
8. Imaging Unit. Cash is entered in the Registry Log maintained in the Imaging Unit and subsequently hand carried to the Collections Supervisor.
9. Cash and Other Remittance Processing - When a payment is made to the agent cashier, a VA Form 367, Counter Receipt-Government Life Insurance Form is prepared. This is a four part form. Part one is the original white customer copy, and will be given to the customer if present, or retained by the agent cashier. Part two is used when payment is made by check or money order. This copy is paper clipped to the check, and forwarded to Collections. Part three is a yellow copy used when a payment is made in cash. Part four serves as documentation for the station of the disposition of accountable funds.
10. Remittance Processing from Other VA Stations
11. Remittances from other VA Stations are handled by the Agent Cashier. VA Insurance receives VA Form 367, Counter Receipts which are processed as non-cash receipts through the Insurance Accounting Staff in the Program Management Division.

**34.16 UNASSOCIATED AND CASH REMITTANCES**

The Statement of Work for Treasury's Fiscal Service Lockbox provider includes detailed processes for handling unassociated and cash remittances sent to the Lockbox.

**Subchapter 4 - Processing and Depositing Foreign Remittances**

**34.17 GENERAL**

The Statement of Work for Treasury's Fiscal Service Lockbox provider includes detailed processes for handling foreign remittances.

**34.18 REMITTANCES DRAWN ON FOREIGN BANKS PAYABLE IN UNITED STATES DOLLARS**

Treasury’s Fiscal Service Lockbox provider will process checks drawn on a foreign bank but paid in U.S. dollars.

**34.19 REMITTANCES DRAWN ON FOREIGN BANKS PAYABLE IN FOREIGN CURRENCIES**

Treasury’s Fiscal Service Lockbox provider will not process checks drawn on a foreign bank and paid in foreign currency. These are handled based on the detailed processes in the Statement of Work.

**34.20 FOREIGN CASH**

Treasury’s Fiscal Service Lockbox provider will not process foreign currency. These are handled based on the detailed processes in the Statement of Work.

**Subchapter 5 - Manila Insurance Collections**

**34.21 GENERAL**

Insurance remittances collected in the Manila regional office are deposited with the Manila Branch, National City Bank of New York, rather than transmitted to the Philadelphia VA Regional Office and Insurance Center for deposit. Duplicate copies of the deposit slips, including the confirmed copy, VA Form 4-1551, Transmittal Schedule of Insurance Collections, VA Form 367 and VA Form 4-1622, Transmittal List of Posting Media and Report of Distribution, are mailed to the Philadelphia VA Regional Office and Insurance Center Agent Cashier and forwarded to the Collections Unit for preparation of input to credit the insured's account.

**34.22 MANILA INSURANCE COLLECTIONS-MANILA PROCESSING (AGENT CASHIER)**

Remittances from the Manila Regional Office are handled by the Agent Cashier. VA Insurance receives VA Form 367, Counter Receipts which are processed as non-cash receipts through the Insurance Accounting Staff in the Program Management Division.

**34.23 MANILA INSURANCE COLLECTIONS - PHILADELPHIA PROCESSING**

1. Acknowledgment and verification of receipt of a shipment is accomplished in the same manner as a domestic shipment.
2. All confirmed deposit and debit documents are delivered to the Accounting Section immediately with a notation of the processing day number on which the input will be introduced into the daily update processing.
3. The items received are separated (Paid-As-Billed, Not Paid-As-Billed, Philippine Service) and processed in accordance with local operating procedures.
4. The input is combined and totaled to verify the total amount of credit to be applied to the insured's accounts. The input is then released for computer processing.
5. All documents received from the Manila Regional Office are stamped with the unit of deposit number. VA Form 4-1622 is released to the Accounting activity for posting.

**Subchapter 6 - Electronic Payments from Service Departments**

**34.24 PROCESSING**

The monthly allotment payments are sent to VA electronically by the Defense Finance and Accounting Service.

**Subchapter 7 - Servicemembers' Group Life Insurance (SGLI) Premium Payments**

**34.25 GENERAL**

1. Public Law 89-214 established a Group Life Insurance program for members of the Uniformed Services of the United States. This program is administered by a commercial primary insurer and supervised by VA. Premiums for this insurance are deducted monthly from the insured's service pay and remitted by each Uniformed Service to VA. VA, in turn, remits the premiums to the primary insurer, with whom it has a contract to administer this program. Reimbursements for administrative costs are made to the VA Insurance Center based on the estimated workload/costs associated with supervision and outreach activities.
2. The program is controlled by establishing a subsidiary record for each of the services. In addition to premiums, the uniformed services also contribute an amount for any necessary extra hazard costs, as computed by the Actuarial Staff (290D). These extra hazard costs are also funded from the pay appropriations of the uniformed services.
3. Insurance Program Management Division staff is responsible for the deposit and control of receipts and for the payment of amounts due the primary insurer.

**34.26 SGLI PREMIUM PAYMENT PROCESSING**

1. The uniformed services are responsible for enrolling Servicemembers in SGLI, as well as deducting monthly SGLI premium payments from their pay. The Uniformed services are responsible for sending the premium payments to the VA via an IPAC payment, and the VAIC in turn remits the premium payments to the primary insurer via Treasury’s SPS system. National Oceanic and Atmospheric Administration (NOAA) and the Department of Homeland Security (DHS) handle their own payments; all of the remaining branch payments come from Defense Finance and Accounting Service (DFAS). Extra hazard payments are also submitted via IPAC.
2. The Insurance Program Management Division checks the IPAC system daily for payments and vouchers the payments authorizing the disbursement to the Office of Servicemembers’ Group Life Insurance (OSGLI). The vouchers and supporting documentation are sent to OSGLI, Internal Controls, and Insurance Finance.
3. The VAIC Internal Controls Chief or designee completes a review of vouchers and reports within one day of receiving the IPAC and supporting documentation.
4. Once Internal Controls completes their review, the information from the SGLI Voucher is entered into Treasury Software system called SPS to complete the payment.
5. Once the SGLI voucher is entered into Treasury SPS, Internal Controls sends a hard copy of the voucher(s), IPAC sheet(s), payment breakdown, and signed SPS to Insurance Finance.
6. Once Insurance Finance receives a hard copy of the SGLI Voucher(s), payment breakdown, and approved SPS printout for remitting the payment, the certifying officer will review the Information in SPS and certify the payment in SPS, which remits the payment to Treasury, who will then send it to the primary insurer.

**34.27 SGLI PREMIUM PAYMENT PROCESSING REPORTS**

1. IPAC SGLI Premium data is retained in the FY XX Excel workbook. It includes:
2. The date the money was received.
3. The date the money was vouchered for disbursement to OSGLI.
4. The branch remitting the premiums or extra hazard payment.
5. The type of premium or extra hazard payment.
6. The amount of the payments.
7. The voucher number.
8. After the end of the month, Insurance Program Management Division (IPMD) reconciles the FY XX workbook with the internal financial report -- Ledger Assets, Income and Disbursements (LAID), OSGLI’s VA Monthly report and TSGLI Accounting Summary report.
9. IPMD emails the vouchers and breakdowns to Internal Controls, Insurance Finance, and OSGLI.
10. Insurance Finance generates an IGL Summary Report of the daily manual inputs and any relevant supporting documentation. They then compare the Run 155 Report from Formerly Control-D folder to the IGL Summary Report and any supporting documentation, to verify that the manual entries are recorded properly.

Table 34-6 provides the IGL and GL accounts related to recording SGLI premium payments.

 **Table 34-6: Recording SGLI Premium Payments in IGL**

|  |  |  |  |
| --- | --- | --- | --- |
| **IGL****Account** **Number** | **IGL****Account****Description** | **GL****Account** **Number** | **(D)ebit****/** **(C)redit** |
| 1012.01 | Cash | 1010 | D |
| 3573.01 | Premiums – Active Duty | 5500(5501) | C |
| 3573.02 | Premiums – Reservists | 5500(5501) | C |
| 3573.03 | Premiums – Spouse | 5500(5501) | C |
| 3574.00 | Contributions for Extra Hazard Costs | 5500(5501) | C |

1. The Actuarial Staff records the SGLI premium payment on their SGLI Premium Payment Tracker. The Actuarial Staff performs a weekly reconciliation between their SGLI Premium Payment Tracker and the IPAC sheets from the past week. At the end of the month, the Actuarial Staff also compares their SGLI Premium Payment Tracker to the Budget Staff’s FY XX Excel workbook.
2. The uniformed services send the IPMD reports showing the number of individuals with SGLI coverage, reported premiums, any adjustments, and the total reported amounts. IPMD performs monthly updates of each uniformed service’s tab in the Excel premiums reconciliation workbook using the information the service provided. IPMD then reviews the expected amount due, amount received, and amount reported by the uniformed services to confirm that there is less than a five percent difference between the amount received and the expected/reported amounts. The budget staff drafts a memorandum to Insurance leadership documenting the SGLI premiums that have been received (or not received) from the services for the month due, along with anything unusual, such as a variance over 5 percent, if there was any unusual activity, IPMD requests an explanation for why the unusual activity occurred. The Actuarial Staff and the Budget Staff Supervisor review the SGLI Premium memorandum. The Budget Staff supervisor then sends the memorandum to Insurance leadership and OSGLI.
3. Policy, Procedures, and OSGLI Oversight Staff oversees the SGLI and VGLI programs administered by primary insurer. Insurance Budget Staff sends the Policy, Procedures, and OSGLI Oversight Staff a monthly report of outstanding SGLI premiums and anomalies. This report provides detailed information on uniformed services that are behind in their monthly IPAC premium payments or are experiencing other payment issues. If the issues are not resolved in a timely manner, the Policy, Procedures, and OSGLI Oversight Staff reaches out to their contacts within the service to resolve the issue.

**34.28 VGLI Premium Payment Processing**

VA has a role in collecting premiums for the primary insurer when Veterans opt to use their VA benefits to pay for the VGLI premiums. The premiums are transferred electronically from VA to the primary insurer by secure VPN tunnel on a monthly basis.

**34.29 VGLI Premium Payment Reporting**

1. On a monthly basis, VETSNET-Finance Accounting Service runs cycle Z automatically, which is an end of month processing report. Cycle Z produces an Excel and PDF report for VGLI journal vouchers that VBA’s Finance Center (FC) processes that month. After cycle Z processes, the VBA FC generates the VGLI Detail Listing of 07R Deductions report from VETSNET-FAS. The VBAFC manually notates the journal voucher number, date, amount, and pay date from the C&P Schedule of Operations on the PDF VGLI report. The VBAFC uses the Accounting Journal Excel spreadsheet to review the cumulative total of offsets and compares the journal voucher to the Accounting Journal and VA02 Insurance Deduction Monthly Reconciliation Report.
2. Prior to the end of each month after the VBAFC prepares the journal voucher, the Certifying Officer reviews the VGLI journal voucher to ensure it matches the Accounting Journal, and verifies that there are adequate funds to process the payment for benefit offsets.
3. The Certifying Officer provides approval to input into SPS for payment. and certifies the payments to the primary insurer using benefit offsets, which sends the payment, and enters the payment into IGL.

Table 34-7 provides the IGL and GL accounts related to recording VGLI premium payments.

**Table 34-7: Recording VGLI Premium Payments via VBAFC Offset**

|  |  |  |  |
| --- | --- | --- | --- |
| **IGL** **Account Number** | **IGL** **Account** **Description** | **GL** **Account Number** | **(D)ebit** **/ (C)redit** |
| 1012.01 | Disbursing Authority – Cash Account | 1010 | D |
| 3569.08 | Undistributed Insurance Collections-Allotment | 5500(5501) | C |
| 3569.05 | Undistributed Insurance Collections-DFB | 5500(5501) | C |

The VBAFC inputs the VGLI accounting information into VETSNET-FAS. The VBAFC C&P Benefit Accountant saves the VGLI voucher, VETSNET-FAS Accounting Journal, VETSNET-FAS transaction screen shots, and any email correspondence.

The Actuarial Staff and the Budget Staff Supervisor review the IPMD Budget Analyst’s SGLI Premium memorandum. The Budget Staff supervisor then sends the memorandum to Insurance leadership and OSGLI.