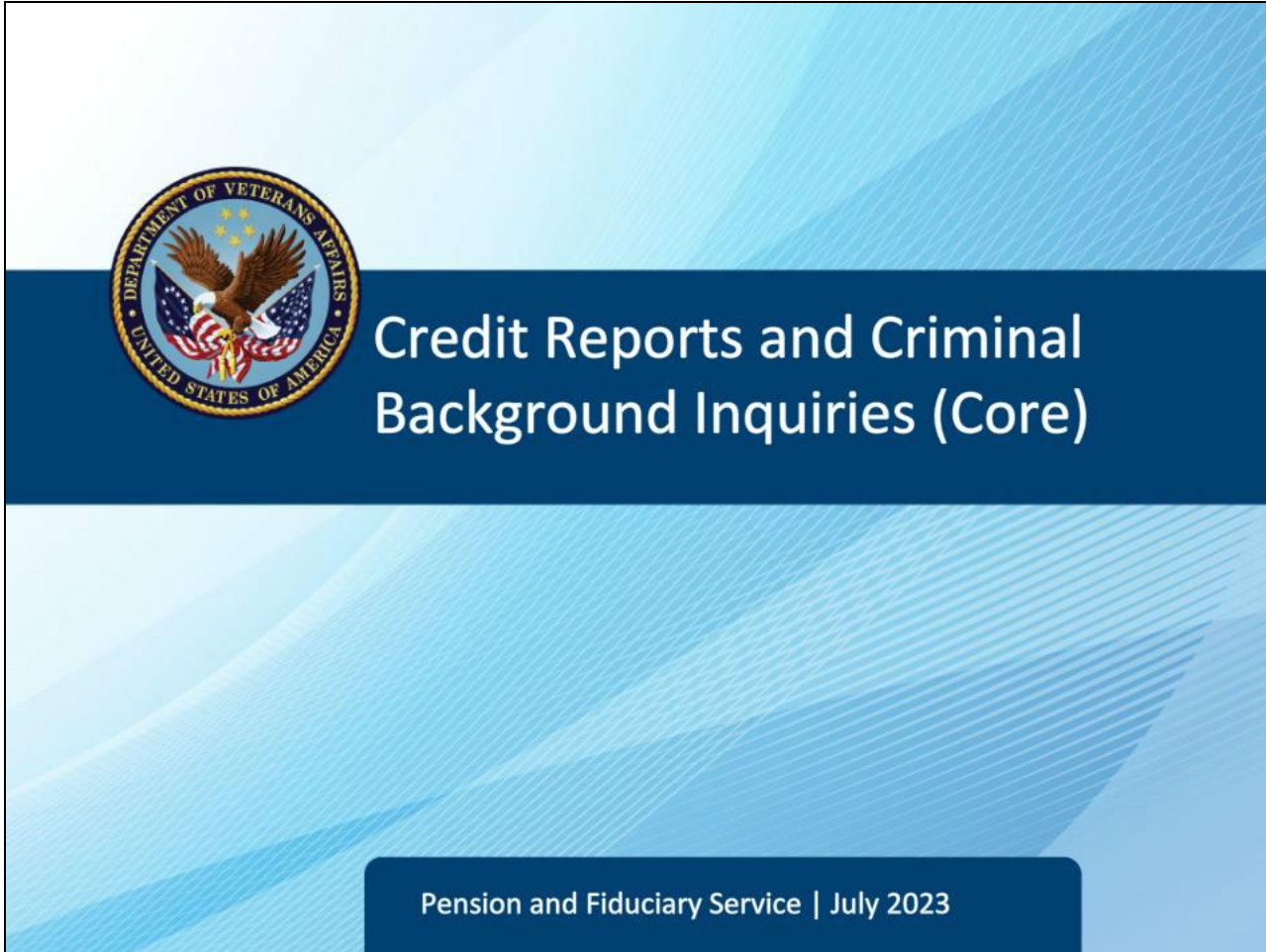


Slide 1 - Credit Reports and Criminal Background Inquiries (Core)



Slide notes


Course Description:

This course provides information regarding criminal background checks and credit reports and the importance both reports play in conjunction with field examinations and accountings.

Slide 2 - Navigation



The slide features a blue header with the Department of Veterans Affairs logo on the left and the title "Credit Reports and Criminal Background Inquiries (Core)" on the right. Below the header, the word "Navigation" is written in a large blue font, followed by the subtitle "How to Navigate This Course". The main content area contains a paragraph explaining navigation methods, followed by a list of keyboard shortcuts with corresponding icons: a left arrow for "Previous Slide", a right arrow for "Next Slide", an 'X' in a box for "Exit", and a speech bubble for "Comments". A footer bar at the bottom contains the text "Pension and Fiduciary Service" on the left and the number "2" on the right.





 Credit Reports and Criminal Background Inquiries (Core)

Navigation

How to Navigate This Course

To navigate this course, you can use the navigation buttons at the bottom to move forward and backward throughout this module.

You can also use the following keyboard shortcuts:

	Previous Slide: Left Arrow Key		Exit: X
	Next Slide: Right Arrow Key		Comments: T

Pension and Fiduciary Service 2


Slide notes

To navigate this course, you can use the navigation buttons at the bottom to move forward and backward throughout this module.

You can also use the following keyboard shortcuts:

- Previous Slide: Left Arrow Key
- Next Slide: Right Arrow Key
- Exit: X
- Comments: T

Slide 3 - Objectives



Credit Reports and Criminal Background Inquiries (Core)

Objectives

- Explain why a credit report and criminal background inquiry (CBI) are important to the field examination, fiduciary appointment, and accounting process
- Describe the purpose of and critical elements of credit and CBI reports
- Identify the exceptions to obtaining a credit and CBI report
- Identify bars to service as a fiduciary


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Slide notes

At the end of this lesson, given the training and corresponding references, the learner will be able to do the following:

- Explain why a credit report and criminal background inquiry (CBI) are important to the field examination, fiduciary appointment, and accounting process
- Describe the purpose of and critical elements of credit and CBI reports
- Identify the exceptions to obtaining a credit and CBI report
- Identify the various bars to service as a fiduciary

Slide 4 - References



Credit Reports and Criminal Background Inquiries (Core)

References

- FPM I.2.C.5.a.-f.
- FPM I.2.C.5.i.
- FPM I.2.C.5.k.
- FPM I.3.A.3.d.
- FPM I.3.A.3.o.
- FPM I.3.A.3.p.


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Slide notes

These are the relevant references for this training:

- FPM I.2.C.5.a.-f. Investigations of Fiduciaries
- FPM I.2.C.5.i. Obtaining a CBI During an IA
- FPM I.2.C.5.k. Review of CBI During an IA
- FPM I.3.A.3.d. Requirements for the Background Information Block on the VA Form 21P-4706b
- FPM I.3.A.3.o. Review of Credit Reports During Accountings
- FPM I.3.A.3.p. Review of CBIs During Accountings

Slide 5 - Duty to Investigate



Credit Reports and Criminal Background Inquiries (Core)

Duty to Investigate

- 38 U.S.C. 5507
 - Outlines VA's duty to investigate proposed fiduciaries
- Failure to properly investigate
 - May result in finding of negligence
- Exception
 - Entities (such as trust department of bank)

Pension and Fiduciary Service 5

Slide notes


References: FPM I.2.C.5.a.

Instructor Notes:

38 U.S.C. 5507 makes clear the VA's duty to thoroughly investigate proposed fiduciaries prior to appointment. VA's failure to properly investigate a proposed fiduciary may result in a finding of negligence.

VA will not conduct the investigation prescribed by in this section if the proposed fiduciary is an entity, such as the trust department of a bank that provides fiduciary services. This includes the face-to-face interview, credit report, CBI, and proof of identity.

Slide 6 - Bars to Service



Credit Reports and Criminal Background Inquiries (Core)

Bars to Service

- Misuse or misappropriation
- Failure to provide VA disclosure of information authorization
- Inability to manage own benefits in fiduciary program
- Adjudicated by court as unable to manage financial affairs
- Incarcerated or similar confinement
- Felony charges pending
- Removed as legal guardian for misconduct
- Minor
- Violates or refuses to comply with VA policies

Pension and Fiduciary Service 6

Slide notes

References: FPM I.2.C.5.b.

Instructor Notes:


An individual or entity may not serve as a fiduciary for a VA beneficiary if the individual or entity

- misused or misappropriated a beneficiary's VA benefits while serving as a fiduciary
- refuses or neglects to provide the authorization for VA disclosure of information
- is unable to manage their own Federal or State benefits and is in a Federal or State agency's fiduciary, representative payment, or similar program
- has been adjudicated by a court with jurisdiction as being unable to manage their own financial affairs
- is incarcerated in a Federal, State, local, or other penal institution or correctional facility, sentenced to home confinement, released from incarceration to a half-way house, or on house arrest or in custody in any facility awaiting trial on pending criminal charges
- has felony charges pending

- has been removed as legal guardian by a state court for misconduct
- is under the age of majority, or
- knowingly violates or refuses to comply with VA policies.

When the fiduciary is barred from service, select the DO NOT APPOINT flag on the fiduciary profile.

Slide 7 - Verifying Identity



Credit Reports and Criminal Background Inquiries (Core)

Verifying Identity

- FE must verify proposed fiduciary's identity
 - Face-to-face interviews
 - Telephone interviews
- If identity cannot be verified
 - Proposed fiduciary can NOT be appointed
- Foreign field examinations
 - Including Philippines
 - Use universal identification card, if necessary

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Slide notes

References: FPM I.2.C.5.c.

Instructor Notes:

The FE must verify the proposed fiduciary's identity.


During face-to-face interviews...

During telephone interviews...

If the proposed fiduciary's identity cannot be verified, they must not be appointed.

Foreign field examinations (to include the Philippines) will use a universal identification card if the documents listed above are not available.

Slide 8 - Obtaining Credit Reports



Credit Reports and Criminal Background Inquiries (Core)

Obtaining Credit Reports

- Fiduciary appointment must be based on:
 - Review of credit report
 - Issued within 30 days prior to appointment
- VA Form 21P-4703
 - Must be signed
- Exceptions
 - Entity
 - SDP
 - EIA

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Slide notes

References: FPM I.2.C.5.d.

Instructor Notes:

38 U.S.C. 5507 provides authority for VA to obtain credit reports from prospective fiduciaries.


The FE's decision to recognize a fiduciary must be based, in part, on a review of a credit report issued within 30 days prior to the proposed appointment.

Any person considered as a prospective fiduciary for any VA beneficiary must sign a VA Form 21P-4703, acknowledging that VA may investigate their credit. Upon receipt of the proposed fiduciary's consent, hub personnel will secure a credit report.

Exception: Credit reports are not required for

- an entity, such as a trust department in a bank that provides trust services
- a beneficiary appointed as SDP, or
- a fiduciary appointed under the EIA process

Slide 9 - Reviewing Credit Reports



Credit Reports and Criminal Background Inquiries (Core)

Reviewing Credit Reports

- Evaluate all information on credit report
 - Including credit history and debt amount
- Proposed fiduciary with unsatisfactory credit report
 - Will not qualify without mitigating circumstances
- Mitigating circumstances
 - Justifications for negative findings
 - FE must evaluate and determine if sufficient
 - FE must document

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Slide notes


References: FPM I.2.C.5.e.

Instructor Notes:

For IAs, the FE must evaluate all information from the proposed fiduciary's credit report to include the credit history and the amount of debt.

A proposed fiduciary with an unsatisfactory credit report will not qualify as a VA fiduciary without the FE documentation of mitigating circumstances and decision to appoint. Mitigating circumstances are justifications provided by the proposed fiduciary for negative findings on at least one of the areas of review. The FE should evaluate the information, weigh it against the credit report, and determine if the justification(s) are sufficient to demonstrate suitability for appointment. If the FE cannot document mitigating circumstances, the proposed fiduciary will not be appointed.

Slide 10 - Analyzing Credit Reports



Credit Reports and Criminal Background Inquiries (Core)

Analyzing Credit Reports

- Negative credit report information
 - Late payments
 - Collections
 - Foreclosures
 - Bankruptcies
- FE must consider facts and circumstances around issue
- Payment history and debt amount
 - Can display higher risk

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Slide notes


References: FPM I.2.C.5.f.

Instructor Notes:

If the credit report contains negative information, such as late payments, collections, foreclosures, and/or bankruptcies, the FE must consider the facts and circumstances surrounding the issue and how that information relates to the prospective fiduciary's ability to manage the beneficiary's funds.

The payment history and amount of debt are areas of the credit report that can display higher risk where the FE must not appoint the proposed fiduciary without mitigating circumstances.

Slide 11 - Obtaining Criminal Background Inquiry



Credit Reports and Criminal Background Inquiries (Core)

Obtaining Criminal Background Inquiry

- Obtain CBI through CLEAR
 - Prior to conducting interview
 - At earliest practical opportunity
 - Within one year of appointment date
- Exceptions
 - Entity
 - SDP

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Slide notes

References: FPM I.2.C.5.i.

Instructor Notes:

38 U.S.C. 5507 requires that VA request information on the criminal background of any person before appointing that person as fiduciary.


FEs obtain the CBI through CLEAR prior to conducting the interview. Obtaining the CBI at the earliest practical opportunity prevents further investigation of a person that will not be appointed based on the results of the inquiry. If the available identifying information is insufficient to locate the CBI for the proposed fiduciary, obtain the required information by telephone and document on a VA Form 27-0820.

Hubs must run the CBI within one year of the fiduciary appointment date.

Exceptions: CBIs are not required for

- an entity, such as a trust department in a bank that provides trust services, or
- a beneficiary appointed as SDP.

Slide 12 - Reviewing Criminal Background Inquiry



Credit Reports and Criminal Background Inquiries (Core)

Reviewing Criminal Background Inquiry

- Calculated risk result
 - Green: low risk
 - Yellow: moderate risk
 - Red: high risk
- Determines next required steps

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Slide notes

References: FPM I.2.C.5.k.

Instructor Notes:


The CLEAR report will return a calculated risk result of either green, yellow, or red.

Green: low risk

Yellow: moderate risk

Red: high risk

Slide 13 - Accounting Background Information



Credit Reports and Criminal Background Inquiries (Core)

Accounting Background Information

- Background Information block
 - On VA Form 21P-4706b
 - VA appointed fiduciaries must initial
- Exceptions
 - Administrator of facility/company/corporation
 - Court-appointed fiduciary
- VA Form 21P-4703
 - May still authorize CR/CBI

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Slide notes

References: FPM I.3.A.3.d.

Instructor Notes:


Generally, individuals serving as VA appointed fiduciaries must initial on the BACKGROUND INFORMATION block on the VA Form 21P-4706b. Do not accept an X or a checkmark as initialing the BACKGROUND INFORMATION block.

VA-appointed fiduciaries who are either an administrator of a facility, company, or corporation, or a court-appointed fiduciary, are not required to complete the BACKGROUND INFORMATION block.

LIEs may still be able to confirm criminal and credit information by checking to see what version of VA Form 21P-4703, Fiduciary Agreement, is of record when the BACKGROUND INFORMATION block in the VA Form 21P-4706b was

- required but not completed, or
- not required and a credit report and/or criminal background inquiry (CBI) would otherwise be required.

Slide 14 - Reviewing CR During Accountings



Credit Reports and Criminal Background Inquiries (Core)

Reviewing CR During Accountings

- LIE must obtain credit report
 - During accounting audit
- Exceptions
 - Entity
 - SDP
 - EIA
 - Final accounting
- New negative credit information identified
 - Fund usage follow-up field examination

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Slide notes

References: FPM I.3.A.3.o.; FPM I.2.C.5.d.

Instructor Notes:

LIEs must obtain a credit report for all fiduciaries during the accounting audit unless listed as an exception or for a final accounting. LIEs must upload the credit report to the eFolder and review the credit report for any new negative credit information by comparing the report with documents available within the eFolder. When the review of the credit report identifies new negative credit information, a fund usage follow-up field examination must immediately be established to investigate.

Slide 15 - Reviewing CBI During Accountings



Credit Reports and Criminal Background Inquiries (Core)

Reviewing CBI During Accountings

- Review in CLEAR to determine risk indicator
- When Background Information block
 - Is not completed
 - Indicates adverse information
- Exceptions
 - Entity
 - SDP

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Slide notes

References: FPM I.3.A.3.p.; FPM I.2.C.5.i.

Instructor Notes:

Review the CBI in CLEAR to determine the risk indicator when the BACKGROUND INFORMATION block on the VA Form 21P-4706b

- is not completed and the fiduciary is not
- exempt from a CBI
- filing a final accounting, or
- a court appointed fiduciary, or
- indicates adverse information even if the fiduciary is classified as a court-appointed fiduciary.

Slide 16 - Questions?



Questions?



- Duty to Investigate
- Bars to Service
- Verifying Identity
- Obtaining Credit Reports
- Reviewing Credit Reports
- Analyzing Credit Reports
- Obtaining CBI
- Reviewing CBI
- Accounting Background Info
- Reviewing CR During Accountings
- Reviewing CBI During Accountings

Pension and Fiduciary Service 16

Slide notes**Instructor Notes:**

(Recall) These are our learning objectives as stated from the beginning of the training:

- Explain why a credit report and criminal background inquiry (CBI) are important to the field examination, fiduciary appointment, and accounting process
- Describe the purpose of and critical elements of credit and CBI reports
- Identify the exceptions to obtaining a credit and CBI report
- Identify the various bars to service as a fiduciary


(Recap) We discussed each of these learning objectives through the following topics in each slide today:

- Duty to Investigate
- Bars to Service
- Verifying Identity

- Obtaining Credit Reports
- Reviewing Credit Reports
- Analyzing Credit Reports
- Obtaining CBI
- Reviewing CBI
- Accounting Background Info
- Reviewing CR During Accountings
- Reviewing CBI During Accountings

Are there any additional questions?

Slide 17 - TMS Assessment & Survey



Credit Reports and Criminal Background Inquiries (Core)

TMS Assessment & Survey

- An assessment and satisfaction survey have been assigned to you in TMS.
- You must pass the assessment prior to completing the survey.
- Be sure to complete the survey in TMS to receive credit for this training.

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Slide notes

An assessment and satisfaction survey has been assigned to you in TMS for completion. You should be able to complete the assessment prior to doing the survey. Both should be completed in roughly 10 minutes. By completing both you will receive credit for this training.