



**DEPARTMENT OF VETERANS AFFAIRS**  
**Veterans Benefits Administration**  
**Washington, D.C. 20420**

April 19, 2012

Director (00/21PF)  
VA Regional Offices and Centers

In Reply Refer To: 21F1  
Fast Letter: 12-13

ATTN: All Veterans Service Center and Fiduciary Hub Personnel

SUBJ: Pre-approval of Single Expenditures by a Fiduciary

**Purpose**

This letter rescinds Fast Letter 09-42, *Increased Threshold for Pre-approval of Single Expenditures by a Fiduciary*, and clarifies VA policy regarding fiduciary expenditures.

**Background**

Historically, VA has required fiduciaries to obtain pre-approval for certain single expenditures of beneficiary funds, which were not addressed in the fund usage portion of a VA Form 21-4703, *Fiduciary Agreement*. Prior to the October 19, 2009, issuance of Fast Letter 09-42, all such expenditures that exceeded \$500 required VA approval. The 2009 letter raised the threshold to \$1,000 but otherwise continued the policy of requiring VA approval of expenditures. We have determined that this policy is inconsistent with the role of both VA and fiduciaries in the fiduciary program, and may actually harm beneficiaries to the extent that fiduciaries are unable to assess beneficiary needs and immediately spend available funds to address those needs.

VA has authority to appoint fiduciaries for beneficiaries who cannot manage their financial affairs and to conduct oversight to ensure that fiduciaries meet their obligations to the beneficiaries they serve. Upon appointment, the fiduciary relationship is between the VA-appointed individual or entity and the beneficiary. Fiduciaries hold a position of trust, in which they owe certain responsibilities to the beneficiary, including the obligation to determine which expenditures from beneficiary funds are in the beneficiary's best interests.

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### **Procedures**

Effective immediately, VA-appointed fiduciaries do not need to seek prior VA approval for any single expenditure made on behalf of a beneficiary from the beneficiary's funds, regardless of the amount of the expenditure or whether it is listed on a VA Form 21-4703.

However, legal instruments examiners (LIE) must carefully review expenditures in excess of \$1,000 when auditing a fiduciary's annual accounting and may request receipts or other documentation to verify questionable expenditures. M21-1MR, Part XI, 3.D.17d. If questions remain regarding an expenditure, the LIE must request that a field examiner obtain further verification during a field examination in accordance with M21-1MR, Part XI, 2.D.13d.

The Pension and Fiduciary Service has revised VA Form 21-4703 to remove instructions regarding prior VA approval for expenditures. Field examiners must use the revised form, dated April 2012, for all fiduciary appointments occurring after the date of this letter.

### **Questions**

Submit questions regarding this letter to [REDACTED].

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David R. McLenachen  
Director  
Pension and Fiduciary Service