DOD 7000.14-R

DEPARTMENT OF DEFENSE

FINANCIAL MANAGEMENT REGULATION

VOLUME 5

DISBURSING POLICY AND PROCEDURES

AUGUST 1999

★ WITH CHANGES THROUGH SEPTEMBER 2000 ★

UNDER SECRETARY OF DEFENSE (COMPTROLLER)

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FOREWORD

AUG 6 1999

This Volume of the "Department of Defense Financial Management Regulation" is issued under the authority of DoD Instruction 7000.14, "DoD Financial Management Policy and Procedures," dated November 15, 1992. It governs financial management by establishing and enforcing requirements, principles, standards, systems, procedures, and practices necessary to comply with financial management statutory and regulatory requirements applicable to the Department of Defense. It directs financial management requirements, systems, and functions for all appropriated, working capital, revolving, and trust fund activities. In addition, it directs statutory and regulatory financial reporting requirements.

Volume 5 of the "DoD Financial Management Regulation" establishes policies and procedures for "Disbursing." This Volume applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "DoD Components").

This Volume of the Regulation is effective immediately and is mandatory for use by all DoD Components. Heads of DoD Components shall ensure that it is adhered to in day-to-day operations and in the design, modification, and maintenance of their Component's financial management and reporting system or systems. The Heads of DoD Components shall not issue supplementary directives/regulations without the prior written approval of the Office of the Under Secretary of Defense (Comptroller).

The reporting requirements in this Regulation are exempt from licensing in accordance with paragraph E.4.f. of DoD 8910.1-M, "DoD Procedures for Management of Information Requirements," November 1986.

Recommended changes to and requests for deviations from or exceptions to the provisions of this volume of the Regulation should be forwarded through appropriate chain of command channels along with specific justification to:

Office of the Under Secretary of Defense (Comptroller)
Director for Financial Commerce
1100 Defense Pentagon
Washington, DC 20301-1100

All 15 volumes of the "DoD Financial Management Regulation" are available on the Internet at: http://www.dtic.mil/comptroller/fmr/. Printed or CD-ROM copies of the Regulation may be purchased through the Internet Homepage or directly from the Defense Automated Printing Service at 1401 S. Fern Street, Arlington, VA 22202, or by telephone at (703) 607-5212.

William J. Lynn

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INTRODUCTION TO THE DOD FINANCIAL MANAGEMENT REGULATION

GENERAL

The DoD Financial Management Regulation identifies the policy, regulation, and procedures within the area of responsibility of the Under Secretary of Defense (Comptroller)(USD(C)). The Regulation is applicable to all DoD Components and consists of the following 15 volumes:

1. General Financial Management Information, Systems, and Requirements
2. Budget Formulation and Presentation
3. Budget Execution - Availability and Use of Budgetary Resources
4. Accounting Policy and Procedures
5. Disbursing Policy and Procedures
6. Reporting Policy and Procedures
7. Military Pay Policy and Procedures
8. Civilian Pay Policy and Procedures
9. Travel Policy and Procedures
10. Contract Payment Policy and Procedures
11. Reimbursable Operations Policy and Procedures
12. Special Accounts, Funds and Programs
13. Nonappropriated Funds Policy and Procedures
14. Administrative Control of Funds and Antideficiency Act Violations
15. Security Assistance Policy and Procedures

AUTHORIZATION

This Regulation is issued by the USD(C) under authority of Department of Defense Instruction 7000.14 "DoD Financial Management Policy and Procedures," dated November 15, 1992.

PARAGRAPH NUMBERING SYSTEM

The paragraph numbering system of this Regulation is consistent for all 15 Volumes. The six digit paragraph number and its subparagraph designators are formulated as follows:

01	01	01	A.1.a.(1)(a)
CHAPTER 1	SECTION 1	PARAGRAPH 1	SUBPARAGRAPHS

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SUMMARY OF CHANGES
Department of Defense Financial Management Regulation, Volume 5

Definitions

Definition 2. Adds a new definition for accountable individual.

Definition 15. Updates the definition of certifying officer to add pecuniary liability associated with certifications.

Definition 23. Revises the definition of commander to include United States Property and Fiscal Officer (National Guard).

Definition 27. Defines contingency operations.

Definition 29. Updates the definition of control to advise that authority to issue control checks terminated effective September 30, 1998.

Definition 35. Revises the definitions of currency use payments and U. S.-owned foreign currency, reflecting the fact that the Treasury requirement to make annual determinations of excess currencies was removed by Public Law 101-624.

Definition 40. Provides additional information on a delinquent debt.

Definition 47. Clarifies that checks are issued on the United States Treasury vice the Treasurer of the United States.

Definition 51. Defines Department of Defense (DoD) activities.

Definition 57. Revises the definition of Electronic Funds Transfer (EFT).

Definition 61. Defines facsimile signature.

Definition 62. Defines Financial Electronic Data Interchange (FEDI).

Definition 70. Revises the definition of an imprest fund.

Definition 85. Expands the definition of the On-Line Payment and Collection System (OPAC).

Definition 86. Adds a definition for operating location (OPLOC).

Definition 88. Defines original signature.

Definition 99. Expands the definition for a physical loss of funds.

Definition 104. Adds a definition for replacement check due to the elimination of control checks.

Definition 108. Adds a definition for safekeeping custodial officer.

Definition 111. Revises the definition of a spoiled check due to the elimination of control checks.

Definition 115. Updates the definition of Treasury General Account to make it consistent with the Treasury Financial Manual.

Definition 116. Updates the definition of U.S.-owned foreign currency to remove the references to excess and near-excess currency.

Definition 123. Corrects definition of a voided check.

Chapter 1

Subparagraphs 010202.A.1, 010202.C.1 and 010202.E.1. Revises these subparagrraphs to identify the military pay system as Defense Joint Military Pay System (DJMS) and the Marine Corps Total Force Pay System (MCTFS) vice JUMPS.

Section 0103. Adds a new section establishing pre- and post-payment audit requirements for disbursement vouchers. Former sections 0103 through 0106 are renumbered 0104 through 0107 accordingly.

Subparagraphs 010403.B.2 and B.3, paragraph 010404, subparagraph 010502.A, 010502.B.2, paragraph 010503, subparagraph 010604.H. Changes were made to these paragraphs to reflect the transfer of General Accounting Office functions in regards to determining the responsible office for claims advance decisions, requests for relief of liability and waivers.

Subparagraph 010403.C.2. Adds the requirement for disbursing officers (DOs) to implement mandatory internal controls to facilitate successful EFT payments.

Paragraph 010505. Clarifies that only DFAS DOs are required to follow the DFAS Internal Management Control Program. It does, however, require that DOs in other DoD Components establish internal controls consistent with the guidance prescribed in this paragraph.

Chapter 2

Subparagraph 020102.E. Brings this subparagraph into agreement with section 0702 concerning check ordering/reordering timeframes.

Subparagraph 020105.B and paragraph 020106. Requires that the Department of the Treasury be notified upon commencement of disbursing operations or upon a change in designation or location of disbursing station symbol number.

Subparagraph 020201.C.3. Adds a Treasury Department requirement that once a disbursing station symbol number is deactivated, the symbol may not be used for any purpose other than

transactions necessary to settle the account. Former subparagraphs 020201.C.3 through 020201.C.6 are renumbered as 020201.C.4 through 020201.C.7.

Section 0203. Changes title to reflect the inclusion of all accountable positions in the guidance given for holding public funds.

Subparagraph 020305.A. Modifies this paragraph to advise all DOs to request at least one deputy DO position and that the DO must personally sign the request for all deputy positions.

Subparagraph 020305.C. Requires that the separation of duties provisions in paragraph 010506 are maximized when appointing deputy DOs.

Subparagraph 020402.A.8. Reiterates the Treasury Department requirement that deposit fund account **F3880 must be cleared as expeditiously as possible.

Paragraph 020901. Revises paragraph to state that section 0209 prescribes DoD policies and procedures for use of imprest funds.

Paragraph 020902. Revises paragraph to state the authority, effective date, and specific DoD policy on imprest funds. The revision provides the procedures and criteria for exceptions to, or deviations from the policy. The revision also provides alternatives to be used for making small purchases in lieu of imprest funds.

Paragraph 020903. Revises paragraph to be consistent with the policy for establishment of imprest funds as stated in paragraph 020902.

Subparagraph 020904.A. Corrects grammatical error.

Subparagraph 020904.B. Corrects grammatical error.

Subparagraph 020904.B.1. Revises subparagraph to be consistent with paragraph 020903 regarding declaration of overseas contingencies.

Subparagraph 020904.C. Corrects grammatical error.

Subparagraph 020904.C.4.a. Clarifies the restriction on use of imprest funds to make travel advances.

Subparagraph 020905.A. Specifies that the document approving establishment of an imprest fund must be kept on file with the document appointing the imprest fund cashier and prescribes the distribution of the documents.

Subparagraph 020905.B. Requires that a signed copy of the document approving establishment of an imprest fund and a signed copy of the document appointing the imprest fund cashier must be furnished to the disbursing officer to obtain an advance of funds.

Subparagraphs 020905.C, 020906.B, 020906.F.4, and 020906.G. Corrects grammatical errors.

Subparagraph 020906.I. Revises subparagraph to be consistent with the authority to establish an imprest fund as stated in paragraph 020902.

Paragraph 020907. Designates the Director for Financial Commerce, OUSD(C), as the approval authority through the Deputy Director for Finance, DFAS, for establishment of an imprest fund depositary demand withdrawal account.

Subparagraph 020907.J. Makes the distribution of SF 1149 (Statement of Designated Depositary Account) consistent with the authority to approve and establish an imprest fund as stated in 020902.

Paragraph 020908. Revises paragraph to make procedures for requesting deviation from imprest fund policies consistent with the policy stated in paragraph 020902.

Section 0210. Adds a new section titled Accommodation Checks. Renumbers sections 0210 and 0211 as 0211 and 0212 respectively.

Section 0211. (Formerly section 0210). Deletes the restriction on alternate paying agents in the absence of paying agents.

Section 0212. Former Section 0212 titled Certifying Officers deleted. Certifying Officer data is now located in chapter 33, August 1998.

Chapter 3

Subparagraph 030101.C. Specifies that EFT is the prescribed method of payment within the United States and its possessions.

Paragraph 030103. Revises this paragraph to specifically indicate that deputies, agents, and cashiers referenced therein refer only to deputies, agents, and cashiers of the disbursing officer.

Paragraph 030104. Clarifies that imprest funds and change funds are not to be included in the disbursing officer's request for cash holding authority.

Subparagraph 030105.A. Clarifies the inclusion of all deputies, agents, and cashiers of the disbursing officer when determining cash requirements.

Subparagraphs 030105.A.3 and 030105.A.4. Replaces the terms "frequent traveler" and "non-frequent traveler" with "cardholder" and "non-cardholder".

Subparagraph 030201.D.1. Clarifies the guidelines for submission of a cash verification team report.

Subparagraph 030302.B.3. Clarifies disbursing office security requirements.

Subparagraph 030305.B. Clarifies the meaning of paid vouchers representing cash to include vouchers representing payments and collections.

Subparagraph 030404.D. Specifies that unannounced inspections of change funds are required at least quarterly.

Section 0306. Deletes specific references to the American Express Travelers Check program and makes the information generic throughout.

Chapter 4

Subparagraphs 040105.B, 040105.D, and 040105.E. Adds restrictions for cashing multiple party checks.

Paragraph 040102 and subparagraph 040201.C. Includes credit unions among the list of financial institutions that issue negotiable instruments which disbursing officers are authorized to cash.

Subparagraph 040104.K. Adds the Under Secretary of Defense (Comptroller) requirement to provide cash to overseas branches of federal credit unions on DoD installations.

Subparagraph 040201.D.1.b.2. Deletes the restriction on having a two-lined stamp.

Section 0403. Clarifies the accountability of dishonored checks and brings the section (specifically paragraphs 040301, 040302, and 040303) in compliance with GAO guidance.

Section 040401. Clarifies the information in regards to offsetting gains and losses against the appropriate fiscal year.

Figure 4-2. Provides an example of DD Form 2761 (Personal Check Cashing Agreement),

Chapter 5

Subparagraph 050102.B. Clarifies the purpose and use of general depositaries for consistency with the Treasury Financial Manual.

Paragraph 050205. Combines former paragraphs 050205 and 050206 and incorporates Treasury Department requirements for reporting large deposits as announced in Transmittal Letter Number 563, dated April 16, 1996. The remainder of the section is renumbered accordingly creating new paragraphs 050206 through 050210.

Subparagraph 050301.A. Clarifies general preparation procedures for the SF 215, Deposit Ticket.

Section 0504. Rewrites the entire section on Deposit Reconciliation in lieu of new Treasury Guidelines.

Paragraph 050505. Updates the address for the Bureau of the Public Debt.

Paragraph 050705. Adds a paragraph of miscellaneous cases involving counterfeit or altered U. S. currency.

Chapter 6

Subparagraph 060301.A. Clarifies that wrongful conduct that results in a physical loss of funds is treated as a major loss, regardless of the amount involved. Also, specifies the same as it relates to disbursing personnel.

Paragraph 060307. Deletes the reference to the deposit fund account **F3878.

Paragraph 060401, subparagraphs 060402.C, 060402.C.1, 060402.C.2, paragraph 060503, and figure 6-1. Changes the dollar amount considered to be a minor loss of funds from $25 to $300.

Subparagraphs 060402.C.1.l and 060402.C.2.o. Adds the requirement for a statement by the accountable individual as part of the investigatory report for a loss of funds.

Subparagraph 060402.G. Provides the appeal (rebuttal) process for individuals held liable for small losses.

Paragraph 060601. Changes the deposit fund account appropriation.

Paragraph 060601 and subparagraph 060602.F. Includes instructions for recording the final disposition of overages on the DD Form 2667.

Paragraph 060702.E.4, 060801, 060803, 060902, 060903, 061002, and figure 6-2. Changes were made to these paragraphs to reflect the transfer of General Accounting Office functions in regards to determining the responsible office for claims advance decisions, requests for relief of liability and waivers.

Paragraphs 061001 and 061003. A sentence was deleted from each paragraph which implied that the appointment of an investigating officer is optional when considering requests for relief.

Figure 6-4. Changes the example to reflect the clarification made to paragraph 060301.A.

Chapter 7

Paragraph 070103, 070104.B, and 070110. Deletes references to control checks.

Paragraph 070109. Deletes the requirement for a quarterly inventory.

Paragraph 070201. Adds quantity requirements for ordering U. S. Treasury check stock and Treasury check printing order cancellation notification requirements.

Paragraph 070202. Expands the emergency check process guidance for creating emergency check stock and its use under emergency conditions.

Subparagraph 070203.A. Updates the notification procedures for the shipment of Treasury checks by the printing contractor.

Paragraph 070302. Revises paragraph to incorporate Treasury requirements for reporting large disbursements as announced in Transmittal Letter Number 563, dated April 16, 1996.

Chapter 8

Section 0802, figure 8-2. Deletes references to control checks.

Subparagraph 080201.A. Changes the marking for a spoiled check. Spoiled checks no longer are sent to the Treasury Department; therefore, control numbers are no longer needed.

Subparagraphs 080201.B and 080203.C. Reflects the Treasury Department maximum size stipulation for shredded U. S. Treasury checks.

Subparagraph 080203.C.3. Changes the disbursing officer's file retention requirement for the Certificate of Destruction for U. S. Treasury checks.

Subparagraph 080403.A.2. Deletes the requirement to use registered mail for returning undelivered checks to the disbursing officer.

Subparagraph 080506.B. Clarifies some conditions for issuing a recertified check.

Paragraphs 080302, 080507, 080508, subparagraph 080508.B.7, paragraphs 080511, 080512, table 8-1, and table 8-2. Changes information therein necessitated by the Defense Check Reconciliation Module.

Subparagraphs 080508.A and 080705.A. Provides information for obtaining and using a perforated version of the SF 1184 (Unavailable Check Cancellation).

Chapter 9

Sections 0901 and 0902. These two sections are rewritten to reflect the requirement to use the Defense Check Reconciliation Module for check issue reporting.

Subparagraph 090403.B. Includes telephone numbers that cannot be used on check issue summary reports.

Paragraph 090404. The term "OPLOC" (operating location) replaces "FIPC" (financial input processing center) in specifying where Navy and Marine Corps check-issure reports are submitted.

Paragraphs 090405 through 090408. Removes references to control checks.

Chapter 10

Paragraph 100102. Revises paragraph to expand the definition of receipts.

Subparagraph 100105.B. Includes **X6875, deposit fund account, as a valid fund for depositing collections.

Subparagraph 100302.B. Clarifies information on clearing component bills.

Paragraph 100304. Cites the budget clearing account vice the deposit fund account when processing overages.

Paragraph 100307.C. Gives a more specific reference concerning safeguarding collections and supporting documents.

Subparagraph 100401.C. Cites the budget clearing account vice the deposit fund account when processing collections. Also cites provisions for using the Treasury Miscellaneous Receipt Account.

Chapter 11

Paragraph 110101. Specifies that EFT is the prescribed method of payment for all government disbursements within the Department of Defense.

Subparagraph 110102.A. Allows facsimile copies of travel vouchers and supporting documentation to be used in lieu of originals.

Subparagraph 110102.C. Identifies a more specific reference concerning storing vouchers.

Subparagraph 110302.A. Includes the SF 1081 as a form that may be used to disburse funds from the budget clearing account **F3875.

Section 1106. Adds a new section to incorporate Treasury Department requirements for advance reporting of large disbursements by check or EFT, advance reporting of U. S. military EFT payrolls, and daily reporting of EFT payments to vendors.

Section 1107. Adds a new section addressing paying invoices with the government purchase card, currently known as the International Merchant Purchase Authorization Card (IMPAC).

Chapter 12

Paragraph 120101, subparagraphs 120104.B and 120104.C, paragraph 120202, subparagraphs 120203.C and 120203.D, paragraph 120204, and subparagraph 120304.F. Revises these paragraphs to remove references to excess and near-excess currencies. Public Law 101-624

removed the requirement for the Treasury Department to make determinations of excess and near-excess currencies.

Paragraph 120201. Adds new subparagraph 120201.C to provide citation for specific financial policies and procedures prescribed by the USD(C).

Paragraph 120202. Subparagraphs 120202.B and 120202.C deleted. Subparagraph 120202.A renumbered as paragraph 120202.

Subparagraph 120203.A. Revises first sentence to state that consultation with the Treasury Department should be only when there are deviations.

Subparagraph 120203.B. Revises subparagraph to correct the requirement to indicate that all international agreements do not have to be notified to Director for Financial Commerce.

Subparagraph 120203.C. Renumbers subparagraph as paragraph 120204 to align the text with the section.

Subparagraph 120203.D. Renumbers subparagraph as paragraph 120205 to align the text with the section.

Paragraph 120204. Renumbers existing paragraph as subparagraph 120205.E since the delegation falls under the travel and transportation procedures.

Chapter 13

Paragraph 130302. Deletes the reference to excess and near-excess currencies in accordance with Public Law 101-624 which removed the requirement for the Treasury Department to make determinations of excess and near-excess currencies.

Subparagraph 130306.B. Updates the address and phone number for Citibank as it pertains to depositing instruments drawn on foreign banks payable in U. S. dollars through foreign banks.

Paragraph 130309. Revises the handling procedures for mutilated or unfit foreign currency.

Section 1304. Rewrites the entire section to clarify procedures for determining the Treasury Department prevailing rate of exchange for foreign currency. Additionally, deletes figure 13-3 and renumbers former figure 13-4.

Chapter 14

Paragraph 140102. Updates the address and phone number for the Financial Management Service as it pertains to requesting a limited depositary account.

Paragraph 140303. Adds the requirement to review local banking laws and Status of Forces Agreements when mailing checks outside of the country where the limited depositary account is located.

Paragraph 140403 and subparagraph 140403.A. Removes references to control checks.

Chapter 15

Paragraphs 150104 and 150307. Deletes references to excess and near-excess currencies in accordance with Public Law 101-624 which removed the requirement for the Treasury Department to make determinations of excess and near-excess currencies.

Chapter 18

Subparagraph 180201.D. Removes the reference to control checks.

Chapter 19

Subparagraph 190102.A and paragraph 190105. Clarifies when DOs or their primary deputies are required to perform actual cash counts of negotiable instruments.

Subparagraph 190102.C. Adds a new provision to address submission of the DD Form 2665 by deputies, agents, and cashiers at remote locations.

Paragraphs 190104 and 190301. Clarifies that deputies, agents, and cashiers need to submit DD Forms 2665 only for the days during which they transact business.

Subparagraph 190204.H. Clarifies the requirements and procedures for reporting OPAC transactions on the DD Form 2657.

Subparagraph 190305.E. Adds information to clarify that subagent funds are to be included on the DD Form 2665.

Subparagraph 190309.E. Removes the reference to control checks.

Subparagraph 190503.A.6. Clarifies the requirements and procedures for reporting OPAC transactions on the SF 1219.

Subparagraphs 190506.C through 190506.C.4. Deletes these paragraphs because the Summary Report is no longer required.

Section 1906. Adds a new section to incorporate Treasury Department requirements for reporting large deposits and disbursements of military pay, military retired pay, and vendor pay by EFT.

Chapter 20

Paragraphs 200101 and 200204 and subparagraph 200403.G. Specifies that using registered or certified mail is not required when shipping disbursing officer reports and records.

Paragraph 200203 and subparagraph 200303.A. Deletes the reference to registry receipts for disbursing officer reports and records since shipment by registered or certified mail is no longer required.

Paragraph 200301, subparagraphs 200303.B, 200303.C, and 200303.D. Deletes the requirement to submit original vouchers.

Subparagraph 200303.C. Specifies that using registered or certified mail is not required when shipping disbursing officer vouchers.

Paragraphs 200501 and 200502. Changes the requirements for submitting financial reports for Navy disbursing officers.

Subparagraphs 200502.A and 200502.B. Deletes these subparagraphs as no longer applicable due to the change of requirements in paragraph 200502.

Chapter 22

Section 2201. The change directs a shared responsibility when the settlement function for a deactivated disbursing office is transferred between DFAS Centers.

Chapter 23

Paragraph 230402 and subparagraph 230402.C. Deletes references to excess and near excess currencies in accordance with Public Law 101-624 which removed the requirement for the Treasury to make determinations of excess and near-excess currencies.

Subparagraph 231001.E. Removes the requirement that military personnel must submit requests for release of savings bonds over an original signature only.

Chapter 24

Section 2402. Extensively updates the information on EFT. Paragraph 240201 is rewritten. New paragraph 240202 provides the implementing guidance to administer the DoD financial policy for mandatory EFT of all Federal payments. Former paragraph 240202 is renumbered as 240203. A new paragraph, 240204, is added to incorporate Treasury Department requirements for advance reporting of large disbursements by EFT. Former paragraph 240203 is renumbered as 240205 and additional mandatory EFT guidance is added. Lastly, another new paragraph, 240206, is added providing procedures to account for EFT payments that are returned by financial institutions.

Paragraph 240301. Updates the paragraph to reflect the new payment guidelines for vendors.

Section 2404. Adds a new section Government Purchase Cards.

Section 2405. Renumbers former section 2404 which is retitled Plastic Card Collections. The information therein is revised in its entirety.

Section 2406. Renumbers former section 2405.

Section 2407. Renumbers former section 2406 and updates the entire section concerning instructions and procedures for OPAC.

Chapter 25

Changes made throughout the chapter to reflect the transfer of General Accounting Office functions in regards to determining the responsible office for claims advance decisions, requests for relief of liability and waivers.

Chapter 26

Rewrites entire chapter to reflect substantial changes in the Automated Teller Machine (ATM) system.

Chapter 27

Changes made throughout the chapter to reflect changes in the ATM system.

Chapter 28

Paragraph 280101. Corrects reference to sovereign debt collection procedures.

Paragraph 280217. Adds additional information on collecting delinquent debts. Also adds a reference to the new figure 28-1.

Chapter 29

Section 2901. Adds new section which reiterates the applicability of the debt management procedures. Renumbers the rest of the chapter accordingly.

Subparagraph 290203.I. Deletes former subparagraph 290203.I and renumbers 290203.J.

Paragraph 290301. Clarifies the use of financial statements within the debt record.

Chapter 30

Section 3001. Adds new section which reiterates the applicability of the debt management procedures. Renumbers the rest of the chapter accordingly.

Paragraphs 300205, 200206, and 300405. Revises procedures for processing salary offsets for debts.

Paragraphs 300404, 300501, and 300503. Eliminates redundant procedures concerning validation and confirmation of debts by a DoD Component, or other federal agency, from which salary offset was requested.

Chapter 31

Section 3101. Adds new section which reiterates the applicability of the debt management procedures. Renumbers the rest of the chapter accordingly.

Paragraphs 310102, 310107, 310203, and 310204. Changes the word "will" to "may" in each instance concerning compromise or suspension of debt.

Paragraph 310303 and subparagraph 310303.C. Revises some information on debt close out.

Chapter 32

Section 3201. Adds new section which reiterates the applicability of the debt management procedures. Renumbers the rest of the chapter accordingly.

Appendix A

Subparagraphs A.2.f, A.2.g, B.4, B.4, B.15.a through B.15.g and C.4. Revises information therein to reflect the changes in the ATM system.

Appendix B

Adds a new address for the Head Office of the Federal Reserve Bank of New York.

Updates the information for the Jacksonville, FL branch of the Atlanta Federal Reserve.

Appendix C

Paragraph D and subparagraph E.3. Updates information due to the transfer of General Accounting Office functions in regards to determining the responsible office for claims advance decisions, requests for relief of liability and waivers.

Appendix D

Adds a new appendix, Navy Disbursing Operations, addressing Navy-unique disbursing functions.

Appendix E

Add a new appendix identifying the responsible offices for claims, advance decisions, requests for relief of liability and waivers.

REFERENCES

(a) DoD Instruction 7000.14, "DoD Financial Management Policy and Procedures," November 15, 1992

(b) Title 10, United States Code, sections as follows"
- 113, Secretary of Defense
- 2773, Designation, powers, and accountability of deputy disbursing officers
- 2396(b), Public Law 97-295, October 12, 1982
- 2775, Liability of Member for Damages to Family Housing, Equipment, and Furnishing"
- 2109, Practical Military Training
- 2252, Rewards: missing property
- 1053 and 1594, Reimbursement for financial institution charges incurred because of Government error in direct deposit of pay
- 101(a), Definitions
- 688, Retired members: authority to order to active duty;duties
- 12301(a), Reserve components generally
- 12302, Ready Reserve
- 12304, Selected Reserve and certain Individual Ready Reserve members; order to active duty other than during war or national emergency
- 12305, Authority of President to suspend certain laws relating to promotion, retirement, and separation
- 12406, National Guard in Federal service, call

(c) DoD Directive 5118.5, "Defense Finance and Accounting Service," November 26, 1990

(d) DoD Directive 5118.3, "Under Secretary of Defense (Comptroller)(USD(C))/Chief Financial Officer (CFO), Department of Defense," January 6, 1997

(e) Title 31, United States Code, sections as follows"
- 3527, General authority to relieve accountable officials and agents from liability
- 1346, Commissions, councils, boards, and interagency and similar groups
- 3341, Sale of Government warrants, checks, drafts, and obligations
- 3324, Advances
- 3332, Checks payable to financial organizations designated by Government officers and employees
- 3702, Authority of the Comptroller General to settle claims
- 3728, Setoff against judgment
- 3342, Check cashing and exchange transactions
- 3717, Interest and penalty on claims
- 3302, Custodians of money
- 3526, Settlement of accounts
- 3303, Designation of depositaries
- 5114, Engraving and printing currency and security documents
- 3529, Requests for decisions of the Comptroller General
- 9305, Surety corporations acting outside area of incorporation and place of principal office
- 3711, Collection and compromise

3716, Administrative offset
3718, Contracts for collection services
3729, False claims
3730, Civil actions for false claims
3731, False claims procedures
3328, Paying checks and drafts
3720A, Reduction of tax refund by amount of debt
3726, Payment for transportation
3321, Disbursing authority in the executive branch
3325, Vouchers
3528, Responsibilities and relief from liability of certifying officials
9305, Surety corporations acting outside area of incorporation and place of principle office to:
9306, Surety corporations acting outside area of incorporation and place of principle office"

(f) Title 26, United States Code, section 6331, "Internal Revenue Code"
(g) Public Law 95-598, "Bankruptcy Reform Act of 1978"
(h) Public Law 93-647, "(which amended the Social Security Act, section 459 (42 U.S.C. 659))"
(i) Title 18, United States Code, sections as follows"
653, Disbursing officer misusing public funds
1001, Statements or entries generally
286, Conspiracy to defraud the Government with respect to claims
287, False, fictitious or fraudulent claims"
(j) Title 5, United States Code, sections and chapters as follows"
5512, Withholding pay; individuals in arrears
5514, Installment deductions for indebtedness because of erroneous payment
5705, Advancements and deductions
Chapter 75, Adverse actions"
5703, Per Diem travel, and transportation expenses; experts and consultants; individuals serving without pay
(k) Title 28, United States Code, sections as follows"
2514, Forfeiture of fraudulent claims
2451, Time for commencing actions brought by the United States"
(l) 41 Comptroller General Decision 285
(m) Department of the Treasury Financial Manual for Guidance of Departments and Agencies, Volume I
(n) U.S. General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies
(o) Federal Acquisition Regulation
(p) Title 31, Code of Federal Regulations, "Money and Finance, Treasury,"
Part 202,
Part 245, section 245.8
Part 248, section 248.2
Part 208.3(c)

Part 206

(q) DoD Directive 5530.3, "International Agreements," June 11, 1987
(r) Comptroller General Decision B-239483.2 of July 8, 1991
(s) Expedited Funds Availability Act of September 1, 1988
(t) Title 40, United States Code, sections as follows"
721, Rules and regulations for shipment of valuables
722, Fund for losses; appropriations
723, Claim for replacement
724, Government evidence of indebtedness held by Post Office Department or Postal Service while agent for Treasury Department
275, Agreements of indemnity
726, Purchase of insurance
729, Definitions"
(u) Comptroller General Decision B-151156 of December 30, 1963
(v) Comptroller General Decision B-244972 of October 22, 1991
(w) Treasury Department Circular 655 of July 9, 1980
(x) Public Law 100-86, "The Competitive Equality Banking Act of 1987"
(y) Department of the Treasury Financial Manual, Bulletin 90-03
(z) Comptroller General Decision B-242666 of August 31, 1993
(aa) 65 Comptroller General Decision 812
(ab) Comptroller General Decision B-244431.5 of August 23, 1995
(ac) Treasury Department Circular 154
(ad) DoD Directive 4500.9, "Transportation and Traffic Management Directive," January 26, 1989
(ae) General Accounting Office Guidelines for Implementation of Section 5, "International Air Transportation Fair Competitive Practices Act of 1974," Comptroller General Decision B-138942 of June 20, 1975
(af) Comptroller General Decision B-184136 of August 17, 1975
(ag) DoD Instruction 2110.31, "Contributions by Foreign Governments for Administrative and Operating Expenses of Military Assistance Programs", April 10, 1967
(ah) American National Standards Institute, Standard No. X12, "Electronic Data Interchange," current edition
(ai) American National Standards Institute, Standard No. X9.9, "American National Standard for Financial Institution Message Authentication," current edition
(aj) Public Law 104-134, "Debt Collection Improvement Act of 1996
(ak) Title 48, Code of Federal Regulations, "Federal Acquisition Regulation"
(al) Defense Federal Acquisition Regulation Supplement
(am) Defense Finance and Accounting Service Regulation 005, "Delegating Statutory Authority", April 5, 1991
(an) 57 Comptroller General Decision 664
(ao) DoD Manual 4525.6-M, "DoD Postal Manual," Volume I - December 1989, Volume II - February 1987
(ap) Section 206, Executive Order No. 11222, May 8, 1955, 30 FR 6469
(aq) General Accounting Office Federal Claims Collection Standards, chapter II (4 CFR Parts 101, 102, 104, and 105; and 49 FR 8889, March 9, 1984)

(ar) Title 37, United States Code, sections as follows"
101(25), Definitions
1007, Deductions from Pay"
(as) Ship's Store Afloat Manual (NAVSUP P-487)
(at) Naval Supply Systems Command Manual
(au) Food Service Management Manual (NAVSUP P-486)
(av) Defense Finance and Accounting Service-Cleveland Center, Pay Procedures Manual
(aw) Navy Supply Acquisition Regulation Supplement (SUPARS)
(ax) Joint Travel Regulations, Volume 2
(ay) Joint Federal Travel Regulations
(az) Food Service Management Officers' Quarters and Messes Afloat and Chief Petty Officers' Messes Afloat Manual, Volume II
(ba) Chief of Naval Education and Training Instruction 1560.3
(bb) Chief of Naval Operations Instruction 4950.1
(bc) DoD Directive 5105.38, "Defense Security Assistance Agency (DSAA)," August 10, 1978
(bd) Naval Medical Command Instruction 6320.1
(be) Afloat Supply Procedures Manual (NAVSUP P-485)
(bf) Secretary of the Navy Instruction 5305.2
(bg) Federal Insurance Contributions Act of August 16, 1954, as amended (26 U.S.C. 3101)
(bh) Department of Defense 4525.6-M, Single Manager for Military Postal Service
(bi) Chief of Naval Operations Instruction 5112.6
(bj) Department of Defense 4160.21-M, Defense Utilization and Disposal Manual, September 1982
(bk) Treasury Department Circular 530
(bl) Treasury Department Circular 750
(bm) Treasury Department Circular 176
(bn) Public Law 103-94, "Hatch Act Reform Amendments"
(bo) Title 7, United States Code, section 1704, "Agricultural Trade Development and Assistance Act of 1954"
★(bp) National Archives and Records Administration General Records Schedule 6

DEFINITIONS

1. Accommodation Exchange. The exchange of Treasury checks or U.S. dollar instruments for U.S. dollars (i.e. check cashing). Also, the exchange of U.S. dollars or dollar instruments for foreign currency for the convenience of authorized personnel, or where permitted, the exchange of foreign currencies for U.S. dollars or dollar instruments.

★2. Accountable Individual. As used in this Volume, the term "Accountable Individual" includes all personnel, whether military or civilian, who are certifying officers, accountable officials as defined in chapter 33, and disbursing officers. The term also includes deputy disbursing officers, agents, cashiers and other employees who by virtue of their employment are responsible for or have custody of government funds.

3. Administrative Hearing. In this context, the examination of debt documentation done in lieu of an oral hearing. Administrative hearings will be made by hearing officials who have been authorized to hold hearings for debts being reviewed.

4. Administrative Offset. In this context, the withholding of money payable by the United States to, or held by the United States for, a debtor to satisfy a debt the debtor owes the United States. Administrative offset includes offset from salary (pay).

5. Agent (of a Disbursing Officer). An individual who is acting under a formal letter of appointment from the disbursing officer. Agents are not authorized to sign U.S. Treasury checks. The duties of an agent usually consist of making cash payments and collections, performing check cashing services, and preparation of financial documents. Agents may be authorized to sign such other official documents attesting to transactions made by the agent as specifically designated in the appointment. In certain instances, the DFAS Centers may approve Treasury check issue authority for a disbursing agent who meets the minimum qualification requirements of a deputy disbursing officer and who is, in fact, appointed as a deputy.

6. Annuity. An annuity is the monthly benefit payable to an annuitant or survivor annuitant.

7. Authorized Personnel. All individuals authorized to purchase goods, supplies, and services from facilities controlled or sponsored by the U.S. Government that operate in a designated military payment certificate (MPC) area. U.S. Government facilities and personnel authorized to hold and use MPCs are categorized in Military Department and Combatant Command regulations. Encompasses all military and civilian personnel under the jurisdiction of the Department of Defense as well as authorized dependents either collocated with sponsors or located at safehaven areas during emergency evacuations.

8. Automated Teller Machines at Sea. A pay delivery system aboard Naval vessels that accepts an electronic transfer of net pay and allowances due to each account holder. The funds are then delivered at various machines located throughout the vessel.

9. Basic Agreement. An intergovernmental agreement negotiated with the government of a friendly nation that states, in general terms, the policies of Public Law 89-265, and authorizes the implementation of those provisions by mutual consent.

10. Canceled Check

a. Available Check. A check which is in the possession of the disbursing officer and is canceled due to non-entitlement or because it is mutilated or undeliverable.

b. Unavailable Check. A properly vouchered and issued check which is not held by the disbursing officer or payee (not received by payee, lost, or destroyed).

c. Mass Canceled Check. A Treasury check issued prior to October 1, 1989, which was automatically canceled by the Treasury Department if not cashed by October 1, 1990.

d. Limited Payability Canceled Check. A Treasury check issued on or after October 1, 1989 which is automatically canceled by the Treasury Department if not cashed within 12 months from the date of issue.

11. Cancellation. The process whereby an issued check that has not been presented for payment is put in a paid status in the Treasury Department's Check Payment and Reconciliation System.

12. Ca$h-Link Identification Number. A nine-digit identification number used by the Federal Reserve Banks (FRB) and their branches as a part of their deposit reporting and cash concentration system. All deposits to an FRB or branch must indicate this nine-digit identification number in block 3 of the deposit ticket instead of the disbursing station symbol number. The identification number is derived by adding four leading zeroes to the symbol number and calculating a check-digit for the ninth position.

13. Cashier. A cashier can be a military member or DoD civilian employee designated by the disbursing officer to perform duties involving the handling of public funds. The recruitment, screening, and selection of persons for cashier positions should be accomplished with primary regard to the sensitive nature of the position.

14. Certificated Air Carrier. A U.S. air carrier that has been issued a certificate of public convenience and necessity under the provisions of Title 49, United States Code, section 1371.

★15. Certifying Officer. An individual designated to attest to the correctness of statements, facts, accounts, and amounts appearing on a voucher, or other documents. A certifying officer is pecuniarily liable for payments in accordance with 31 U.S.C. 3528.

16. Change Fund Custodian. A change fund custodian operates from an appropriated fund sales activity (e.g., dining hall, hospital, commissary) and is responsible for safeguarding the funds provided and may be held pecuniarily liable for any loss of the change fund.

17. Check Issue Discrepancies

a. General. A check issue discrepancy occurs when the issue amount reported by the disbursing office differs from the amount for which the check actually was issued as evidenced by the printed amount on the check itself when presented for payment.

b. Check Issue Overdraft

(1) Treasury Check. A check issue overdraft occurs when the amount printed on a check and paid by the Treasury is greater than the issue amount of that check as reported by the DO on the check issue report. A check issue overdraft also occurs when the amount printed on a check and paid by the Treasury is greater than the amount due as shown on the payment voucher.

(2) Limited Depositary Check. A check issue overdraft occurs when the amount printed on a check and paid by the Limited Depositary bank is greater than the issue amount of that check as reported by the DO on the check issue report. A check issue overdraft also occurs when the amount printed on a check and paid by the Limited Depositary bank is greater than the amount due as shown on the payment voucher.

a. Check Issue Underdraft

(1) Treasury Check. A check issue underdraft occurs when the amount printed on the check and paid by the Treasury is less than the issue amount of that check as reported by the DO on the check issue report. A check issue underdraft also occurs when the amount printed on a check and paid by the Treasury is less than the amount due as shown on the payment voucher.

(2) Limited Depositary Check. A check issue underdraft occurs when the amount printed on the check and paid by the Limited Depositary bank is less than the issue amount of that check as reported by the DO on the check issue report. A check issue underdraft also occurs when the amount printed on a check and paid by the Limited Depositary bank is less than the amount due as shown on the payment voucher.

18. Check Status Inquiry. An inquiry by a government agency as to the payment status of a check or a request for a copy of a check.

19. Claimability. The length of time a payee can present a claim of non-receipt, loss, or theft of a U.S. Treasury check to a government agency. Claims continue to be valid on an underlying obligation until expiration of the statute of limitations, normally for 6 years. If the payee's right to entitlement to funds has expired, the claim is denied.

20. Coin. Metallic specie representing either U.S. dollars and foreign currency units, fractional amounts, or multiples thereof.

21. Collection Agent. A collection agent is an individual who has been designated to perform duties relating to the collection of official funds, including funds held as safekeeping deposits, at a point other than a disbursing office. The individual designated as a collection agent must perform the collection duties under the general supervision of and as prescribed by the appointing officer. Responsibility for duties and functions should be segregated between receipt of funds, recordkeeping, determination of amount owed, and making demands on the debtor, so as to minimize opportunities for unauthorized, fraudulent, or otherwise irregular acts. Collection agents should not be involved with billing or accounting for funds received. Additionally, disbursing office personnel will not be designated as collection agents. A collection agent is appointed by the local commander.

22. Collections. All acquisitions of U.S. and foreign currencies except those acquired by the United States through purchase with dollars or accommodation exchange transactions.

★23. Commander. The term "Commander" as used in this Volume refers to a commander-in-chief, base or installation commander, commanding officer, officer-in-charge, director of the servicing DFAS Center, United States Property and Fiscal Officer (National Guard), or equivalent civilian head within the chain of command of the activity or individual concerned.

24. Consent. A term which means that a debtor has agreed to salary or administrative offset. Consent may be implied or in writing.

25. Continental United States (CONUS). Unless otherwise qualified, this term means the 48 contiguous states and the District of Columbia.

26. Contingency. As designated by the Chairman, Joint Chiefs of Staff (CJCS), an emergency involving military forces caused by natural disasters, terrorists, subversions, or by required military operations. Due to the uncertainty of the situation, contingencies require plans, rapid response, and special procedures to ensure the safety and readiness of personnel, installations, and equipment.

★27. Contingency Operation. A military operation designated by the Secretary of Defense in which members of the Armed Forces are or may become involved in military actions, operations, or hostilities against an enemy of the United States or against an opposing military force; or results in the call or order to, or retention on, active duty of members of the Uniformed Services under section 688, 12301(a), 12302, 12304, 12305, or 12406 of Title 10, chapter 15 of Title 10, or any other provision of law during a war or during a national emergency declared by the President or the Congress.

28. Contributed Currencies. Refers to currencies made available to the United States by foreign governments for administrative expenses of the Security Assistance Program in accordance with mutual security bilateral agreements.

★29. Control Check. A check without a preprinted serial number used to replace prenumbered check stock that is spoiled for any reason. Control checks are numbered in the bottom center with a control number. Authority to issue control checks terminated effective September 30, 1997.

30. Convening Authority. This term as used in appendix C, and the term "commander" as used in Chapter 6, in relation to the authority to appoint an investigating officer(s) or board(s) of officers to conduct investigations of losses of funds are synonymous. The "commander/convening authority" responsible for appointing an officer(s) or board(s) of officers to conduct investigations for losses of funds is the commander in the disbursing officer's chain-of-command who has command authority over all accountable individuals involved in a fiscal irregularity.

31. Country Use Currency. Currency in the custody of the participating foreign government which may be expended under mutual agreements for loans and grants within the country involved and is not controlled under the dollar appropriation process.

32. Credit Card Collections. A government-wide network established by the Treasury Department to enable the federal government to accept credit cards from the public to collect payment for sales, services, debts, etc.

33. Creditor Component or Agency. Any DoD Component, federal agency, or other official organization owed money or property.

34. Currency. Paper money in the form of U.S. dollars, foreign banknotes, and military payment certificates.

★35. Currency Use Payments (CUP). Foreign currency comprising a part of the purchase price of U.S. products or services (most generally U.S. surplus agricultural commodities) that, by agreement between the two nations, will remain in that country and be spent by that country.

36. Current Limited Depositary Check. A check unpaid and outstanding against the Limited Depositary checking account for any time less than one full fiscal year after the fiscal year in which the check was issued.

37. Debt. Any debt is any amount of money or any property owed to a DoD Component by any person, organization, or entity except another U. S. Government agency. Debts include insured or guaranteed loans and any other amounts due from fees, leases, rents, royalties, services, sales of real or personal property, or overpayments, penalties, damages, interest, fines and forfeitures, and all other claims and similar sources. Delays in processing employee elected coverage or a change in coverage under federal benefits programs and delays in processing ministerial adjustments are not normally considered debts if processing delays did not exceed 2 monthly or 4 biweekly pay periods. Fines and forfeitures arising under the Uniform Code of Military Justice are not subject to the due process provisions of this regulation. Amounts due a nonappropriated fund instrumentality are not debts owed the United States unless specifically included by this regulation.

38. Debt Compromise. The settlement of a debt for less than the full amount owed.

39. Default. The result when a debtor fails to make a debt payment by the due date.

★40. Delinquent Debt. The result if, after any dispute over the examination or amount of the Government's claim has been resolved administratively, it has not been paid by the due date specified in the initial demand letter, normally within 30 days, unless other satisfactory payment arrangements have been made by that date. A debt is delinquent any time thereafter if a debtor fails to satisfy obligations under a payment agreement. After receipt of that initial letter, there is a debt or claim, however, that debt would not be considered delinquent until any dispute over the existence or amount of the Government's claim has been resolved administratively and the claim is not paid by the specified due date.

41. Deposits-In-Transit System. A Treasury Department system that identifies, notifies, and possibly charges or credits disbursing officer (or bank) deposit discrepancies back to the disbursing officer.

42. Deputy Disbursing Officer. An individual appointed by the disbursing officer to act in the name of and for that disbursing officer to perform any and all acts relating to the receipt, disbursement, custody, and accounting for public funds. The disbursing officer making the appointment may restrict the acts a deputy is authorized to perform.

43. Direct Deposit System. Refers to the Electronic Funds Transfer of net pay and allowances, travel, and savings allotments for civilian or military personnel to their personal bank account. For military personnel, dependent's allotments may also be included.

44. Disbursing Agent. An agent to the disbursing officer that has not been appointed as a deputy disbursing officer. Generally, a disbursing agent operates a permanently located disbursing office of considerable size that is geographically separated from the disbursing officer's office, however the use of disbursing agents is not restricted to geographic separation from the DO.

45. Disbursing Office. An activity or the organizational unit of an activity whose principal function consists of the disbursement and collection of public funds. The term "disbursing office" includes both tactical and non-tactical disbursing activities. Each disbursing office will have a disbursing officer and at least one deputy position. Disbursing offices within DoD formerly were referred to as Finance and Accounting Offices (FAO), Accounting and Finance Offices (AFO), and Finance Offices (FO).

46. Disbursing Officer (DO). A military member or a civilian employee of a DoD Component designated to disburse moneys and render accounts according to laws and regulations governing the disbursement of public moneys.

★47. Disbursing Station Symbol Number (DSSN). A four-digit number assigned to each disbursing office by the Treasury Department. The DSSN is an identification number that indicates authority to receive and disburse public funds and issue checks on the United States Treasury.

48. Dishonored Instrument. Any negotiable instrument (other than a Treasury check) that becomes dishonored (returned by a depositary) for any reason.

49. Disposable Pay. That amount which remains after pay (salary) is reduced by amounts which are:

a. required by law to be deducted;

b. properly withheld for federal, state, and local income taxes;

c. deducted as health insurance premiums;

d. deducted as normal retirement contributions; and

e. deducted as normal life insurance premiums.

50. Doctrine of Laches. A legal term that is based upon neglect or omission to do what one should, thus warranting presumption that one has abandoned right or claim. That is, if a payee neglects or fails to file a timely request, the payor can presume that the payee has abandoned the claim.

★51. DoD Activity. As used in this volume, this term refers to a ship, camp, post, station, base, activity, unit, installation, or facility operating within the Department of Defense.

52. DoD Component. Includes the Office of the Secretary of Defense; the Chairman, Joint Chiefs of Staff and the Joint Staff; the Inspector General of the Department of Defense; the Military Departments including the Coast Guard when assigned to the Department of the Navy; Defense Agencies; DoD Field Activities; the Combatant Commands; the Uniformed Services University of the Health Sciences; and, all non-appropriated fund instrumentalities.

53. Duplicate Check. Two checks issued by the same DSSN with the same serial number.

54. Electronic Certification. An automated function that permits the secure, accurate, and rapid communication and certification of payment data. Electronic certification eliminates the highly labor-intensive processing of paper documents and allows DoD Components to generate and certify voucher schedules on microcomputers, and transmit the data over telephone lines. Payments are verified and accepted using message authentication technology.

55. Electronic Commerce. A wide range of financial functions which are performed using data communications techniques.

56. Electronic Data Interchange (EDI). The exchange of standardized information between business partners typically communicated electronically between computers. It is DoD policy that DoD Component EDI applications shall conform to the American National Standards Institute (ANSI), Accredited Standards Committee (ASC) X12 standard.

★57. Electronic Funds Transfer (EFT). Transfer of funds, other than a transaction originated by cash, check, or similar paper instrument that is initiated through an electronic terminal, telephone,

computer, or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution or authorized payment agent to debit or credit an account. The term includes, but is not limited to, automated clearing house transfers, Fedwire transfers, and transfers made at automated teller machines and point-of-sale (POS) terminals. The Automated Clearing House (ACH) network has consumer and corporate formats. The Department of the Treasury has determined that payments made by government-sponsored charge card are to be considered EFT.

58. Emergency Condition. Any situation resulting from war, armed aggression, or other hostilities against U.S. personnel or interests; and sudden, extensive natural or manmade disasters.

59. Employee. Employees are current or retired civilians paid from appropriated funds.

60. Exchange-for-Cash Check. A check issued by a disbursing officer to obtain cash funds for disbursements or in exchange for cash for official or accommodation purposes.

★61. Facsimile Signature. An impression of a signature made by a rubber stamp and authenticated by the initials of the certifying officer or the designated individual. A facsimile signature may also be a metal plate or other mechanical contrivance.

★62. Financial Electronic Data Interchange (FEDI). The Debt Collection Improvement Act of 1996 requires most government payments to be made by EFT beginning January 1, 1999. The term Financial Electronic Date Interchange refers to the electronic transfer of payments, payment related information (advice of payment) or other financial documents in a standardized computer-readable format. The payment information is usually provided through the use of EDI transaction sites and may accompany the EFT payment or be sent separately and reassociated to the payment by the payee.

63. Foreign Currency Fund Account.. Accounts established for recording foreign currency acquired without payment of U.S. dollars abroad and which may be expended with or without charge to dollar appropriations. The short title for these accounts is "FT" accounts.

64. Foreign Exchange. Identifies the conversion (exchange) of foreign currencies; i.e., the legal monetary unit of a foreign nation and negotiable instruments, such as travelers checks, money orders, and bank drafts, payable in such monetary units.

65. Fraudulent Claim. Any claim against the government involving the presentation of false information, or misrepresentation on the part of a claimant or any other party having an interest in a claim.

66. Functional Area. Each individual element of a disbursing office (also known as subject matter areas) responsible for specific types of transactions. For example: Accounts Control; Travel; Military Pay; Commercial Services; Civilian Pay; or Fiscal.

67. General Depositary. The financial institution (also called Treasury's General Account (TGA) Depositaries) designated by the Treasury Department to accept deposits of cash and checks from specifically authorized disbursing officers.

68. Holder-in-Due-Course. A person, financial institution, or business other than the original payee who, in good faith, takes possession of a check through endorsement. A claim to payment by a holder-in-due-course will be honored, even if the original payee is not due or entitled to the check.

69. Illegal, Incorrect, or Improper Payment. An illegal, incorrect, or improper payment is defined as:

a. an overpayment of a payee;

b. two or more payments to a payee for the same entitlement;

c. a payment to the wrong payee;

d. a U.S. Treasury check issue over-draft (in some instances);

e. a negotiation of both the original and a substitute U.S. Treasury check;

f. a negotiation of both the original and a recertified U.S. Treasury check;

g. any payment based on fraudulent, forged, or altered documents prepared or presented by individuals who do not work in the disbursing office; or

h. a payment made in violation of a regulation.

★70. Imprest Fund. A cash fund of a fixed amount established by an advance of funds, with or without charge to an appropriation, from a disbursing officer to a duly appointed cashier, for disbursement as needed in making cash payment for relatively small purchases.

71. Imprest Fund Cashier. An individual appointed by the local commander to make authorized cash payments for materials or services. An imprest fund cashier is required to maintain custody of public funds and to file periodic vouchers to account for and replenish the imprest fund. Disbursing personnel are not eligible for appointment as imprest fund cashiers.

72. Irregularity in a Disbursing Officer's Account. Denotes any action (or lack thereof), event, practice, or circumstance that causes an out of balance condition in the financial accountability to the United States of the disbursing officer and/or deputies, agents, and cashiers to whom public funds have been entrusted.

73. Limited Depositary. A U.S. or foreign commercial bank designated by the Treasury Department to receive deposits from disbursing officers for credit to their official limited depositary checking accounts.

74. Limited Depositary Account. A checking account in a foreign currency maintained in a limited depositary by a disbursing officer in his or her name. Limited depositary accounts also may be referred to as operating accounts.

75. Lockbox. A collection and processing service provided by a financial institution to accelerate cash flow to Treasury's General Account (TGA).

76. Member. Military personnel on active duty or retired (including those receiving retainer pay) from active duty in a Military Service and Reserve Component personnel on active duty or retired.

77. Military Payment Certificate (MPC). An instrument (scrip) denominated in U.S. dollars that is used as the official medium of exchange at U.S. military establishments in overseas areas that are designated as "MPC Areas." MPCs are implemented, circulated, converted, withdrawn, and accounted for by series number. The notes of each MPC series have distinctive designs, colors, symbols, and numbering with each denomination ($1.00, $5.00, $10.00 and $20.00) within a series being a different color. Each note shall bear the statement "For use only in U.S. military establishments by U.S.-authorized personnel in accordance with applicable rules and regulations" and shall contain special coding or markings to verify its authenticity.

78. Military Payment Certificate (MPC) Area. A particular foreign country or other geographic or geopolitical area that has been officially designated as such by the USD(C).

79. Military Payment Certificate (MPC) Conversion. The authorized withdrawal of an MPC series currently in circulation as legal tender and the concomitant introduction and designation of a new MPC series as legal tender.

80. Military Payment Certificate (MPC) Reserve Series. MPCs of a series physically available but not placed in circulation as legal tender.

81. Military Post Office Addresses. Military post office addresses (APO and FPO) are required to be compatible with automated mail processing. The next to the bottom line will show a "Unit" or "Postal Service Center" number followed by a box number (if appropriate). This line will equate to the U.S. Postal Service's standard street address and apartment number format. The bottom line is required to be compatible with the U.S. Postal Service's standard city, state, ZIP Code format.

a. APO and FPO replaces the "city" name.

b. The "state" abbreviation is shown below.

(1) AE is the state designator for military post offices located in Canada, Europe, Africa, and the Middle East. For example, APO New York is now APO AE and FPO New York is FPO AE.

(2) AA is the state designator for military post offices located in Central and South America. For example, APO Miami is now APO AA and FPO Miami is FPO AA.

(3) AP is the state designator for military post offices located in Alaska and the Pacific area. For example, APO San Francisco and APO Seattle are now APO AP and FPO San Francisco and FPO Seattle are FPO AP.

82. Ministerial Adjustment. Any non-discretionary pay adjustment such as an adjustment prescribed by statute or regulation.

83. Non-tactical Disbursing Activity. Any disbursing activity permanently assigned to a post, camp, station, base, etc., and not subject to mobilization or deployment.

84. Officer or Military Officer. Includes all commissioned and warrant officers (appointed officers) of the Uniformed Services.

★85. On-Line Payment and Collection System (OPAC). An automated intragovernmental system, operated by the Treasury Department, and used for billing services and supplies.

★ a. OPAC Adjustments. A reversal of a transaction by the receiving agency up to but not to exceed the amount of the original transaction. Receiving agencies cannot reject OPAC transactions that have been processed by the Treasury Department. Adjustments are reported in the accounting month in which they are processed in OPAC.

★ b. OPAC Billing Agency. Generally, the agency originating a collection or receiving a payment transaction. NOTE: In the Treasury Department's Disbursing and Adjustment menu screens, the billing agency location code (ALC) represents the originator of the transaction.

★ c. OPAC Corrections. Refers to erroneous reporting on the SF 1219 (Statement of Accountability). The error can be caused by amounts being over or understated or by the failure of an agency to record the transaction in the proper month of accountability.

★ d. OPAC Customer Agency. The agency originating a payment or receiving a collection transaction. NOTE: In the Treasury Department's Disbursing menu screen, the customer ALC represents the agency receiving the transaction. In the Treasury Department's Adjustment menu screen, the Billing ALC of Original Bill field represents the agency receiving the adjustment transaction.

★86. Operating Location. A DFAS location within the United States under the command and control of a DFAS Center, performing finance and accounting functions in support of consolidation. Operating locations were established to house the consolidation efforts, missions, and functions of over 300 former defense accounting offices into a reduced number of locations.

87. Oral Hearing. An informal oral proceeding held by a hearing official with representatives of the creditor agency, the debtor or representative, and witnesses present.

★88. Original Signature. A manual signature in permanent dark blue, blue-black, or black ink.

89. Out of Service Debtor. A former civilian employee, a former member of the Armed Forces, or any other individual who is not receiving any compensation from the federal government.

90. Outstanding Check. A check is identified as outstanding when the Treasury Check Payment and Reconciliation (CP&R) system has the check recorded as issued but not paid.

91. Overage of Funds. Funds held in an amount greater than the amount shown to be on hand by the daily accountability records.

92. Overseas. For purposes of this Regulation, any area located outside the states of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

93. Paid Status. A check is identified as paid when it has been presented to the U.S. Treasury for payment through the banking system, reported as a void (zero value issue), or when it has been canceled.

94. Pay (Salary). In this Regulation, pay and salary have the same meaning. They include basic, special, incentive, retired, or retainer pay, consultant's fees, and any other authorized pay and allowances.

95. Pay Period. Pay periods are normally biweekly for civilians working for federal agencies; monthly for active duty military personnel and all retirees;or periodically based on completion of active or inactive duty for training for Reserve personnel.

96. Payability. The length of time a U.S. Treasury check can be negotiated.

97. Paying Agency. The DoD Component or other federal agency authorizing or disbursing payment.

98. Paying Agent. A military member or DoD civilian employee appointed by the commander to act as an agent of a disbursing officer. The purpose of a paying agent is to make specific payments, currency conversions, or check cashing transactions from funds temporarily advanced to the agent by the disbursing officer. Paying agents are individuals whose regular duties do not involve disbursing functions and who are not organizationally located in the disbursing office. They are appointed to the position of paying agent as a collateral duty and will be under the exclusive supervision of the disbursing officer in all matters concerning custody and disposition of funds advanced to them. They will comply with all instructions and regulations pertaining to their paying agent duties as issued by the disbursing officer. All payments or currency conversions made by a paying agent are made for and in the name of the disbursing officer making the appointment. Funds advanced to a paying agent are held at personal risk by the paying agent and must be accounted for to the disbursing officer immediately upon completion of the transaction(s) for which advanced.

★99. Physical Loss of Funds. A physical loss of funds is defined as:

a. a loss of official cash by theft, embezzlement, unexplained disappearance, or cash handling errors;

b. a loss of paid vouchers and/or negotiable instruments from a disbursing office;

c. a loss of an official deposit en route from a disbursing office to a depositary or after confirmation by a depositary;

d. any payment based on fraudulent, forged, or altered documents prepared or presented by individuals, both accountable and non-accountable disbursing personnel, who work in the disbursing office;

e. a loss or theft of cash from an imprest fund;

f. a failure to obtain (or loss of) official receipts and/or documents representing cash;

g. a loss or destruction by fire, accident, or natural disaster;

h. stale or unidentifiable DO suspense account charges (DITS); or

i. losses associated with counterfeit currency transactions.

100. Prevailing Rate of Exchange. The most favorable rate that would be legally available to the U.S. Government for the acquisition of foreign currencies for its official expenditures and accommodation exchange transactions.

101. Recertified Check Payment. A replacement payment using a U.S. Treasury check bearing a different check serial number from the original check. A recertified check may be issued to replace any lost, stolen, or destroyed original check (except holder-in-due-course), regardless of the disbursement purpose (e.g., pay, travel, or vendor payment).

102. Reconsideration. A creditor organization review of the written debt record. The review will consider debtors' submissions and will result in a new determination as to debt validity and amount and propriety of an offset schedule established other than by agreement with a debtor.

103. Recovered Check. An original check which is returned to, or recovered by, the disbursing officer after it has been canceled by submission of an SF 1184 (Unavailable Check Cancellation). A recovered check can also be a recertified check which is returned to or recovered by the disbursing officer after the original check which it replaced has been negotiated by the payee.

★104. Replacement Check. A check issued to replace a check that:

a. has been classified as voided;

b. has not been reported to the Treasury Department as a check issue; and

c. is uncashable or imperfect due to mutilation or misprint during the issue process.

A replacement check will be issued using the next available check in the series and format used for the voided check.

105. Routine Pay Adjustment. The correction of an overpayment to a member resulting from clerical or administrative error or delay in processing pay documents that is discovered and corrected (that is, collection action is completed) within no more than 2 monthly or 4 biweekly pay periods after the date the overpayment was originally made.

106. Salary Offset. The collection of a debt from the current salary (pay) of a debtor under 5 U.S.C. 5514 authority.

107. Settlement Office. A disbursing office designated to clear any outstanding transactions and/or deficiencies from the accounts of predecessor disbursing officers. The disbursing officer assigned to the settlement office is referred to as settlement officer.

★108. Safekeeping Custodial Officer. A military member or DoD civilian employee Department appointed in writing by the commander to perform all functions associated with the custody and control of all personal funds and valuables held in safekeeping as prescribed in chapters 26 and 27 of this Volume.

109. Small Differences. Refers to any check issue discrepancy (involving a Treasury check) that is $1 or less.

110. Special Drawing Right (SDR). An international reserve asset created by the International Monetary Fund (IMF) to supplement the existing reserve assets of its member countries. The SDR is the IMF's unit of account and SDRs may be used by members in transactions with the IMF, other member countries, and other authorized holders. Since January 1, 1981, a basket of five currencies (the U.S. dollar, Deutschemark, French franc, Japanese yen, and Pound sterling) serves as the basis for determining both the valuation and the interest rate of the SDR.

★111. Spoiled Check. A check that:

a. has been reported to the Treasury Department as a valid check issue;

b. has been returned by the payee as uncashable due to mutilation or defect;

c. represented a valid payment to the payee; and

d. is less than one year old.

A spoiled check shall be replaced with a recertified check and rendered non-negotiable by typing or stamping on the face of the check the words: "SPOILED - NON-NEGOTIABLE: RECERTIFIED CHECK ISSUED UNDER CHECK NUMBER _____."

112. Supplemental Agreement. The local operating procedures formulated and used by the commanders of the armed forces of two friendly foreign nations, whose governments have signed a basic agreement, as contemplated under Public Law 96-436. Such procedures shall be used in territories of mutual concern to provide each other with emergency financial support, under the policies of the basic agreement. Supplemental agreements may be entered into by commanders of unified or separate armed forces, as considered appropriate.

113. Tactical Disbursing Activity. Any tactical unit (including Navy ships) that is authorized to provide disbursing services under an assigned Disbursing Station Symbol Number (DSSN) and is subject to movement from one location to another. Some tactical disbursing activities provide disbursing services on a full-time basis (as in the case of Navy ships). Others perform disbursing services only while in a deployed (or mobilized) status. When not deployed, the DSSNs are held in reserve in an inactive status to be activated on short notice as required.

114. Tolled. A term meaning "to suspend or stop temporarily", as the statute of limitations is tolled.

★115. Treasury General Account (TGA). Those designated commercial banks that specifically have been authorized by the Treasury Department to maintain a demand account in the name of Treasury entitled "Treasury's General Account" for the purpose of accepting deposits.

★116. U.S.-Owned Foreign Currency. Currency of a foreign country that is:

a. owned by the United States:

b. available in the country of issuance to pay obligations of the United States within that country; and

c. disbursed by the U.S. Treasury disbursing officer in the country concerned, either directly to a contractor or to a DoD disbursing officer, as approriate.

117. Uncurrent Limited Depositary Check. A check drawn on a limited depositary that is unpaid and outstanding against the limited depositary checking account for at least one full fiscal year after the fiscal year in which the check was issued, except where the laws of the country in which the limited depositary is located provide that the negotiable period of a check is shorter.

118. Undeliverable Check. A check that is not delivered to the payee within 60 days after the month of issue.

119. United States. Unless otherwise qualified, means the 48 contiguous states, the District of Columbia, and the States of Alaska and Hawaii.

120. United States Use Currency. Currency usually expended through the dollar appropriation process to pay U.S. obligations abroad; to pay for U.S. technical, scientific, and other programs; and to make sales for dollars to U.S. citizens and nonprofit organizations in selected countries.

121. Valuables. Any articles or things or representations of value in which the United States has any interest, or in connection with which it has any obligation or responsibility.

122. Vendor Express. A Treasury Department term for the Electronic Funds Transfer to a company or corporate bank account of the payment due a vendor for rendering goods or services to the government

★123. Voided Check. A check that is:

a. prenumbered with a serial number;

b. voided for any reason prior to reporting as a check issue by the disbursing officer; and

c. reported as a zero dollar value issue.

ABBREVIATIONS AND/OR ACRONYMS

ABA	American Bankers Association
ACH	Automated Clearing House
ADCC	Adjudication Division, Check Claims, Department of the Treasury
AFB	Air Force Base
ALC	Agency Location Code
ANSI	American National Standards Institute
ASC	Accredited Standards Committee (of ANSI)
ATM	Automated Teller Machine
BAC	Billing Address Code
CDN	Claims Disposition Notice
CFR	Code of Federal Regulations
CIN	Ca$h-Link Indicator Number
CJCS	Chairman, Joint Chiefs of Staff
★CNET	Chief of Naval Education and Training
C.O.D.	Cash on Delivery
Comp. Gen.	Comptroller General of the United States
★CONUS	Continental United States
★COPE	Custodian of Postal Effects
CPU	Central Processing Unit
CP&R	Check Payment and Reconciliation System
★CR	Credit
CSD	Computer Services Division, Financial Management Service, Department of the Treasury
★CV	Collection Voucher
DAO	Defense Accounting Office
DAS	Daily Advice of Status
DCC	Division of Check Claims, Financial Management Service, Department of the Treasury
DD	Department of Defense Form
DDO	Deputy Disbursing Officer
DDS	Direct Deposit System
DD/EFT	Direct Deposit/Electronic Funds Transfer
★DFAR	Defense Federal Acquisition Regulation
DFAS	Defense Finance and Accounting Service
★DFAS-CL	Defense Finance and Accounting Service - Cleveland Center
★DFAS-PPM	Defense Finance and Accounting Service - Cleveland, Pay Procedures Manual
DO	Disbursing Officer
DoD	Department of Defense
★DoDD	Department of Defense Directive

★DoDFMR	Department of Defense Financial Management Regulation
DOJ	Department of Justice
★DON	Department of the Navy
DPO	Defense Printing Office
DSN	Defense Switched Network
DSSN	Disbursing Station Symbol Number
EDI	Electronic Data Interchange
EFT	Electronic Funds Transfer
EIN	Employer Identification Number
FAADC	Fleet Accounting and Disbursing Center
★FAN	Functional Account Number
FAR	Federal Acquisition Regulation
FDIC	Federal Deposit Insurance Corporation
FDS	Fedwire Deposit System
★FEDI	Financial Electronic Data Interchange
★FH,N&MC	Family Housing, Navy and Marine Corps
FI	Financial Institution
★FICA	Federal Insurance Contributions Act
FIPC	Financial Information Processing Center
FMS	Financial Management Service, Department of the Treasury
FRB	Federal Reserve Bank
FRS	Federal Reserve System
FTS	Federal Telephone Service
GAO	General Accounting Office
GBL	Government Bill of Lading
GPO	Government Printing Office
ICN	Inventory Control Number
ILC	Irrevocable Letter of Credit
IMF	International Monetary Fund
★INST	Instruction
IRS	Internal Revenue Service
JCL	Job Control Language
JCS	Joint Chiefs of Staff
★JFTR	Joint Federal Travel Regulations
★JTR	Joint Travel Regulations, Volume 2
JUMPS	Joint Uniform Military Pay System
LD	Limited Depositary
LDA	Limited Depositary Account
LVL or LVL8	Level 8 Magnetic Tape Reports
MBF	Military Banking Facility
MICR	Magnetic Ink Character Recognition
MMPA	Master Military Pay Account
MOA	Memorandum of Agreement

MOU	Memorandum of Understanding
MPC	Military Payment Certificates
★MPN	Military Pay, Navy
★MPO	Military Post Office
★NAF	Nonappropriated Fund
★NAVCOMPT	Comptroller of the Navy
★NAVMEDCOM	Naval Medical Command
★NAVSUP	Naval Supply Systems Command
NCUSIF	National Credit Union Share Insurance Fund
★NROTC	Naval Reserve Officers Training Corps
★NSN	National Stock Number
★NTI	U. S. Navy Travel Instructions
O&M	Operations and Maintenance
★O&M,N	Operations and Maintenance, Navy
OCR	Optical Character Recognition
★OCONUS	Outside Continental United States
OF	Optional Form
★OPLOC	Operating Location
OMB	Office of Management and Budget
OPAC	On-Line Payment and Collection System
OPM	Office of Personnel Management
★OPNAV	Chief of Naval Operations
OSD	Office of the Secretary of Defense
OUSD(C)	Office of the Under Secretary of Defense (Comptroller)
OUSD(C)AP	OUSD(C)/ Accounting Policy
OUSD(C)FC	OUSD(C)/Directorate for Financial Commerce
★PIIN	Procurement Instrument Identification Number
PIN	Personal Identification Number
PL	Public Law
★POS	Point of Sale
★PSA	Personnel Support Activity
★PSD	Personnel Support Activity Detachment
★PV	Public Voucher
ROC	Record of Charges
RTN	Routing and Transit Number
SDN	Standard Document Number
SDR	Special Drawing Right
★SECNAV	Secretary of the Navy
SF	Standard Form
★SPIIN	Supplementary Procurement Instrument Identification Number
SSN	Social Security Number
★SUPARS	Navy Supply Acquisition Regulation Supplement
★TEMDUINS	Temporary Duty Under Instruction

★TTC	Transaction Type Code
TFO	Transaction for Others
TFS	Treasury Financial Service
TGA	Treasury's General Account
UCC	Unavailable Check Cancellation
★UIC	Unit Identification Code
U.S.C.	United States Code
USD(C)	Under Secretary of Defense (Comptroller)
USDA	United States Department of Agriculture
★USNA	United States Naval Academy
USPS	United States Postal Service
WHS	Washington Headquarters Services

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CHAPTER 1

PURPOSE, ORGANIZATION, AND DUTIES

0101 PURPOSE

★ 010101. Authority. This volume of the "Department of Defense Financial Management" Regulation is issued under the authority of reference (a) DoD Instruction 7000.14, "DoD Financial Management Policy and Procedures." It governs all DoD disbursing policy by establishing and enforcing requirements, principles, standards, responsibilities, procedures, practices, and liability for disbursing officers (DOs), certifying officers and accountable officials throughout the Department.

010102. Recommended Changes. Forward recommended changes to this volume through channels to: Office of the Under Secretary of Defense (Comptroller) (USD(C)), Room 3E822, The Pentagon, Washington, DC 20301-1100.

010103. Requests for Deviation or Exceptions. Submit requests for deviations from or exceptions to the policies, procedures, and standards in this volume, with complete justification, through channels to: Office of the USD(C), Room 3E822, The Pentagon, Washington, DC 20301-1100.

★ 010104. Use of This Volume. Various paragraphs in this volume specify the use of specific Treasury Department symbols (e.g., **F3880, **X6875, or **F3875). In all instances, the double asterisk must be replaced by the appropriate DoD Component designator, i.e., 17 for Navy (including Marine Corps), 21 for Army, 57 for Air Force, or 97 for Defense, as appropriate. This volume also prescribes the use of specific forms. Some of these forms are currently used by the DoD Components. However, some of the DoD Components are using specific DoD Component forms in lieu of the prescribed forms. In many instances, these equivalent forms are generated by disbursing systems currently in operation. It is not necessary for the DoD Components to modify existing disbursing systems to incorporate the forms prescribed by this volume. Affected Components should continue to use existing automated systems and the forms they generate until all existing disbursing systems are replaced by a standard DoD disbursing system. However, all offices that manually prepare forms are required to begin using the forms prescribed herein as soon as supplies of the forms can be obtained through normal supply channels. Examples of forms provided in this volume are for illustrative purposes only. Under no circumstances should they be reproduced for use.

0102 ORGANIZATION

010201. Defense Finance and Accounting Service (DFAS). Pursuant to the authority vested in the Secretary of Defense under the provisions of 10 U.S.C. 113 (reference (b)), the DFAS was established as an agency of the DoD by DoD Directive 5118.5 (reference

(c)). The DFAS is under the direction, authority, and control of the Under Secretary of Defense (Comptroller) (USD(C)). The Director, DFAS is the principal DoD executive for finance and accounting requirements, systems, and functions identified in DoD Directive 5118.3 (reference (d)) and shall:

A. Direct finance and accounting requirements, systems, and functions for all appropriated, nonappropriated, working capital, revolving, and trust fund activities, including security assistance.

B. Establish and enforce requirements, principles, standards, systems, procedures, and practices necessary to comply with finance and accounting statutory and regulatory requirements.

C. Provide finance and accounting services for DoD Components and other Federal activities.

D. Direct the consolidation, standardization, and integration of finance and accounting requirements, functions, procedures, operations, and systems and ensure their proper relationship with other DoD functional areas.

E. Execute statutory and regulatory financial reporting requirements and render financial statements.

F. Approve the establishment or maintenance of all finance and accounting activities independent of the DFAS.

The mailing address for DFAS Headquarters is: Director, Defense Finance and Accounting Service, DFAS-HQ/__, 1931 Jefferson Davis Highway, Arlington, VA 22240-5291.

010202. Defense Finance and Accounting Service Centers. Effective January 20, 1991, the DFAS took operational control of the DoD Component's finance centers. Accordingly, each center was redesignated as a DFAS Center.

A. DFAS-Cleveland Center. The DFAS-Cleveland Center (formerly the Navy Finance Center, Cleveland, OH) is responsible for:

★ 1. Operation of the central site processing operations of the Defense Joint Military Pay System (DJMS) for the Navy.

2. Navy allotment program operations relating to payment of allotments and issuances of the U.S. Savings Bonds for all Navy members and retirees.

3. Examining and conducting a centralized program for the analysis of closed Navy master military pay accounts.

4. Payment of Federal income taxes withheld from Navy members and retirees.

5. Adjudication and payment of claims for military pay and allowances of Navy members and retirees.

6. Payment of drilling Naval Reservists.

7. Payment of retired military pay for all DoD Components and Fleet Reserve rolls.

8. Preparing and forwarding to the Treasury Department through DFAS Headquarters (Finance) (DFAS-HQ/F) requests from assigned Component(s) for establishment of disbursing offices.

9. Preparing and forwarding to the Treasury Department through DFAS-HQ/F requests from assigned Component(s) for a change in the designation or location of disbursing offices.

10. Preparing and forwarding to the Treasury Department through DFAS-HQ/F requests and notifications from assigned Component(s) for disestablishment of disbursing offices.

11. Maintaining files containing appointments, revocations, and specimen signatures of all assigned DOs and deputies.

12. Approving the use of check-signing machines and the certified facsimile signatures for all assigned DOs. After approval, notifying the DO that use of the check-signing machine and facsimile plate is authorized.

13. Providing copies of specimen signatures of assigned DOs to the Federal Reserve Banks on request.

14. Processing purchase orders for blank U.S. Treasury checks from all assigned DOs.

15. Reporting of financial information.

16. Accounting for Navy funds and property.

17. Consolidation of Navy and Marine Corps financial reports.

18. Providing a centralized service for clearance of exceptions against Navy DOs.

19. Processing requests for relief of liability from accountable officials.

20. Performing other accounting and disbursing functions as prescribed.

The mailing address is: Defense Finance and Accounting Service, Cleveland Center, DFAS-CL/__, Cleveland, OH 44199-2056.

B. DFAS-Columbus Center. The DFAS-Columbus Center (formerly Defense Finance Center, Columbus, OH) is responsible for:

1. Payment of vendor's invoices.

2. Payment of civilian payrolls.

3. Accounting for funds and property.

4. Preparing and forwarding to the Treasury Department through DFAS-HQ/F requests from assigned Component(s) for establishment of disbursing offices.

5. Preparing and forwarding to the Treasury Department through DFAS-HQ/F requests from assigned Component(s) for a change in the designation or location of disbursing offices.

6. Preparing and forwarding to the Treasury Department through DFAS-HQ/F requests and notifications from assigned Component(s) for disestablishment of disbursing offices.

7. Maintaining files containing appointments, revocations, and specimen signatures of all assigned DOs and deputies.

8. Approving the use of check-signing machines and the certified facsimile signatures for all assigned DOs. After approval, notifying the DO that use of the check-signing machine and facsimile plate is authorized.

9. Providing copies of specimen signatures of assigned DOs to the Federal Reserve Banks on request.

10. Processing purchase orders for blank U.S. Treasury checks from all assigned DOs.

11. Reporting of financial information.

12. Processing requests for relief of liability from accountable officials.

13. Performing other accounting and disbursing functions as prescribed.

The mailing address is: Defense Finance and Accounting Service, Columbus Center, DFAS-CO/__, Columbus, OH 43218-2317.

C. DFAS-Denver Center. The DFAS-Denver Center (formerly Air Force Accounting and Finance Center, Denver, CO) is responsible for:

★ 1. Operation of the central site processing operations of the DJMS for the Air Force.

2. Air Force allotment program operations relating to payment of allotments.

3. Examining and conducting a centralized program for the analysis of closed Air Force personal financial records.

4. Payment of Federal income taxes withheld from Air Force members.

5. Adjudication and payment of claims for military pay and allowances for Air Force members.

6. Payment of drilling Air Force reservists.

7. Payment of civilian payrolls.

8. Providing a centralized service for clearance of exceptions against Air Force DOs.

9. Payment of annuitant pay.

10. Examination and consolidation of Air Force DO's financial reports.

11. Preparing and forwarding to the Treasury Department through DFAS-HQ/F requests from assigned Component(s) for establishment of disbursing offices.

12. Preparing and forwarding to the Treasury Department through DFAS-HQ/F requests from assigned Component(s) for a change in the designation or location of disbursing offices.

13. Preparing and forwarding to the Treasury Department through DFAS-HQ/F requests and notifications from assigned Component(s) for disestablishment of disbursing offices.

14. Maintaining files containing appointments, revocations, and specimen signatures of all assigned DOs and deputies.

15. Approving the use of check-signing machines and the certified facsimile signatures for all assigned DOs. After approval, notifying the DO that use of the check-signing machine and facsimile plate is authorized.

16. Providing copies of specimen signatures of assigned DOs to the Federal Reserve Banks on request.

17. Processing purchase orders for blank U.S. Treasury checks from all assigned DOs.

18. Reporting of financial information.

19. Processing requests for relief of liability from accountable officials.

20. Performing other accounting and disbursing functions as prescribed.

The mailing address is: Defense Finance and Accounting Service, Denver Center, DFAS-DE/___, 6760 E. Irvington Place, Denver, CO 80279-1500.

D. DFAS-Indianapolis Center. The DFAS-Indianapolis Center (formerly Army Finance and Accounting Center, Indianapolis, IN) is responsible for:

1. Operation of the central site processing operations of the DJMS for the Army.

2. Army allotment program operations relating to payment of allotments.

3. Examining and conducting a centralized program for the analysis of closed Army personal financial records.

4. Payment of Federal income taxes withheld from Army members.

5. Adjudication and payment of claims for military pay and allowances of Army members.

6. Payment of drilling Army reservists.

7. Providing a centralized service for clearance of exceptions against Army DOs.

8. Examination and consolidation of Army DO's reports.

9. Preparing and forwarding to the Treasury Department through DFAS-HQ/F requests from assigned Component(s) for establishment of disbursing offices.

10. Preparing and forwarding to the Treasury Department through DFAS-HQ/F requests from assigned Component(s) for a change in the designation or location of disbursing offices.

11. Preparing and forwarding to the Treasury Department through DFAS-HQ/F requests and notifications from assigned Component(s) for disestablishment of disbursing offices.

12. Maintaining files containing appointments, revocations, and specimen signatures of all assigned DOs and deputies.

13. Approving the use of check-signing machines and the certified facsimile signatures for all assigned DOs. After approval, notifying the DO that use of the check-signing machine and facsimile plate is authorized.

14. Providing copies of specimen signatures of assigned DOs to the Federal Reserve Banks on request.

15. Processing purchase orders for blank U.S. Treasury checks from all assigned DOs.

16. Reporting of financial information.

17. Processing requests for relief of liability from accountable officials.

18. Performing other accounting and disbursing functions as prescribed.

The mailing address is: Defense Finance and Accounting Service, Indianapolis Center, DFAS-IN/_ _, Column _____, 8899 E. 56th Street, Indianapolis, IN 46249-0833.

E. DFAS-Kansas City Center. The DFAS-Kansas City Center (formerly Marine Corps Finance Center, Kansas City, MO) is responsible for:

★ 1. Operation of the central site processing of the Marine Corps Total Force Pay System (MCTFS) for the Marine Corps.

2. Marine Corps allotment program operations relating to payment of allotments.

3. Examining and conducting a centralized program for the analysis of closed Marine Corps personal financial records.

4. Payment of Federal income taxes withheld from Marine Corps members.

5. Adjudication and payment of claims for military pay and allowances of Marine Corps members.

6. Payment of drilling Marine Corps Reservists.

7. Providing a centralized service for clearance of exceptions against Marine Corps DOs.

8. Examination and consolidation of Marine Corps DO's reports.

9. Reporting of financial information.

10. Preparing and forwarding to the Treasury Department through DFAS-HQ/F requests from assigned Component(s) for establishment of disbursing offices.

11. Preparing and forwarding to the Treasury Department through DFAS-HQ/F requests from assigned Component(s) for a change in the designation or location of disbursing offices.

12. Preparing and forwarding to the Treasury Department through DFAS-HQ/F requests and notifications from assigned Component(s) for disestablishment of disbursing offices.

13. Maintaining files containing appointments, revocations, and specimen signatures of all assigned DOs and deputies.

14. Approving the use of check-signing machines and the certified facsimile signatures for all assigned DOs. After approval, notifying the DO that use of the check-signing machine and facsimile plate is authorized.

15. Providing copies of specimen signatures of assigned DOs to the Federal Reserve Banks on request.

16. Processing purchase orders for blank U.S. Treasury checks from all assigned DOs.

17. Processing requests for relief of liability from accountable officials.

18. Performing other accounting and disbursing functions as prescribed.

The mailing address is: Defense Finance and Accounting Service, Kansas City Center, DFAS-KC/_ _, Kansas City, MO 64197-0001.

010203. DoD Disbursing Offices. Commanders shall ensure that DOs in their command are following the provisions of this Volume.

010204. Disbursing Officers. The DO shall ensure that the operation of the disbursing activity follows the provisions of this Volume.

010205. Certifying Officers and Accountable Officials. Commanders shall ensure those certifying officers and accountable officials in their command are following the provisions of this Volume.

★0103 RANDOM REVIEW OF DISBURSEMENT VOUCHERS

010301. Examination Requirements

A. General. Overall guidelines for the administrative examination of disbursement vouchers is set forth in Title 7 of the General Accounting Office (GAO) Policy and Procedures Manual. These types of reviews are typically divided into either pre-or-post-payment examinations. The pre-payment phase is needed because internal controls are provided through administrative reviews made by disbursing officers prior to payment. The post-payment phase will begin when supervisory reviews and automated edit checks and computation methods have been demonstrated to provide adequate controls. The overall scope of pre-and post-payment reviews is to ensure the propriety of the voucher, the legality of the disbursement and the accuracy of the facts stated in the vouchers and supporting records. The following paragraphs set forth the requirements for both pre-and post-payment examinations of disbursement vouchers.

B. Sampling Techniques. Stratified statistical random sampling techniques will be used in the pre- and post-payment examination phase of disbursement vouchers. Pre- and post-payment examination procedures and accompanying statistical sampling plans will be approved by the Director, DFAS, or a designated representative, prior to implementation. The Director, DFAS, or a designated representative, will issue detailed implementing instructions for pre- and post-payment reviews and sampling plans for specific applications to DFAS Centers or Operating Locations (OPLOCs) and applicable DoD Components.

C. Reliance on Approved Statistical Sampling Procedures. Certifying officers who rely, in good faith, upon valid statistical procedures to certify a voucher for payment, established and approved by the Director, DFAS, or a designated representative, will not be liable for losses from the payment of a voucher not examined because of the sampling procedure used. A disbursing official shall not examine vouchers administratively for which he/she is responsible for approving or executing payment.

010302. Pre-Payment Examination Requirements. A pre-payment examination is defined as an administrative review that takes place just prior to the voucher being examined for payment. The overall scope of the review is to ensure that the voucher contains the necessary substantiation and documentation for lawful and proper payment. Under manual processing systems, the review will also encompass a verification for accuracy of computation. Some specific areas that should be examined include, but are not limited to:

A. Validating that the payment is permitted by law and applicable regulation

B. Obtaining the required administrative authorizations and approvals for payment

C. Assuring that the request for payment is supported by basic documents

D. Validating the correct name and address of the payee, as verified by the database

E. Assuring that manual calculations are correct or appropriate and correct data is inputted to automated computation systems

F. Charging all transactions properly to the correct appropriation

G. Assuring that the appropriations are available at the time to support the disbursements

H. Validating that special certificates or receipts are furnished and attached to the disbursement documents, as required

I. Preventing duplicate payments through proper manual or automated edits and checks

010303. Post-Payment Examination Requirements. A post-payment examination is defined as an administrative review that takes place following the payment of a voucher. These reviews normally will take place at the location where original returns are submitted to a servicing DFAS Center, OPLOC, or a centralized payment center. Also, these reviews will be performed by persons who are independent of the particular entity that prepared and disbursed the payments being examined. Some specific areas that should be examined include, but are not limited to the:

A. Propriety of the voucher

B. Legality of the disbursement

C. Accuracy of the facts stated in the vouchers and supporting records

010304. Document Retention for Examination Purposes. Disbursement vouchers and original documentation prepared at locations other than a DFAS Center or OPLOC should be maintained at the originating location for a period of 6 years and 3 months.

010305. Statistical Sampling Plan. Any statistical sampling plan for pre-and post-payment review of disbursement vouchers will be approved by the Director, DFAS, or a designated representative. Sampling plans must be methodically sound and adhere to technical guidelines set forth in professional texts and publications (both Federal and non-Federal) on the subject matter. All sampling plans submitted for approval will first be reviewed and approved (or in most cases, originally prepared) by a qualified statistician. Once established, sampling and examination plans should be prepared in such a manner as to be implemented and administered by individuals at the functional level. As changes occur in the population under review, whether procedural, technological, or otherwise, quite often audit and accompanying sampling plans must change as well. Statistics collected from sampled population must be periodically analyzed and the sample design adjusted accordingly to reflect most recent trends and any changes in characteristics of the population. The Director, DFAS, or a designated representative, periodically will review statistics and population characteristics from pre- and post-payment examinations to ensure the sample design remains valid, reliable, and most appropriate for the purpose of examination.

010306. Responsibilities. The Director, DFAS, or a designated representative, is responsible for approving any statistical sampling and examination plans for disbursement vouchers. The Director, DFAS, will ensure that approved sampling and examination plans are implemented at those locations for which DFAS is responsible. DoD Component officials will ensure that statistical sampling and examination plans, as approved by the Director, DFAS, or a designated representative, are implemented at locations for which the DoD Component official is responsible.

★0104 DISBURSING OFFICER DUTIES AND AUTHORITY

010401. Keeping of Public Funds

A. General. DOs are required to keep safely all the public funds collected by them or otherwise placed in their possession and custody. Lending, using, depositing in banks, or exchanging for other funds except as specifically allowed by law is prohibited. DOs are required to safeguard public funds until ordered by the proper authority to transfer or pay out the funds. When such orders for transfer or payment are received, DOs shall faithfully and promptly make the transaction directed. DOs shall do and perform all other duties as fiscal agents of the the Treasury Department which may be imposed by law or regulations made in conformity to law. In case of disaster, DOs shall secure and preserve the accounts of all personnel, public money, and such other papers and property, in the order of their importance, as circumstances permit.

B. Deposit of Public Funds. Except as otherwise authorized by law and by regulations, it is the duty of every DO to deposit funds in excess of amount authorized to be held at personal risk with an authorized depositary of the United States without delay.

010402. Accounting and Reporting. Every DO is required to maintain detailed records of all transactions. These records shall be available for examination by authorized representatives of the Secretary of the Defense and the Comptroller General of the United States. Every DO is further required to submit periodic financial reports.

010403. Specific Authority for Disbursements

★ A. Authority. Public funds shall be received and disbursed by order of, or on proper authority of, the commander, when sanctioned by 31 U.S.C., sections 3321 and 3325 (reference (e)).

B. Legality and Propriety

1. Sanction of Law. Transactions involving payments shall be examined for legality, propriety, limitations, and time frames under the statutes governing the various classes of expenditures and for validity under general provisions of law. There is no authority to disburse public funds to satisfy demands which are of doubtful validity or which should be supported by judicial action.

★ 2. Sanction of Decisions . Effective June 30, 1996, the Legislative Branch Appropriations Act, 1996, Public Law 104-53, transferred the claims settlement functions of the General Accounting Office to the Office of Management and Budget (OMB). OMB

further delegated these functions. Effective October 19, 1996, the Comptroller General's authority under 31 U.S.C. 3529 (reference (e)), to issue advance decisions to agency officials on such transferred claims settlement functions was also transferred pursuant to the General Accounting Office Act of 1996, Public Law 104-316, to the agencies to which OMB delegated the claims settlement functions. Appendix E contains a listing of functions transferred and the responsible offices. DOs are governed by advance decisions and decisions issued on doubtful claims by the authorities listed in Appendix E. Decisions issued are binding on the DOs with respect to the specific issue or claim involved. Decisions rendered by the Comptroller General prior to the transfer of authority are considered useful guidance and are not precedential. Questions concerning the use of appropriated funds are still under the cognizance of the Comptroller General.

★ 3. Sanction of Regulations. A valid regulation issued by the head of an executive department providing for the payment of money under certain conditions by DOs has binding force on the accounting officers of the General Accounting Office. To be valid, a regulation must be reasonable and shall be consistent with the law.

C. Substantiating Vouchers

1. Written Record of Transaction. Unless otherwise provided by law, each transaction conducted by an officer, agent, or employee of the Government of the United States, which when completed shall require the payment of money from the U.S. Treasury or payment to be made by a DO or agent of the Government of the United States, shall be evidenced by a written or printed signed document or series of documents which shall consist of a complete record of the transaction. Each statement of fact contained in such document or documents is to be certified or otherwise verified by a person who, in regular line of duty, has knowledge of the fact or facts certified or otherwise verified by that person, and who, when certification is made, shall state in the certification that the individual has personal knowledge of the facts certified or otherwise verified.

★ 2. Electronic Transactions. The Federal Reserve System (FRS) and the twelve Federal Reserve Banks (FRBs) act as the Treasury's fiscal agent in disbursing by electronic methods. Each disbursing office that processes disbursements by electronic methods shall have a detailed written agreement with the servicing FRB. These agreements contain detailed instructions for controlling tape delivery to the servicing FRB, tape remaking procedures, credit routines, file label requirements, and other details explaining each office's unique requirements. Local operating instructions must be written to implement these requirements. The DO must implement mandatory internal controls for confirmation that the FRB received the EFT payment files successfully and in accordance with the payment schedule. Further guidance on electronic transactions is identified in Chapter 24 of this volume.

3. Additional Evidence. The DO is not required to make payment on merely formal evidence. If the facts do not justify payment, a reasonable explanation or the submission of further evidence should be required.

★ 010404. Alternatives Available in Connection with Questionable Payments. Upon the determination that a matter concerning the receipt or disbursement of public money is questionable in regard to the appropriate public law, previous Comptroller General decisions, court rulings or regulations, a request for clarification shall be addressed to the DFAS Headquarters via the servicing DFAS Center When, in the opinion of the DO or certifying officer, the matter requires a decision rather than a clarification of existing regulations or decisions, a request for advance decision shall be initiated. Procedures for requesting an advance decision are outlined in chapter 25 of this volume. Refer to Appendix E for the responsible offices on advance decision requests.

★0105 ACCOUNTABILITY AND RESPONSIBILITY

010501. Nature of Accountability

A. General. Accountable individuals are held personally and pecuniarily liable for their acts involving the expenditure of public funds. A DO or other accountable individual shall be charged with all funds received for the Government. Credit shall be received from the General Accounting Office for all public funds expended in accordance with laws and regulations, substantiated and certified in the required form, and accompanied by legal evidence. Credit shall be withheld for irregular, erroneous, or unsupported transactions. Detailed accounts shall be maintained for examination as to their correctness.

B. Knowledge of Laws Governing Disbursements. All accountable individuals, whose duties pertain to the disbursement of public funds, shall take scrupulous care to ensure that all applicable laws are strictly observed.

C. Responsibility for Acts of Another. DOs are accountable for illegal, improper, or incorrect payments or for errors in their accounts even though they may have relied on deputies, agents, and cashiers and the errors were caused by the deputies, agents, and cashiers. A request for relief of the liability for such payments and errors shall be submitted by the DO and may also be required by the deputy, agent, or cashier who made the illegal, incorrect, or improper payment or error. Note: Disbursing officers are not liable for payments properly certified by certifying officers even though those payments may prove to be illegal, improper or incorrect. Certifying officers are accountable for illegal, improper or incorrect payments made as a result of their certification even though they may have relied on other accountable officials or automated payment systems. Certifying officers may request relief of liability for such payments as provided in chapters 6 and 33 of this volume.

D. Payment on Forged or Fraudulent Vouchers or Pay Receipts. A DO is accountable for a payment made on a forged or fraudulent voucher or pay receipt even though not a participant or beneficiary in the fraud. Relief of liability for such payments may be requested by the DO and the deputy, agent, or cashier who made the payment.

010502. Relief of Liability

★ A. General. The Comptroller General of the United States shall relieve disbursing officers and certifying officers of the Department of liability for deficiencies in their account upon a finding that the statutory standards for relief are met as prescribed by 31 U.S.C. 3527 and 31 U.S.C. 3528 (reference (e)). Where a loss (either a physical loss or an illegal, incorrect, or improper payment), is incurred by a disbursing or certifying officer, the determination of the Secretary of Defense that relief should be granted is binding on the Comptroller General.

B. Statutory Standards

1. Physical Loss. The statutory standards for relief of liability for a physical loss are that the:

a. Official was carrying out official duties when the loss or deficiency occurred.

b. Loss or deficiency was not the result of an illegal, incorrect, or improper payment.

c. Loss or deficiency was not the result of fault or negligence by the official.

★ 2. Illegal, Incorrect, or Improper Payments. The statutory standards for relief of liability for illegal, incorrect, or improper payments are:

a. Statutory Standards for a Disbursing Official

(1) The payment was not the result of bad faith or lack of reasonable care; and

(2)' Diligent collection efforts by the disbursing officials and the agency were made.

b. Statutory Standards for a Certifying Official

(1) The certification was based on official records and the official did not know, and by reasonable diligence and inquiry could not have discovered, the correct information; or

(2) That the obligation was incurred in good faith;

(3) That no law specifically prohibited the payment; and

(4) That the U.S. Government received value for payment.

(5) Diligent collection efforts were made to recover the payment.

c. Standards for Accountable Officials. See chapter 33 of this Volume.

C. Delegation of Authority

1. Secretary of Defense. The Secretary of Defense has delegated authority to the Director, DFAS to make determinations and recommendations with respect to the granting of relief from pecuniary liability pursuant to 31 U.S.C. 3527 (reference (e)).

2. Director, DFAS. The Director, DFAS has delegated authority to the Directors of the DFAS Centers to make determinations and recommendations with respect to the granting of relief from pecuniary liability pursuant to the authority contained in 31 U.S.C. 3527 (reference (e)) and this Volume. In instances where the accountable individual operates from the DFAS Center, the DFAS Deputy Director for Finance grants or denies relief.

D. Requests for Relief. Procedures and documentation requirements for submission of requests for relief of liability are outlined in chapter 6 of this volume.

★ 010503. Decisions Rendered. A certifying officer or DO certifying or making payments in accordance with advance decisions issued by the appropriate authority, as outlined in Appendix E, is not liable for such payments.

★ 010504. Turnover of Funds Upon Relief. When a DO is relieved of duties because of transfer or any other reason other than deactivation of the disbursing station symbol number (DSSN), all fund account records, public funds, and property shall be turned over to the relieving DO.

★ 010505. Internal Management Controls. Disbursing officers of the DFAS are required to implement and abide by the requirements of the DFAS Internal Management Control Program as set forth in the current edition of DFAS 5010.38-R, Internal Management Control Program. Disbursing officers of other DoD Components or their activities must implement internal controls consistent with the guidelines outlined in this paragraph.

A. Effective internal control procedures depend largely on eliminating opportunities to conceal errors or irregularities. This, in turn, depends on assigning work so that no one individual controls all phases of a transaction.

B. Separation of duties creates a situation that should preclude errors or attempts at fraud or embezzlement from going undetected. Key duties such as authorizing, approving, and recording transactions; issuing or receiving assets; making payments; preparing checks and check signing; certification of funding; and reviewing or auditing shall be assigned to separate individuals to minimize the risk of loss to the Government to the greatest extent possible. The DO should not be assigned duties that create a potential conflict of interest. For example: A payment is made under the DO's DSSN which results in a request for a waiver of indebtedness. If the DO also supervises those individuals involved in the adjudication of requests for waivers, he or she is placed in a position of influence over the decision of the waiver. It also eliminates his or her pecuniary liability for an illegal, incorrect, or improper payment. Appropriate separation of duties is not always practical or possible due to time constraints, manpower shortages, or the use of mechanized systems. For example, payments and collections through the On-Line Payment and Collection (OPAC) system can occur outside the disbursing work center without weakening internal controls because the payee is always another Federal agency and recovery of an erroneous payment is assured. Other situations can require closer scrutiny. The commander and the DO shall: be aware of situations where valid, long-standing separation of duties cannot be achieved, recognize that internal controls have been weakened as a result of such; and make every effort to compensate for loss of the internal control. Unique situations resulting in an inability to separate appropriate responsibilities should be reported to the applicable DFAS Center, together with a request for a waiver and recommendations for compensating for the loss of the internal control.

C. Close review of IMC plans, policies, adequacy, compliance, and effectiveness will be the subject of all inspections and audits conducted in all disbursing offices.

★ 010506. Receipts for Payments. A receipt is required for all cash payments. A receipt is not required for payments made by check drawn by the DO except when required by law or contract. In no case shall receipt for payment be taken in duplicate. In all cases of cash payment, the exchange of currency and the receipt for it shall be simultaneous. Practices requiring receipts in advance of actual cash payments are prohibited. The accountable individual making the cash payment shall positively identify the payee. If the payee is not known personally, the accountable individual making the payment shall examine an appropriate identification card which includes both the payee's picture and signature. A comparison of the payee's signature should be made with that appearing on the identification card. For military personnel, the DD Form 2 (Armed Forces Identification Card) or DD Form 2A (Armed Forces Identification Card (Reserve)) should be used. The responsibility for identifying the payee may not be delegated.

★ 010507. Receipts for Collections. Receipts for collections shall be signed personally by the DO or an agent whose designated duties include receipt of collections.

★0106 RESTRICTIVE REQUIREMENTS

010601. Payment of Compensation. The use of public funds for the payment of compensation to any commission, council, board, or other similar body is prohibited by 31 U.S.C. 1346 (reference (e)) unless the creation of the body has been specifically authorized by law.

010602. Accounting for Premiums on Sales of Public Moneys or Securities. Under 31 U.S.C. 3341 (reference (e)), no DO of the United States shall either directly or indirectly sell or dispose of to any person for a premium any Treasury Department note, draft, warrant, or any other public security not of the officer's private property. Further, no officer shall sell or dispose of the proceeds of such note, draft, warrant, or security in the hands of the officer for disbursement without depositing the premium and the proceeds in the officer's accounts to the credit of the United States.

010603. Advances, Prepayments, and/or Overpayments. Except as otherwise authorized under 31 U.S.C. 3324 (reference (e)), advances, prepayments, and overpayments of public monies are prohibited. Certain advances and prepayments are permitted by this volume and Volumes 7, 8, 9, and 10 of this Regulation; Joint Travel Regulations; and Joint Federal Travel Regulations.

010604. Payments to Third Parties

A. General. Subject to the specific exceptions cited in subparagraphs 010604.B through 010604.I, below, the payment of money to a person to whom the United States is not indebted is not authorized. Also, such payment is prohibited even though the claimant to whom the amount is due requests that payment be made to another person.

B. Levy and Distraint for Delinquent Taxes. Salaries and wages of officers and employees of the U.S. Government, including all members of the Armed Forces, are subject to levy and distraint for delinquent federal taxes as prescribed by 26 U.S.C. 6331 (reference (f)). An attachment for other than delinquent Federal taxes cannot be enforced against public money in the hands of a DO and no trustee process, garnishment, or injunction can be recognized by officers of the government with respect to money due creditors of the United States.

C. Payments to Bankruptcy Trustees. A civilian employee or military member may file a chapter 7, 11, or 13 petition in bankruptcy under Public Law 95-598 (reference (g)). During the bankruptcy proceedings that follow, the Bankruptcy Court may order the individual's pay to be forwarded to the Bankruptcy Trustee. Such payments are proper, and DOs incur no additional liability as a result. If the individual is indebted to the United States as the result of a debt incurred prior to the filing of the bankruptcy petition, a setoff against the individual's pay through the date prior to the filing date of the bankruptcy petition should be effected where otherwise appropriate and authorized. The usual percentage restrictions on such a setoff are inapplicable to this situation. Debts that are not completely liquidated shall be

collected in accordance with procedures required by the Bankruptcy Act. Debts incurred after the filing of the bankruptcy petition are collected in the usual manner.

D. Successor in Interest. Payments due contractors may be made to court-appointed trustees, receivers, or other legal representatives under the conditions set forth in Volume 10 of this Regulation.

E. Assignment of Claims. Amounts due or to become due under contracts which provide for payments aggregating $1,000 or more may be assigned under the procedures outlined in Volume 10 of this Regulation.

F. Authorized Withholdings and Allotments of Pay. Deductions from military and civilian payrolls for various purposes, such as retirement, taxes, health benefits, group life insurance, allotments, and voluntary payments for child support or alimony, and other purposes are provided for by statutory authority.

G. Drawing of Checks in Favor of Financial Organizations for the Credit of Persons' Accounts. Checks in payment of salaries and wages of military members and civilian employees may be drawn in favor of financial organizations for the credit of persons' accounts as prescribed in 31 U.S.C. 3332 (reference (e)) and Volumes 7 and 8 of this Regulation. An example would be: Merchants National Bank, Cr: Tsgt John Doe, Account Number: 346-839, Taylor, MI 04180.

★ H. Garnishment of Pay for Child Support, Alimony, and Commercial Debts. Salaries and wages of military members and civilian employees are subject to garnishment for child support and alimony as prescribed in Public Law 93-647 (reference (h)). Garnishments against civilians' salaries and wages or involuntary allotments against military members' salaries and wages for commercial debts (non-child or spousal support) are authorized as prescribed in Public Law 103-94 (reference (bn)).

I. Withholding of Contract Payments. Payment is to be made to the Department of Labor for amounts owed by contractors to employees under a contract as prescribed in Volume 10 of this Regulation.

010605. Equitable Claims. Claims which are not founded on contracts, either expressed or implied, but upon merely equitable or moral grounds, can be paid only after direct authorization by the Congress. The General Accounting Office has no authority to give credit for such payments even though they are claimed on equitable grounds.

010606. Insurance Fees. The government is self insured (or bonded); therefore, a DO or any of the agents of the DO are not authorized to insure public funds or property.

010607. Municipal Services. In the absence of specific statutory authority, a DO is not authorized to pay for municipal services such as police and fire protection if those services are required to be provided to private citizens at no cost.

★0107 PUNITIVE PROVISIONS

010701. Misuse of Public Funds

A. Disbursing Officers. DOs who convert to their own use, loan, exchange for other funds, or deposit public funds entrusted to them, except as authorized by law, are guilty of embezzlement. DOs who withdraw public funds from the Treasury Department or other public depositary for any purpose not prescribed by law, or who wrongfully transfer the public funds entrusted to them, are guilty of embezzlement. Such officers are subject to fine, imprisonment, or both.

B. Agents. Individuals charged as agents who are responsible for the safekeeping of public funds and who loan, convert to their own use, deposit, or exchange for other funds, except as provided by law, any portion of those public funds, are guilty of embezzlement and subject to fine, imprisonment, or both.

010702. Failure to Deposit. Accountable individuals who have funds of the United States in their possession or under their control for the purpose of safekeeping, transfer, or disbursement, and who fail to deposit with the Treasury Department or other authorized depositary as required by the Secretary of the Treasury, the Secretary of Defense, or the General Accounting Office, are guilty of embezzlement and subject to fine, imprisonment or both.

010703. Misrepresentation of Payment Amounts. Any person charged with the payment of any appropriation who pays a sum less than that required by law, and requires the recipient of the payment to receipt or give a voucher for an amount greater than what was actually paid, is guilty of an embezzlement.

010704. Failure to Render Accounts. Any officer, employee, or agent of the United States who neglects or refuses to make a report which is required at stated times by any Act of Congress or regulation, shall be subject to fine.

010705. Embezzlement of Public Funds, Property, or Records. Under 18 U.S.C. 653 (reference (i)), DOs or any other accountable individuals shall be guilty of an embezzlement if they in any manner convert funds to personal use; loan funds with or without interest; deposit public funds entrusted to them in any place or in any manner, except as authorized by law; or for any purpose not prescribed by law, withdraw from the U.S. Treasury or any authorized depositary, transfer, or apply any portion of the public funds entrusted to them. Persons who embezzle, steal, or knowingly convert to their own use or the use of another; or without authority sell, convey, or dispose of any record, voucher, funds, or thing of value of the United States shall be subject to fine, imprisonment or both. Further, persons who receive, conceal, or convert such

items to their own use or gain, knowing them to have been embezzled, stolen, or converted, are likewise subject to the above punishments.

010706. Falsification of Accounts. Any DO or other accountable individual who with intent to deceive, mislead, injure, or defraud the United States or any person, makes in their accounts or records any false or fictitious entry or record of any matter relating to or connected with their duties is subject to the penalties prescribed by 18 U.S.C. 1001 (reference (i)).

010707. Withholding Pay of Persons in Arrears to the United States

A. Statutory Authority. Under 5 U.S.C. 5512 (reference (j)), the pay of individuals in arrears to the United States shall be withheld until the individuals have accounted for and paid into the U.S. Treasury all sums for which they may be liable.

B. Applicability

1. General. The law applies only to persons who have been entrusted with public funds and who have failed to account for those funds. It does not apply to ordinary debtors of the United States. The fact that charges of embezzlement or other crimes or negligence are not brought against a person in connection with a deficit of public funds does not, of itself, serve to remove the requirement that the person restore the amount for which they are accountable. The findings of a court are not necessarily conclusive as to the amount of the shortage for which the person is accountable. Persons accountable for public funds are accountable for the total of such funds in their possession, in cash or in valid documents representing cash. The portion of such funds which they cannot produce or satisfactorily account for, comprises the amount of the shortage for which they may be held liable.

2. Military Personnel. For instructions covering the withholding of the pay of military personnel in connection with a deficit of public funds or public property, see Volume 7 of this Regulation.

3. Civilian Employees. For instructions covering the withholding of the pay of civilian personnel in connection with a deficit of public funds and public property see Volume 8 of this Regulation.

C. Right of Setoff. The right of setoff shall govern all cases in which a person is both creditor and debtor to the government in any form as prescribed in 31 U.S.C. 3702 and 31 U.S.C. 3728 (reference (e)).

010708. Conspiracy to Defraud the Government. Any person who enters into any agreement or conspiracy to defraud the United States by obtaining or aiding to obtain the payment or allowance of any false, fictitious, or fraudulent claim shall be subject to fine, imprisonment or both as prescribed by 18 U.S.C. 286 (reference (i)).

010709. False, Fictitious, or Fraudulent Claims

A. Penalty. Whoever makes or presents to any person or officer in the civil or military service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be fined, imprisoned, or both as prescribed by 18 U.S.C. 287 (reference (i)).

B. Forfeiture of Unpaid Claims. Under 28 U.S.C. 2514 (reference (k)), a claim against the United States shall be forfeited to the United States by any person who corruptly practices or attempts to practice any fraud against the United States in the proof, statement, establishment, or allowance thereof. Fraudulent claims against the United States may be submitted in connection with civilian and military pay and allowances, contracts and purchase orders, reimbursement of personal funds expended on official business around the permanent duty station, loss and damages, as well as temporary duty and permanent change-of-station travel. A separate determination of fraud shall be made for each item individually claimed on the appropriate claim form.

C. Paid Claims. The forfeiture of claims described above has no application to a claim which has been paid or to the recovery of monies paid out as a result of fraud. However, in any case where payment of an item of pay or allowances is wrongfully obtained, whether through fraud, misrepresentation, or otherwise, such payment is an illegal, incorrect, or improper payment and shall be recouped as prescribed by 28 U.S.C. 2514 (reference (k)) and 41 Comptroller General Decision 285 (1961) (reference (l)).

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CHAPTER 2

DISBURSING OFFICES, OFFICERS, AND AGENTS

0201 ESTABLISHMENT OF A DISBURSING OFFICE

020101. Request for Establishment. Except for tactical disbursing activities, a disbursing office will be established only with the concurrence of the Director, DFAS. Tactical disbursing activities will be activated, organized, reorganized, deployed or inactivated by the applicable Military Service with advice to the servicing DFAS Center. All requests to establish disbursing offices at new activities, or at activities receiving disbursing service from another source shall be submitted by memorandum through the requesting activity's chain of command to the servicing DFAS Center.

020102. Information to be Included in the Request. All requests for establishment shall include the following information:

A. Reason establishment of the office is considered necessary.

B. Prospective workload of office in terms of number of military personnel to be serviced, civilian personnel to be paid, and commercial vouchers to be settled. If military or civilian personnel are to be paid, include information on the automated payroll system proposed for the activity.

C. Proposed date for establishment.

D. Name, location, and distance to the nearest FRB or branch. If there is no FRB or branch within a reasonable distance of the proposed office, the name, location, and distance to the nearest general depositary, if any, should be furnished.

★ E. Estimated number of U.S. Treasury checks required for the first year of operation and whether checks will be procured through normal requisition or if an emergency supply will be required.

F. Name, Social Security number (SSN), and rank or grade of proposed DO, if known.

G. Estimate of monthly cash requirements.

H. Include information on any other automated disbursing system planned to be implemented in the disbursing office.

020103. Recommendation by DoD Component Commander. When the establishment of a disbursing office is considered necessary for the efficient functioning of the activity, the DoD activity commander shall endorse the request to indicate concurrence and provide any additional information considered necessary. In all cases, the DoD activity commander should provide justification stating why an additional disbursing office is required and why the disbursing operation cannot be conducted by an existing disbursing activity.

020104. Approval for Establishment. The servicing DFAS Center will review the request and recommendations; obtain concurrence or non-concurrence from DFAS Headquarters for non-tactical disbursing activities, take necessary actions to obtain a DSSN from the Treasury Department; and, advise the commander whether establishment of the requested disbursing office is authorized.

020105. Disbursing Station Symbol Number (DSSN)

A. Assignment. The servicing DFAS Center shall obtain a DSSN from the Treasury Department for all approved disbursing activities. The commander will be advised of the assigned DSSN when notified that establishment of the disbursing office is authorized.

★ B. Change in Designation or Location. The disbursing office shall keep the assigned DSSN until revoked or rescinded by the servicing DFAS Center. Any proposed changes in the designation or location (mailing address) of the activity subsequent to the assignment of the DSSN, must be coordinated with the Department of the Treasury, Check Reconciliation Branch, Financial Management Service, via the servicing DFAS Center.

C. Usage of DSSN. The DSSN shall appear on all payment and collection vouchers, on U.S. Treasury checks, and on limited depositary checks.

★ 020106. Reporting Activation of a Disbursing Office. The DO who activates a disbursing office shall notify the Department of the Treasury, Check Reconciliation Branch, Financial Management Service via the servicing DFAS Center by memorandum immediately upon commencement of disbursing operations. Also, provide a copy of the memorandum to DFAS-Disbursing and Cash Management Office (DB), Kansas City, MO 64197-0030. The memorandum shall include the name of the activity, the DSSN assigned, the name and rank or grade of the DO, and the opening date of the account.

020107. Employer Identification Number (EIN). DOs shall obtain, from the local Internal Revenue Service office, an EIN for reporting tax information.

020108. Equipment, Publications, and Blank Forms

A. Check-signing Machines. DOs are authorized to use check-signing machines. An activity issuing more than the prescribed minimum of 2,000 checks per month may procure/obtain and use such a machine commensurate with their work load. DOs issuing

less than the prescribed minimum of 2,000 checks per month may request approval from the servicing DFAS Center to procure (obtain) and use a check-signing machine. See Chapter 7 of this volume for machine specifications, signature plate requirements, and ordering procedures.

B. Publications. It is essential that publications which govern the operation of a disbursing office be kept current and remain in the office for reference purposes. Posting of all changes received shall be made promptly.

C. Supply of Blank Forms. An estimate of the type and quantity of blank forms necessary to sustain the actual or anticipated volume of business shall be prepared. The estimate shall be updated periodically to avoid stockpiling of seldom used forms.

D. Miscellaneous Office Supplies. Miscellaneous office supplies such as rubber stamps and stationery shall be requisitioned using normal supply procedures.

0202 DEACTIVATION OF A DISBURSING OFFICE

020201. Permanent Deactivation (Closure)

A. General. The policies and procedures in this section shall be followed when a disbursing office is deactivated.

B. Designation of a Settlement Office. The servicing DFAS Center shall be responsible for designating another disbursing office to handle any uncleared transactions for the deactivating office after deactivation has occurred. This designated disbursing office hereafter shall be called the settlement office.

C. Notification of Deactivation. The DO shall notify all affected activities upon deactivation of a disbursing office, as follows:

1. Notify all affected activities, agencies, commercial concerns (including depositaries when applicable), and individuals of the date of the deactivation of the disbursing office and the name and location of the settlement office to which all accounts will be transferred.

2. Notify the Treasury Department through the servicing DFAS Center that the DSSN is being deactivated. Indicate in the memorandum the date of deactivation, the office to which the accounts and records have been forwarded for settlement, and the last check number issued under the deactivated symbol. Include the date and check number of the last check signed by each deputy in cases where a separate series of checks is assigned to deputies at branch disbursing offices. Also, provide a copy of the memorandum to DFAS-DCMO/DBA, Kansas City, MO 64197-0030.

★ 3. Once a DSSN has been deactivated, it may only be used for settlement purposes. If the DSSN is ever to be reopened, the DO must request and receive U.S. Treasury approval for reactivation as described in paragraphs 020105 and 020106. The Treasury Department must assign a new check range.

★ 4. Request the commander to terminate the appointment of all agents that the commander was responsible for appointing.

★ 5. Terminate all deputy, agent, and cashier appointments.

★ 6. Request the commander terminate the DO's and all agents' authority to hold cash at personal risk.

★ 7. Clear all outstanding agent, imprest fund cashier, and change fund custodian advances.

D. Deposits. Deposit all currency, coin, negotiable instruments, and limited depositary account balances to the credit of the U.S. Treasury on an SF 215 (Deposit Ticket).

E. Deposit Fund Account Balances. Transfer to the designated settlement office any balance in a deposit fund account which could not be cleared prior to deactivation of the disbursing office. A detailed list of the persons owed or funds to be reimbursed along with any documents or backup information shall be submitted with the SF 1081 (Voucher and Schedule of Withdrawals and Credits) to the settlement office. The SF 1081 shall be used to adjust the general ledger for the amount of funds transferred.

F. Undeliverable Checks. The DO shall cancel all undeliverable checks. Checks forwarded by other DOs that are undeliverable will be returned to the forwarding DOs for cancellation.

G. Blank Treasury Check Stock. The DO shall destroy all remaining blank check stock as prescribed in Chapter 8 of this volume and report the checks on the SF 1179 (Month End Check Issue Summary) and level 8 check issue report as VOIDS (zero dollar value issues).

H. Blank Bond Stock and Validating Stamps. The DO shall send all unused blank bonds and validating stamps directly to the FRB from which the bonds were received and shall notify the FRB that the bond issuing agent's appointment has been terminated.

I. Undelivered Bonds. The DO shall dispose of all undelivered savings bonds as prescribed in Chapter 23 of this volume.

J. SF 1219 (Statement of Accountability). When a disbursing office is deactivated the DO shall prepare and submit an SF 1219 covering the period from the first day of the accounting period through the close of the last business day and marked **FINAL**.

K. SF 1179 (Month End Check Issue Summary). When a disbursing office is deactivated the DO shall prepare and submit an SF 1179 covering the period from the first day of the accounting period through the close of the last business day and marked **FINAL**. The SF 1179 shall include all checks issued during the accounting period as well as all blank check stock which must be destroyed and reported as VOIDS (zero dollar value issues) as prescribed in chapter 8 of this Volume.

L. Check Signing Machine. If any of the disbursing office equipment is in excellent condition, the DO shall notify the servicing DFAS Center so that the Center can advise other disbursing offices of the equipment available. Every effort should be made to transfer useable equipment to another disbursing office where it can continue to be utilized. If no other disbursing offices need the equipment, the DO shall turn over the equipment to the servicing property disposal office. See Chapter 7 of this Volume for disposition of signature plates.

M. Retained Records. The DO shall send the retained records to the designated settlement office as prescribed in Chapter 22 of this volume.

Note: DOs preparing an office for deactivation have a responsibility to ensure that no discrepancies exist in their accountability. The servicing DFAS Center reviews all accounts transferred to settlement offices and has the authority to order collection action to be taken against the relieved DO who submitted a disbursing account to a settlement office with unresolved deficiencies in accountability (i.e., dishonored personal checks, unconfirmed deposits, physical losses of funds, and unresolved open debit items in **F3875 and **F3880 clearing accounts) for which no relief or corrective action was taken.

020202. Temporary Deactivation. Occasionally, temporary deactivation of a disbursing office is necessary. For example, a ship undergoing extensive overhaul for a period of several months may arrange for disbursing service from a shore activity. In order to eliminate the necessity of submitting monthly financial and checking account reports during the period of inactivity, the DO shall deposit all currency, coin, and negotiable instruments; close the limited depositary checking account, if applicable; properly dispose of all undeliverable checks; submit the memorandum required for deactivation of disbursing offices with additional information that the account is closed only on a temporary basis; and, retain blank U.S. Treasury check stock for use when the disbursing operation is reactivated. Inventory and storage requirements specified in chapter 7 of this Volume apply. The disbursing account may be reopened at any time under the same DSSN by submitting the report of commencement of disbursing operations. Note: A disbursing account cannot be temporarily closed if any cash or documents representing cash are on hand. Any assets on hand, including deficiencies such as dishonored checks or losses of funds require submission of the monthly SF 1219.

★0203 DISBURSING OFFICERS, DEPUTIES, AND OTHER ACCOUNTABLE POSITIONS

020301. Persons Authorized to Have Custody of Public Funds

A. General. To ensure proper security and accounting for public funds and fix responsibility for custody and authorized disposition, it is necessary to limit the number of persons who are authorized to receive, maintain custody, and disburse or otherwise dispose of public funds.

B. Accountable Positions. Except as otherwise specifically provided, the function of regularly receiving and maintaining custody of public funds shall be performed only by DOs and their duly appointed deputies, agents, and cashiers in respect to all public funds; personnel designated to distribute salary checks or savings bonds; and individuals appointed by the commander as imprest fund cashiers, collection agents, change fund custodians, or paying agents in connection with functions which are not the direct responsibility of a DO.

C. Exceptions

1. General. It is not required that every person who may, on occasion, receive or maintain custody of public funds be designated formally to fill one of the positions listed in subparagraph 020301.B, above. Public funds may be received at times, at locations, and under circumstances which preclude any advance arrangement for their receipt and at some activities collections are so infrequent that it is impracticable to have a formal designation in effect. When funds are received by other than those individuals formally designated, it is required that the funds be forwarded promptly to the DO serving the activity or to another individual formally designated to receive them. DOs and agents responsible for property and the funds derived therefrom need not formally designate all or any substantial number of their subordinates to receive or maintain custody of public funds even though the entire staff of the activity performs functions closely associated with public funds. It is sufficient that formal designations be made for those individuals who regularly receive and maintain custody and control of public funds and who have the opportunity to act independently in respect to the custody, movement, and disposition of such funds.

2. Specific Exceptions. Individuals who perform only the following functions in connection with public funds shall not be appointed formally to an agent position:

a. Sales personnel in retail outlets and mess cashiers.

b. Mailroom employees and messengers who may handle public funds on occasion in connection with their regular duties.

c. Personnel receiving public funds exclusively in the form of checks drawn payable to a DoD Component.

d. Personnel who handle funds as assistants to holders of accountable positions but who do not sign receipts holding themselves accountable for the funds.

020302. Restrictions on and Exceptions to Duty Assignments of Individuals Handling Public Funds

A. Restrictions. Individuals performing duties as disbursing agents, cashiers, paying agents, collection agents, change fund custodians or imprest fund cashiers involving the custody or disbursement of public funds shall not be concurrently appointed to other accountable positions involving the handling or custody of or accountability for other funds.

B. Exceptions

1. Disbursing officers at DFAS Centers and consolidated OPLOCs may hold more than one DSSN. Each deputy appointed by the DO may serve as a deputy under one or more of the DSSNs assigned to the appointing DO. Likewise, a DO holding one or more DSSNs may serve concurrently as the deputy to one or more other DOs.

2. Disbursing officers aboard Navy vessels also may serve concurrently in other accountable positions such as ship's store officer or food service officer when the ship's manpower authorization does not provide supply corps officers for each accountable function.

3. When directed by appropriate authority in accordance with law and regulation, it shall be the duty of DOs aboard Navy vessels to accept, safeguard, account for, and dispose of personal funds and valuables received for safekeeping.

020303. Additional Duties. Except as specifically authorized in this volume, DOs shall not be assigned the additional duties of order approving authority, certification officer for claims for reimbursement and contingency funds, custodian of any fund, or other conflict of interest assignments.

020304. Appointment of a Disbursing Officer

A. Military Billet. When a military DO billet is approved, orders to the designated officer will be issued by the Component manpower center or local commander, as appropriate. A copy of the orders assigning military DOs and the required specimen signatures shall be provided to the servicing DFAS Center. Generally, a DO shall be an officer. However, the servicing DFAS Center may approve the appointment of senior enlisted personnel as DOs at smaller DSSNs.

B. Civilian Position. To be eligible for appointment as a DO, a civilian employee must have:

1. Experience as a DO or deputy; or,

2. Completed or agree to complete specific disbursing officer training courses or schools.

Grade levels of civilian DO positions shall be determined in accordance with standards established by the Office of Personnel Management. Appointment of a civilian employee as DO is accomplished by the commander in a formal Letter of Appointment. A copy of the Letter of Appointment and the required specimen signatures shall be forwarded to the servicing DFAS Center.

C. Qualifications. Civilian appointees must be U.S. citizens.

020305. Deputy Disbursing Officer

★ A. Request for Establishment of Deputy Positions. Except for DoD Component disbursing activities, the establishment of all deputy positions shall be approved by the servicing DFAS Center. The establishment of deputy positions for DoD Component disbursing activities shall be approved by the appropriate DoD activity commander. A DO normally should request at least one deputy DO position. The DO shall personally sign all requests for deputy DO positions. From a security standpoint, excessive numbers of individuals should not be allowed to have access to public funds. Commanders shall take appropriate steps to ensure that only the minimum number of deputy positions are requested at disbursing activities under their jurisdiction. The request for establishment of a deputy position shall include the circumstances that support the requirement for a deputy position. The request shall include:

1. The specific location where the deputy will serve.

2. The number of other deputies already serving.

3. The specific duties to be performed by the deputy.

4. An estimate of the monthly value of funds to be advanced, collected, and disbursed by the deputy.

B. Approval of Positions. The servicing DFAS Center shall advise the commander of the approval or disapproval of deputy positions in writing.

★ C. Eligible Individuals. Any officer, enlisted member, or civilian employee satisfactory to the DO may be appointed to the position of deputy DO. As prescribed in

paragraph 010506, separation of duties shall be maximized to comply with DFAS 5010.38-R, Internal Management Control Program.

D. Appointment. Deputy DOs are appointed by the DO with a formal letter of appointment addressed to the individual. The letter shall state the specific duties authorized to be performed by the deputy and include the statement "I acknowledge that I am strictly liable to the United States for all public funds under my control"; and a statement that the individual has been counseled as to the pecuniary liability and has been given written operating instructions. The appointee shall acknowledge acceptance of the appointment on the original and all copies of the letter of appointment. A copy of the letter of appointment with the required specimen signature forms and a copy of the approved request for establishment of the deputy position shall be provided to the servicing DFAS Center. These copies will be maintained along with the disbursing officer files.

E. Termination of Appointment. The DO may revoke the appointment of a deputy at any time for any reason. When the DO is relieved from disbursing duties, the appointment of all deputies shall be revoked by the DO. In all cases, the revocation of the deputy's appointment shall be by memorandum addressed to the deputy. A copy of the memorandum shall be forwarded to the servicing DFAS Center. If another individual will succeed the deputy, a copy of the letter of appointment and the required specimen signatures for the new deputy shall be forwarded with the copy of the memorandum of revocation.

020306. Submission of Signature Card and Specimen Signatures

A. Official Signature. Prior to commencing disbursing operations, a DO and all appointed deputies shall determine which of their given names or initials will comprise their official signature. This official signature shall be used on all checks, vouchers, official papers, and correspondence pertaining to the DoD, the General Accounting Office, and the Treasury Department. The official signature shall be furnished to the servicing DFAS Center by completion of the TFS Form 5583 (Signature Card) and TFS Form 3023 (Specimen Signatures). The signature on the TFS Form 5583 shall be certified by an officer whose signature is recorded with the servicing DFAS Center. The completed forms shall be forwarded to the servicing DFAS Center for recording. A permanent dark blue, blue-black, or black ink shall be used for manual signatures. The ink should not be subject to fading and not readily soluble in water. See figures 2-1 and 2-2. In addition to the above, three specimen official signatures are required to procure a signature plate. See subparagraph 070402.A for specific guidance.

B. Official Signatures to Other Depositary. If checks are to be drawn on a depositary other than the U.S. Treasury, the DO's official signature (as well as that of the deputy, if authorized to sign depositary checks) shall be furnished to the depositary. The forms shall be duly certified by an officer whose signature is known to the depositary.

C. Change of Official Signature. The official signature of a DO or deputy, as provided to the servicing DFAS Center, shall not be changed without the written authority of the DFAS Center.

D. Furnishing Additional Signatures When Transferred to a New Station. It ordinarily will not be necessary to furnish another TFS Form 5583 on resumption of disbursing duty at a different disbursing activity since the original TFS Form 5583 becomes a permanent part of the servicing DFAS Center's records. However, since an individual's signature often changes over a period of years, the servicing DFAS Center may request additional signatures. When a DO or deputy frequently changes disbursing offices, the supply of specimen signatures furnished on TFS Form 3023 may become exhausted since a specimen signature is filed under each DSSN used and specimen signatures are furnished to different banks on request for their use in cashing and processing checks and savings bonds. In this event, the servicing DFAS Center may request a DO or deputy to furnish an additional TFS Form 3023.

0204 COMMENCING AND RELIEF FROM DISBURSING DUTY

020401. Commencement of Disbursing Duty. A DO who activates a new disbursing office, reactivates a disbursing office that has been temporarily closed, or relieves another DO will forward a memorandum to the servicing DFAS Center immediately upon commencement of disbursing duties. The memorandum will include the name of the activity, the DSSN assigned, the name and rank or grade of the DO, the opening date of the account; the beginning and ending serial number of all blank Treasury checks; and, if applicable, the name and rank or grade of the relieved DO. For Navy DOs, a copy shall also be forwarded to the DFAS operating location to which the financial reports will be submitted.

020402. Relief From Disbursing Duty

A. Joint Action by Both the Relieved and the Relieving DO. Upon reporting for disbursing duty as relief of the DO, a date upon which relief actually will be effected shall be established (subject to approval by the commander). If possible, relief should take place on the last day of the month to eliminate the necessity of submission of two sets of financial reports in the same month. On the date relief is to take place, the following actions shall be taken by both the relieved and the relieving DOs:

1. Verify cash on hand.

2. Verify all other documents that support the SF 1219 as assets.

3. Verify and inventory all blank U.S. Treasury checks and prepare a letter of transfer of the checks. Both the relieved and the relieving DOs shall sign the transfer receipt document. The relieving DO is responsible for reporting all checks issued by the relieved officer that were not reported to the Treasury prior to the transfer of accountability and for resubmitting any rejected tapes containing data on checks issued by the relieved officer.

Therefore, the check numbers for which the relieving officer receipts should be included in the commencement of disbursing duties announcement memorandum. The first check in the series shall be the next sequential number after the last check listed on the relieved officer's last check issue report. The last check receipted for should be the same as the last check number previously ordered and received by the relieved officer. Any checks missing or out of numerical sequence should be researched immediately and voided if necessary.

4. Verify postal money orders on hand, if applicable.

5. Verify safekeeping deposits, if applicable.

6. Verify blank savings bond stock and validating stamps (if machine equipment is not used) and prepare a letter of transfer, if applicable. Both the relieved and relieving officer shall sign the transfer receipt document. Notify the FRB from which the savings bonds were received by forwarding a copy of the letter of transfer to the FRB.

7. When local regulations require, prepare a memorandum of relief for submission to the commander.

★ 8. Verify and transfer all backup documentation for open balances in deposit fund account **F3880. The Treasury Financial Manual, Volume 1, Part 4, paragraph 7070.55, requires that these accounts be cleared to the proper appropriations or funds as expeditiously as possible. For deposit account **F3880, the relieved DO must present a detailed list of individual subsidiary transactions supporting documentation or backup information and current status. Documented evidence must include certification that the DO or primary deputy personally reviewed the balances in the account within the last month as required by Chapter 8 of this volume.

B. Action by Relieved DO. Upon relief from disbursing duty, the following actions are required to be taken by the relieved officer:

1. Terminate all deputy, agent, and cashier appointments and clear all related DD Forms 1081.

2. Transfer all money accounts, books, property, vouchers, and other retained records to the relieving officer.

3. Prepare and submit a final SF 1219. The relieving DO shall sign a certificate of acceptance of total accountability on the SF 1219 as prescribed in Chapter 5, paragraph 050602. See figure 2-3.

4. Forward a copy of the relieving DO's commencement of disbursing duty memorandum (including copies of all the letters of transfer of the total accountability) with the final SF 1219 to the activity to which financial reports are submitted.

5. Prepare and forward a memorandum to the servicing DFAS Center advising the date and check number of the last check issued.

6. If it is anticipated that the signature plate will be used at a subsequent duty station, forward the plate to the servicing DFAS Center for safekeeping.

7. When a signature plate is withdrawn from service and is not to be used again, it shall be delivered to the servicing DFAS Center for destruction. When the plate has been destroyed, a properly executed certificate identifying the specific plate and date of destruction shall be furnished to the relieved DO.

8. Transfer custody of the check signing machine to the relieving officer, if applicable.

9. Verify balances in suspense accounts are properly documented.

10. A final accounting for savings bonds shall be made to the FRB if the DO is also designated as a bond issuing agent.

C. Action by Relieving DO. The provisions in this subparagraph pertain to the relieving DO upon transfer of accountability from the relieved officer. The relieving officer shall insure that all actions listed in this section are accomplished, documented, and verified prior to signing for the accountability. The actions listed below summarize the actions to be taken by a relieving DO prior to reporting to the new disbursing activity as well as actions required as part of the relief process:

1. Upon receipt of orders to disbursing duty, furnish specimen signatures to the servicing DFAS Center by completing TFS Forms 5583 and 3023. If signatures previously have been furnished as DO or deputy DO, submission of new specimen signatures is not required unless specifically requested or a change of official signature is desired. If, however, the relieved officer has a limited depositary checking account, then specimen signatures shall be provided to the limited depositary.

2. Contact the disbursing activity to determine if a check-signing machine is in use. Obtain all necessary information about the machine (e.g. make, model, and number of plates required). If the relieving officer has never had a signature plate, then provide specimen signatures to the servicing DFAS Center and request that it order the required plates in sufficient time to arrive prior to the actual date of relief. If a signature plate which is compatible with the check-signing machine is in safekeeping at the DFAS Center, then request that it be sent to the new disbursing office. If signature plates cannot be received or obtained prior to the actual date of relief, the relieving DO may request the servicing DFAS Center to authorize the use of the relieved DO's signature plates until new plates are received. This procedure is to allow continued efficient operations of the disbursing office. Under this procedure, pecuniary liability

for improper payments made on or after the date of assuming responsibility rests with the relieving DO.

3. Submit a memorandum of notification announcing the commencement of disbursing duties to the servicing DFAS Center.

4. Request appointment as a bond issuing agent, if required.

5. Appoint at least one deputy DO and submit the required copies of the appointment and signature cards to the servicing DFAS Center. Also, appoint agents, cashiers, and other internal designations as necessary.

6. Verify the adequacy of the safekeeping facilities for funds, blank checks, bonds, and other accountable documents. If the facilities are inadequate, report the deficiencies to the commander and request that proper facilities be provided.

7. Change the combination of all safes including those assigned to other accountable individuals.

8. Review on hand cash requirements. If the current cash authority continues to be valid, it may be retained by the new DO until the normal resubmission date. If not acceptable, a new cash holding authority shall be resubmitted by the new DO as soon as possible after taking over the account.

9. Order all required official publications not on hand.

10. Notify all serviced activities, agencies, commercial concerns, and individuals of the account holder change.

0205 CHANGE IN THE STATUS OF DISBURSING OFFICERS OR DEPUTIES

020501. Authorized Absence of DOs or Deputies at Branch Offices. During an authorized absence, the DO remains liable for the account until or unless the DO is officially transferred. The account need not be transferred unless, in the DO's judgment, the ability to effect proper supervision is impaired. The DO shall maintain an adequate system of controls to avoid errors and to take appropriate steps to ensure the implementation and effectiveness of those controls. In order for relief of liability to be granted, the DO shall show clearly what the procedures were and how they were implemented during the absence (e.g., the record shall show that any loss incurred was not the result of bad faith or lack of reasonable care).

020502. Death, Incapacity, or Removal of a DO from Duty for Cause

A. General. When a DO dies, is incapacitated, or is removed from disbursing duty for cause (including unauthorized absence), the deputy is authorized under 10 U.S.C. 2773

(reference (b)), to continue to disburse in the name of and under the accounts of the DO for a period of time not to extend beyond the last day of the second month following the month of death, incapacity, or removal. If there is more than one deputy, the commander shall designate one deputy as authorized to disburse in the name of the DO.

B. Responsibility of the Commander. The commander shall take the following action:

1. Seize and seal all disbursing spaces, keys, property, and safe(s) to ensure the security of the funds, property, and spaces involved.

2. Appoint a board of not less than three disinterested but qualified officers to take an inventory of the vouchers, funds, and property then on hand (see subparagraph 020502.C, below).

3. Based on the disbursing needs of the activity, take one of the following actions:

a. Appoint a suitable person to act as custodian of the vouchers, funds, and property of the disbursing office (see subparagraph 020502.D, below).

b. Appoint a suitable person (normally a deputy DO) to take charge of the vouchers, funds, and property involved and to perform the duties of the DO as Acting Accountable DO until a regular relief reports (or is appointed) or until the last day of the second month following the date of death, incapacity, or removal (see subparagraph 020502.E, below).

4. Notify the servicing DFAS Center by message of all actions taken. Provide an information copy to DFAS Headquarters, and for Navy disbursing offices, the applicable OPLOC receiving the DO's financial reports.

C. Responsibility of the Inventory Board. The board of officers appointed as prescribed in paragraph 020502.B.2, above shall take a complete inventory of all public funds, including advances to deputies, agents, and cashiers; vouchers evidencing receipt, transfer, or disbursement of funds; safekeeping deposits, if applicable; and property of the DO in the presence of the immediate custodians and the appointed custodian, acting accountable DO, or relief. All official records shall be verified to determine that the cash on hand is in agreement with the records and that all checks used in the current accounting period have been properly accounted for. Blank checks also shall be inventoried to determine if there are any blank checks missing. In the event a shortage or deficiency is discovered, the commander shall take the actions prescribed for losses of funds or deficiencies in the DO's account as prescribed in Chapter 6 of this volume. An original and four copies of the inventory shall be prepared and certified by all members of the board as a true and accurate inventory. The board of officers shall turn over to the appointed custodian, acting accountable DO, or relief, all public funds and property certified

on the inventory. The custodian, acting accountable DO, or relief shall receipt the original inventory and retain a copy. The original of the inventory shall be turned over to the commander by the board and each member of the board shall retain one of the remaining certified copies.

D. Responsibility of the Custodian. The custodian shall assume custody of the public funds and property held by the DO upon receipting on the original of the inventory. No transactions other than collections shall be conducted. Upon the return of the incapacitated DO or reporting of a new permanent DO as relief, the custodian and the DO shall inventory and transfer all vouchers, funds, and property as prescribed for relief procedures.

E. Responsibility of the Acting Accountable DO (Deputy). When authorized by the commander to continue the accounts of a DO as acting accountable DO, the deputy shall perform all official duties that would have been required of the DO. The deputy shall prepare and submit financial reports for the DO as of the date of the death, incapacity, or unauthorized absence of the DO. Only those vouchers actually paid by the former DO shall be included in the reports. The reports shall be submitted in the name of the former DO by the deputy; i.e., "John Hancock by G. C. Garland." The reports shall include information as to the date of death, incapacity, or unauthorized absence and the fact that transactions included were made by the DO. Vouchers for which checks have been drawn but not delivered shall be included in the first of the subsequent reports covering transactions made by the deputy. Subsequent financial reports shall be submitted at the normally prescribed times in the name of the former DO; shall be signed by the deputy as indicated above; and shall include an explanation that the reports include only transactions made by the deputy under authority of this subparagraph subsequent to the death, incapacity, or unauthorized absence of the former DO. The financial reports of transactions performed by an acting accountable DO shall not be merged with those of the officer for whom appointed, or with those submitted by the regular relief after the regular relief assumes duties. All checks drawn by the deputy should be signed in the manner normally used when the deputy signs checks. However, if the volume of checks warrants, the signature plate of the former DO may be used. The deputy, not the former DO or the estate of the former DO, shall be legally liable and responsible for all payments and official acts subsequent to the death, incapacity, or removal of the DO.

F. Responsibility of the Relief. If the commander appoints an individual as DO to relieve the deceased, incapacitated, or removed DO, the relieving officer shall be responsible for performing all actions required in section 0204 of this chapter. The relieving DO shall be responsible for rendering financial reports in his own name the same as any other DO.

G. Administration of the Accounts of an Incapacitated or Removed for Cause DO. The rights of a deceased, incapacitated, or removed DO, as well as the custodian, acting accountable DO, or relief shall be fully protected so that, in the event of differences discovered during settlement of the accounts, the responsibility may be assigned to the appropriate individual. The acting accountable DO or relief shall take the actions necessary to complete the vouchers, close the accounts, maintain custody of records, and render the final reports of the

former DO. Documents prepared in connection with the administration and settlement of the accounts of a former DO shall be signed as follows:

_____
(Name of Disbursing Officer)

By_____
Acting (appointed per 10 U.S.C. 2773)

The commander may allow an incapacitated or removed DO a reasonable time to close the disbursing accounts and render the final accountability reports. If a DO is restored to duty following arrest, suspension, or other incapacity, the commander shall direct that a second inventory be taken by the restored DO and the custodian, acting accountable DO, or relief. The DO restored to duty or the relief shall be accountable only for the vouchers, funds, and property on hand when the inventory is taken. The custodian, acting accountable DO, or relief shall be accountable for all vouchers, funds, property, and transactions which took place from the date the original inventory was receipted.

H. Deputy at Branch Disbursing Office. In the event of the death, incapacity, unauthorized absence, arrest or other emergency absence of a deputy at a branch disbursing office, the DO shall be advised by the most expeditious means available. Depending upon the circumstances, the DO shall request the commander of the activity at which the branch office is located to appoint a board to take an inventory of the vouchers, funds, and property of the deputy and appoint a suitable person to take custody of the vouchers, funds, and property until inventory can be taken by the DO. If practical, the DO shall take an inventory of the vouchers, funds, and property in the presence of a competent witness.

0206 AGENTS OF DISBURSING OFFICERS

020601. General. Officers, enlisted members, or civilian employees satisfactory to the appointing officer, may be appointed to the position of disbursing agent, cashier, or paying agent. From a security standpoint, it is undesirable to allow excessive numbers of individuals to have access to public funds. Commanders and DFAS Centers shall take appropriate steps to ensure that only the minimum number of accountable positions are authorized at activities under their jurisdictions. Examination and inspection teams should review the number of accountable positions in use at disbursing activities and include comments and recommendations, as appropriate, in the report of examination or inspection. Accountable positions as agents of disbursing officers shall be established and approved locally by the commander. The individuals shall be appointed in writing by the appropriate appointing official as explained in the following paragraphs for each specific type of position. In all cases, the letter of appointment shall include the specific duties and limitations, effective date, duration of the appointment, and the name of the individual being relieved, if any. The appointed individual shall acknowledge appointment and acceptance of the position on the original and all copies of the letter of appointment and shall include the statement "I agree to hold myself accountable to the United States for all public funds

received." Letters of appointment shall be maintained in a permanent file at the activity to show the successive holders of each position and shall be retained for a period not less than 6 months after the individual ceases to serve in the position. Appointments as agents of disbursing officers are effective only while the DO continues to serve as DO of that activity. Appointments as agents of disbursing officers may be revoked by the appointing officer at any time. The revocation shall be in writing and shall include the effective date of the revocation. Except as provided in this volume, individuals appointed as agents of DOs are not authorized to serve concurrently in any other accountable position and shall not be charged with the handling or custody of any other funds.

020602. Disbursing Agents

A. Duties and Responsibilities. A disbursing agent is an agent to the DO who has not been appointed as a deputy DO. Normally, a disbursing agent operates a permanently located disbursing office of considerable size (i.e., most functional areas such as military pay, civilian pay, material, commercial services, etc., being present) that is geographically separated from the DO's office. In some instances a one or two person disbursing agent office may be established. However the use of disbursing agents is not restricted to geographic separation from the DO. Unlike the DO, or deputy DO, a disbursing agent cannot sign/issue Treasury checks (unless the appointment is changed from disbursing agent to deputy DO). See paragraph 020305, Deputy Disbursing Officer. A disbursing agent prepares disbursement and collection vouchers as an agent of the DO. Such vouchers become part of the DO's overall accountability.

B. Establishment of Position. Disbursing agent positions are established in writing by the major command or Defense Agency. When the duties of the position include the authority to sign/issue Treasury checks, see paragraph 020305.

C. Appointments to Position. The commander shall make written appointment of the individual who will fill the established disbursing agent position. The letter of appointment shall be issued in an original and two copies and shall contain the name and rank or grade of the agent; office where duties are to be performed; description of duties or job description to be performed; effective date of the appointment; acknowledgement of acceptance of the appointment and the statement "I agree to hold myself accountable to the United States for all public funds received"; and a statement that the individual has been counseled as to the pecuniary liability and has been given written operating instructions. This appointment must be coordinated with the parent DO.

020603. Cashiers

A. Selection Procedure. An officer, enlisted member, or a civilian employee, with working knowledge of the cash functions and operations, may be designated as cashier. The DO or disbursing agent should make a thorough investigation of the selectee to ensure that the individual is of unquestionable integrity. To accomplish this the DO or disbursing agent should examine personnel records and talk to the individual and other persons as necessary. In addition,

a credit report should be obtained if the service is available. Costs associated with obtaining a credit report are a valid charge to Operations and Maintenance (O&M) funds available to the DO. Credit reports shall be adequately safeguarded.

B. Duties and Responsibilities. Duties include disbursing, collecting, and accounting for cash. The cashier may also perform other duties as required, concerning the receipt, custody, safeguarding, and preparation of checks and U.S. savings bonds. To facilitate training and effectively utilize personnel, cashiers may perform other duties on days when they do not perform cashier functions.

C. Letter of Appointment. Cashiers shall be appointed in writing by the local DO or disbursing agent. The letter of appointment shall be issued in an original and two copies and shall contain the name and rank or grade of the cashier; office where duties are to be performed; description of duties or job description to be performed; effective date of the appointment; acknowledgement of acceptance of the appointment and the statement "I acknowledge that I am strictly liable to the United States for all public funds under my control"; and a statement that the individual has been counseled as to the pecuniary liability and has been given written operating instructions.

D. Distribution. The original of the acknowledged letter of appointment shall be delivered to the cashier; a copy to the office where duties are performed; and a copy to the appointing DO or disbursing agent.

E. Restrictions. A cashier is not authorized to:

1. Sign checks.

2. Accept checks drawn (and endorsed to the cashier) in the name of the DO or disbursing agent to procure cash and disburse for any purpose.

3. Prepare billing documents and make collections for these same items. This restriction also applies to agents performing cashier duties.

4. Prepare vouchers that will be paid later by the cashier.

5. Prepare vouchers on those days when cashier functions are performed.

6. Prepare DO accountability reports, where practical. If the cashier must prepare DO accountability reports, the DO or deputy (or disbursing agent) shall personally review the reports.

F. Letter of Termination. The DO or disbursing agent, as applicable, shall issue a letter of termination to the individual when the DO or agent is relieved or when the individual cashier's duties are terminated.

★ 020604. Paying Agents and Postal Paying Agents

A. Restriction on Appointment. Paying agents and postal paying agents may be appointed only when adequate payment, currency conversion, or check cashing service cannot be provided otherwise. Paying agents and postal paying agents shall not be appointed solely as a convenience when it is feasible for the transactions to be made by the DO, deputy, disbursing agents, or cashiers. In an unusual situation, such as payments or currency conversions at remote locations where use of checks is not feasible, the DO may request the commander of the remote location to appoint a paying agent or postal paying agent to make the payments for and in the name of the DO from funds advanced for that purpose. Paying agents and postal paying agents shall never be appointed or utilized over protest of the accountable DO. Paying agents and postal paying agents will not act as purchasing officers.

B. Appointment. Paying agents and postal paying agents shall be appointed in writing by the commander. The appointment letter shall contain the paying or postal paying agent's name, rank or grade, SSN, and duty station; the name, rank or grade, and station of the DO for whom the paying agent will act, and the DSSN; the duties and responsibilities of the agent; a description of the type of payments or currency conversions to be made by the paying agent; the maximum amount of funds to be advanced to the agent; the period of time the appointment covers; and, the agent's acknowledgement of acceptance of the appointment and the statement "I acknowledge that I am strictly liable to the United States for all public funds under my control"; and a statement that the individual has been counseled as to the pecuniary liability and has been given written operating instructions. Appointments may be for a specific transaction, for a definite period of time, or for an indefinite period of time. For an indefinite period, the paying or postal paying agent's designation shall continue until transferred or relieved of such duty by the appointing officer or until the DO is transferred or relieved from disbursing duty. In all cases, the paying or postal paying agent shall clear his or her account with the DO upon the transfer of the DO.

0207 COLLECTION AGENTS

020701. Establishment of Positions. The commander may approve and establish the position of a collection agent to receive funds derived from functions such as hospitalization fees and other charges at medical facilities; communications charges; rentals and other charges at housing developments; fees for research or reproduction of records; safekeeping deposits where the safekeeping function is not performed by the DO; and similar functions when deemed appropriate by the commander.

020702. Appointments. Appointments of collection agents remain in effect during the agent's service at the activity unless revoked by the appointing authority. The appointment

does not require reissue by successors to the positions of commander or other authorized appointing officer. Individual collection agents shall be appointed in writing by the appointing authority. The letter of appointment shall be issued in an original and two copies and shall contain the name and rank or grade of the collection agent; office where duties are to be performed; description of duties or job description to be performed; effective date of the appointment; acknowledgement of acceptance of the appointment and the statement "I acknowledge that I am strictly liable to the United States for all public funds under my control"; and a statement that the individual has been counseled as to the pecuniary liability and has been given written operating instructions. Individuals appointed as collection agents are not authorized to serve concurrently in any other accountable position and shall not be charged with the handling or custody of any other funds.

020703. Revocation of Appointment. The appointment of a collection agent may be revoked by the appointing authority at any time. The revocation shall be in writing addressed to the agent and shall include the effective date of the revocation.

0208 CHANGE FUND CUSTODIAN

020801. Duties and Responsibilities. The change fund custodian receives the change fund from the parent DO and uses the fund to make change in conjunction with sales transactions and, in some cases, for providing accommodation cash in exchange for a check made for more than the purchase amount. The change fund custodian is responsible for safeguarding the funds provided and may be held pecuniarily liable for any loss of the change fund.

020802. Establishment of Position. The commander of the sales activity establishes the position of change fund custodian.

020803. Appointments to the Position. The commander or designee of the activity; (e.g., commissary or hospital) shall appoint the individual who will fill the established position. The letter of appointment shall contain the custodian's acknowledgement of the appointment; the statement "I acknowledge that I am strictly liable to the United States for all public funds under my control"; and a statement that the individual has been counseled as to the pecuniary liability and has been given written operating instructions. The appointment shall be coordinated with the parent DO. Individuals appointed as change fund custodians are not authorized to serve concurrently in any other accountable position and shall not be charged with the handling or custody of any other funds.

0209 IMPREST FUNDS

★ 020901. General. This section prescribes DoD policies and procedures for using imprest funds to make small purchases of supplies or services. Detailed regulations concerning the establishment, use of, and accounting for imprest funds, including the responsibilities of designated imprest fund cashiers and alternates are contained in Part 4 of the Department of the

Treasury Financial Manual for Guidance of Departments and Agencies (reference (m)), U.S. General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies (reference (n)), and the Federal Acquisition Regulations (reference (o)).

★ 020902. Authority. The use of imprest funds for unclassified programs is not authorized for DoD activities. Exceptions to this policy are authorized for contingency and classified operations. Specific requests for deviations from, or exceptions to, this policy shall be submitted through command channels and the appropriate Service secretary to the Director, Financial Commerce, Office of the Under Secretary of Defense (Comptroller), 1100 Defense Pentagon, Room 3E831, Washington DC 20301-1100. Such requests must contain adequate justification and demonstrate that the use of the government-wide purchase card, government-wide travel card, or other reasonable alternatives are not feasible for the specific situation. In lieu of imprest funds, maximum use shall be made of the government-wide purchase card for micro-purchases of supplies and/or services and the government-wide travel card (i.e., an agency centrally billed account) should be used to facilitate travel payments formerly made from the imprest funds. A copy of the signed authorization to establish and maintain an imprest fund shall be kept on file by the DO/OPLOC and imprest fund cashier.

★ 020903. Amount of Imprest Funds. The maximum amount of any DoD imprest fund which has been approved by the OUSD(C), as prescribed in the previous paragraph, shall not exceed the estimated average monthly disbursements from the fund and in no case shall it exceed $10,000. At least once each quarter, a review shall be made to determine the continuing need for each imprest fund established and whether the amount of the fund is in excess of actual needs based on the average monthly volume of expenditures. This review shall be accomplished as a part of the quarterly cash verification requirements prescribed in Chapter 3 of this volume. Imprest fund single transactions are limited to $500. A single requirement totaling more than $500 may not be split into multiple transactions to avoid the use of conventional purchasing techniques and procedures. Exceptions or waiver requests of the above limitations shall be submitted to the Director for Financial Commerce, Office of Deputy Chief Financial Officer as prescribed in the preceding paragraph. Copies of approvals of such requests must be retained for audit review. During periods of contingency operations, as specified by the Joint Chiefs of Staff (JCS), the designated area commander may increase the limitations on imprest fund transactions to $2,500 and the ceiling on cash holdings may be increased to $100,000 per imprest fund. During periods of specified contingency operations appointment of paying agents should be considered as an alternative to imprest funds, unless the appointment of paying agents would hinder the operation (e.g., due to a lack of contracting or procurement personnel).

020904. Uses of Imprest Funds

★ A. General. Each duly-authorized imprest fund shall be under the sole custody of one individual (i.e., any officer, enlisted person, or civilian employee who is not responsible for originating, approving, and processing requirements). Additionally, an alternate imprest fund cashier may be appointed with the same requirements as the principal cashier, however, the alternate is to act only in the absence of the principal. Both principal and alternate

shall be responsible financially to the DO from whom the fund was advanced. Each fund shall be operated on an imprest basis; i.e., the amount of the fund shall remain constant. The DO shall reimburse the imprest fund cashier for the exact amount of disbursements properly made and documented.

B. Conditions for Use. Duly-authorized imprest funds may be used for small purchases when:

★ 1. The transaction does not exceed $500. When the purchase is in support of overseas contingencies declared by the JCS, as described above, the transaction must not exceed $2,500.

2. The use of the imprest fund is considered to be advantageous to the government.

3. Supplies or services are available for delivery within 60 days whether at the contractor's place of business or at destination.

4. The purchase does not require detailed technical specifications or technical inspection.

★ C. Other Uses of the Imprest Fund. Duly-authorized imprest funds may also be used for the following:

1. Delivery charges associated with the purchase from the imprest fund when the contractor is requested to arrange for delivery. These charges include local delivery, parcel post (including cash on delivery (C.O.D.) postal charges) and line haul or inter-city transportation charges, provided the charges are determined to be reasonable and acceptance is in the best interest of the Government.

2. C.O.D. charges for supplies ordered for payment from the imprest fund.

3. Civilian volunteers for participation in approved medical research projects.

4. The imprest fund can be used for other expenditures not related to small purchases when such expenditures are authorized by other regulations. These expenditures include:

★ a. Travel advances when no DO is available in the immediate area to effect payment and use of the government-wide travel card is impractical.

b. Local travel expenses (i.e., mileage allowance for travel in and around the permanent duty station not under travel orders) when no DO is available in the immediate area to effect payment.

c. Transportation charges (not related to purchases).

d. Money orders when necessary:

(1) to transmit collections for deposit;

(2) to make approved one-time purchase of books and periodicals;

(3) for catalog type items; and

(4) for fees for inter-library loan of professional books.

e. Postage stamps.

f. Transportation passes or tokens.

D. Prohibited Uses of Imprest Funds. Imprest funds shall not be used for:

1. Payment of salaries and wages.

2. Travel advances or any other advances, except as authorized above.

3. Payment of travel claims (except for claims for local travel not under orders, when a DO is not available in the immediate area to effect payment as authorized above).

4. Payment of public utility bills.

5. Cashing of checks or any other negotiable instruments.

6. Purchase from contractors or contractor's agents who are military personnel or civilian employees of the government.

7. Purchase of foreign items unless the applicable decisions of exception and documentation are made prior to procurement.

8. Repetitive purchases from the same contractor when another method of purchase, such as a blanket purchase agreement, would be more appropriate.

9. Payment of spot awards.

020905. Imprest Fund Cashiers

★ A. Appointment. Imprest fund cashiers shall be appointed by the commander to make authorized cash payments for materials and nonpersonal services, maintain custody of funds, and file periodic vouchers to account for and replenish the imprest fund. The imprest fund cashier should be located organizationally and physically at a convenient location on the installation or activity for the purpose of making payments to vendors or carriers. DOs, disbursing office personnel, certifying officers, and individuals responsible for originating, approving and processing requirements are not eligible for appointment as imprest fund cashiers. In no event shall an imprest fund cashier (or alternate) have access to or control of more than one fund or be concurrently appointed to any other accountable position. Each appointment and termination or revocation of appointment shall be made in writing by issuance of a letter of appointment, termination, or revocation, as appropriate. The appointment document shall contain the following:

1. name and rank or grade of the individual and duty station;

2. identification of the disbursing station for which the cashier will act (including the accounting or fiscal station number assigned, if applicable);

3. description of specific duties to be performed;

4. effective date of the appointment;

a. amount and location of the fund;

b. the cashier's acknowledgement of acceptance of the appointment and the signed statement "I acknowledge that I am strictly liable to the United States for all public funds under my control"; and

c. a statement that the individual has been counseled as to the pecuniary liability and has been given written operating instructions.

The appointing document and approval for establishment of the imprest fund shall be maintained in a permanent file. Two copies of the documents shall be furnished to the cashier, and one copy each to the disbursing office and the installation or activity contracting office.

★ B. Advance of Funds to Imprest Fund Cashier. Funds to establish an imprest fund shall be advanced by the DO serving the activity to which the imprest fund cashier is attached. A signed copy of the document appointing the imprest fund cashier and a copy of the approval to establish the fund shall be furnished to the DO at the time the cashier first obtains the advance of funds. The advance shall be documented and receipted as prescribed in chapter 3 of

this volume. If the average monthly dollar value of the imprest fund purchases decreases and the authorized amount of the fund is greater than required, imprest fund cashiers shall draw only the amount of funds justified by the volume of purchases made. However, this will not be construed as a limitation on funds available to the imprest fund cashier when seasonal or other factors justify an amount greater than that indicated by this method of computation.

★ C. Safeguarding Imprest Funds. Cash and disbursement documentation shall be safeguarded properly at all times through the use of safes, locked cash drawers, etc., as prescribed in Chapter 3 of this volume. Imprest funds may not be commingled with other cash funds (e.g., disbursing funds, change funds, or cash receipts for other funds). Cashiers must be able to account for the full amount of funds being held at any given time. Receipts or subvouchers supporting temporarily unreimbursed expenditures from any imprest fund shall be under the accountability of the responsible imprest fund cashier, together with the cash on hand, in support of the total amount of the fund.

D. Alternate Imprest Fund Cashier. An alternate imprest fund cashier may be appointed to provide service during the absence of the principal cashier. Appointment requirements for principal cashiers shall apply to alternate cashiers. In planned absences of the principal cashier, cash may be advanced by the principal to the alternate in any amount up to the limit of the fund. The principal shall obtain a signed cash receipt from the alternate. Upon resumption of duties, the principal cashier shall return the cash receipt to the alternate after obtaining paid receipts, subvouchers and residual cash. In the unforeseen absence of the principal cashier, funds may be advanced to the alternate in the normal manner by the DO. These funds shall be in addition to the amount currently advanced to the principal cashier under the established fund, but shall not exceed the authorized amount of the fund. Upon return of the principal cashier, the alternate shall return paid receipts, subvouchers, and residual cash to the DO.

E. Revocation. Imprest fund cashier appointments may be revoked at any time. The revocation shall be in writing addressed to the cashier and show an effective date. A copy of the revocation shall be provided to the disbursing office and the contracting office.

020906. Imprest Fund Procedures

A. Purchases. Each purchase using imprest funds shall be based upon an authorized purchase requisition. Normally, orders to suppliers should be placed orally and without soliciting competition if prices are considered reasonable. Purchases shall be distributed equitably among qualified suppliers. Prompt payment discounts shall be solicited. Responsibility for determining requirements, making purchases, and receiving materials and services should be separated among several individuals. All payments from an imprest fund shall be made for goods and services that have been procured by personnel authorized in accordance with the Federal Acquisition Regulations (reference (o)). Imprest fund purchases need not be supported by a purchase order, unless they provide some advantage to the government such as vendor discounts. In these cases, a regular purchase order form endorsed "payment to be made in cash"

may be used. Receipts shall be secured for each payment made from imprest funds. Since purchases with imprest funds are of relatively small value, government tax exemption certificates shall not be required.

★ B. Receipt of Material. All material purchased through the imprest fund shall be delivered to a designated receiving activity. The receiver shall examine the material to ascertain that the quantities and items described on the purchase request document and the supplier's sales document are present and in satisfactory condition. If the material is acceptable, the receiver shall stamp the supplier's sales document "Received and Accepted," date and sign the document, and pass it to the imprest fund cashier for payment. A supplier's sales document, a DD Form 1155 (Order for Supplies or Services/Request for Quotations), or a DD Form 1348-1 (DoD Single Line Item Release/Receipt Document) may be used to record the receipt of purchases made from the imprest fund. When it is not practicable to obtain delivery of material at destination on a C.O.D. basis, advance arrangement may be made for the material to be picked up. The imprest fund cashier then may advance cash to an authorized individual to pick up and pay for the material. Necessary certification of receipt and acceptance of material shall be obtained on one of the documents as indicated above. Receipt for cash payment shall be made on the same document, which will serve as the imprest fund receipt. When prior arrangement for pick up of material is not practicable, the imprest fund cashier may advance cash to an authorized individual to make a proposed purchase.

C. Advance of Funds. Individuals receiving a cash advance from the imprest fund cashier shall be required to sign a receipt for cash. After purchase has been made, the individual shall return any unused cash to the imprest fund cashier with the necessary certifications of receipt, acceptance, and cash payment, at which time the imprest fund cashier shall "void" the receipt for cash. Cash so advanced should be accounted for daily, but under unusual circumstances, cash may be advanced for a longer period (not in excess of seven calendar days).

D. Certification of Cash Payment. The original receipt document (or a copy tendered as the original) presented to the imprest fund cashier for payment shall be stamped with a certification containing the following information:

1. Statement that cash payment was received in full.

2. Amount paid.

3. Date of payment.

4. Signature and title of supplier or supplier's agent receiving the cash payment.

Alterations or corrections to documents tendered for payment shall be initialed by the person making the change. Changes in the amount paid shall be initialed by the individual receiving payment.

E. Responsibilities of Imprest Fund Cashier. Pending receipt of material, the imprest fund cashier shall keep a file of purchase request documents covering imprest fund purchases. Prior to payment, or acceptance of the document tendered for settlement of an advance, the cashier shall verify the necessary certification of receipt and the supplier's billed price or the price paid. If the supplier's receipt for cash payment is not obtained for purchases of $15 or less, the imprest fund cashier shall complete the cash receipt document and have the person receiving the fund sign this document. Receipt for U.S. parcel post C.O.D. charges should be obtained. When a receipt cannot be obtained for C.O.D. purchases, imprest fund cashiers located in foreign countries are authorized to certify on the receipt document, "Delivered by (name of post office or carrier) no receipt given." The C.O.D. label shall be removed from the parcel and affixed to the receipt document in support of the reimbursement voucher. Imprest fund cashiers at any location may accept a signed C.O.D. receipt to support the subvoucher if the carrier refuses to sign a government form. After completion of settlement transaction, each subvoucher shall be numbered consecutively beginning with one each fiscal year and this number placed on the original of the paid receipt documents. These subvouchers will support the cashier's claim for reimbursement of the imprest fund. The imprest fund cashier will not request duplicate receipt documents, or retain such documents if provided. When total charges stated on the sales document are paid, without deduction of discounts offered and earned, or without correction of minor billing errors, action will be taken to obtain a refund from the supplier. Collection action may be waived for refunds of one dollar or less.

F. Payments

1. C.O.D. Upon presentation of an authorized document with the necessary certification of receipt for supplies or services, the imprest fund cashier or other authorized individual shall pay the supplier or supplier's agent and obtain the certification of cash payment as set forth above.

2. Receipt From Common Carrier or Post Office. When C.O.D. shipments are received or picked up from a common carrier or post office, the certification of cash payment may be accomplished on a list of the packages provided by the post office or common carrier. Such receipt will be supported by copies of the applicable sales documents, if available.

3. Periodic Payments. When a blanket purchase agreement is not suitable and it is administratively convenient and agreeable to the supplier, periodic payments from the imprest fund may be made for supplies delivered on a repetitive basis, provided that the accumulated amount of the deliveries for the specified period does not exceed the dollar limitation imposed on the imprest fund method by paragraph 020903, above.

★ 4. Failure to Ship C.O.D. When material is ordered C.O.D. but is shipped by the supplier subject to payment by check, an SF 1034 (Public Voucher for Purchases and Services Other than Personal) shall be used to make payment. Under these circumstances, the receiver shall prepare the necessary certification of receipt and forward the receipted document through the imprest fund cashier, for attachment of the supporting documents which authorized the shipment and submission to the DO for payment.

5. Money Orders. Cashiers may purchase money orders using imprest funds, when necessary, to do the following:

a. Transmit collections for deposit.

b. Deposit part of the fund when the fund is to be reduced or liquidated.

c. Make approved cost-effective mail order purchases for one-time acquisition of reference manuals, singular publications or pamphlets, catalog-type items, and fees for the inter-library loan of professional books. This procedure shall not be used to circumvent controls on the procurement of periodic subscriptions.

In implementing this authority, DoD Components shall establish and maintain internal controls which shall include attaching a legible copy of the money order (that shows purchasing activity, payee, and amount) to the requisition file, together with annotation of the date mailed. The original money order receipt shall be retained by the imprest fund cashier to substantiate disbursement of the money order fee.

★ G. Reimbursement of Imprest Funds. The imprest fund shall be reimbursed by use of OF 1129 (Cashier Reimbursement Voucher and/or Accountability Report) supported by the cashier's subvouchers. The imprest fund cashier shall prepare and submit OF 1129 in triplicate to the DO as frequently as necessary, but not less often than monthly. At the close of the fiscal year, an OF 1129 covering all remaining subvouchers through September 30 shall be submitted before the closing of the allotment accounts for the month. When required, subvouchers shall be summarized by account to complete the accounting classification block of OF 1129 and submitted to the DO for reimbursement of the imprest fund. One copy of the OF 1129 shall be retained by the imprest fund cashier pending the return of the "paid" copy of the form with the reimbursement checks or currency in the amounts requested by the cashier. When the imprest fund is reimbursed by mail, or when long delays in the reimbursement are encountered, the imprest fund cashier may retain copies of subvouchers until reimbursement is accomplished. When copies are retained, they shall be placed in a sealed envelope identified to the reimbursement voucher involved. When reimbursement is received, the sealed envelope will be presented to the official who signed the Administrative Certificate on the OF 1129 for destruction. When a supplier refunds cash prior to the submission of OF 1129 covering such payment, the imprest fund cashier shall accept the refund, return the money to the imprest fund, and enter the amount of the refund on the original of the supplier's receipt. When the refund is

made subsequent to the submission of the applicable OF 1129, the imprest fund cashier shall enter the amount of the refund on the retained copy of the reimbursement voucher, promptly submit the refund and a properly prepared DD Form 1131 to the DO, and obtain a receipt.

H. Accounting. Recordkeeping for the imprest fund shall be as simple as possible consistent with the maintenance of adequate controls. A file of supplier's receipts for amounts paid and not yet vouchered for reimbursement, and copies of paid reimbursement vouchers ordinarily will suffice for the record of the imprest fund cashier.

★ I. Review. The imprest fund cashier shall be required to account for the established fund at any time, by cash on hand, paid supplier's receipts, unpaid reimbursement vouchers, and interim receipts for cash. Unannounced inspections, including cash counts are required to be made of each imprest fund at least quarterly by the cash verification team appointed by the commander who established the fund and appointed the imprest fund cashier. See Chapter 3 of this volume. Reports of discrepancies and investigations, as appropriate, shall be made as prescribed in chapter 6 of this volume.

★ 020907. Imprest Fund Depositary Demand Withdrawal Account. An imprest fund depositary demand withdrawal account may be established for cash withdrawals only when large sums of cash must be secured for investigative accounts or locally available financial institutions refuse to cash replenishment checks, even for a fee, when an account is not maintained with them. A demand withdrawal account shall be established only upon request to, and approval by, the Director for Financial Commerce, Office of the Deputy Chief Financial Officer, via the Deputy Director for Finance, DFAS. The approval shall be retained by the imprest fund cashier as part of the official records. Procedures on depositary accounts are as follows:

A. Financial institutions selected to maintain an imprest fund cashier's account must meet the eligibility requirements of 31 CFR, Part 202 (reference (p)).

B. Signature cards for access to the account must be signed by both the principal cashier and the DoD Component Head, or other authorized official (not lower than the comptroller or chief fiscal officer of the installation) as designated by the DoD Component Head.

C. A letter signed by the DoD Component Head, or designee, must be sent to the financial institution advising that the funds deposited to the account are official funds of the U.S. Government and are in no way subject to claim by a surviving relative of any individual who is designated to sign on the account.

D. Checks must be made payable to cash for withdrawal by the cashier only; i.e., checks may not be made payable to fellow employees, vendors, etc. Withdrawal by automated teller machine is not authorized. Specific internal controls must be used to prevent such check issuances or withdrawals.

E. Accounts may be interest bearing or noninterest bearing. However, balances held in the account shall be limited to immediate disbursing needs. Any interest earned from the account must be deposited to the applicable DoD Component miscellaneous receipt account.

F. A minimum balance should be maintained to preclude service charges, unless payment of the service charge is more advantageous to the U.S. Government. Service charges or any other fees related to the account, or for cashing U.S. Treasury checks, must be paid by the DoD Component.

G. DoD Components may not enter into any arrangement with a financial institution for overdraft protection.

H. Replenishment checks shall not be deposited to the account until the funds are needed for issuance.

I. Maximum size of the account is left to the discretion of the DoD Component Head, or designee, but under no circumstances may the amount exceed $10,000.

★ J. A monthly reconciliation of any depositary demand account, using an SF 1149 (Statement of Designated Depositary Account) must be performed by the cashier. The cashier shall submit the SF 1149 to the official who approved the establishing of the imprest fund together with the OF 1129. A copy of the completed SF 1149 and OF 1129 shall be retained by the cashier as part of the official records. Reconciliation, audit trails, verification, and accountability shall be in accordance with I TFM, Part 4, chapter 8000 and Chapter 14 of this volume.

★ 020908. Requests for Deviations. Requests for deviations to the imprest fund policies and procedures prescribed in this section shall be submitted in writing through channels to Under Secretary of Defense (Comptroller), Director for Financial Commerce, Office of Deputy Chief Financial Officer, Room 3E831, Pentagon, Washington DC 20301-1100, via the Deputy Director for Finance, DFAS, for approval. Items requiring approval to deviate include, but are not limited to, the following:

A. Temporary or permanent exceptions or waiver of imprest fund amount or payment limitations.

B. Placement of imprest funds in depositary accounts or use of third party payment drafts.

Copies of approvals must be retained for post review by representatives of the Treasury Department or the DoD Component audit organizations.

★0210 ACCOMMODATION CHECKS

★ 021001. General. The prescribed method for all payments within the United States is Electronic Funds Transfer (EFT) and shall be used to the maximum extent possible. When EFT is not practical, the preferred method for purchases will be the use of the government purchase card. If a vendor refuses to accept the government purchase card, or other restrictions make the use of the card impractical, accommodation checks may be used.

A. Payment flexibility. Accommodation checks give issuing DoD activities the flexibility to issue low volume and low dollar value payments on site.

B. Availability. Accommodation checks shall be available at those DoD activities that identify a need to issue accommodation checks, in lieu of cash, where purchase and travel cards have proven ineffective.

C. Minimum requirements. The minimum requirements to establish a local check-writing capability are as follows. (Note: Specific conditions for establishing accommodation checks are detailed below, in Section F, "Procedures.")

1. All organizations authorized to maintain accommodation checks must hold an active (in good standing) purchase card before approval of an accommodation check account. An accommodation check cashier may hold a government purchase card as long as policies and procedures established herein are observed.

2. The use of accommodation checks must be considered advantageous to the DoD activity, after evaluating all alternatives to accomplish the same purpose.

★ 3. Before any accommodation check is issued the paying agency must make every effort to use the government purchase or travel card to make necessary purchases. Maximum efforts shall be made to find and use vendors that accept the purchase card as the primary payment vehicle; e.g., the use of electronic or telephone catalog ordering services coupled with overnight delivery.

4. The authority to maintain a check-writing system (checkbook) shall be justified on an individual organization basis, and controlled and monitored by the DoD activity. Automated reports from the check providers are available to provide oversight.

★ 5. The number of checkbooks shall be limited to as few as feasible, not to exceed one per major DoD tenant activity or autonomous location.

★ 6. Appropriate internal controls, to include one level of approval above the check writer (i.e., an approving official) shall be maintained by each using DoD activity.

★ 7. Each accommodation checking account shall be audited yearly, on an unannounced basis, by an officer or equivalent DoD civilian employee who is independent of the office maintaining the account.

★ D. Additional Features. Accommodation check providers offer "stop payment" and retrieval capabilities to using DoD Activities, as well as an audit trail that permits the tracing of transactions. Also, these check providers offer "help desk" assistance and reporting capabilities with a variety of reporting media and frequencies.

★ E. Purchase Card Convenience Check. Upon appropriate justification and approval, a DoD activity may adopt the purchase card convenience check.

★ 1. Purchase card convenience checks shall not be issued for more than $2,500.

★ 2. Purchase card convenience checks currently are provided through the GSA contract for the government-wide purchase card by the issuing banks (US Bank or Citibank). The contract requires that the card providers operate a convenience check writing system that allows DoD activities, including overseas locations, to make selected minor purchases and payments using checks in lieu of cash.

★ 3. This product offers an alternative to cash for official expenses of DoD activities previously using imprest funds--after card products and other alternatives have been determined unusable.

★ 4. Purchase card issuing bank requirements

a. The purchase card issuing bank will provide a supply of checks to the designated convenience check account holder.

b. The bank will process and pay the checks as they are presented through the bank check clearing system for payment within established maximums and authorization parameters established by the sponsoring activity agency program coordinator (APC) for each individual account holder.

c. The bank will provide a listing of the checks cleared on each account holder's billing statement (invoice) and provide for storage of cleared checks for audit and retrieval purposes.

5. The checks will contain standard preprinted information: United States Government seal, the statements "For Official Use Only," and "U.S. Government Tax Exempt." The checks will include the maximum dollar limitation per check (i.e., $2,500), as well as space for the date and the amount of the check. In addition, other standard preprinted information is

carried on the check specific to the parent DoD activity's name and address and the account holder's name. Thus, only the named individual may issue these checks.

★ 6. The checks are sequentially prenumbered, multiple-copy documents (with a minimum of at least one copy for the account holder's records).

★ 7. The convenience check account holder shall reconcile cleared checks and the resulting billing statement (invoice) against his or her retained records of issuance in accordance with standard payment practices established for the purchase card by "Purchase Card Reengineering Implementation Memorandum #3: Streamlined Financial Management Procedures."

★ F. FedSelect. A second accommodation check product currently used in the DoD, the FedSelect checks (available from the Chicago Financial Center, Financial Management Service, Department of the Treasury), will be discontinued March 31, 2000. DoD users are not authorized to establish new accounts. Active accounts must be closed not later than December 31, 1999. These users are encouraged to open a purchase card convenience check account.

021002. PROCEDURES

★ A. Authorization for Accommodation Check Account. Requests to establish accommodation checks first shall be justified (in writing) to the resource manager or commander/director of the installation or tenant activity. Delegations of authority to maintain and use accommodation checks shall be issued in writing specifically to the activity approving/certifying official, check custodian, and cashier by the activity commander/director as directed below.

B. Conditions for Establishing Accommodation Check Account

1. Designation of Activity Approving/Certifying Official

a. The activity approving certifying official may be any individual (i.e., officer, enlisted member, or civilian employee) who is appointed by the head of the issuing DoD activity to authorize and certify the issuance of accommodation checks by cashiers.

b. In order to maintain effective internal controls, the activity approving/certifying officials may not perform functions of accommodation check custodian or cashier.

c. The activity approving/certifying official shall be held accountable and pecuniary liable for the accuracy of the payments. (See "Purchase Card Reengineering Implementation Memorandum #3: Streamlined Financial Management

Procedures" for details of the "Payment Certification" and "Delayed Dispute Procedures" processes.)

★ d. In the case of purchase card convenience checks, the purchase card approving official (AO) is the same as the activity approving/certifying official.

(1) The activity approving official/certifying official shall be designated as the billing (invoicing) official and shall receive and certify payments of the billing statement (invoice) to the appropriate paying activity (e.g., a DFAS operating location).

★ (2) Convenience check accounts may be established with approving/certifying official accounts separate from approving official accounts for purchase cards.

★ 2. Designation of Accommodation Check Custodian

a. The custodian may be any individual (i.e., officer, enlisted person, or civilian employee) who is appointed by the head of the issuing DoD activity, or the activity's accommodation check approving/certifying official to order, receive, store, issue, inventory, reconcile and dispose of check stock. (Each DoD Component and/or activity has the discretion of identifying the minimum grade level for its check custodians.)

b. Each accommodation check account shall be under the custody of one individual who is not responsible for originating, approving, and processing the requirement for a check. An alternate custodian may be appointed with the same authorities as the principal custodian; however, the alternate shall act only in the absence of the principal.

c. Both principal and alternate custodians, as applicable, may be held pecuniarily liable for account transactions under their control.

d. The accommodation check custodian may perform the functions of the accommodation check cashier.

3. Designation of Accommodation Check Cashier

a. The cashier may be any individual (i.e., officer, enlisted member, or civilian employee) who is appointed by the head of the issuing DoD activity, or the activity's accommodation check approving/certifying official to inscribe (print), sign and issue checks.

b. The accommodation check cashier may perform the functions of the accommodation check custodian.

c. In the case of purchase card convenience checks, only one named person shall be designated as the accommodation check cashier and have authority to sign and issue accommodation checks.

★ d. An accommodation check cashier also may be a purchase card holder so long as the policies and procedures established herein are observed.

4. Other Operating Conditions

★ a. Accommodation check accounts shall be "bulk funded" in accordance with "Advance Reservation of Funds" policies delineated by the Under Secretary of Defense (Comptroller) memorandum of June 30, 1998, subject: "Purchase Card Reengineering Implementation Memorandum #3: Streamlined Financial Management Procedures--Change 1."

★ b. Check amounts shall not exceed $2,500 per check and shall be issued for the exact payment amount, with a prohibition on splitting purchases, payments or other amounts among more than one check to keep amounts below $2,500 or other assigned limits (if less than $2,500).

c. Accommodation checks shall not be issued as an "exchange-for-cash" vehicle to establish cash funds.

d. Accommodation checks may be mailed, as long as internal controls are in place to avoid duplicate payments to payees.

★ e. As appropriate, accommodation checks may be used for payments in overseas transactions up to $10,000 in support of contingencies declared by the Secretary of Defense.

f. The issuing activity is responsible for all administrative costs associated with the use of accommodation checks. At DoD Component election, the costs associated with the purchase of accommodation checks may be (a) included in the bulk obligation and accounted for as part of the purchase price or (b) treated separately as an administrative cost of the issuing activity.

★ C. Method for Establishing Accommodation Check Accounts: Normal account set-up procedures shall be followed to establish the accommodation check account product. Appropriate application forms shall be completed and submitted through the DoD activity's existing purchase card hierarchical structure, including approving official and Agency Program Coordinator (APC). The application also shall include a copy of the approval document issued by the DoD installation/activity resource manager or commander/director. A separate check account holder and approving official must be identified for each purchase card check account. The application can be obtained from the APC.

D. Conditions for Using Accommodation Check Accounts

★ 1. For accounts established with the purchase card issuing bank, agencies must maintain a current convenience check account status (i.e., with no delinquencies, except for questioned items or items in dispute). Also, any entity under suspension of purchase card privileges automatically shall be suspended from use of the purchase card convenience check system.

★ 2. Accommodation checks may be used for purposes not related to small purchases when such expenditures are authorized by other DoD or Component regulations.

021003. WAIVER PROCESS

A. The ODCFO may grant waivers to these policies (including higher dollar authority) for contingency operations and for exceptional circumstances.

B. Waiver requests for deviations from, or exceptions to, these policies shall be submitted for evaluation to the Military Department Office of the Assistant Secretary (Financial Management and Comptroller), the Defense Agency Comptroller, or equivalent. Waiver requests should be evaluated and approved or disapproved by the DoD Component Headquarters before submission to the ODCFO for consideration.

C. Waiver requests approved by the DoD Component Headquarters shall be submitted for consideration to the ODCFO. Such requests must contain adequate justification and demonstrate the need for a waiver or exception to the specific policy.

★0211 ALTERNATE AGENTS

When required, one or more individuals may be designated as an alternate agent to serve only during the absence of an imprest fund cashier, disbursing agent, cashier, change fund custodian, or collection agent. Alternate agents are not permitted in the case of deputy DOs. Alternate agents shall be issued letters of appointment as prescribed for the primary agent by the official authorized to appoint the agents. The alternate is an agent of the appointing official and when serving in place of the primary agent is governed by all regulations applicable to the primary agent. Funds received by alternates shall not be merged with those of the primary agent. Separate records shall be maintained to establish the amount for which each agent (or alternate) is responsible. Alternates are prohibited from conducting operations involving the handling of public funds concurrently with the primary agent. Upon written authorization of the appointing official, a primary agent may advance to an alternate agent a specified portion of cash holdings for use only during the absence of the primary agent. A DD Form 1081 (Statement of Agent Officer's Account) shall be signed by the alternate and held by the primary agent as evidence of the advance.

0212 DEATH, INCAPACITY, OR UNAUTHORIZED ABSENCE OF AGENTS

In the event of the death, incapacity, unauthorized absence, arrest, or other emergency absence of an agent, the commander shall take action as prescribed in section 0205 of this chapter for deputies at branch offices except that relieving agents shall be appointed in accordance with the procedures applicable to the position involved. In the case of an imprest fund cashier, the final voucher should be prepared by the relieving imprest fund cashier.

PAUL JOSEPH DOE; DEPUTY FOR: JOHN ALLEN HANCOCK DSSN 5219

SIGNATURE CARD

The information requested on the enclosed form is required under the provisions of 31 U.S.C. 82b to identify the accredited official for disbursing operations. Failure to provide the information may affect the accreditation of the individual.

Notify the Bureau of Government Financial Operations of any change in this address.	USS MARS (AFS-1) FPO AP 96672-3030	
Sign here, in form to be used on checks:		
I certify that the above signature is that of the disbursing officer named.	J. A. HANCOCK	DISBURSING OFFICER
The signature of the person certifying should be known to the Bureau of Government Financial Operations		Title

Date: December 5, 19XX

When signed forward immediately to the Bureau of Government Financial Operations
Washington, D.C. 20226

TFS	FORM 9-76	5583	PREVIOUS EDITION IS OBSOLETE	DEPT. OF THE TREAS-FIS. SERV. BUR. OF GOV'T. FIN. OPS.

Figure 2-1. Sample TFS Form 5583, Signature Card

Department of the Treasury
Bureau of Government Financial Operations
Reconciliation Branch
Payment Reconciliation Section
Washington, DC 20226

PAUL JOSEPH DOE
DEPUTY FOR:
JOHN ALLEN HANCOCK
DSSN 5219

The information requested on the enclosed form is required under the provisions of 31 U.S.C. 82b to identify the accredited official for disbursing operations. Failure to provide the information requested may affect the accreditation of the individual.

My official signature as it will appear on checks drawn on the United States Treasury is shown in EACH of the 14 spaces below.

I understand that a legible signature is desirable and that signatures on checks should conform closely to these specimens. I will use a permanent ink of a dark-blue, blue-black, or black color.

I will furnish new specimen signatures if a change in the form of my signature is to be made, and I will observe all of the provisions of Treasury Department Circular No. 8 in the issue, care, and use of checks.

December 5, 19XX
(Date)

(Signature)

When the signagraph is used, submit additional signatures on blank sheets.

SPECIMEN SIGNATURES	SPECIMEN SIGNATURES

TFS FORM 3023 8-77 FORMERLY TFS FORM 3023 12-76, WHICH IS OBSOLETE.

DEPARTMENT OF THE TREASURY - FISCAL SERVICE
BUREAU OF GOVERNMENT FINANCIAL OPERATIONS

Figure 2-2. Sample TFS Form 3023, Specimen Signatures

STANDARD FORM 1219
Revised April 1982
Department of the Treasury
1-TFM 2-3100

STATEMENT OF ACCOUNTABILITY

NAME OF DISBURSING OFFICER JAMES LAWRENCE RICHARDS	LOCATION OF DISBURSING OFFICER *(Mailing Address)* USS MARS (AFS-1) FPO AP 96672-3030
NAME OF AGENCY NAVY	
PERIOD OF ACCOUNT FROM 01 NOV 19XX THROUGH 30 NOV 19XX	AGENCY LOCATION CODE (ALC) *(Show main check symbol number)* 5219

	SECTION I. - GENERAL STATEMENT OF ACCOUNT			
	PART A. - TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY			
1.00			TOTAL ACCOUNTABILITY BEGINNING OF PERIOD	10,000.00
		INCREASES IN ACCOUNTABILITY		
2.1		CHECKS ISSUED ON U.S. TREASURY	8,000.00	
2.3		OTHER TRANSACTIONS		
	2.34	DISCREPANCIES IN D.O. ACCOUNTS - CREDITS		
	2.36	PAYMENTS BY ANOTHER D.O.		
	2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS		
	2.39			
2.9			TOTAL INCREASES IN ACCOUNTABILITY	8,000.00
3.0			SUBTOTAL	18,000.00
4.0		DECREASES IN ACCOUNTABILITY		
4.1		NET DISBURSEMENTS	7,500.00	
4.2		DEPOSITS PRESENTED OR MAILED TO BANK	3,000.00	
4.3		OTHER TRANSACTIONS		
	4.34	DISCREPANCIES IN D.O. ACCOUNTS - DEBITS		
	4.36	PAYMENTS FOR ANOTHER D.O.		
	4.37	TRANSFERS TO OTHER DISBURSING OFFICERS		
	4.39			
4.9			TOTAL DECREASES IN ACCOUNTABILITY	10,500.00
5.00			TOTAL ACCOUNTABILITY CLOSE OF PERIOD	7,500.00
	PART B. - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY			
		CASH ON DEPOSIT IN DESIGNATED DEPOSITARY *(Name and location of depositary)*		
6.2		CASH ON HAND		7,000.00
6.3		CASH - UNDEPOSITED COLLECTIONS		
6.4				
6.5		CASH IN CUSTODY OF GOVERNMENT CASHIERS		500.00
6.6				
6.7				
6.8				
6.9				
7.1		DEFERRED CHARGES - VOUCHERED ITEMS		
7.2		RECEIVABLES - CHECK OVERDRAFTS		
7.3		LOSSES OF FUNDS		
7.4		RECEIVABLES - DISHONORED CHECKS		
7.5				
7.6				
7.7				
7.8				
7.9				
8.0			TOTAL OF MY ACCOUNTABILITY	7,500.00
	PART C. - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY			
9.2		RECEIVABLES - CHECK OVERDRAFTS		
9.3		LOSSES OF FUNDS		
9.4		OTHER ACCOUNTABILITY		
10.0			TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY	0.00
11.0			TOTAL DISBURSING OFFICER ACCOUNTABILITY *(Same as line 5.00 above)*	7,500.00

I have received on 30 NOV XX by transfer from LT James L. Richards, SC, USN, $7,500.00, an analysis of which is included in Sections I-B and I-C above.

John A. Hancock, LTJG, SC, USN

I certify that this is a true and correct statement of accountability for the period stated at the office referred to above.

NAME AND TELEPHONE NUMBER OF CONTACT	SIGNATURE AND TITLE OF CERTIFIER	DATE
J. A. HANCOCK COM. (619)952-2222 DSN 496-2222	J. L. RICHARDS	30NOVXX

NSN 7540-00-634-4245 (OVER) PREVIOUS EDITION NOT USABLE 1219-106

Figure 2-3. Sample SF 1219, Statement of Accountability (Final Upon Relief)

SECTION II - SUMMARY BY SYMBOL OF CHECK AND DEPOSIT TRANSACTIONS WITH U.S. TREASURY

PART A. - CHECKS ISSUED AND ADJUSTMENTS FOR PRIOR PERIODS *

CHECK	AMOUNT OF CHECKS ISSUED THIS MONTH	ADJUSTMENTS FOR PRIOR MONTHS (+ or -) BY TFS FORM 1219 ISSUE (Month and Year)	ADJUSTMENTS FOR PRIOR MONTHS (+ or -) BY TFS FORM 1219 AMOUNT	ADJUSTMENTS FOR PRIOR MONTHS (+ or -) OTHER ISSUE (Month and Year)	ADJUSTMENTS FOR PRIOR MONTHS (+ or -) OTHER AMOUNT	TOTAL (Columns 2 + 3)
(1)	(2)	(3)		(4)		(5)
	TC 210		TC 211		TC 212	
5219	8,000.00					8,000.00
TOTALS!						

PART B. - SUMMARY OF DEPOSITS PRESENTED OR MAILED TO BANK (Line 4.2)

DEPOSIT	DEPOSITS OR MAILED TO BANK THIS MONTH	DEPOSITS PRESENTED OR MAILED TO IN PRIOR MONTHS BUT RECORDED IN ACCOUNTS THIS MONTH MONTH MAILED TO	DEPOSITS PRESENTED OR MAILED TO IN PRIOR MONTHS BUT RECORDED IN ACCOUNTS THIS MONTH AMOUNT	TOTAL PRESENTED TO BANK ^ (Column 2 + 4)
(1)	(2)	(3)	(4)	(5)
	TC 420		TC 420	
5219	3000.00			3,000.00
TOTALS !				

* The totals reported in these columns must be in agreement with the corresponding amounts reported on the SF 1179.
\+ The total reported in this column must be in agreement with the total shown on Line 2.1 on the face of this statement.
! For use only if more than one (1) symbol is listed.
^ The total reported in this column must be in agreement with the total shown on Line 4.2 on the face of this statement.

Figure 2-3. Sample SF 1219, Statement of Accountability (Reverse)

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CHAPTER 3 KEEPING AND SAFEGUARDING PUBLIC FUNDS

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Figure 3-1. Sample DD Form 1081 (Statement of Agent Officer's Account) (Advance of Funds)

Figure 3-2. Sample DD Form 1081 (Statement of Agent Officer's Account) (Return of Funds/Vouchers)

Figure 3-3. Model Intergovernmental Agreement

Table 3-1. Maximum Levels of Authorized Cash Holdings

CHAPTER 3

KEEPING AND SAFEGUARDING PUBLIC FUNDS

0301 CASH OPERATIONS

030101. Appropriated Funds

A. Deposit Funds. Amounts appropriated by the Congress are held in an expenditure account by the Treasury subject to disbursement by DOs of the United States. Disbursements may be made by EFT, Treasury check, or cash. Cash funds are obtained by DOs as described in Chapter 7 of this volume. Every disbursing office authorized to make disbursements is identified by a DSSN. Each disbursement of funds is charged by the Treasury Department to the DSSN making the disbursement. DOs outside the United States are authorized to maintain official checking accounts with banks designated by the Secretary of the Treasury in accordance with regulations outlined in Chapter 14 of this volume. These special accounts outside the United States denominated in local or third country currencies and are known as limited depositary accounts (LDAs).

B. Cash Funds. When it is necessary to make all or some disbursements in cash, upon approval of the commander or other authority, DOs are authorized to maintain on hand, at their own personal risk, currency and coin required for official disbursements and accommodation transactions.

★ C. Selection of Payment Method. Subject to the policies outlined in this volume, payments may be made by EFT, check, or cash. In the United States, EFT is the prescribed method of payment and shall be utilized to the maximum extent possible. When use of EFT is not practical; i.e., for payments going to a foreign country address where EFT is not available, Treasury checks (rather than cash) are the preferred method of payment. Consult section 2402.

030102. Cash Held at Personal Risk

Funds that qualify as cash held at personal risk include U.S. currency and coin on hand; foreign currency and coin on hand; imprest funds; change funds; and cash on deposit in an LDA. Cash held at personal risk is for making miscellaneous cash payments, making change, conducting accommodation exchanges, and other specifically authorized transactions.

★ 030103. Approving Authority. Service commanders of DOs, deputies, agents, and cashiers of the DO within their commands are the approving authority for granting requests to hold cash funds at personal risk. The DFAS Center Directors of DOs, deputies, agents, and cashiers of the DO within their organizational structure, to include defense accounting officers (DAOs), are the approving authority for granting requests to hold cash at personal risk. Cash on hand must be kept to the minimum necessary to meet normal requirements. To ensure that good

cash management procedures are in effect within the Department, the approving authority shall review each request to ensure that it is in line with the total non-payroll requirements.

★ 030104. Requests for Approval. Each DO shall request authority to hold cash at personal risk from the approving authority. Scheduled payday cash requirements, including the amount required to cash payday paychecks, shall not be included in the request. The approving authority is responsible for ensuring the amount of the request is within the guidelines set forth below and that management controls exist to ensure that routine reviews of cash requirements are being conducted. A new request to hold cash at personal risk shall be submitted semiannually (or whenever a review of cash requirements will result in a major change), allowing sufficient approval time for the cash authority to become effective on October 1 and April 1 of each fiscal year. Requests to hold cash at personal risk shall be made in writing and shall include the name, title, and duty station of the accountable requestor; a description of the payments and transactions requiring the use of cash; a statement attesting that adequate facilities are available to safeguard the cash; and a breakdown of where the cash will be held by accountable position. For emergency and extraordinary expense funds security concerns may require omission of the duty station, description of payments, location of facility, or other information that may compromise classified information. However, this information shall be kept on file and available for review by cleared personnel. The request shall include the amount to be held personally by the DO as well as the amounts to be held by all deputies, agents, and cashiers of the DO. The request shall not include the amount held by authorized imprest fund cashiers and authorized change fund custodians. Imprest funds and change funds are approved separately and are not to be included in the DO's cash holding authority. Approval of all requests shall be indicated by an appropriate endorsement and the original request shall be returned to the DO for retention.

030105. Determining Cash Requirements

★ A. General. In considering their cash requirements for disbursing and accommodation transactions, DOs shall consider daily cash collections of all deputies, agents, and cashiers of the DO over a representative period of time and average the results. If daily cash collections exceed disbursement and accommodation needs, no further computation is necessary. Otherwise, compute the cash requirements according to source and availability as shown in table 3-1. The portion of the DO's request to hold foreign currency at personal risk may be stated in foreign currency units to preclude temporary increases due to extreme currency fluctuations. The following types of disbursements which are authorized and/or required should be considered in determining the minimum cash/negotiable instruments a DO must hold at personal risk to meet normal daily cash transaction requirements:

1. Routine cash payments.

2. Emergency cash payments, e.g., emergency leave, etc.

★ 3. Commercial contract travelers checks for travel cardholder temporary duty travel advances.

★ 4. Cash travel advances for non-cardholder temporary duty travelers and permanent change of station travelers.

5. Foreign currency requirements for accommodation exchanges.

6. Requirements for personal check cashing accommodation transactions. (See Chapter 4.)

7. Cash transactions of remote/satellite deputies, cashiers, and agents of the DO.

B. Special Circumstances. When special circumstances require DOs to increase their cash holdings beyond the amounts set forth above, the circumstances and duration of the expected need for increased cash shall be detailed in the request for approval to increase cash held at personal risk. The approving authority may authorize holding amounts temporarily in excess of the limits described above based on the circumstances provided. If the circumstances are more than temporary (over 30 days) or are expected to become permanent, the DO shall recompute the cash requirements based on the addition or deletion of anticipated services and requirements and submit a new request for approval.

C. Cash Collections. Coin and currency received as cash collections may be held for operating cash requirements up to the amount authorized to be held at personal risk. Cash collections that increase cash on hand above the authorized limit shall be deposited immediately.

030106. Payroll Cash. Payroll cash is the cash required to meet mid-month, end-of-month, or special payday requirements. DOs can forecast these requirements using historical data and current personnel assigned figures. It should be ordered and withdrawn from the institution or activity providing cash as close to the actual payday as practical. Any excess amount drawn that results in the DO exceeding the authorized limit for cash held at personal risk should be deposited no later than the next business day following payday.

030107. Obtaining Cash Funds for Disbursing Purposes

A. Procurement by Exchange-for-Cash Checks. DOs are authorized to draw exchange-for-cash checks as described in Chapter 7 of this volume for procurement of cash necessary to meet authorized requirements. Funds can be obtained from other DOs, an FRB, FRB branch, or any commercial bank willing to provide the service. If the DO is unable to go to the bank to take possession of the funds due to excessive workload or location, arrangements can be made with the FRB or bank to ship the funds by registered mail or armored car. The commander shall approve and fund, as required, this type of delivery.

B. Notification to the Bank. As required, DOs shall provide the bank with advance notice of their cash requirements. At the time of notification, the DO should ascertain and provide any other additional requirements of the financial institution such as date currency required; identification required; denominations required; fees charged; and any policies or procedures peculiar to the particular institution (e.g., letter of introduction).

C. Immediate Credit Procedures

1. Requirement. A few banks have negotiated agreements with the Treasury Department that permit them to receive immediate credit when cashing an exchange-for-cash check for DOs to obtain payroll cash (referred to as military payroll check by the Treasury Department). DOs who obtain their payroll cash from one of the banks so designated shall notify the Treasury by Telecopy-FAX or by message or telegram addressed to: U.S. Treasury Department, Financial Management Service, General Ledger Branch, (ATTN:MTAS), Washington, DC. There are two Telecopy-FAX lines available for this purpose: (202) 566-3020 and (202) 633-7728.

2. Notification. Notification should arrive at the Treasury Department at least 2 days before the transaction is to take place and should include the name and location of the disbursing office; the name and address of the bank; the amount of the check; the date the check will be presented to the bank (shall be same day cash is picked up); a statement that the bank will be requesting immediate credit; and the disbursing office point of contact and commercial telephone number. Do not use DSN numbers. If an error is detected, a correction shall be transmitted immediately. In the event that the check is not exchanged for cash, the DO immediately shall notify the Treasury Department.

D. Protection of Currency in Transit

1. Notification to Commander. When a DO or any other person leaves the disbursing activity with official cash funds in excess of $10,000, or for the purpose of picking up official cash funds in excess of $10,000, the installation commander and the security police shall be notified. Such notice may be made through the command duty officer or other duty officer by reporting the time of departure, destination, estimated time of return, amount, and the source or disposition of the cash funds, as appropriate, for entry in the ship or station log.

2. Transporting Cash. Cash shall be secured at all times. Safeguarding of such funds is a command responsibility. Specifically, the responsibility for providing security rests with the commander of the activity who requested such funds be made available. In this regard, the decision whether to have an armed escort, how many, or the type of transportation to be used is all part of the command's responsibility. The command should consider such things as amount of funds to be protected, the distance and terrain to be covered, type of transportation available, and local security forces which may be called upon.

3. Liability. The deputy, agent, or cashier who has signed for the funds is pecuniarily liable for such funds until their return to the DO. If a deputy, agent, or cashier feels that adequate security has not been provided by the command, then the agent may refuse to disburse such funds and return the funds to the DO.

E. Verification of Money. The DO shall verify all cash received prior to acceptance. Non-sealed money shall be verified by actual count prior to acceptance or immediately upon receipt of shipment. Sealed new money bricks (presented with the FRB's packaging intact) can be verified by bundle count at the DO's risk. When the bundle is needed, the bundle should be verified immediately upon opening with individuals standing by to witness both the breaking of the seal and the count verification. Discrepancies shall be reported immediately by issuing a claim to the Treasury Department via the bank from which the money was obtained. Claims shall identify the bundle/brick in question and include a signed statement from the witnesses. The Treasury Department normally does not approve these claims. If the claim is not approved, apply the regular request for relief procedures. Receipts by shipment shall be accepted and verified in front of the witnesses immediately upon receipt in accordance with the above procedures, depending upon how the money is packaged.

F. Expenses. Bank charges and shipping costs that may be incurred when procuring U.S. currency shall be charged to the operation and maintenance funds available to the disbursing activity.

G. Registered Mail Shipments of Currency. This method of obtaining funds is highly discouraged. If no other sources of cash are available and cash must be obtained using this method, it shall be accomplished by sending an exchange-for-cash check to an FRB via registered mail. Also, the DO shall make arrangements with the FRB to pay the registered mail costs. As provided in the previous subparagraph, costs incurred in procuring U.S. currency shall be charged to the operation and maintenance funds of the disbursing activity. Upon notification that the shipment has been made, the DO shall take action to alert the shipper to trace the funds if they have not been received within a reasonable period of time; maintain a copy of the exchange-for-cash check and report the check as funds in transit on the SF 1219 until the cash is received from the FRB; and if the cash or any portion of the order is not received in a reasonable time, initiate diligent action as described in Chapter 5 of this volume.

H. Obtaining Cash by Transfer from Officer Relieved. The obtaining of cash funds by transfer from another DO without the issuance of an exchange-for-cash check is authorized only upon the relief of a DO and only from the DO being relieved.

0302 CASH REVIEW REQUIREMENTS

030201. Quarterly Cash Verification

A. Purpose. The quarterly cash verification is the physical count of the cash, negotiable instruments, and other assets that comprise a DO's total accountability (including cash, negotiable instruments, and other assets in the custody of all deputies and agents). It is a management control that, along with other controls, can be used to gauge the overall health of a disbursing operation. It is not meant to alleviate management's responsibility to direct and monitor all facets of a disbursing operation.

B. Appointing the Cash Verification Team. The verification shall be conducted by a team of disinterested persons appointed by the commander. The appointment shall be made in writing and include at least two qualified personnel. At least one of the personnel must have accounting or disbursing experience. It is in a command's best interest to use the most competent personnel available. In the case where the DO also is the commander, the next higher commander in the administrative chain of command shall appoint the team. At small or remote locations, it may be desirable to limit the team to one member or have members appointed and provided from serviced or associated commands. Cash verification team members shall not be in the DO's chain of command. If possible, one member should be equal or senior in rank to the accountable individual. For imprest and change funds, especially those held at installations or activities other than the installation or activity of the DO, the commander who authorized the establishment of the fund and appointed the imprest fund cashier or change fund custodian is responsible for appointing the cash verification team. In all cases, the appointing commander shall require the cash verification team (or individual) to perform a verification of all funds held by deputies, branch office cashiers, disbursing agents, paying agents, collection agents, imprest fund cashiers, or change fund custodians, at least once each quarter. Cleared personnel will be appointed for the verification of emergency and extraordinary expense funds.

C. Cash Verification Procedures. Except as modified by this paragraph, the requirements of this volume shall be met by the cash verification team in conducting cash verifications. When desired by the commander appointing verifying officials, the DO shall conduct training for the verifying officials and/or provide written instructions with check-off lists. The specific procedures for conducting the verification are contained in appendix A. The team and the commander jointly are responsible to ensure that the verification is conducted randomly throughout a quarter. Verifications that are continuously held at or near the end of a quarter are counter productive. The quarterly cash verification may be omitted for any quarter in which a cash verification is made by representatives of an area audit office, a disbursing on-site examination team, or transfer of accountability has occurred.

D. Report of Verification

★ 1. General. A written report of the results of each verification shall be made. The original report shall be provided to the commander, a copy to the DO, and a copy retained by the cash verification team. If funds are found to be in excess of that authorized to be

held at personal risk in accordance with paragraph 030105 of this chapter, the report shall be expanded to so state. Any shortage or overage in the DO's account-ability shall be reported as prescribed in Chapter 6 of this volume. The verifying official(s) shall make an entry on the face of the DO's daily statement of accountability, setting forth the result of the verification in substance as follows:

"On (date) at (time) , the undersigned verified by actual count, cash in the amount of $_____ , together with all documents supporting collections and disbursements, which (is)/(is not) in agreement with this daily statement of accountability.

_____
Signature and Rank of Verifying Official"

2. Limitations. Each report to the commander shall begin with the statement: "The quarterly cash verification is meant only to verify that cash and other assets for which the DO is accountable agrees with the total accountability amount recorded as on-hand on the DO's daily statement of accountability. It does not attest to the system of management controls or overall fiscal operation of the disbursing office. Strong management controls exercised by the appropriate members within the chain of command are mandatory and necessary to prevent and preclude major loss or fraud."

0303 SAFEGUARDING FUNDS AND RELATED DOCUMENTS

030301. General. This section sets forth the responsibilities of commanders and DOs for safeguarding public funds and the related instruments and documents. Its provisions are equally applicable to deputies, agents, cashiers, and other custodians of public funds. DOs should hold the number of accountable positions that require the storing of public funds to a minimum. The most secure container that is available to a DO (vault, safe, etc.) shall first be used for safeguarding currency; undelivered checks and bonds; negotiable instruments; public vouchers; storing of blank U.S. Treasury checks, limited depositary checks, and U.S. savings bonds; signature plates; safekeeping of valuables; and other records in that order. The command security program should be written to take into account the maximum amount of each of these items that would normally be on hand at any given time. Public funds and documents shall not be stored in the same containers as classified material and documents.

030302. Responsibilities

A. Commander. The commander is responsible for:

1. Ensuring that every individual entrusted with public funds is provided a vault, safe or other adequate secure facility (e.g., a strong box) for exclusive use and accessible only to that individual. If it is not possible to provide separate safes, separate locked compartments in one safe or strong boxes stored in one safe or vault shall be provided. To assure

the fixing of accountability, control over a discreet amount of public funds shall not be entrusted to two or more individuals. Public funds shall never be merged with any other funds.

2. Developing a security program and promulgating the program in the form of a command instruction or notice. The program shall provide adequate protection for the maximum amount of public funds and related documents and instruments that will be on hand at any given time.

3. Ensuring that personnel protection is included in the overall disbursing security program. The program shall include requirements for periodic review of the adequacy of the security measures being used and for testing security equipment for proper operation on a semiannual basis.

4. As required, ensuring armed guards are made available for escort of government funds to and from the disbursing office when funds are being transported.

5. Providing fire protection of government facilities and funds.

B. Disbursing Officer. The DO is responsible for properly safeguarding all government funds with which entrusted and is held pecuniarily liable for the loss of such funds. When DOs, deputies, agents, cashiers, and/or custodians have custody of government funds, each shall be provided with a separate secure container as described above. Although any of the appointed or assigned personnel are liable for any losses of government funds in their custody, the DO also continues to hold overall responsibility and is jointly (or even singularly) liable for any losses associated with these personnel. For this reason, DOs shall make sure that all deputies, agents, cashiers, imprest fund cashiers, and other custodians are fully aware of their responsibilities for properly handling and protecting government funds. At least semiannually, the DO or designee shall make a personal inspection (and maintain a record of such inspections) of office security measures to ensure that:

1. Vaults and safes are not accessible to unauthorized persons. Access to vaults may be limited by vault day gates to which only authorized personnel have the keys.

2. Cash in excess of the amount required and authorized for official purposes is promptly deposited.

★ 3. Windows and doors are limited and barred and/or locked at all times after business hours.

4. Access to the working area is conspicuously marked "AUTHORIZED PERSONNEL ONLY." Transactions should be conducted from a cage, room, or counter enclosure, constructed in a manner which will provide a physical barrier to normal traffic and a minimum of interference by other activities and personnel of the office.

5. Security devices for the check signing machines, meters, and plates are kept in the custody of the DO or authorized deputy at all times.

6. Internal office procedures are established to provide adequate controls on all undelivered and returned checks. Responsibility for receipt, holding, and final distribution of checks shall be assigned in writing.

7. The commander is advised of any security shortfalls or breaches.

8. The servicing DFAS Center is informed of any request for adequate safeguarding facilities that has been denied.

9. Written and oral instructions are provided to all deputies, agents, cashiers, and custodians regarding the proper care and handling of cash and other accountable documents. The DO is advised to maintain an affidavit from each accountable individual attesting to receipt of such instructions.

10. All cash, blank Treasury checks, blank U.S. savings bonds, blank depositary checks, and related items to which this section refers are kept in a vault, safe or security container that meets the minimum security standards prescribed in this section.

11. All fund containers aboard ships and fund containers ashore that are either on rollers or weigh less than 750 pounds are stored in a vault or secured in such a way as to prevent movement.

12. If the vault, safe, or container is visible to the exterior of the office where security patrols pass, the container is illuminated. This requirement is mandatory in all cases aboard ships.

13. The combination of all vaults, safes, and fund containers is changed at least once every 6 months and upon relief, transfer, separation, or discharge of the accountable individual. Except for vaults containing only bulk stock of blank checks and bonds or several safes or strong boxes (wherein funds are stored) stored inside the vault, the responsible individual shall not divulge the combination or key to anyone. At the discretion of the DO, the combination of each safe and duplicate key of each strong box may be placed in a sealed, signed, and dated envelope. The envelope shall be sealed and signed by the accountable individual in such a manner that unauthorized opening of the envelope can be detected. The sealed envelopes of all accountable individuals other than the DO shall be kept in the DO's safe. The sealed envelope containing the combination and/or keys to the DO's safe or vault shall be delivered to the commander, security officer, or other designated official for retention. The combination or key sealed in the envelope shall be used only in the event of an emergency which requires opening of the safe or vault. Refer to Chapter 2 of this volume for emergency procedures.

14. A record of combination changes is kept inside each vault, safe, or container. The record shall be dated and signed by the accountable individual.

15. The dial to the vault, safe, or container concealed by a shield made of cardboard or other suitable material to limit the possibility of the combination being observed.

16. The name and phone number of the accountable individual is posted on the inside of the vault, safe, or container. DOs may use an SF 700 (Security Container Information), SF 701 (Activity Security Checklist), or SF 702 (Security Container Check Sheet), as appropriate, to assist in the control and proper safeguarding of public funds and the vaults, safes, and/or containers. Alternatively, a unique container number along with a 24-hour duty number may be posted on the outside of the vault, safe, or container provided the duty personnel have access to the accountable individual.

17. Keys to the work space or disbursing office are strictly controlled. A record shall be maintained that identifies who has keys, when they were issued, and when they were surrendered.

18. All security equipment is tested at least every 6 months for proper operation and a record of the tests maintained.

C. Other Custodians of Public Funds. Protective action shall be taken by all custodians (including alternate custodians) entrusted with public funds.

030303. Intrusion Detection Systems

A. General. An Intrusion Detection System (IDS) is a vital part of any protection system designed to provide in-depth protection for a resource or other important area. The DoD supports a policy on the use of IDS for resource protection purposes. The first consideration shall be given to components of the DoD Joint-Services Interior Intrusion Detection System (J-SIIDS). In certain special cases, components of the Base and Installation Security System (BISS) (generally used for security applications) also may be available for resource protection requirements.

B. Alarms. Alarms should be considered for use to deter entry to the general disbursing area or to the actual storage container. There are three levels of alarm protection: penetration; motion; and point detection. In-depth protection can best be achieved by equipping an area with a minimum of two levels of detection capability. The existence of alarms should be well publicized to gain the full benefit of psychological deterrence, and should be identified by conspicuous warnings.

C. Maintenance. To ensure the alarm system operates properly, the installation shall have an effective maintenance program and shall test the system regularly. The alarm system shall be protected against bypassing and spoofing consistent with DoD requirements.

D. Alarm Monitor's Responsibilities. Alarm monitors shall be trained to understand the systems they are monitoring to include operation and basic fault isolation. They shall work closely with the security police and unit personnel and act as a liaison in this special role.

★ 030304. Categories of Storage Containers

A. Security Containers. General Services Administration approved security containers are manufactured under the following Federal specifications. The Class 1 and Class 5 cabinets have been rated to provide the greatest protection against forced entry.

1. Class 1 or Class 2 cabinet. AA-F-357 (GSA-FSS).

2. Class 4 or Class 5 cabinet. AA-F-358 (GSA-FSS).

3. Class 5 or Class 6 Map and Plan File. AA-F-363 (GSA-FSS) or Class 6 Drawer File - AA-F-358 (GSA-FSS).

B. Burglary Resistant Safes. Commercial burglary resistant safes are certified by Underwriters' Laboratories, according to the following classifications. These containers are designed to protect the contents against forced entry. The numerical value utilized in the classifications represents the time in minutes which the safe should resist forced entry. These safes provide a greater degree of protection than the General Services Administration rated security containers.

1. Tool-Resistant Safe - TL-15.

2. Tool-Resistant Safe - TL-30.

3. Torch and Tool-Resistant Safe - TRTL-30.

4. Torch and Tool-Resistant Safe - TRTL-60.

★ 030305. Storage Container Requirements

A. Currency and Negotiable Instruments. The following subparagraphs prescribe the minimum requirements for storage of currency and negotiable instruments. DoD Component security and resource protection programs should ensure compliance with these minimum requirements. Previously approved storage containers currently in use may continue to be used.

1. Under $7,500. The commander shall establish fund container requirements. Any of the security containers or burglary resistant safes listed in paragraph

030304 of this section may be used. Additionally, the Naval Sea Systems Command may designate specific containers which may be used onboard Navy ships.

2. $7,500 - $50,000. A security container that carries a Class 1 or Class 5 rating or a burglary resistant safe carrying at least an Underwriters' Laboratories classification of Tool-Resistant Safe, TL-15, and having a Group 1R combination lock, should be used.

3. $50,000 - or more. A burglary resistant safe or vault carrying at least an Underwriters' Laboratories classification of Tool-Resistant Safe, TL-30, and having a Group 1R combination lock, should be used.

★ B. Other Than Currency and Negotiable Instruments. Blank checks and bonds, signature plates, paid vouchers representing cash (collection or disbursement vouchers which have been processed but have not been included as a net disbursement in the daily or monthly, as appropriate, financial reports to the servicing DFAS center), other disbursing records and documents, and personal valuables as defined in paragraph 270102 held for safekeeping shall be stored in a security container carrying at least a Class 1 or Class 5 rating or a burglary resistant safe or vault. Additionally, the naval sea systems command may designate specific containers which may be used on board navy ships.

0304 ADVANCING FUNDS TO AGENTS

030401. Deputies, Agents, and Cashiers of the DO

A. Procedure. DOs may entrust funds for official use to the custody of their deputies, agents, and cashiers as prescribed in this section. All funds that are advanced to deputies, agents, and cashiers shall be documented by DD Form 1081. Funds may be provided by furnishing the deputies, agents, or cashiers with currency or by issuing exchange-for-cash checks, as required, payable to the deputy, agent or cashier. The DO shall instruct the individual to negotiate exchange-for-cash checks only as funds are needed, since an unnegotiated Treasury check does not represent an interest burden on the Treasury, and, accordingly, is not considered a part of the individual's (or the DO's) approved cash authority (even though the DO reports the unnegotiated check as "Funds with Agents" and the deputy, agent, or cashier reports the unnegotiated checks as "Cash on Hand"). Funds in the custody of deputies, agents, and cashiers in the main disbursing office shall be reported on the SF 1219 as cash on hand and funds in the custody of deputies, agents, and cashiers outside the main disbursing office shall be reported on the SF 1219 as cash in the custody of government cashiers. See figure 3-1 for an example of a properly executed DD Form 1081 showing an advance of funds to deputies, agents, or cashiers.

B. Limitation of Amount. Under normal conditions, the amount of funds advanced to a deputy, agent, or cashier shall not exceed their cash holding authority. However, during the authorized absence of the DO, on paydays, and at such other times as is required for efficient operation, funds may be entrusted to the custody of deputies, agents, or cashiers in such

amounts as are required, provided the total amount held by the DO and the deputies, agents, and cashiers does not exceed the amount authorized to be held by the DO.

C. Custody. Each deputy, agent, or cashier shall store the funds entrusted to him or her in a safe or adequate container which is assigned exclusively for his or her use as specified in section 0303 of this chapter. The combination of the safe or container shall be known only to the deputy, agent, or cashier and may be placed in a sealed, signed, and dated envelope for retention in the DO's safe or vault. The combination of the safe or container shall be changed at least once every 6 months. If it becomes necessary, in the opinion of the commander, to gain access to the safe or container, it shall be opened and the contents verified following the procedures outlined in Chapter 2 of this volume.

D. Balancing. All deputies, agents, and cashiers entrusted with official funds shall balance the funds in their custody following the balancing requirements for DOs as outlined in Chapter 19 of this volume. The permanent record of balancing for deputies, agents, and cashiers shall always be kept on the DD Form 2665 (Daily Agent Accountability Summary). The DO shall instruct each deputy, agent, or cashier with respect to the frequency of balancing and submission of DD Form 1081 as a summary of cash transactions and receipt for cash and vouchers on hand. In any event, DD Form 1081 turn-ins shall be made not less frequently than once each month. When it is known that a deputy, agent, or cashier will be absent in excess of 5 workdays, all funds and accountable documents in the deputy's, agent's, or cashier's custody shall be returned to the DO with properly executed DD Forms 2665 and 1081 prior to departure. Any shortage or overage of funds shall be reported immediately as prescribed in Chapter 6 of this volume. See figure 3-2 for an example of a properly executed DD Form 1081 showing return of funds and/or vouchers to the DO.

E. Collections and Disbursements

1. Deputies, Agents, and Cashiers in the Main Disbursing Office. All negotiable instruments, collection and disbursement vouchers, and other accountable documents shall be accounted for on DD Form 2665 and turned in to the DO daily with a covering DD Form 1081. Currency collected over and above the currency disbursed may be retained when authorized by the DO provided the total funds held are within the limitations specified above. The DD Form 1081 also serves as a new receipt for the funds which remain in the custody of the deputy, agent, or cashier. When additional funds are required, due to disbursements greater than collections or other authorized transactions, the DO may replenish the funds in the net amount of acceptable vouchers and negotiable instruments delivered with the DD Forms 2665 and 1081. The DO shall prepare a new DD Form 1081 for the amount of funds advanced. DD Forms 1081 shall be prepared as described in Chapter 19 of this volume.

2. Deputies, Agents, and Cashiers at Branch Disbursing Offices. When deputies, agents, and cashiers are performing duties in branch offices located at such distances from the main disbursing office that reporting of transactions in person is considered impracticable, the DO may authorize transmittal of the transactions by mail or messenger,

accounted for on DD Form 2665 with a covering DD Form 1081. The original DD Form 1081, signed by the deputy, agent, or cashier and duplicate of the report shall be forwarded with the DD Form 2665 and substantiating vouchers, negotiable instruments, and documents to the DO who, after examination and acceptance, shall acknowledge receipt on the duplicate copy of the DD Form 1081 and return the duplicate to the deputy, agent, or cashier. Replenishment of funds may be accomplished by furnishing the deputies, agents, or cashiers with currency or by issuing exchange-for-cash checks payable to the deputy, agent, or cashier and a new DD Form 1081 as provided in the previous subparagraph. DD Forms 1081 shall be prepared as described in Chapter 19 of this volume.

3. Deputies, Agents, and Cashiers Under Other Commands. Deputies, agents, or cashiers who are not under the same command as the DO, such as the investigative serv-ice, investigative support center, intelligence command, and U.S. Defense Attache Offices, shall deposit negotiable instruments whenever possible. Deposit tickets, collection and disbursement vouchers, and other accountable documents shall be transmitted by mail or messenger, accounted for on DD Form 2665 with a covering DD Form 1081. The DD Form 1081 shall be prepared as described in Chapter 19 of this Volume, except that, on the determination of the DO, the volume of transactions may be so few as to permit the submission of a single DD Form 1081 for each month.

4. Deputies, Agents, and Cashiers Aboard Navy Vessels. Deputies, agents, and cashiers aboard Navy vessels shall account for all negotiable instruments, collection and disbursement vouchers, and other accountable documents (including documents prepared in conjunction with the automated teller machine system, if installed on the vessel) using the DD Forms 2665 and 1081 as prescribed in the preceding subparagraphs. However, turn-in shall be accomplished no less frequently than: once each week; immediately before and after each payday; the last day of each month; and, at any other time when the DO suspects that an irregularity has occurred. Whenever workload and staffing conditions permit, DOs aboard Navy vessels are encouraged to require all deputies, agents, and cashiers to turn in vouchers and negotiable instruments more frequently than the standards prescribed by this subparagraph.

F. Records. All transactions by other than the DO shall be identified by name of the paying deputy, agent, or cashier. The method used to accomplish the identification shall be as determined by the DO. Negotiable instruments cashed by other than the DO shall be identified as prescribed in Chapter 4 of this volume.

030402. Paying Agents. Funds entrusted to authorized paying agents for the purpose of making specific payments, currency conversions, or check-cashing transactions shall be documented with a DD Form 1081. The amount of the advance shall not exceed the amount required for the specific payments, check cashing, or currency conversions to be made by the paying agent. The DO shall furnish written instructions to the paying agent to ensure that all pertinent disbursing procedures are properly observed by the paying agent, including requirements for the safeguarding of funds; identification of payees; signature of payees; required vouchers, documents, and certifications; and the return of funds and vouchers. Funds advanced

to the paying agent shall neither be commingled with any other funds nor advanced to any other person. Normally, the paying agent shall not retain advanced funds overnight. Promptly upon completion of authorized payments, the paid vouchers, negotiable instruments, and any balance of funds shall be returned to the DO with a properly completed DD Form 1081. When circumstances require retention of funds overnight by the paying agent, the custody requirements in section 0303 of this chapter shall be followed, and the paid vouchers, negotiable instruments, and balance of funds shall be returned as soon as possible after completion of the authorized payments, normally within 24 hours. The DO shall notify his or her commander and the commander of the paying agent if the paying agent fails to make prompt return of paid vouchers, negotiable instruments, and funds or if loss of funds or vouchers occurs.

030403. Imprest Fund Cashiers

A. Authority. The DO serving the base, camp, post, station, installation, activity or ship is authorized to advance official funds not to exceed the $10,000 limitation and authorization as prescribed in Chapter 2 of this volume. When an imprest fund initially is established, the DO shall make the advance of funds only after receiving a copy of the authorization to establish the fund from the commander or designee. When the commander or designee authorizes an increase in the amount of an existing imprest fund, the DO shall make the additional advance in order to bring the amount of the fund up to the newly established level only after receiving a copy of the authorization to increase the amount of the fund.

B. Form of Advance of Funds. The advance shall be made by cash or by check payable to the order of the imprest fund cashier. If desired by the imprest fund cashier, a series of checks in the desired denominations (round figures or specific amounts) may be issued. The DO shall prepare a DD Form 1081 for the amount of funds advanced and the original shall be signed and returned to the DO by the imprest fund cashier. All DD Forms 1081 for imprest fund advances shall include a statement that the imprest fund cashier will immediately inform the DO who advanced the funds of any loss of or shortage.

C. Accounting. All imprest fund advances shall be reported on the SF 1219 as cash in the custody of government cashiers.

D. Reimbursement and Liquidation. The amount of the imprest fund shall remain constant at all times. The imprest fund cashier shall prepare and submit an OF 1129 (Cashier Reimbursement Voucher and/or Accountability Report) to the DO as often as necessary but no less frequently than once per month for replenishment of the fund. The DO shall reimburse the imprest fund cashier for the amounts expended and properly documented as prescribed in Chapter 2 of this volume. Upon reduction in the authorized amount of the imprest fund, funds may be transmitted to the DO by money order(s). The cost of the money order(s) shall be deducted from the amount transmitted and accounted for as prescribed in Chapter 2 of this volume. The imprest fund cashier shall prepare a DD Form 1081 to document the return of the funds. The DO shall sign the duplicate of the DD Form 1081 and return it to the imprest fund cashier. Upon relief of the imprest fund cashier or upon the disestablishment of the fund for any

reason, all unreimbursed transactions shall be accounted for on an OF 1129. Immediately upon reimbursement for the final OF 1129, the imprest fund cashier shall prepare a DD Form 1081 and return the total amount of the imprest fund to the DO. When the imprest fund advance is fully accounted for, the DO shall sign the duplicate copy of the DD Form 1081 and return it to the imprest fund cashier. Upon relief of the DO, the DD Form 1081 receipting the amount held by the imprest fund cashier in the imprest fund shall be transferred to the relieving DO.

E. Shortage or Overage of Imprest Fund. In the event of a shortage or overage in an imprest fund, action shall be taken as prescribed in Chapter 6 of this volume.

030404. Establishing Change Funds

A. Authorization

1. When the efficient and economical operation of a government laundry, clothing sales store, or other appropriated fund activity (other than a Defense Commissary Agency (DeCA) commissary) engaged in selling property or services requires cash for making change, the officer in charge of the activity shall request the commander to establish a change fund. After approval, the commander (or designee) shall appoint a change fund custodian and the appointment document shall specify the amount of funds to be advanced by the DO or an agent of the DO to the custodian. The DO (or an agent of the DO) providing disbursing service to the installation or activity where the sales activity is located shall provide the authorized change fund advance and record the advance in his or her accountability as cash in the custody of Government cashiers. This requirement applies whether the sales activity deposits the proceeds of sales to the DSSN of the local DO or to the DSSN of a regional DO.

2. For DeCA commissaries, the change fund for each commissary store is authorized by the Director, DeCA. Except in specific overseas areas, DeCA commissary change funds are provided by the DFAS-Columbus Center. In all cases, these change funds are issued by U.S. Treasury check using an SF 1034 that charges the DeCA Resale Account and are not carried in the issuing DO's accountability as cash in the custody of government cashiers.

B. Fund Limit. The amount of the change fund shall not exceed $250 for each cash register machine operated in the activity. When a cash register has more than one drawer, each drawer may be considered as a register. The commander may authorize additional amounts as indicated below. These increases shall be consistent with good cash management principles. Upon approval of the commander, cash may be advanced to authorized collecting agents for making change.

C. Fund Increases

1. The commander may authorize an additional $50 for each cash register and an amount not to exceed $500 for each accountable medical services custodian.

2. When extended operating hours exist (for example, Sunday operations), the commander may approve an additional amount of up to $50 per cash register when there is limited or no banking support.

★ D. Documentation

1. For all change fund advances, other than DeCA commissaries, the DD Form 1081 shall be prepared by the DO or agent, as applicable, and the original signed and returned to the DO or agent by the change fund custodians for the amount of funds advanced. All DD Forms 1081 for change fund advances shall include a statement that the change fund custodian immediately will inform the officer who advanced the funds of any loss of or shortage in the funds. Change fund custodians shall be provided written instructions covering their responsibility for safeguarding the funds at the time of receiving the advance. The funds shall be returned when the appointment as change fund custodian is terminated. The change fund custodian shall prepare a DD Form 1081 to document the return of the fund. The DO or agent shall acknowledge receipt of the fund by signature on the duplicate copy of the DD Form 1081 which shall be returned to the custodian. Change funds may also be recalled when it is necessary to verify the cash in the possession of the DO or agent, as applicable. On completion of such verification, the funds shall be advanced again to the change fund custodian. In addition, unannounced inspections, including cash counts are required to be made of each change fund at least quarterly by the cash verification team.

2. For DeCA commissaries, when a change fund is no longer necessary (e.g., closure of a commissary) the commissary officer shall prepare a DD Form 1131 with credit to the DeCA Resale Account and deposit the fund using a SF 215 in the same manner as the proceeds of sale are deposited.

0305 ADVANCING FUNDS TO FRIENDLY FOREIGN NATIONS

030501. Authority

A. Basic Agreement. DOs of the Department are authorized by 10 U.S.C. 2396(b) (reference (b)) to advance funds to cashiers, other DOs, or individual members of an armed force of a friendly foreign nation for the purpose of paying pay and allowances to those members or enabling that armed force to purchase necessary supplies and services. Funds shall be advanced by law and under a basic intergovernmental agreement that has been negotiated between the governments of the friendly foreign nation and the United States. Any agreement proposed to implement the statutory authority shall be negotiated in accordance with DoD Directive 5530.3, International Agreements (reference (q)), to include coordination with the cognizant Combatant Commander and the U.S. Chief of Diplomatic Mission or U.S. Embassy. See model agreement at figure 3-3.

B. Supplemental Agreement. A supplemental agreement shall establish the following:

1. Type of personal identification that shall be shown by a DO or by an individual Service member when drawing an advance of funds.

2. Maximum amount that may be advanced to an individual Service member.

3. The lender nation shall be protected against loss due to fluctuating exchange rates.

4. The address of the respective settlement offices to whom the lender nation's DO shall forward receipts for fund advances with requests for reimbursement.

5. Settlements shall be made locally, whenever feasible, or when that is not feasible, between the signatory nation's representatives in Washington, DC, or other designated location.

6. Settlement may be made in cash, or by check, and in the type of currency used to make the advance. Whenever possible, settlement should be made in the lender nation's own medium of exchange.

7. Such other provisions that local conditions may make necessary.

C. Conditions. Funds shall be advanced only against the signed receipt of the DO or individual members of the armed force receiving the advance for the following purposes and under the following conditions:

1. To a DO of an armed force of a friendly foreign nation on presentation of proper personal identification for paying pay and allowances of troops, or for purchase of necessary supplies and services, when the unit is serving in an area where personnel temporarily are unable to obtain funds from their own nation.

2. To individual members of an armed force of a friendly foreign nation, who are serving in an area where a DO of that force is not available to make payments because the personnel are: temporarily separated from their units; in need of funds; and able to identify themselves satisfactorily as members of an armed force of a friendly foreign nation with which an intergovernmental agreement for advances has been negotiated.

3. The receipt minimally shall contain: the name, rank, Service number, title, organization, and country of the individual who receives the advance; the purpose for which the advance is needed; the type and amount of currency advanced; the prevailing rate of

exchange to one U.S. dollar at the time the advance is made, if applicable; and the name, rank, organization, and address of the DO making the advance.

★0306 TRAVELERS CHECK PROGRAM

030601. Overview. This section prescribes policy, procedures, and assigns responsibility for ordering, receiving, controlling, safeguarding, disbursing, refunding, and accounting for travelers checks. Provisions of this chapter prevail where conflict or differences exist in the issuer's user's guide.

030602. Travelers Checks in Lieu of Cash. Travelers checks may be disbursed to employees and members as travel advances in lieu of cash travel advances. Commanders or their specifically designated representatives may disburse travelers checks to employees and members.

030603. Misuse of Travelers Checks. Immediate cashing or depositing of travelers checks into financial institutions should be discouraged. Employees and members should be advised to use travelers checks as intended, that is, for the purchase of goods and services while in a travel status. Commanders should use available media to advise and periodically reemphasize the intent of travelers checks to all employees and members.

030604. Appointment of Designated Representative. Each DoD activity participating in the travelers check program shall designate one or more individuals as the activity's travelers check representative(s). The individual(s) shall be appointed in writing as a cashier by the activity commander using the procedures described in paragraph 020603 of this volume. The letter of appointment shall be issued in the original and two copies and shall include the specific duties and limitations, effective date, duration of the appointment, and the name of the individual being relieved, if any. The appointed individual(s) shall acknowledge appointment and acceptance of the position on the original and all copies of the letter of appointment and shall include the statement "I agree to hold myself accountable to the United States for all public funds received." If for any reason the individual ceases to serve in the position (i.e., termination of the program or change of cashiers), the appointment shall be terminated in writing. The original of letter of appointment or termination shall be delivered to the cashier, a copy shall be retained by the appointing commander, and a copy shall be furnished to Disbursing and Cash Management Office, Director, Procedures and Guidance Division, DFAS-DCMO/DB, 1500 E. 95th Street, Kansas City, MO 64197-0030. Letters of appointment and/or termination shall be maintained in a permanent file at the activity to show the successive holders of each position and shall be retained for a period of not less than 6 months after the individual ceases to serve in the position.

030605. Safeguarding and Controlling Travelers Checks

A. General. Travelers checks in the custody of the U.S. Government (i.e., the activity's designated cashier) are considered to be public funds and shall be safeguarded as prescribed in this chapter. The individual appointed as cashier to maintain custody of, disburse

to employees and members, and account for s checks shall be held pecuniarily liable under the same principles and procedures as DOs and their deputies, agents, and cashiers. However, travelers checks shall not be included in the DO's cash accountability or authority to hold cash at personal risk. Accordingly, the value of the travelers checks in the custody of the cashier shall not be included on the DO's DD Form 2657 (Daily Statement of Accountability) or SF 1219 (Statement of Accountability).

B. Control Record. The receipt of shipments and records of disbursement of travelers checks shall be recorded either on DD Form 2667 (Subsidiary Accountability Record) or the automated inventory system provided by the travelers check issuing company. The DD Form 2667 is easily adaptable for use as an inventory, receipt, and disbursement record. A separate DD Form 2667 shall be used for each denomination of travelers checks to enable recording the travelers checks by denomination in serial number sequence. Should travelers checks be maintained in more than one currency (i.e., U.S. dollars and one or more foreign currencies), separate DD Forms 2667 shall be used for each currency as well as each denomination of the checks. Travelers checks shall be disbursed in package and serial number sequence.

030606. Establishing Accounts

A. New Accounts. The DoD activity initially establishes the travelers check program by contacting one of the participating travelers check providers.

B. Automatic Reporting. The travelers check provider will furnish DoD activities with an automated personal computer software system and a point-of-sale (POS) terminal to manage and report travelers check sales, inventory, and settlement. The DoD activity must provide the personal computer, modem and telephone line for this system. This on-line system will fulfill the requirement to track, add, tally, and report travelers check sales.

C. Obtaining Travelers Checks. The DoD activity's designated cashier authorizes issuance of the initial order of travelers checks. The cashier determines the amount of checks to be received as a standard order and makes any subsequent changes to this amount. Standard order travelers checks are packaged in a manner determined by the travelers check provider. Prepare and forward an enrollment form as directed by the provider. If travelers checks are to be disbursed in other than U.S. currency, the cashier must provide this information to the provider.

030607. Receipt of Travelers Checks

A. Receipt. The cashier shall inventory and document receipt for each book of travelers checks and for single (loose) travelers checks received in shipment. The inventory shall include:

1. counting the number of books and/or loose checks,

2. verifying the denomination and serial numbers of all travelers checks in each shipment,

3. sorting the books or loose checks by denomination (and currency, if applicable).

B. Discrepancies. Contact the travelers check provider immediately if travelers checks received in shipment do not coincide with the agreement or shipment forms. Do not disburse any travelers checks contained in a discrepant shipment until the provider acknowledges and agrees in writing to correct or adjust the discrepancies.

030608. Reordering Travelers Checks. There are two resupply options under the program: automatic and on request. The Department has chosen the automatic resupply option for all DoD Components. The automatic resupply system will monitor stock-on-hand based on sales data reported to them. Each cashier shall initially establish a "percentage of sales" limit or dollar limit (maximum level). This limit becomes the automatic resupply level for the cashier. A minimum level ("trigger point") shall also be established. The "trigger point" generates a new supply of checks needed to bring stock level back to the maximum level.

030609. Change of Cashiers (Representatives). Both the outgoing and incoming DoD activity cashier shall perform a complete, joint inventory and document all travelers checks on hand. The completed inventory shall be signed by both representatives and a letter transferring the account will be prepared and signed by the activity commander. The original inventory and transfer letter shall be retained by the DoD activity. Advise the travelers check provider by letter each time there is a change of designated cashiers. The letter shall include the cashier's agent code number and the names of persons authorized to order and receive travelers checks. Signature specimens are not required.

030610. Disbursement (Sale) of Travelers Checks

A. General. Travelers checks shall be disbursed to employees and members as a travel advance. The travelers check advance is in lieu of a cash travel advance. Fees for the issuance of travelers checks are based on the method of payment to the travelers check provider under this program. Participating DoD activities may use payment option B or option C, as described below. The preferred payment option for all DoD activities is option C.

1. Payment Option B. Under payment option B, payment to the provider for the value of travelers checks disbursed plus the related fees must be made within 5 calendar days of the date the travelers checks are disbursed. The paying disbursing office is the disbursing office providing disbursing support to the DoD Component activity participating in the program. Payment option B shall be used only for disbursement of travelers checks to members and employees who are not participants in the U.S. Government Travel Card Program and in those instances when the DoD activity does not participate in the central billing process described below under payment option C. Refer to subparagraphs 030610.B and 030611.A,

below, for specific procedures for reporting disbursement of travelers checks and payment for the checks and related fees.

2. Payment Option C. Within payment option C, there are two distinctly different methods of payment: a centrally billed account method and an individual charge card account method. Payment option C is the preferred payment method for use by all DoD Component activities.

a. Centrally Billed Accounts. The centrally billed account method of payment operates under a concept similar to the central billing procedures for purchase of and payment for airline tickets. Under this method, the participating DoD Component activity must obtain an activity travel charge card account. The activity charge card account is charged for all travelers checks disbursed to individuals who are not participants in the U.S. Government Travel Card Program. Monthly, the travelers check provider will bill the DoD activity for all travelers checks disbursed as well as the related fees.

b. Individual Charge Card Accounts. The individually billed account method is applicable to all individuals participating in the U.S. Government Travel Card Program. Under this method, travelers checks are charged to the individual cardholder's travel card. The individual card holder is billed monthly by the provider for the travelers checks as well as the related fees. This method is identical to the individual billing procedure currently in effect for using the government travel card at automated teller machines (ATMs) to obtain cash.

B. Disbursing Travelers Checks Under Option B. Cashiers shall disburse travelers checks to employees and members only upon presentation of approved travel orders and appropriate identification. In all instances, the maximum amount of travelers checks disbursed shall be limited to the amount of travel advance authorized in the travel order. A Purchaser Application Form (PAF) must be completed for each travelers check disbursement. The cashier should refer to the travelers check provider user's guide for disbursing travelers checks and completion of the PAF. Under this payment option the cashier shall:

1. select the appropriate travelers check amount.

2. complete a PAF for each pack of travelers checks disbursed and a separate PAF for each loose travelers check disbursed.

3. ensure the individual inserts his/her name, address, and signature on each PAF.

4. give the travelers checks, refund information, and customer copy of each PAF to the individual.

5. advise the individual to sign each of the travelers checks in the upper left hand corner immediately. Note: Customers who do not sign travelers checks immedi-

ately upon receipt forfeit their right to refund. If lost or stolen, travelers checks must have the customer's signature in the upper left hand corner to qualify for refund.

6. retain three copies of each individual's travel orders and the original and remaining copies of the PAF for preparation of the voucher for payment.

Note: Travelers checks disbursed under this method constitute an advance of travel funds as defined in the Joint Travel Regulations (JTR) and the Joint Federal Travel Regulations (JFTR). as such, each individual receiving travelers checks under this method must report receipt of the total face value of the travelers checks on the travel claim as a partial payment. At the time the travel claim is settled, the value of the travelers checks must be deducted from the total travel entitlement due the traveler. In addition, since the fee for the travelers checks has been paid to the provider, the traveler is not authorized or entitled to claim reimbursement for the travelers check fee. Failure to report receipt of an advance (by travelers checks) on the travel claim results in duplicate payment of travel allowances and can be considered an attempt to defraud the U.S. Government.

C. Disbursing Travelers Checks Under Option C. As explained above there are two methods of payment under option C, the centrally billed account method and the individually billed account method. The centrally billed account method is for use to disburse travelers checks to individuals who are not participants in the U.S. Government Travel Card Program. The individually billed account method is for use to disburse travelers checks to individuals who are participants in the U.S. Government Travel Card Program. Under either of these options, cashiers shall disburse travelers checks to individuals only upon presentation of approved travel orders and appropriate identification. In all instances, the maximum amount of travelers checks disbursed shall be limited to the amount of travel advance authorized in the travel orders.

1. Centrally Billed Account. The cashier shall:

a. select the appropriate travelers check amounts required to make up the amount of travel advance authorized in the travel orders.

b. obtain authorization to charge the travelers checks to the DoD Component activity charge card account. The cashier should refer to the provider user's guide for disbursing travelers checks and completion of the required documents. Key or swipe the travel card (DoD Component activity credit card) into the point-of-sale (POS) terminal to obtain an approval code.

c. complete a PAF for each pack of travelers checks disbursed and a separate PAF for each loose travelers check disbursed.

d. ensure the individual inserts his/her name, address, and signature on each PAF.

e. imprint the Record of Charge (ROC).

f. complete the ROC by recording the approval code; the face value of the travelers checks; the fee amount (compute appropriate amount based on the rates shown above); the sum of face value of the travelers checks and fee amount; and, ensure the agency account number is recorded in the area for card member account number. The member or employee (customer) shall then sign the ROC.

g. give the travelers checks, refund information, the customer copy of each PAF, and the top copy of the ROC to the individual.

h. advise the individual to sign each of the travelers checks in the upper left hand corner immediately. Note: Customers who do not sign travelers checks immediately upon receipt forfeit their right to refund. If lost or stolen, travelers checks must have the customer's signature in the upper left hand corner to qualify for refund.

i. retain three copies of each individual's travel orders and the original and remaining copies of the PAF and ROC for reporting disbursement of the travelers checks and preparation of the voucher for payment upon receipt of the monthly billing.

Note: The same caution identified under subparagraph 030610.B.6, above, applies to this subparagraph.

2. Individually Billed Account. The cashier shall:

a. select the appropriate travelers check amounts required to make up the amount of travel advance authorized in the travel orders.

b. obtain authorization to charge the travelers checks to the individual's government travel card account. The cashier should refer to the provider user's guide for disbursing travelers checks and completion of the required documents. Key or swipe the individual's travel card into the POS terminal to obtain an approval code.

c. complete a PAF for each pack of travelers checks disbursed and a separate PAF for each loose travelers check disbursed.

d. ensure the individual inserts his/her name, address, and signature on each PAF.

e. imprint the ROC.

f. complete the ROC by recording the approval code; the face value of the travelers checks; the fee amount (compute appropriate amount based on the rates

shown above); the sum of face value of the travelers checks and fee amount; and, ensure the individual's account number is recorded in the area for card member account number. The member or employee (customer) shall then sign the ROC.

g. give the travelers checks, refund information, the customer copy of each PAF, and the top copy of the ROC to the individual.

h. advise the individual to sign each of the travelers checks in the upper left hand corner immediately. Note: Customers who do not sign travelers checks immediately upon receipt forfeit their right to refund. If lost or stolen, travelers checks must have the customer's signature in the upper left hand corner to qualify for refund.

i. retain two copies of each individual's travel orders and the original and remaining copies of the PAF and ROC for reporting disbursement of the travelers checks.

Note: Travelers checks disbursed under this method do not constitute an advance of travel funds as defined in the Joint Travel Regulations (JTR) and the Joint Federal Travel Regulations (JFTR). Individuals receiving travelers checks under this method should not report receipt of travelers checks on the travel claim as a partial payment. Since the fee for the travelers checks must be paid to the travelers check provider by the individual card holder in settlement of the travel card account, the traveler is authorized and entitled to claim reimbursement for the travelers check fee on the travel claim.

030611. Reporting Travelers Check Disbursements and Remitting Payment to the Travelers Check Provider

A. Payment Option B. The report of disbursement and payment documentation for packaged travelers checks is prepared differently than the documentation for loose travelers checks. At the end of each day the cashier shall follow the appropriate instructions below.

1. Packaged Travelers Check Disbursements

a. Sort PAFs by denomination.

b. Run an adding machine tape total of each denomination.

c. Total the denomination tapes.

d. Complete a Daily Sales Summary Form (DSF) (refer to the provider user's guide for instructions on completion of this form).

e. Combine the forms into package sets (do not staple forms together) as follows:

(1) completed DSF,

(2) PAFs,

(3) authorization (travel orders), and

(4) tape listings.

f. Prepare and certify an SF 1034 for the total amount due the travelers check provider (including the fee for the travelers checks disbursed). The SF 1034 shall contain a separate line of accounting data for each travel order involved. The amount charged to each line of accounting data (travel order) shall be the amount of travelers checks plus the applicable fee for the value of travelers checks disbursed to the individual named in the travel order.

g. Forward the SF 1034 and two of the package sets of forms combined above to the activity's supporting disbursing office on the same business day, if possible, but not later than the morning of the next business day. Note: The package set of forms containing the original DSF and PAFs must be forwarded to the provider with the Treasury check issued in payment of the travelers checks and related fees. The additional package set of forms is for retention by the disbursing office.

h. Retain a complete package set of the forms and a copy of the SF 1034 for reconciliation of travelers check inventory and payment documentation. To complete the cashier's retained records, the cashier should obtain a copy of the SF 1034 from the disbursing office (after payment) which indicates the disbursing office voucher number, date of payment, and check number (or obtain this information and transcribe it to the retained copy of the SF 1034).

2. Loose Travelers Check Disbursements

a. Sort PAFs by denomination.

b. Total amounts on an adding machine tape listing. Note: No DSF is required for loose travelers check disbursements.

c. Combine the forms into package sets (do not staple forms together) as follows:

(1) PAFs,

(2) authorization (travel orders), and

(3) tape listings.

d. Prepare and certify an SF 1034 for the total amount due the travelers check provider (including the fee for the travelers checks disbursed). The SF 1034 shall contain a separate line of accounting data for each travel order involved. The amount charged to each line of accounting data (travel order) shall be the amount of travelers checks plus the applicable fee for the value of travelers checks disbursed to the individual named in the travel order.

e. Forward the SF 1034 and two of the package sets of forms combined above to the activity's supporting disbursing office on the same business day, if possible, but not later than the morning of the next business day. Note: The package set of forms containing the original PAFs must be forwarded to the travelers check provider with the Treasury check issued in payment of the travelers checks and related fees. The additional package set of forms is for retention by the disbursing office.

f. Retain a complete package set of the forms and a copy of the SF 1034 for reconciliation of travelers check inventory and payment documentation. To complete the cashier's retained records, the cashier should obtain a copy of the SF 1034 from the disbursing office (after payment) which indicates the disbursing office voucher number, date of payment, and check number (or obtain this information and transcribe it to the retained copy of the SF 1034).

B. Payment Option C. Under payment option C, the travelers check provider will bill the DoD activity account (centrally billed account) or the individual cardholder's account (individually billed account) for travelers checks disbursed plus the related fees. The monthly billing is based on the daily report of travelers checks disbursed which is submitted to the provider by the cashier. The cashier should refer to the provider user's guide for complete details on preparing and submitting the daily travelers check disbursement (sales) report. The cashier shall also comply with the minimum requirements as described in the following subparagraphs.

1. Centrally Billed Account. At the conclusion of each individual travelers check disbursement, the cashier shall segregate the documentation (by individual transaction) into package sets as shown below. Each individual package set shall be fastened together to provide a complete record of travelers check issuance. At the end of each business day, the cashier shall forward that day's packages as directed by the travelers check provider. The cashier and disbursing office copy of each package set shall be retained by the cashier for use in reconciliation of the monthly billing and for preparation and certification of the voucher for payment.

a. Package Set for the Travelers Check Provider

(1) Original (top copy) of the PAF,

(2) bottom copy of the ROC, and

(3) copy of the travel orders.

b. Package Set for Cashier Files

(1) Center copy (yellow tissue copy) of the PAF,

(2) center copy (Service Establishment copy) of the ROC, and

(3) copy of the travel orders.

c. Package Set for the Disbursing Office

(1) Center copy (green tissue copy) of the PAF, and

(2) copy of the travel orders.

Upon receipt of the billing (statement of charges), the cashier shall reconcile all items appearing on the billing with the cashier's and disbursing office copies of the retained package sets. After reconciliation, the cashier shall prepare and certify an SF 1034 for the total amount due the travelers check provider (including the fee for the travelers checks disbursed). The SF 1034 shall contain a separate line of accounting data for each travel order involved. The amount charged to each line of accounting data (travel order) shall be the amount of travelers checks plus the applicable fee for the value of travelers checks disbursed to the individual named in the travel order. The cashier shall forward the completed and certified SF 1034, the original and copies of the billing, and the disbursing office package sets of forms included on the billing to the activity's supporting disbursing office on the same business day received, if possible, but not later than the morning of the next business day. The cashier shall retain a copy of the billing with the cashier's package set of the forms and a copy of the SF 1034 for reconciliation and payment documentation. To complete the cashier's retained records, the cashier should obtain a copy of the SF 1034 from the disbursing office (after payment) which indicates the disbursing office voucher number, date of payment, and check number (or obtain this information and transcribe it to the retained copy of the SF 1034).

2. Individually Billed Account. Individual government travel cardholders will be billed for all travelers checks disbursed to them in the same manner as they are billed for ATM cash advances. Direct payment to the provider for the amount of the travelers checks plus the related fee is the direct personal responsibility of the individual cardholders. However, as with the centrally billed account, the monthly billing is based on the daily report of travelers checks disbursed which is submitted to the provider by the cashier. The cashier should refer to the provider user's guide for complete details on preparing and submitting the daily

travelers check disbursement (sales) report. The cashier also shall comply with the minimum requirements as described herein. At the conclusion of each individual travelers check disbursement, the cashier shall segregate the documentation (by individual transaction) into package sets as shown below. Each individual package set shall be fastened together to provide a complete record of travelers check issuance. At the end of each business day, the cashier shall forward that day's packages as directed by the travelers check provider. The cashier copy of each package set shall be retained by the cashier for use in reconciliation of travelers check disbursements, as necessary.

Note that under the individually billed method, payment data is not processed through the disbursing office because payment for travelers checks disbursed is the personal responsibility of the travel card holder.

a. Package Set for the Travelers Check Provider

(1) Original (top copy) of the PAF,

(2) bottom copy of the ROC, and

(3) copy of the travel orders.

b. Package Set for Cashier Files

(1) Center copies (yellow and green tissue copies) of the PAF,

(2) center copy (Service Establishment copy) of the ROC, and

(3) copy of the travel orders.

C. Remitting Payment by the DO. Upon receipt of the SF 1034 and supporting documentation described above, the DO shall take appropriate action to process the SF 1034 and effect issuance of a Treasury check in payment for travelers checks and fees disbursed under option B and option C (centrally billed account). Under option B, payment for travelers checks disbursed plus related fees is due within 5 days of travelers check issuance. Under option C (centrally billed account), payment for travelers checks disbursed plus related fees is due within 5 days of receipt of the monthly billing.

030612. Refunds for Individual Cardholders. An individual will not be responsible for the amount of lost or stolen checks provided that the individual has satisfied all of the requirements set forth in the Recipient Agreement. The provider will clear their account to eliminate responsibility for the amount of lost or stolen checks replaced in the form of cash or traditional travelers checks (traditional checks). The provider will bill the individual card

account upon issuance of the traditional checks or cash. As an alternative, the provider can resupply Government Travelers Checks which can be ordered through the DoD Components cashier.

030613. Termination of Agreement

A. DoD Activities. Upon termination of the contract between General Services Administration and the travelers check provider, DoD activity cashiers shall, within fifteen 15 calendar days, destroy all travelers checks on hand by cremating or shredding. The cashier shall prepare a DD Form 2669 (Destruction Certificate), that describes the travelers checks by serial number, currency (U.S. or other), denomination, quantity, and total value. The original DD Form 2669 shall be forwarded to the provider, and a copy shall be retained for the DoD activity's records. In addition, the cashier shall return any equipment, display material or other property furnished.

B. Individual Cardholder. Either the DoD activity or the travel card provider may suspend or terminate an individual's participation in the U.S. Government Travel Card Program in accordance with the terms of the cardholder agreement. In the event of termination the individual agrees:

1. not to cash the remaining travelers checks,

2. to cut out the lower right corner where the chairman's signature appears or write "VOID" across the face of each travelers check in nonerasable ink,

3. to return all uncashed travelers checks to the provider or the DoD activity cashier. The provider will bill the individual credit card account for the amount of travelers checks not returned within 15 calendar days after participation in the program has been terminated. The credit card account statement must be settled upon receipt.

030614. Loss of Travelers Checks

A. DoD Activities. In case of loss of any proceeds of sale or travelers checks, whether by theft, burglary, holdup, fire, dishonesty of employees or members, mysterious disappearance, or any other cause, the DoD activity shall notify the travelers check provider immediately and shall report the loss of funds as prescribed in Chapter 6 of this volume. In the event of any such loss, the DoD activity shall pay all monies due in accordance with the established agreement with the provider.

B. DoD Activity Cashier. The loss of travelers checks or proceeds of sale while in the custody of the DoD activity's cashier constitutes a physical loss of government funds. Required actions to be taken to report and investigate the loss of funds are addressed in chapter 6 of this volume.

0307 WEAPONS FOR CASH PROGRAM

030701. Authority. Upon approval of the Secretary of Defense to establish a weapons for cash program, the following procedures shall be utilized to execute the program.

A. Funding Authorization. The senior operational commander shall provide funding authorization for weapons procurement based upon approval to establish a weapons for cash program. The total amount advanced to the paying agents plus the amount disbursed for weapons under this program cannot exceed the funding authorization established by the commander. In the event additional funds are required, the commander first must adjust the funding authorization.

B. Paying agents. Paying agents should be utilized as necessary to successfully operate the program. All paying agents for this program shall be appointed as directed in Chapter 2, paragraph 020604 of this volume. Funds shall be advanced (subject to the limitations above) by the disbursing officer supporting the mission to the paying agents as prescribed in paragraph 030402 of this chapter. The advances will be provided in the currency of the country involved. Disbursing officers should refer to Chapter 12 of this volume for procedures to obtain foreign currency to meet mission requirements.

C. Weapons Purchases. There must be a proper accounting for each disbursement related to a weapon purchase. This shall be accomplished utilizing SF 44A (Purchase Order-Invoice-Voucher) or other available chain of custody type receipt. General preparation and distribution of these forms are as follows:

1. Each disbursement document (receipt from seller) must contain the seller's name and (if possible) identification number, weapon description and serial number, and amount disbursed. Make sure to obtain the seller's signature on the receipt.

2. The original and one copy of the disbursement document (receipt from seller) shall be turned in to the DO, one copy attached to the weapon (for inventory control), and one copy provided to the seller.

D. Clearing or Replenishment of the Paying Agent's Account. To clear the paying agent's account, the paying agent shall prepare an OF 1129 (Cashier Reimbursement Voucher and/or Accountability Report). The OF 1129 shall be for the total amount of all disbursement documents (receipts) turned in and must be accompanied by the original and one copy of each document (receipt) and any remaining balance of the cash advanced. Additionally, a copy of the approval to establish a weapons for cash program shall be attached to the OF 1129. If replenishment of the paying agent's account is necessary, the paying agent shall prepare the OF 1129 as prescribed above and submit the completed document to the supporting disbursing officer. Subject to the funding limitations described in the previous subparagraphs, the disbursing officer will issue payment of the OF 1129 to the paying agent for the approved amount of the OF 1129.

STATEMENT OF AGENT OFFICER'S ACCOUNT

DISBURSING OFFICER'S NAME, ADDRESS, DISBURSING STATION SYMBOL NO.	AGENT OFFICER'S NAME, GRADE, SSN, UNIT ADDRESS (Include ZIP Code/APO number and Telephone number.)
K. S. ALEX, LTC, FC FORT FINANCE, IN 46216 C0001	K. D. ANDREA, CPT, FC AGENT CAMP DOLLAR, IN 46032

TRANSACTIONS AFFECTING AGENT OFFICER'S ACCOUNT

TRANSACTIONS a	INCREASE (Received by Agent) b	BEGINNING BALANCE (In Agent's Account) c	DECREASE (Turned in by Agent) d	ENDING BALANCE (In Agent's Account) e
1. BALANCE FORWARD		0.00		
2. U.S. DOLLARS	2562.00			
3. FOREIGN CURRENCY				
4. MILITARY PAYMENT CERTIFICATES				
5. COLLECTIONS				
6. DEPOSITS				
7. NEGOTIABLE INSTRUMENTS:				
A. TREASURY CHECKS	15000.00			
B. MILITARY PAYMENT ORDERS				
C. OTHER *(Specify)*				
8. PAID VOUCHERS				
9. INCORRECT VOUCHERS RETURNED				
10.				
11.				
12. TOTAL FUNDS IN HANDS OF AGENT OFFICER		17,562.00		

STATEMENTS

DISBURSING OFFICER	AGENT OFFICER
[XX] ON ADVANCE: I HAVE INTRUSTED FUNDS AND/OR OTHER ITEMS AS INDICATED IN THIS STATEMENT TO THE ABOVE NAMED AS MY AGENT OFFICER.	[XX] ON ADVANCE: I, AS AGENT OFFICER, HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ABOVE. I HAVE ASSUMED PECUNIARY RESPONSIBILITY THEREFOR. I WILL NOTIFY THE DISBURSING OFFICER IMMEDIATELY UPON DISCOVERY OF ANY LOSS OR SHORTAGE, AND I HAVE RECEIVED AND UNDERSTAND WRITTEN INSTRUCTIONS CONCERNING MY DUTIES AND RESPONSIBILITIES AS AN AGENT OFFICER.
DATE 19 JAN XX — SIGNATURE OF DISBURSING OFFICER	DATE 19 JAN XX — SIGNATURE OF AGENT OFFICER
[ ] ON RETURN: I HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ON THIS STATEMENT FROM THE ABOVE NAMED AGENT OFFICER.	[ ] ON RETURN: THE ABOVE STATEMENT OF ACCOUNT IS CORRECT.
DATE — SIGNATURE OF DISBURSING OFFICER	DATE — SIGNATURE OF AGENT OFFICER

DD Form 1081, MAY 75 PREVIOUS EDITION IS OBSOLETE 225149

Figure 3-1. Sample DD Form 1081 (Statement of Agent Officer's Account) (Advance of Funds)

STATEMENT OF AGENT OFFICER'S ACCOUNT

DISBURSING OFFICER'S NAME, ADDRESS, DISBURSING STATION SYMBOL NO.	AGENT OFFICER'S NAME, GRADE, SSN, UNIT ADDRESS (Include ZIP Code/APO number and Telephone number.)
K. S. ALEX, LTC, FC FORT FINANCE, IN 46216 C0001	K. D. ANDREA, CPT, FC AGENT CAMP DOLLAR, IN 46032

TRANSACTIONS AFFECTING AGENT OFFICER'S ACCOUNT

TRANSACTIONS a	INCREASE (Received by Agent) b	BEGINNING BALANCE (In Agent's Account) c	DECREASE (Turned in by Agent) d	ENDING BALANCE (In Agent's Account) e
1. BALANCE FORWARD		17562.00		
2. U.S. DOLLARS				
3. FOREIGN CURRENCY				
4. MILITARY PAYMENT CERTIFICATES				
5. COLLECTIONS	1200.00			
6. DEPOSITS			702.00	
7. NEGOTIABLE INSTRUMENTS:				
A. TREASURY CHECKS				
B. MILITARY PAYMENT ORDERS				
C. OTHER (Specify)				
8. PAID VOUCHERS			3960.00	
9. INCORRECT VOUCHERS RETURNED				
10.				
11.				
12. TOTAL FUNDS IN HANDS OF AGENT OFFICER		18,762.00		14,100.00

STATEMENTS

DISBURSING OFFICER	AGENT OFFICER
[ ] ON ADVANCE: I HAVE INTRUSTED FUNDS AND/OR OTHER ITEMS AS INDICATED IN THIS STATEMENT TO THE ABOVE NAMED AS MY AGENT OFFICER.	[ ] ON ADVANCE: I, AS AGENT OFFICER, HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ABOVE. I HAVE ASSUMED PECUNIARY RESPONSIBILITY THEREFOR. I WILL NOTIFY THE DISBURSING OFFICER IMMEDIATELY UPON DISCOVERY OF ANY LOSS OR SHORTAGE, AND I HAVE RECEIVED AND UNDERSTAND WRITTEN INSTRUCTIONS CONCERNING MY DUTIES AND RESPONSIBILITIES AS AN AGENT OFFICER.
DATE / SIGNATURE OF DISBURSING OFFICER	DATE / SIGNATURE OF AGENT OFFICER
[XX] ON RETURN: I HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ON THIS STATEMENT FROM THE ABOVE NAMED AGENT OFFICER.	[XX] ON RETURN: THE ABOVE STATEMENT OF ACCOUNT IS CORRECT.
DATE 21 JAN XX / SIGNATURE OF DISBURSING OFFICER	DATE 21 JAN XX / SIGNATURE OF AGENT OFFICER

DD Form 1081, MAY 75 PREVIOUS EDITION IS OBSOLETE 225/149

Figure 3-2. Sample DD Form 1081 (Statement of Agent Officer's Account) (Return of Funds/Vouchers)

MODEL INTERGOVERNMENTAL AGREEMENT (FOR DIRECT QUOTATION)

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA
AND _____ FOR THE
RECIPROCAL ADVANCE OF FUNDS TO UNITS
OR PERSONNEL OF THEIR ARMED FORCES

The Governments of the United States of America and _____, each realizing that units or personnel of their respective armed forces may find themselves isolated from their parent units without financial means for support while in an area in which the other Government's armed force is present, and desiring to facilitate the financial support of such units and personnel in a situation of that nature, have agreed as follows:

Article I

When units or personnel of the armed forces of one of the parties to this agreement find themselves separated from their parent unit without adequate financial support in an area in which the armed forces of the other party are present, then cashiers, disbursing officers, or an individual member of the separated force may request funds from the appropriate area commander of the armed forces of the other party, or his or her designated representative, to pay wages and allowances or purchase necessary supplies and services.

Article II

The responsible authorities of a party receiving a request for funds, as in Article I, above, after satisfying themselves that resources or services of the requesting forces are unavailable or inadequate, shall honor such request. Requests shall be approved on a case-by-case basis. Where circumstances permit, this agreement shall be verified. Regardless of whether such verification is obtained, the Government of the units or personnel to whom the funds are advanced shall be responsible for effecting reimbursement.

Article III

The funds may be advanced in the currency of the lending State, of the State to which funds are advanced, or of the third State in which the forces may be located, or in any other available currency acceptable to the receiving force.

Article IV

The cashier, the disbursing officer, or the personnel of the force who receive funds shall give the authorities of the force who provided the funds a receipt for the funds received. Such receipts shall be substantially in the form prescribed in the annex to this agreement.

Figure 3-3. Model Intergovernmental Agreement

Article V

The authorities of the force providing the funds shall present the receipts to the designated settlement officer of the State to which funds were advanced for reimbursement. Normally, reimbursement shall be made in the currency that was advanced at a rate of exchange to the currency of the country seeking reimbursement that is not less favorable to the lender than that existing at the time of the advance. Where mutually acceptable, reimbursement may be made in another currency, if that settlement is made at a rate of exchange that is not less favorable to the country seeking reimbursement than that existing at the time of the advance. Settlement of accounts shall be made within 30 days of the advance.

Article VI

This agreement shall apply during both peace and war without limitation as to geographical area.

Article VII

This agreement shall continue in force until 3 months after the receipt by either party of written notice of the intention of the other party to terminate it.

IN WITNESS WHEREOF the undersigned representatives have signed the present agreement.

Done at _____ this _____ day of _____, 19___, in the English and _____ languages, both texts being equally authoritative.

_____ (Signature)

_____ (Signature)

Figure 3-3. Model Intergovernmental Agreement (Continued)

LEVELS OF AUTHORIZED CASH HOLDINGS		
IF SOURCE OF FUNDS IS:	AND WEEKLY REQUIREMENTS ARE:	THEN HOLD CASH TO OPERATE FOR:
Reasonably close (not more than 24 hours required to obtain cash)	$500 or less	4 weeks
	over $500 and less than $5,000	2 weeks
	over $5,000 and less than $100,000	1 week
	over $100,000	3 days
Not reasonably close (more than 24 hours required to obtain cash)	$2,500 or less	4 weeks
	over $2,500 and less than $50,000	2 weeks
	over $50,000	1 week
Remote	$50,000 or less	4 weeks
	over $50,000	2 weeks

Table 3-1. Maximum Levels of Authorized Cash Holdings

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CHAPTER 4

CHECK CASHING SERVICE (ACCOMMODATION EXCHANGE)

0401 EXCHANGE OF CASH FOR NEGOTIABLE INSTRUMENTS

040101. Policy

A. General. As provided in 31 U.S.C. 3342 (reference (e)), DOs are authorized to provide check cashing and accommodation exchange service to military and civilian personnel of the U.S. Government, veterans hospitalized or domiciled in Veteran Administration facilities or other U.S. Government institutions, contractors engaged in U.S. Government projects (including contractor personnel), and personnel of authorized non-governmental agencies operating with agencies of the United States. It is DoD policy that these services shall be provided only when satisfactory banking facilities do not exist.

B. United States. If commercial banks, on-base banking facilities, exchanges, or other financial institutions are not available to provide check-cashing service, the commander may request the Deputy Director for Finance, DFAS Headquarters, to authorize the DO to cash the negotiable instruments listed in paragraph 040102 of this section. Such a request, with complete justification, should be submitted through the Director, Procedures and Guidance Division, Disbursing and Cash Management Office, 1500 E. 95th Street, Kansas City, MO 64197-0030, via the servicing DFAS Center. If approved, the provisions of section 0402, below, will apply. Only the individuals listed in paragraph 040104, below are eligible to receive check-cashing service.

C. Overseas Areas and Ships Afloat. If military banking facilities, commercial banks, exchanges, or other financial institutions are not available or adequate to provide check-cashing service, the commander may authorize the DO to cash the negotiable instruments listed in paragraph 040102 of this section. Only the individuals listed in paragraph 040104 of this section are eligible to receive check-cashing service provided that:

1. The DO's check cashing policy is in writing and approved by the theater component commander. It shall identify specifically the scope of the services to be provided and the personnel eligible to receive this service.

2. Adequate resources are available to provide these services without impacting on levels of service and the primary disbursing and pay functions.

3. The DO has the right to deny check cashing privileges to anyone based on availability of cash or personnel resources. The component commander's written authorization shall emphasize this right.

★ 040102. Negotiable Instruments. The negotiable instruments that a DO may be authorized to cash are: U.S. Treasury checks; U.S. postal money orders; traveler's checks; bank money orders; certified and cashier's checks drawn on U.S. banks; checks from reputable companies; and other checks and instruments drawn on U.S. banks or credit unions in U.S. currency, that the DO can justify honoring (i.e., guaranteed by the government or a financial institution).

040103. Eligibility. Eligibility for check-cashing services normally shall extend to all personnel permanently assigned to units in the area served by the DO. Units desiring personal check-cashing privileges from DOs of another activity or Component shall designate a point-of-contact (POC) to work with the DO. The DO may require the POC to furnish a list of personnel on TDY/TAD when approved by the DO's commander. TDY/TAD personnel shall furnish the DO with a copy of the TDY/TAD orders in addition to any other items of identification required by the DO. An authorized agent, usually a dependent, who is authorized pursuant to a properly executed power of attorney, may be granted check-cashing privileges for personal checks drawn on the account of the member, personal checks drawn on joint accounts to which the member is a party, and any other check which is drawn in favor of the member. The agent shall present valid identification in the course of all transactions. All restrictions which apply to benefiting members shall apply to agents of members under the terms of the executed DD Form 2761 (Personal Check Cashing Agreement), which serves as a power of attorney. This form may be obtained from the servicing DFAS Center for local reproduction.

040104. Eligible Individuals. Individuals who may be authorized to receive check cashing services are as follows:

A. Members of the U.S. Armed Forces.

B. Civilian employees of the U.S. Government who are U.S. citizens.

C. U.S. military retirees. This authorization is contingent upon the requirement that the theater commander determines that provision of these services is not prohibited by the Status of Forces Agreement (SOFA) of the country involved and that other check cashing facilities (banks, exchanges, etc.) are not available or adequate.

D. Hospitalized veterans of the U.S. Armed Forces.

E. Contractors and their employees engaged in U.S. Government projects provided that the contractor is a U.S. firm and the employee is a U.S. citizen.

F. U.S. citizens who are employees of authorized non-government agencies such as the National Science Foundation operating with U.S. Government agencies.

G. Dependents of all the above ordered to safehaven posts due to emergency evacuation. See Chapter 12, subparagraph 120304.F, for accommodation restrictions.

H. Dependents of the personnel named in subparagraphs 040104.A through 040104.C, above, holding powers of attorney and possessing valid DoD identification cards.

I. Dependents of the personnel named in subparagraphs 040104.D through 040104.F, above, holding proper identification and powers of attorney.

J. Third-country nationals employed as civilian employees or under contract to the U.S. Government, or contractors or subcontractors that are U.S. firms engaged in U.S. Government projects in foreign countries, provided the checks presented by the third-country nationals are U.S. Treasury dollar checks or U.S. dollar checks issued by the contractors to third-country nationals presenting the check to be cashed.

K. Federal credit unions operating on United States military installations in foreign countries, but only in those countries that do not permit contractor-operated DoD military banking facilities to operate on such installations.

040105. Internal Controls. Commanders and other individuals in the chain of command shall ensure that internal controls are adequate to preclude the fraudulent issuance and cashing of negotiable instruments. At a minimum, the following procedures shall be followed:

A. All instruments are endorsed "Pay to the order of the Disbursing Officer, _____ (name of ship, station, activity, or unit)".

★ B. The payee/payees shall sign or endorse each instrument in the presence of the DO, deputy, agent, or cashier.

C. The identity of the deputy, agent, or cashier providing the cash shall be clearly identifiable on the negotiated instrument. In the event that the instrument has been altered or forged, the deputy, agent, or cashier that cashed the instrument may be held liable. If the instrument becomes non-negotiable and the identity of the deputy, agent, or cashier cashing the instrument is not apparent on the instrument, the DO may be held accountable.

★ D. The deputy, agent, or cashier cashing the negotiable instrument shall properly verify the identity of the person/persons presenting the negotiable instrument for payment. There are virtually no acceptable grounds for granting relief to an deputy, agent, or cashier who cashes a forged instrument.

★ E. Adequate identification of the payee(s) or endorser(s) is recorded on the negotiable instrument in order that recovery can be made in the event that the instrument is dishonored (e.g., legible name, SSN, duty station/organization, duty phone, and I.D. card number).

0402 CASHING PERSONAL CHECKS

040201. Procedures for Cashing Personal Checks Overseas, Aboard Ships, and, by Exception, Within the United States

A. General. If military banking facilities, commercial banks, exchanges, or other financial institutions are not available or adequate to provide check-cashing services, the theater commander may authorize the DO to cash personal checks overseas or afloat. These DOs often do not receive notification of dishonored checks prior to the individuals moving from the deployed location. In order to expedite collection on dishonored checks, standard overseas and afloat check-cashing procedures applicable to appropriated fund civilians and military personnel throughout overseas and afloat DoD Components are prescribed in this chapter. Overseas and afloat disbursing offices, all appropriated civilian payroll offices, and, when individually approved by DFAS Headquarters, all DOs within the United States that provide accommodation exchange check-cashing services must implement these procedures subject to the following:

1. A commander may authorize the DO to cash personal checks for certain authorized individuals, as prescribed in section 0401, above.

2. The term "commander" as used in these procedures refers to a commander-in-chief, base or installation commander, commanding officer or officer-in-charge, director of the servicing DFAS Center, or equivalent civilian head in the chain of command of the DO who is at least grade O6 or GS-15.

3. The commanders and other individuals in the chain of command shall ensure that internal controls are adequate to preclude the fraudulent cashing of negotiable instruments.

B. Exceptions. DOs of Navy vessels may cash personal checks for crew members when the vessel is in a U.S. port and check cashing facilities are not available for non-residents of the area. A non-tactical disbursing activity in the United States may provide check cashing service when a unit, squadron, or detachment, without a DO or disbursing capability, is performing temporary duty away from its permanent station or homeport in an area where check cashing facilities are not available for non-residents of the area. This authority also applies when units, squadrons, or detachments are engaged in training or exercises which preclude use of available check cashing facilities. For any situations not described above, the commander may request authority to provide check cashing service from the Deputy Director for Finance, DFAS Headquarters. The request, with complete justification, should be submitted as prescribed in paragraph 040101.B, above.

★ C. Limitations. Commanders shall establish maximum amounts for personal checks that may be cashed by authorized personnel and/or their agents. In overseas areas in which the personnel at two or more Military Services are operating, the senior commander shall ensure a uniform policy. Although check cashing privileges are required for authorized personnel and/or their agents in many overseas areas, such service must be provided within sound financial management practices. Command policy and applicable limits, based on the dictates of the local economy and cost-of-living, must be published in writing. Deviations from

established command maximum limits must be provided by the servicing DO, in writing, for each exception. Disbursing officers must provide a copy of the authorization to exceed the established limit when requesting removal of deficiencies involving uncollectible insufficient fund checks and any insufficient fund charges that may be assessed by financial institutions for personal checks they have cashed. See section 0404, below. Checks shall be made payable in multiples of $5 unless local conditions make that increment impractical. However, Treasury checks or checks issued by insurance companies, banks or credit unions, or other institutions of similar financial standing may be cashed without regard to dollar amount. All checks shall be drawn on U.S. financial institutions, overseas branches of U.S. banks or credit unions, or overseas military banking facilities operated by U.S. contractors; shall be payable through U.S. banks or credit unions; and shall be denominated and payable in U.S. currency. The DO shall establish the days and hours during which the service will be provided and shall make appropriate notification of any changes. Suspension of check-cashing privileges for writers of dishonored checks shall be governed by this section.

D. Check Cashing Procedures

1. All authorized military and appropriated fund civilian personnel who request check cashing privileges must consent, in writing, to immediate collection against their pay for the total of all dishonored checks. With this procedure, dishonored checks will not become a delinquent debt; therefore, there is no authority to assess a service charge (penalty). However, the recovery of any insufficient fund charges assessed on the DO by financial institutions are allowed. Depending on the circumstances, this practice will allow the DO two options:

a. OPTION 1: The DD Form 2761 (Personal Check Cashing Agreement)

(1) If the individual's payroll office is not known or if the DO or his/her deputies, agents, or cashiers are cashing a check for a civilian employee or an authorized agent of a civilian employee or military member, the DO should use the DD Form 2761.

(2) The term "authorized agent" as used on the DD Form 2761 pertains to an individual, usually a dependent, who is authorized pursuant to a power of attorney to cash personal checks on behalf of a member or civilian employee as prescribed in this chapter.

(3) With the proper use of this form, a separate power of attorney on behalf of the individual requesting check cashing service is not required. The member/employee must appoint an agent by providing a name(s) in the block titled "Authorized Agent" of the DD Form 2761. The form must be signed by the member/employee. The agent's signature would be verified against a valid form of identification at the time the check is presented.

b. OPTION 2. An authorized statement stamped on the front of the personal check may be used only for military members and civilian appropriated fund employees, but not for their agents or other classes of individuals authorized check-cashing privileges.

(1) If the individual's payroll office is known, the DO can order a rubber stamp in small type to be placed on the front of the check along the top margin or above the bank's name and address as shown in figure 4-1.

★ (2) The stamp shall include the following statement:

"I consent to immediate collection from my pay the amount of this check plus bank charges, if this check is dishonored _____."

(3) The DO or his/her deputies, agents, or cashiers must place this statement on the front of the check in the presence of the individual and must ensure the individual's initials are provided at the end of the statement to validate immediate collection from the individual's pay account for dishonored personal checks.

(4) If the stamp is used, adequate identification of the payee must be recorded on the negotiable instrument in order that recovery can be made in the event that the instrument is dishonored (e.g., full legible name, DoD Component, social security number, duty station/organization, duty phone, and I.D. number). This information must be verified against a valid identification card.

2. The following are the responsibilities of disbursing officers and their deputies, agents, and/or cashiers when pay account collection for dishonored personal checks becomes necessary:

a. When a military member is in the same component and the DO maintains the member's account:

(1) Immediate pay account checkage, is authorized for the face value of the dishonored check(s), plus any charges assessed against the DO by a financial institution for processing dishonored checks.

(2) As a part of the DFAS consolidation effort, "partial/casual payments" are limited to emergency situations. Therefore, DO's shall not use "partial/casual payments" as a means of resolving a dishonored check.

b. When a military member is from a different Military Service, or from the same Component but subparagraph 040201.D.2.a, above, does not apply (e.g., retirees, members on PCS orders, TDY, or in any other transitory status) the following procedures will be applied:

(1) When the DD Form 2761 is used. The DO must make copies of the form (front and back), certify on the reverse side of the form that the individual consented to voluntary collection, and send it to the appropriate supporting DFAS Center, as listed in subparagraph 040201.E, below, to effect the pay account checkage and make restitution to the negotiating DO. The payroll office should annotate the reverse side of the DD Form 2761 specifying the action taken for each dishonored check listed.

(2) When the stamp is used on the face of a check, the DO will prepare the DD Form 139 (Pay Adjustment Authorization) by Component as follows:

(a) Attach a listing showing each military member's name, DoD Component, social security number, unit or duty station, and check amount(s), along with copies of the checks (front and back). In cases where the depositary adds a fee to the amount of the dishonored check, a copy of the SF Form 5515 should be included to substantiate its inclusion in the total amount of the checkage. Send all to the appropriate supporting DFAS Center, at the mailing address provided in subparagraph 040201.E, below, for execution of a pay account deduction.

(b) Certify that the military members consented to voluntary collection by typing the following certification statement on the DD Form 139 in the block titled "Explanation and/or Reason for Adjustment":

"I certify that these collections are the result of dishonored personal checks cashed by the cited individuals for the amounts stated. Each individual has consented, in writing, that in consideration for cashing the individual's personal check(s), the amount of any check returned unpaid, plus any charges assessed against the DO by a financial institution, for any reason may be collected from the individual's pay."

c. Dishonored personal checks for authorized appropriated fund civilian employees whose payroll office is known will be processed as follows:

(1) Immediate pay account checkages are authorized for the face value of dishonored checks plus any charges assessed against the DO by financial institutions.

(2) The DO must make copies of the DD Form 2761 (front and back), certify on the reverse side of the form that the individual consented to voluntary collection, and send the form, along with copies (front and back) of the checks. In cases where the depositary adds a fee to the amount of the dishonored check, a copy of the SF Form 5515 should be attached to substantiate its inclusion in the amount of the pay account checkage. Send all to the appropriate supporting DFAS Center payroll office listed in subparagraph 040201.E, below, for pay account checkage(s).

d. Dishonored personal checks for authorized appropriated fund civilian employees whose payroll office is unknown:

(1) If the DO or his/her deputies, agents, or cashiers cannot locate the individual's payroll office, a copy of the DD Form 2761 (front and back) must be sent to their supporting DFAS Center listed in paragraph 040201.E, below, requesting the Center to facsimile (FAX) the individual's name and social security number to the Defense Manpower Data Center to locate the individual's personnel office.

(2) When the supporting DFAS Center receives a copy of the DD Form 2761 (front and back) requesting assistance in locating the individual and/or payroll office, that DFAS Center will be responsible for the following:

(a) If known, provide the DO the name, address, and phone number of the individual's payroll office.

(b) If the individual's payroll office is not known, FAX the individual's name and social security number to the Defense Manpower Data Center on (408) 656-2087 requesting the location of the individual's personnel office.

(c) Once the location of the individual's personnel office is known, the DFAS Center will forward the information to the DO for action.

(d) The DO will contact the personnel office to locate the individual's payroll office.

(e) Once the payroll office is known, the DO will follow the procedures prescribed in subparagraph 040201.D.2.c.(2), above.

3. When collection action becomes necessary and the payroll office receives the DD Form 139 or DD Form 2761 from the DO, the payroll office will be responsible for the following:

a. Processing the pay account checkage following normal payroll procedures.

b. When possible, the payroll office should include a statement similar to the following in the remarks column of the leave and earnings statement (LES):

"Consensual collection action for a dishonored check."

c. The DD Form 139 or DD Form 2761 will be annotated by the applicable payroll office with the action taken for the dishonored check(s) and returned to the submitting DO to support the SF 1219 (Statement of Accountability).

d. The applicable DFAS Center/payroll office will enter the collections and centrally issue checks, after the debt has been collected, payable to the DO holding the dishonored check(s) for the amount(s) that has been collected each pay period until the total debt is satisfied.

Note: The DoD activity receiving the check shall ensure that the check is made payable and forwarded to the DO holding the dishonored check(s). The payment must be made in full. A check is necessary to remove the dishonored check(s) from the DO's SF 1219 for the situations described in this procedure.

4. When a military member or civilian employee is separated or cannot be located to make restitution (e.g., when a military member or civilian employee separates or resigns), the DO will process dishonored checks following the procedures otherwise prescribed in this chapter.

5. The writing of checks in advance of the availability of funds and floating a check cannot be condoned or tolerated. Therefore, individuals who abuse this privilege by continuing to write checks against insufficient funds should be denied future check-cashing privileges.

6. Retention of Documents

a. For all honored checks, the DO that permits personnel to cash personal checks must retain the original signed DD Form 2761 until six months after the individual transfers to a new duty station/installation or separates.

b. For all dishonored checks, the original DD Form 2761 must stay with the dishonored check file until resolved. If the statement above is stamped on the front of the check and the check is dishonored, the DO or his/her deputies, agents, or cashiers must make a copy of the front and back of the check that must stay with the dishonored check file until resolved.

E. DFAS Center Payroll Office Addresses. The DFAS Center Payroll Office addresses listed below are provided to help expedite collection on dishonored checks. These addresses are to be used when mailing DD Forms 139 and the DD Forms 2761 when used as a pay adjustment authorization. The DO should use the following addresses when mailing these forms to another DoD Component payroll office and the DO should ensure that the office codes provided are included in the address:

1. DFAS-Cleveland Center (For Navy personnel)

a. Active Duty

Defense Finance and Accounting Service -
Cleveland Center

(ATTN: DFAS-CL/FD)
1240 East Ninth Street
Cleveland, OH 44199-2055

b. Retirees

Defense Finance and Accounting Service -
Cleveland Center
ATTN: DFAS-CL/ROA
Retired Pay
P.O. Box 99191
Cleveland, OH 44199-1126

c. Reserve Component

Defense Finance and Accounting Service -
Cleveland Center
ATTN: DFAS-CL/FDAD
1240 East Ninth Street
Cleveland, OH 44199-2055

d. Navy Civilian Employees

Defense Finance and Accounting Service -
Denver Center
ATTN: DFAS-DE/FNT
6760 E. Irvington Place
Denver, CO 80279-4000

2. DFAS-Columbus Center (For DFAS and DLA Civilian Employees)

Defense Finance and Accounting Service -
Columbus Center
ATTN: DFAS-CO/LA
P.O. Box 369017
Columbus, OH 43236-9017

3. DFAS-Denver Center (For Air Force Personnel)

a. Active Duty and Reserve Component

Defense Finance and Accounting Service -
Denver Center
ATTN: DFAS-DE/FJ
6760 E. Irvington Place
Denver, CO 80279-3000

b. Retirees

Defense Finance and Accounting Service -
Cleveland Center
ATTN: DFAS-CL/ROA
P.O. Box 99191
Cleveland, OH 44199-1126

c. Civilian Employees

Defense Finance and Accounting Service -
Denver Center
ATTN: DFAS-DE/FN
Denver, CO 80279-4000

4. DFAS-Indianapolis Center (For Army Personnel)

a. Active Duty

Defense Finance and Accounting Service -
Indianapolis Center
ATTN: DFAS-IN/FJEA
8899 E. 56th Street
Indianapolis, IN 46249-0801

b. Retirees

Defense Finance and Accounting Service -
Cleveland Center
ATTN: DFAS-CL/ROA
P.O. Box 99191
Cleveland, OH 44199-1126

c. Reserve Component

Defense Finance and Accounting Service -
Indianapolis Center
ATTN: DFAS-IN/FJEB

8899 E. 56th Street
Indianapolis, IN 46249-0801

d. Army Civilian Employees

Defense Finance and Accounting Service -
Indianapolis Center
ATTN: DFAS-IN/FA
8899 E. 56th Street
Indianapolis, IN 46249

5. DFAS-Kansas City Center (For Marine Corps Personnel)

a. Active Duty

Defense Finance and Accounting Service -
Kansas City Center
ATTN: DFAS-KC/FBL
1500 E. 95th Street
Kansas City, MO 64197-0001

b. Retirees

Defense Finance and Accounting Service -
Cleveland Center
ATTN: DFAS-CL/ROA
P.O. Box 99191
Cleveland, OH 44199-1126

c. Reserve Component

Defense Finance and Accounting Service -
Kansas City Center
ATTN: DFAS-KC/FJV
1500 E. 95th Street
Kansas City, MO 64197-0001

d. Marine Corps Civilian Employees

Defense Finance and Accounting Service -
Denver Center
ATTN: DFAS-DE/FNT
6760 E. Irvington Place
Denver, CO 80279-4000

6. U.S. Coast Guard Active Duty, Reservist, and Retirees

Commanding Officer (F)
U.S. Coast Guard Pay and Personnel Center
444 S.E. Quincy Street
Topeka, KS 66683-3591

★0403 ACCOUNTABILITY OF DISHONORED CHECKS

★ 040301. General. A loss resulting from an uncollectible dishonored check may be considered as an improper payment or a physical loss of funds, depending on the circumstances as described in the following paragraphs.

★ 040302. Checks Accepted in Satisfaction of an Obligation. Checks accepted in satisfaction of an obligation due the United States (rather than for collection only), or for the sale or transfer of something of value that later are returned unpaid by the depositary constitute a physical loss of funds. See Comp. Gen. B-201672/3, B-200520, B-193673, September 23, 1982. Such dishonored checks shall be processed as prescribed in this paragraph. For checks received from collecting officers (e.g., commissary officer or sales officer), the DO shall prepare a reverse collection voucher charging the appropriation credited for the collection. Record the SF 5515 on the DD Form 2657 (Daily Statement of Accountability) as a reduction of deposits (line 4.2A) and the reverse collection voucher as a reduction of reimbursements (line 4.1E). A copy of the voucher and the dishonored check shall be provided to the collecting officer. Upon receipt, the collecting officer shall consider the dishonored check as a physical loss of funds in accordance with the regulations of the sales organization (e.g., commissary) if the dishonored check becomes uncollectible. The collecting officer is responsible for collection of the debt under the provisions of Chapter 29 of this volume or requesting relief of liability as prescribed in the regulations of the sales organization.

★ 040303. Checks Received as Accommodation Exchange Transactions. A loss from an authorized check cashing transaction, such as the "accommodation exchanges" authorized by 31 U.S.C. 3342, is an improper payment because government funds were disbursed in an authorized transaction. See 70 Comp. Gen. 616 (1991). Checks received by a DO in an accommodation exchange transaction that later are returned unpaid by the depositary shall be processed as prescribed in section 0402, above. The SF 5515 is recorded on the DD Form 2657 as a decrease to deposits (line 4.2A) and as an increase to dishonored checks receivable (line 7.4). For checks accepted by the disbursing office in satisfaction of an obligation due the government (i.e., the disbursing officer is the collecting officer for items such as an overadvance of travel funds, instead of an exchange), the dishonored check shall be considered as an illegal, incorrect, or improper payment if it becomes uncollectible. If a dishonored check becomes uncollectible and the servicing DFAS Center declines to authorize removal of the deficiency as provided in the following section, the disbursing officer shall report the loss and request relief of liability for the loss as prescribed in Chapter 6 of this volume for illegal, incorrect, or improper payments.

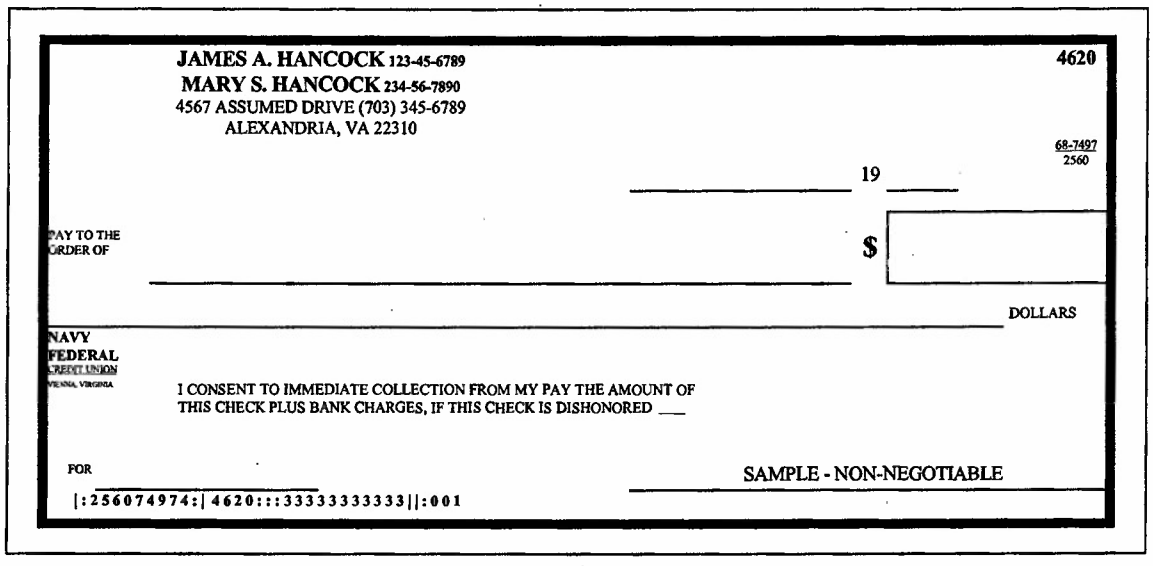
0404 REMOVAL OF DEFICIENCIES

★ 040401. Request for Removal. Appropriate collection action shall start immediately on receipt of notification that a check has been dishonored and shall be pursued vigorously until recovery has been made. If the debtor is no longer employed or in the military service and all methods and attempts of collection have been exhausted and any further attempts at collection become impractical, the DO shall submit a written request for removal of the deficiency to the servicing DFAS Center. The request shall be addressed via the DO's commander and shall include: the original uncollectible check; a copy of the related SF 5515; copies of the documents presented in section 0402, above, to include the latest available information regarding the debtor's whereabouts; a copy of the commander's check cashing policy/authority and, if applicable, a copy of the one-time authority to exceed the commander's normal monetary check amount; and a request that the DFAS Center pursue collection action against the delinquent debtor to the fullest extent that the law will allow. Removal normally will be authorized under 31 U.S.C. 3342 (reference (e)) and 70 Comptroller General Decision 616 (reference (r)) if the DO complied with the check-cashing policy and collection requirements prescribed in this chapter. If the DFAS Center authorizes removal of the deficiency, that center shall provide a memorandum to the requesting DO authorizing a charge to ***6763.XXXX, Gains and Deficiencies on Exchange Transactions. DOs shall provide a copy of the memorandum to the activity to which financial reports are submitted. The DFAS Center shall continue attempts to recover the debt, and if successful, will arrange for credit to the appropriation charged when the deficiency was removed. Removal of the deficiency can only be authorized and charged to ***6763.XXXX, Gains and Deficiencies on Exchange Transactions within the same fiscal year in which the check became dishonored. The request must be submitted so that the DFAS Center has enough time remaining in the fiscal year to authorize removal and charge to ***6763.XXXX. For example, if the DO receives a debit voucher for a dishonored check on September 10, 1997, there will not be enough time to pursue required collection actions and request removal of the deficiency prior to October 1, 1997 (beginning of the new fiscal year). If the DFAS Center declines to authorize removal of the deficiency or there is not enough time remaining in the fiscal year to authorize removal, it cannot be charged to ***6763.XXXX. The deficiency must be treated as an erroneous payment. The DO shall then either repay the loss or request relief of liability under the procedures for relief of liability for illegal, improper, or incorrect payments as prescribed in Chapter 6 of this volume.

040402. Lost Dishonored Check. If a dishonored check held in the disbursing office becomes lost, it shall be considered and handled as a physical loss of funds.

040403. Forgeries and Other Unusual Cases. If investigative action does not determine the identity of the person who committed the forgery, or if recovery from this person cannot be accomplished, the DO, deputy, agent, or cashier who cashed the instrument shall be liable for the deficit. There is virtually no excuse for forgery to take place if the check-cashing procedures in this chapter are properly followed. However, if the DO, deputy, agent, or cashier is of the opinion that the circumstances justify relief of liability for the illegal, improper, or incorrect payment, a memorandum requesting relief of the liability may be submitted to the servicing DFAS Center. The request shall include a summary or a copy of the investigative

results and shall describe the procedures used to preclude forgery. Each endorser to the basic correspondence shall express a recommendation as to whether relief of liability is considered appropriate.



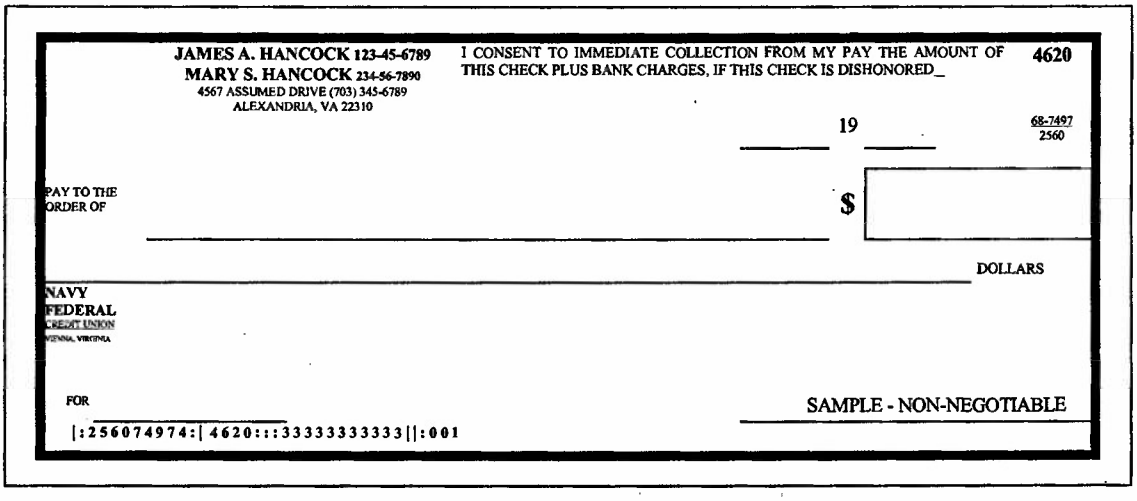


Figure 4-1. Samples of Check Endorsements Consenting to Pay Account Collections for Dishonored Check Charges

PERSONAL CHECK CASHING AGREEMENT

Form Approved
OMB No. 0730-0005
Expires Oct 31, 2000

The public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Defense, Washington Headquarters Service, Directorate for Information Operations and Reports (0730-0005), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS. RETURN COMPLETED FORM TO THE ADDRESS OF THE AGENCY WHICH PROVIDED THIS FORM.

PRIVACY ACT STATEMENT

AUTHORITY:	31 U.S.C. 3342, E.O. 9397, and DoD "Financial Management Regulation", Volume 5, Chapter 04.
PRINCIPAL PURPOSES:	This form is designed exclusively to help overseas and efloat DoD disbursing activities expedite the collection process of dishonored checks overseas and afloat.
ROUTINE USES:	None.
DISCLOSURE:	Voluntary; however, failure to provide the requested information will result in refusal to cash personal checks.

PLEASE PRINT OR TYPE ALL INFORMATION

1. NAME *(Last, First, Middle)* Joyce M. Jones		**2. SOCIAL SECURITY NUMBER** 456-00-8901
3. ORGANIZATION/LOCATION USS Abraham Lincoln		**4. RANK/GRADE** E-4 **5. DUTY TELEPHONE NUMBER** *(Include Aree Code)* (123) 456-7890
6. BRANCH OF SERVICE U.S. Navy	**7. SUPERVISOR'S NAME** *(Last, First, Middle Initial)* Lipps, Read M.	**8. SUPERVISOR'S TELEPHONE NUMBER** *(Include Area Code)* (123) 567-8901
9. HOME ADDRESS *(Street, Apartment Number, City, State, ZIP Code)* 345 Mockingbird Lane Beautiful, MO 64999		
10. HOME TELEPHONE NUMBER *(Include Area Code)* (123) 678-9012	**11. DRIVER'S LICENSE NUMBER** A13-456	**12. DRIVER'S LICENSE STATE** Missouri

POWER OF ATTORNEY

I desire to execute e power of attorney end I eppoint end by these presents do meke, constitute and appoint the below listed individual(s) my true end lawful ettorney(s)-in-fact to draw, meke endorse, end cash personel checks drawn upon my account which I may heve es sole or joint owner. Any act performed hereunder for me or from my eccount shall be binding on me, my heirs, legal and personal representatives end assigns. Transactions under this euthority shall be in my neme and ell endorsements and instruments executed by my ettorney shall contain my name, followed by that of my attorney and the designation "Attorney-in-Fact".

13. AUTHORIZED AGENT	**14. AUTHORIZED AGENT**
15. AUTHORIZED AGENT	**16. AUTHORIZED AGENT**

"In consideration of the extension of the privilege to have personal checks cashed by a Department of Defense finance/disbursing officer, I hereby freely end voluntarily consent to the immediate collection from my current pay, without prior notice or prior opportunity to be heard, the face velue of any check cashed by myself or my euthorized egents, plus eny charges essessed egainst the government by a financial institution, in the event such instrument is dishonored end returned for insufficient funds or closed eccounts."

17. REQUESTOR'S SIGNATURE	**18. DATE**

DD FORM 2761, OCT 1997 LOCAL REPRODUCTION AUTHORIZED.

Figure 4-2. Sample DD Form 2761 (Personal Check Cashing Agreement)

PAY ADJUSTMENT AUTHORIZATION		NOTE: If individual has been transferred, forward this authorization to the officer currently maintaining the individual's pay record.	
1.MEMBER/EMPLOYEE NAME *(Last, First, Middle)*	2. SSN	3. RANK/GRADE	4.BRANCH OF SERVICE
5. PAY GRADE NUMBER	6. AMOUNT	7. APPROPRIATION DATA	
8. FROM		9. NAME OF ACCOUNTABLE DISBURSING OFFICER (D.O.)	
		10. DO SYMBOL	11. G.A.O. EXCEPTION CODE
12. TO		13. YOU ARE HEREBY AUTHORIZED TO DEDUCT THE AMOUNT OF $_____ FROM THE ACCOUNT OF THE ABOVE NAMED INDIVIDUAL.	
14. EXPLANATION AND/OR REASON OR ADJUSTMENT			
I CERTIFY that this collection is the result of dishonored personel checks cashed by the cited individuel for the amounts stated. The individual hes consented in writing, thet in consideration for the cashing individual's check(s) the emount of eny check returned for eny reeson, plus e ny cherges assessed against the govemment by a finenciel institution, mey be collected from the individuel's pay.			
15. FROM			
16. DISBURSING OFFICER			
a. NAME *(Last, First, Middle Initial)*	b. RANK/GRADE	c. SIGNATURE	
I CERTIFY that the adjustment indicated ebove has been entered on the ebove-named individual's Pey Record. *(If adjustment has not been entered, give explanation in the space provided above.)*			
17. TO	18. PAYROLL OFFICER		
	a. NAME *(Last, First, Middle Initial) (Type or Print)*		b. RANK/GRADE
	19. PAYROLL DSSN	20. DATE	
	21. SIGNATURE		

DD FORM 2761 (BACK), OCT 1997

Figure 4-2. Sample DD Form 2761 (Personal Check Cashing Agreement (Continued))

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CHAPTER 5

DEPOSIT AND TRANSFER OF PUBLIC FUNDS

0501 DEPOSIT OF FUNDS

050101. General. As prescribed in 31 U.S.C. 3302 (reference (e)), DOs who have funds in excess of current requirements shall deposit them for credit to the Treasury Department without delay. An exception to the general rule is authorized for those instruments which shall be returned to the remitter in the form in which received, an example being deposits of unsuccessful bidders for the sale of government property.

050102. Depositaries

A. Federal Reserve Bank (FRB). DOs who use an FRB or branch as a depositary may do so without prior approval from the servicing DFAS Center. FRBs or branches shall be used whenever possible. Appendix B provides a list of FRBs and branches. All deposits to an FRB or branch shall include a Ca$h-Link Identification Number (CIN) in Block 3 of the SF 215 (Deposit Ticket). The CIN also is required as a part of the endorsement on negotiable instruments included in such deposits. The CIN is derived by adding four leading zeroes to the DSSN and calculating a check-digit for the ninth position. The CIN is calculated as shown in table 5-1. When preparing the SF 215 (and endorsements), the eight-digit CIN and the ninth digit are separated by a dash.

★ B. General Depositaries. As prescribed by the Department of the Treasury Financial Manual for Guidance of Departments and Agencies (reference (m)), these are commercial banks or other financial institutions which have been specifically authorized by the Treasury Department to maintain a demand account in the name of Treasury for the purpose of accepting deposits to the Treasury's General Account (TGA). These depositaries will be designated only at locations where they are needed to receive deposits of public funds for credit to the TGA or to furnish cash to DOs for official disbursements. Making deposits to a TGA eliminates processing floats. If more than one bank or a bank and credit union have been authorized at a base, station, installation, or command, the local commander, if asked, should give equal recognition when recommending designation as a TGA. After approval by the Treasury Department, the commander should also make an effort to reasonably distribute official financial transactions among the approved depositaries. Public funds shall not be deposited in a financial institution that has not been approved as a TGA except as provided in subparagraph 050102.E, below. Deposits shall not be mailed to a TGA unless specifically authorized by the Treasury Department.

C. Requests to Deposit With or Change General Depositary. DOs who want either to get initial authorization to deposit collections with a general depositary or to change from one depositary to another shall send a request through the servicing DFAS Center to the Financial Management Service, Department of the Treasury, Chief Depositary Review Section, Banking Operations Branch, 3700 East-West Highway, Hyattsville, MD 20782. A copy of the request shall be furnished to the Director for Financial Commerce, OUSD(C), Room 3E831 Pentagon,

Washington, DC 20301-1100. The request should be sent at least 90 calendar days prior to the requested effective date to allow the Treasury Department enough time to make the necessary arrangements and issue appropriate instructions to the depositary. The request shall contain the following information:

1. Name and location of the depositary currently used.

2. Time and manner in which deposits are made with the current depositary.

3. Name and location of the proposed depositary (specify the name and location of the particular branch office, if applicable).

4. Time and manner in which deposits will be made with the proposed depositary.

5. Total dollar amount deposited monthly.

6. Total number of checks (including Treasury checks) deposited monthly.

7. Dollar amount and number of Treasury checks deposited monthly.

8. Amount of cash deposited monthly.

9. Number of returned checks per month.

10. Number of SFs 215 per month.

11. A brief justification statement outlining distances involved and savings in time and money to be gained by approval of the request.

D. Need for General Depositary Ceases to Exist. Should the need for a general depositary cease to exist, the DO shall notify the servicing DFAS Center of the date on which the need will terminate and the reason.

E. Limited Depositaries. Limited depositaries are designated only to receive deposits made by or on behalf of DOs for credit to their official non-symbol checking accounts maintained with such depositaries. Limited depositaries are not authorized to accept deposits for credit to the Treasury Department..

0502 DEPOSIT REQUIREMENTS

050201. Frequency. The deposit of all funds received for credit to the account of the Treasury Department shall be made without delay.

A. Deposits shall be made at a time of day before the depositary's specified cutoff time, but as late as possible to maximize daily deposit amounts. Receipts of $5,000 or more shall be deposited on the same day received before the depositary cutoff time. In those instances where the disbursing office business day has been advanced due to volume of transactions and balancing requirements, deposits shall be made on the disbursing office business day on which the receipts are processed into the DO's account. For example, today's calendar date is September 7 but the disbursing office business date is September 8. If receipts for the DO's business date of September 8 equal or exceed $5,000, the receipts must be deposited prior to the end of the depositary's business date of September 8.

B. Where same-day deposit is not cost effective, next-day deposit shall be achieved. It may be necessary, therefore, for DOs to set a cutoff time in connection with the preparation of deposits, and deposit on the following day all receipts after that time. If daily deposits of receipts of less than $5,000 are impractical, they may be accumulated and deposited when the total reaches $5,000. However, deposits shall be made by Thursday of each week, regardless of the amount accumulated. DOs should limit their transmittals of deposits to one per day.

C. DOs shall separate cash from checks and prepare a separate SF 215 for each when depositing with an FRB. A cash deposit and a check deposit on the same day constitute one deposit per day. For Navy vessels in U.S. ports, deposits shall be prepared and either delivered in person or mailed via registered mail to the nearest FRB when receipts accumulate to $5,000 as prescribed above.

D. For Navy vessels at sea, when daily mail service is not available, receipts (consisting only of personal checks, money orders and other non-Treasury negotiable instruments) may be accumulated up to $5,000 before they must be deposited, provided that a deposit of all receipts on hand is made at least once each week. This exception does not apply to U.S. Treasury checks. The DO shall prepare the deposits for mailing via registered mail and deliver them to the Military Post Office onboard. Negotiable instruments to be deposited shall not be held in the DO's accountability pending arrival at the next scheduled port of call. Regardless of the total amount, the time interval since the last deposit, and the type of checks and negotiable instruments on hand, DOs onboard Naval vessels shall make a deposit on the last regular business day before leaving port and the first regular business day after returning to port for any at-sea period in excess of one week.

050202. U.S. Dollar Deposits

A. Negotiable Instruments. Negotiable instruments (e.g., Treasury checks, personal checks, travelers checks, money orders, etc.) payable in U.S. dollars shall be deposited for credit to the account of the Treasury Department with the nearest FRB or branch or an approved general depositary.

1. All DOs in the United States (and activities authorized to deposit to

the account of a DO in the United States) shall deposit Treasury checks in the sum of $5,000 or more with the nearest FRB or branch. For example: if the deposit includes one Treasury check for $5,000 or more, the deposit must be made to an FRB or branch; or, if the deposit contains several Treasury checks, the total of which is $5,000 or more, the deposit must be made to an FRB or branch. When an FRB or branch is used, separate SFs 215 shall be prepared for each of the following deposits: (1) cash; (2) checks (e.g., Treasury checks, personal checks, money orders, travelers checks, etc.); and (3) food stamp coupon redemptions. Check endorsements, SFs 215 and debit or credit vouchers presented for deposit to an FRB or branch shall include the nine-digit CIN in Block 3 of the SF 215. Check endorsements, SFs 215 and debit or credit vouchers presented directly to a general depositary shall include the four-digit DSSN as the DO identification number in Block 3 of the SF 215.

2. DOs located outside the continental United States may deposit all Treasury checks with an established general depositary. Treasury checks (or cash, or other negotiable instruments) cannot be mailed to a general depositary without the expressed permission of the Treasury Department. (Note: Air Force bases in Europe, without local contract military banking facilities, currently have Treasury Department authority to mail deposits to the contract banking facility at Frankfurt, Germany.) Canceled Treasury checks shall be deposited as prescribed in chapter 08 of this Volume.

B. Checks Drawn on Foreign Banks in U.S. Dollars Payable Through a Bank in the U.S.. Checks drawn on foreign banks in U.S. dollars, which are payable through a bank in the U.S., will have an American Bankers Association (ABA) routing and transit number printed on the item and may be magnetic ink character recognition (MICR) encoded with the U.S. bank's ABA routing and transit number at the bottom left side of the check. These checks shall be grouped on a single SF 215 and deposited as prescribed in subparagraph 050202.A, above.

C. Manner of Deposit

1. Deposit by DO. Deposits shall be made in person by the DO or designated representative at an FRB or branch or an approved general depositary. If deposit of checks, drafts, or money orders in person is impracticable, deposits of these instruments may be made by registered mail or courier; however, deposits of checks, drafts, or money orders by mail are normally authorized only to a FRB or branch. Cash deposits by mail shall be made only to an FRB or branch. If a deposit of cash in person is impracticable, the next most preferred method is by armored car. The least preferred method of depositing cash is by registered mail. The cash should be double wrapped or placed in an inner and outer container. If an error is discovered after an SF 215 has been released to a depositary, that document shall not be recalled or corrected; nor will a corrected SF 215 be prepared and submitted to the depositary. The DO shall contact the depositary and provide information on the error and request the depositary to prepare: an additional SF 215 for the difference if the deposit amount is to be increased; or an SF 5515 (Debit Voucher) for the difference if the amount is to be decreased. Upon receipt of the additional SFs 215 or 5515, the DO shall record and report the document as prescribed in this chapter. Deposits of damaged or mutilated currency shall be made as provided in section 0505 of this chapter.

2. Deposit by Other than DO. When more time is required to

personally turn in funds to the DO than is justifiable from a cost perspective (e.g., taking into account the length of journey and other factors), agent officers or any other officers authorized to make collections of public funds may dispose of collected funds as shown in the following subparagraphs:

a. Approved Designated Depositary Available. Agent officers or any authorized collection officer may make deposits (in person) on behalf of the DO when an approved designated depositary is available. Individuals making such deposits shall follow the procedures in paragraph 050301 of this chapter for preparation of the SF 215. The confirmed copy of the SF 215 shall be submitted to the DO on the day the deposit is made with the appropriate collection vouchers and memorandum copy of SF 215.

b. Approved Designated Depositary Not Available. When an approved designated depositary is not available, agent officers or any authorized collecting officers may transmit cash to the DO by postal money order, bank money order, or cashier's check. The fee for purchase of the cashier's check or postal/bank money order shall be paid in cash at the time of purchase and the receipt shall be attached to the DD Form 1131. The amount of the cashier's check or postal/bank money order shall be deducted from the total amount collected. The body of the DD Form 1131 will be prepared to show the total amount collected, the fee for cashier's check or postal/bank money order, the net collection, and the bank and date of the money order. Figure 5-11 is an example of a completed DD Form 1131.

050203. U.S. Department of Agriculture (USDA) Food Stamps

A. General. Food stamps shall be deposited with the nearest FRB or branch thereof on a daily basis. In those instances where the commissary officer makes the deposit, an agreement with the DO should be made to define that responsibility.

B. Deposits. Food stamp deposits shall be accomplished using a separate SF 215 and shall be mailed registered (uninsured) mail. In addition, a properly prepared FNS Form 278 (Food Stamp Redemption Certificate) shall accompany the SF 215. Food stamps are exempted from the requirement to maintain a record of negotiable instruments. The separation of redeemed food stamps from other negotiable instruments is necessary due to differences in the audit and reconciliation process. See I TFM 5-2050.20d, Department of the Treasury Financial Manual for Guidance of Departments and Agencies (reference (m)).

C. Lost, Stolen, or Destroyed Food Stamps

1. Food Stamps Lost, Stolen, or Destroyed While in the Custody of a Commissary Officer. Food stamps represent cash, and all security procedures for cash handling shall be observed. Food stamps are accounted for by the USDA while other negotiable instruments are accounted for by the Treasury Department. The USDA Food and Nutrition Service (FNS) is not liable for the value of any coupons lost, stolen, or destroyed while in the custody of an insured financial institution or for the value of coupons lost, stolen, or destroyed while in transit from an insured financial institution to an FRB. USDA has interpreted that DoD DOs (including deputies, agents, cashiers and custodians) fall within the definition of an insured financial institution. Food

stamps in the custody of the commissary officer that are lost, stolen, or destroyed shall be treated as a physical loss of funds on the part of the commissary officer in accordance with Chapter 6 of this volume. Also, if an FRB determines that one or more coupons are missing from a deposit received by the FRB, the FRB shall issue an SF 5515. The SF 5515 shall be recorded in the DO's accountable records in the normal manner and treated as a physical loss of funds on the part of the commissary officer in accordance with Chapter 6 of this volume.

2. Food Stamp Deposits Lost, Stolen, or Destroyed Before Arrival at the FRB. There may be instances where an entire deposit of coupons is lost, stolen, or destroyed before arrival at the FRB. Evidence of this should be detected through non-receipt of the confirmed copy of the SF 215. If the lost transaction cannot be resolved, the DO shall prepare a descriptive OF 1017-G (Journal Voucher) shall be prepared and recorded in the DO's accountable records in the same manner as an SF 5515 would be recorded. If the commissary officer has assumed the deposit responsibility as a custodian for the DO, the deficit can only be cleared by treating the lost food stamp(s) as a loss of funds on the part of the commissary officer in accordance with chapter 06 of this Volume. The commissary officer must either recover the lost food stamps, request relief of liability, or consider the lost stamp(s) a loss of commissary receipts (operating funds). The DO shall prepare a reverse DD Form 1131, Collection Voucher,citing the same accounting classification as the stamps were originally collected into. Include on the DD Form 1131 an explanation to the effect that: the FRB has claimed one or more of the food stamps were not included in the deposited package and that there was no evidence the package had been tampered with; or food stamps were not received by the FRB. A copy of the DD Form 1131 shall be given to the commissary officer. The reverse DD Form 1131 shall be used to clear the deficit from the DO's accountability only after the loss of funds has been properly reconciled according to chapter 06 of this Volume. If the DO has assumed the deposit responsibility, the deficit can only be cleared by treating the lost food stamp(s) as a loss of funds on the part of the DO. Lost food stamps are considered a physical loss and shall be processed as prescribed in chapter 06 of this Volume.

050204. Foreign Currency Deposits. See Chapter 13 of this volume.

★ 050205. Reporting Large Deposits and Fedwire Deposits System (FDS) Deposits. To permit the Treasury Department's Financial Management Service (FMS) to manage the government's cash position at each Federal Reserve Bank, disbursing officers depositing a single check totaling $50 million or more, or several checks of a similar nature (e.g., 25 checks from vendors totaling $50 million or more), shall notify the FMS a minimum of two business days before the deposit is made. If a deposit of $500 million or more is anticipated, a minimum of five business days advance notice is required. When specific deposit information has not been finalized, inform FMS daily (by 9:30 a.m. eastern time) of approximate amount(s) and approximate deposit date(s). Information on large deposits should be reported by facsimile transmission (FAX) to FMS at (202) 874-9945 or (202) 874-9984 using FMS Form 187 (Advance Notice of Large Deposits or Payments of $50 Million or More). If the report is provided to FMS on other than FMS Form 187, at a minimum, the report shall contain:

A. Name and address of the Component (e.g., Army);

B. Name and telephone number of disbursing officer;

C. Disbursing station symbol number (DSSN);

D. Appropriation or fund account credited (minimum of six digits, with the first two identifying the department);

E. Description of transaction;

F. Transaction settlement date;

G. Amount of deposit;

H. Deposit mechanism (wire transfer or check);

I. Name and location of the depositary.

A copy of the report shall be retained with the DO's monthly retained financial records.

★ 050206. Sorting and Listing of Instruments

A. General Depositaries. Checks deposited with general depositaries need not be sorted, but shall be accompanied by an adding machine tape or other listing, unless other arrangements have been made with the depositary. Note: As explained in the subparagraph 050201, above, all DOs in the United States (and activities authorized to deposit to the account of a DO in the United States) shall deposit Treasury checks in the sum of $5,000 or more with the nearest FRB or branch.

B. Federal Reserve Banks

1. Check Deposits. Checks deposited with an FRB or branch need not be sorted, but shall be accompanied by an adding machine tape or other listing showing the amount of each check and the total amount of the deposit. The checks, with supporting documentation, shall be delivered to the FRB separate from any cash which the DO may also be depositing with the FRB that same day.

2. Cash Deposits. Deposits of cash shall be made on a separate SF 215. All currency shall be sorted by denomination, face and top up, and deposited in full packages (100 notes) of each denomination; $1, $2, $5, $10, $20, $50, and $100. Partial packages shall be prepared for each denomination that does not contain 100 notes. Each package (full or partial) shall be secured with a currency strap bearing no printed denomination. The DO can obtain these straps from a commercial supplier. The total dollar amount contained in each package of currency and the DSSN shall be legibly indicated on each strap. Coins shall be rolled whenever possible. The SF 215 shall be accompanied by an adding machine tape or other listing reflecting, by denomination, the total of currency and coin being deposited.

★ 050207. Endorsement of Negotiable Instruments

A. Area for Endorsements. With the enactment of the Expedited Funds Availability Act (reference (s)), restrictions were established for placement of payee endorsements. Negotiable instruments shall be endorsed on the back of the instrument in the 1 and 1/2 inch space along the "trailing edge." When viewing the face (front) of a check, the trailing edge is the left hand edge. Normally, the endorsement will consist of the name of the payee and other identifying information required by the activity cashing the check. When the DO is preparing checks made payable to the DoD, a DoD Component, another government agency, or the DO for deposit, the endorsement stamp required by subparagraphs 050207.C or 050507.D, below, shall appear in this space. When multiple endorsements occur (or the space is used by a qualified endorsement such as for checks endorsed over to the DO by the payee) and the DO's endorsement will require space beyond the first 1 1/2 inches from the trailing edge, the DO's endorsement shall use the assigned space for subsequent endorsers (the back of the check in the upper right hand corner, no more than 3 inches from the right hand edge (leading edge) of the check). Do not refuse a check if the area assigned for the bank of first endorsement has been used. Such checks are acceptable but will not be processed by the banking system in the prescribed time frames under reference (s), which could hamper collection action. Blue or black ink is preferable for endorsements.

B. Endorsement Statement. The following endorsements for negotiable instruments are minimum requirements. Activities with stamps containing additional information may use them so long as the endorsement can be contained within the 1 1/2 inch area assigned for payee endorsers. The Treasury Department has expanded the DSSN number for the disbursing or collecting official's endorsement to a Ca$h-Link Identification Number (CIN) which includes four zeroes, the DSSN, a hyphen, and a check digit when depositing to an FRB or branch. The CIN is calculated as explained in table 5-1. Figures 5-1 through 5-3 are examples of endorsements on negotiable instruments received directly by DOs. To eliminate separate endorsements by collecting officials and DOs, collecting officials shall endorse negotiable instruments as shown in figures 5-4 through 5-6.

C. Endorsements on Negotiable Instruments Deposited With an FRB or Branch. DOs depositing directly with an FRB may function as the bank of first deposit on behalf of the FRB. Prior approval must be obtained from the FRB before this activity is begun. Since little advantage is gained by the DO's assuming this responsibility, DOs shall advise the servicing DFAS Center if an FRB or the Treasury Department requests that they function as a bank of first deposit. All checks, drafts, and money orders in payment of an obligation due the United States, regardless of the payee to which drawn (including the Treasury Department, the Department of Defense, and any officer of the government), shall be endorsed on the back of the instrument in the 1 and 1/2 inch space along the trailing edge (see figures 5-1 and 5-4). The nine-digit number is the disbursing office's CIN. Agencies may use a stamp, or insert the CIN by hand. The date may be filled in either manually or mechanically with the date on which the deposit is made. This date shall correspond with the bank's business day as explained in paragraph 050201 of this section.

D. Endorsements on Negotiable Instruments Deposited With a General Depositary. All negotiable instruments in payment of an obligation due the United States, regardless of the payee to which drawn shall be endorsed on the back of the instrument in the 1-1/2 inch space along the trailing edge (see figures 5-2 and 5-5). The blank following "U.S." shall contain the Component

name (e.g., Army, Navy, Air Force, Marine Corps). The blank following "DSSN" shall contain the four-digit disbursing activity DSSN which may be entered manually, mechanically, or be included as a part of the stamp itself. The blank following "Date" may be filled in either manually or mechanically with the date on which the deposit is made. This date shall correspond with the bank's business day as explained in paragraph 050201 of this section.

E. Conditional Endorsements. Do not accept checks with conditional endorsements such as payment in full notations, when less than the total amount due the United States is paid. Return these checks to the drawers and advise them that the DoD cannot legally accept them.

★ 050208. Record of Negotiable Instruments Deposited. DOs shall keep a complete descriptive record of all negotiable instruments mailed or presented to depositaries. This record may be photocopy or microfilm records of both sides of the instruments if the source of the instrument is shown. Where photocopying or microfilming facilities are not available, the record shall be a typed or written list containing the: source of the instrument; name of the financial institution on which drawn; type of instrument; serial number; payee; maker; endorser (name of person from whom received if other than drawer); date drawn; and amount. Copies of collection vouchers or other documents that show the same data aforementioned may be used as the record of instruments. If an item is lost in banking channels, the DO may be held pecuniarily liable if the maker of the check cannot be identified in order to contact that person for a replacement. Therefore, photocopied, microfilmed, or prepared lists of instruments deposited shall be kept in active files until receipt of the deposit is acknowledged. They may then be filed as supporting documents to the retained copy of the SF 215 and the SF 1219 which covers the period in which the deposits were made.

★ 050209. Lost Negotiable Instruments. When a negotiable instrument is lost, whether before or after deposit, the DO shall adjust the affected accounts and immediately request that the maker of the instrument stop payment and replace it with a new check or other form of payment.

★ 050210. Disposition of Funds on Transfer or Reassignment Without Relief. Funds in the possession of a DO transferred or reassigned without being relieved by another DO shall be deposited prior to transfer or reassignment. All receipts for cash funds held by deputies, agents, and/or cashiers, including imprest funds and change funds, shall be redeemed and the funds included in the final deposit. Each deposit made during the period, including the final deposit, shall be reported on the SF 1219 whether or not an acknowledged copy of the SF 215 is received prior to transfer or reassignment.

0503 DEPOSIT TRANSACTIONS

050301. SF 215, Deposit Ticket

★ A. General. Deposits shall be accompanied by an SF 215 prepared in quintuplicate. The SF 215 is designed to be processed on optical character recognition equipment; therefore, it is essential that the preparer strictly follows these requirements. The SF 215 shall be typed with American National Standards Institute Optical Character Recognition

A font (ANSI OCR-A) 10-pitch type. If an ANSI OCR-A is not available, Pica, 10-pitch should be used. An undesirable, but acceptable type font is Elite, 12-pitch. Specialty type fonts such as Adjutant, Advocate, Artisan, Courier, Delegate, Gothic, Italic, Scribe, Script, etc., are not acceptable. Typing in blocks two, three, four, and five (memorandum copy) must be single spaced horizontally and typed with the prescribed font. Typeovers, erasures, and other corrections cannot be made to entries in these blocks. The Treasury Department does not permit DOs or depositaries to make changes to data on the SF 215. Any violation of this rule by a depositary shall be reported to the DFAS Disbursing and Cash Management Office, 1500 East 95th Street, Kansas City, MO 64197-0030, for further reporting to the Treasury Department. An example of an SF 215 is shown as figure 5-7. The SF 215 shall be prepared as described below:

1. Deposit Number - Block (1). Each SF 215 contains a preprinted six-digit deposit number used by the Treasury Department's central accounting and reporting systems as the basis for generating audit and reconciliation reports for depositor agencies. The preprinted number shall not be altered, typed over, or changed in any manner. Although prenumbered, it is not necessary to account for voided or spoiled forms.

2. Date Presented or Mailed to Bank - Block (2). Type the date that the document is either mailed to an FRB or branch or, if delivered to a general depositary, the banking business date of the depositary at time of presentation. The date shall consist of 2-digit single spaced groups in month, day, and year order; separated by hyphens and zero-filled for single digit dates.

3. Eight-Digit Agency Accounting Station Code or Four-Digit Disbursing Office Symbol - Block (3). Type the nine-digit CIN for deposits to an FRB or branch, or the four-digit DSSN for deposits to general depositaries. Entries shall be left justified and single spaced.

4. Amount - Block (4). Type the total amount of the deposit, including cents. Normal punctuation of commas and decimal points shall be used, however, dollar and cent signs shall be omitted.

5. Date Confirmed by Bank - Block (5) (Memorandum Copy). Leave blank. To be completed after confirmed copy is received from the depositary.

6. Agency Use - Block (6). Block 6 may be used to enter descriptive date regarding the deposit such as: "Prepared by "; "Verified by "; and "Deposited by "; with the applicable initials of the person who performed these tasks. (If a commissary deposit, the commissary store number and location shall be entered in this block. Also, if the deposit is made with a branch bank, the name and location of the branch shall be entered in this block.)

7. Name and Address of Depositary - Block (7). Type the name and address of the depositary to which the SF 215 is mailed or presented.

8. Depositary Certification - Block (8). Leave blank. The depositary will complete this block.

9. Depositors Title, Department or Agency and Address - Block (9). Type the complete mailing address of the disbursing activity in this block.

B. Distribution and Disposition. The original, depositary, and confirmed copies of the SF 215 shall be delivered or submitted to the depositary with the funds and or negotiable instruments to be deposited. The DO shall retain the memorandum and agency copies in a suspense file to assure that all deposits are in fact confirmed by the depositary. The DO shall take follow-up action on unconfirmed deposits as prescribed in paragraph 050403, below. When the confirmed copy is received from the depositary, the date confirmed shall be transcribed to the agency copy. Based on the specific requirements of the servicing DFAS Center or OPLOC, the confirmed copy shall be submitted as part of the financial reports for that month. In those instances where a deposit is not confirmed in the same month as mailed, the servicing DFAS Center or OPLOC may require the DO to submit the memorandum copy in support of the reported deposit activity for that month and to submit the confirmed copy with the financial reports for the month in which the confirmed copy is received. Note: When a deposit is presented or mailed to a depositary and the DO receives the confirmed copy of the SF 215 in the same month (as presented or mailed), only the confirmed copy is required to be submitted with the monthly financial reports. The agency copy is always retained by the DO as part of the retained financial records. The sum of all deposits presented or mailed to a depositary shall be reported in Column (2), Section II, Part B of the SF 1219 for the month in which the deposit was presented or mailed.

C. Accounting for Deposits. After netting out all the SFs 5515 (except for EFT SFs 5515) to be accounted for in the current business day, enter the total of all the deposits to be accounted for during the business day (including SFs 215 received from a depositary to adjust a deposit) on line 4.2A of the DD Form 2657. At the end of the accounting period (month), the memorandum or confirmed copies of each SF 215 (and SFs 5515, including EFT SFs 5515) applicable to the current accounting period (only) are used to prepare the detailed deposit activity report to support of the SF 1219. The total of the detailed deposit activity report must agree with the total reported on line 4.2 on the face of the SF 1219 and with the total reported in Column (5), Section II, Part B, on the reverse of the SF 1219.

050302. SF 5515 (Debit Voucher)

A. General. When a check is returned unpaid to the depositary with which the check was originally deposited, the depositary may prepare and execute an SF 5515 to charge the depositing DSSN. The depositary may also prepare an SF 5515 charging the depositing DSSN whenever a check is lost after deposit. SFs 5515 may also be issued by depositaries and by the Treasury Department to establish other valid charges against a DO's account. Such charges include exchange fees and other collection charges assessed in connection with foreign instruments deposited. The DO immediately shall record all SFs 5515 received in the DD Form 2657. The SFs 5515 shall be included in the SF 1219 for the month in which received.

B. Action by the DO

1. Non-tactical Disbursing Activities. For SFs 5515 received in connection with returned unpaid checks, the DO shall take action as prescribed in Chapter 4 of this volume for dishonored checks. For SFs 5515 received in connection with checks lost after deposit, the DO shall take action as indicated in paragraph 050209 of this chapter. New checks received pursuant to action taken by the DO shall be processed as a new deposit. Charges for handling foreign checks shall be processed as prescribed in Chapter 13 of this volume.

2. Tactical Disbursing Activities. DOs receiving SFs 5515 shall comply with the above provisions whenever any one of the following conditions exist: the deposit (which included the lost or dishonored check) was made during the incumbency of the current DO; the deposit (which included the lost or dishonored check) was made during the incumbency of a DO whose account is being subjected to the 90-day local retention period; or, the maker or endorser of the lost or dishonored check is locally available for collection action. If none of the foregoing conditions apply, the current DO shall forward the SF 5515 by cover letter to the activity designated to settle the former DO's account. A copy of the cover letter shall be sent to the issuing depositary. In addition to the SF 5515, the letter shall contain either the original dishonored check as returned by the depositary or in the case of lost checks, a copy of the relevant abstract from the listing of instruments deposited. In all cases, the cover letter shall contain the most recent information concerning the present location and status of the maker or endorser of the check in question.

C. Special Arrangement With Depositary. The DO and the depositary may enter into a special arrangement whereby unpaid checks automatically will be returned directly to the DO to be replaced by new checks. Under such an arrangement, the depositary would not issue an SF 5515 unless the unpaid checks were not replaced within an agreed period of time.

D. Distribution. The SF 5515 is a four-part document. Two copies are retained by the depositary. The memorandum and the confirmed copies are forwarded to the DO. The DO shall forward the confirmed copy in support of the monthly financial reports. The memorandum copy shall be retained with the DO's retained financial records. An example of an SF 5515 is shown as figure 5-8.

E. Accounting. SFs 5515 are accounted for as negative deposits. As noted in subparagraph 050301.C, above, all SFs 5515 (except for EFT SFs 5515) to be accounted for in the current business day are netted against all deposits to be accounted for during the business day, and the total recorded on line 4.2A of the DD Form 2657. EFT SFs 5515 are recorded on line 4.2B. At the end of the accounting period (month), the memorandum or confirmed copies of each SF 5515 (including EFT SFs 5515) and each SF 215 applicable to the current accounting period (only) are used to prepare the detailed deposit activity report to support Section II, Part B of the SF 1219. The total of the detailed deposit activity report must agree with the total reported on line 4.2 on the face of the SF 1219 and with the total reported in Column (5) Section II, Part B, on the reverse of the SF 1219.

★0504 DEPOSIT RECONCILIATION

050401. General

★ A. All DOs are required to report deposit activity in connection with their financial reports. Note: Until a standard deposit reporting and reconciliation system is implemented, each disbursing office shall continue to prepare and submit the detailed deposit activity report formerly required by the respective Component. Army disbursing offices shall continue to report SF 215 and SF 5515 information in the Data Element/Accounting Reporting System. Air Force disbursing offices shall continue to use the Deposits in Transit System (6J record). Marine Corps disbursing offices shall continue to report detailed deposit activity using the Marine Corps Expenditure/Reimbursement Reporting System. Navy disbursing offices shall continue to use the Uniform Microcomputer Disbursing System, other approved automated format, or prepare and submit the monthly Schedule of Deposit Activity as prescribed in paragraph 050411, below. The net dollar value of these inputs ultimately is provided to the Treasury Department, which also receives detailed reports from each depositary of all SFs 215 and SFs 5515 received from DOs and issued by depositaries.

★ B. Monthly, the Treasury Department compares the value of deposits and debit vouchers reported by DOs on SFs 1219 (Statements of Accountability), and detailed deposit activity reports to the value of deposits and debit vouchers reported through the banking system. When the Treasury Department is unable to reconcile the information contained in the two reporting systems, an FMS Form 6652 (Statement of Differences, Deposit Transactions), with supporting detail of deposits and debit vouchers reported by the depositaries, will be forwarded to the applicable DFAS Center for redistribution to the applicable disbursing office for reconciliation. Any deposit discrepancy appearing on an FMS Form 6652 will appear on every subsequent FMS Form 6652 until the difference is resolved. All deposit differences that have not been reconciled after six months from the date of the initial transaction shall be considered as a loss or overage of funds as prescribed in Chapter 6 of this volume.

★ C. It is imperative that DOs strictly adhere to the preparation requirements for the SFs 215 and SFs 5515 as prescribed in section 0503, above, and exercise particular care to ensure that these forms are prepared accurately. It is also imperative that DOs promptly and properly report all SFs 215 and SFs 5515. Instructions for reporting SFs 215 and SFs 5515 using the systems noted in subparabraph 050401.A, above, are contained in the user's guides for those systems. Instructions for manual preparation of the detailed deposit activity report are provided in paragraph 050411, below. Paragraphs 050402 through 050410, below, contain detailed instructions for clearing deposit differences from the FMS Form 6652. The following subparagraphs list the most common causes of deposit differences.

★ 1. The DO or a depositary inserts an incorrect date, DSSN or amount on an SF 215 or SF 5515.

★ 2. The DO or a depositary fails to report an SF 215 or SF 5515. For example, documentation for a remote deposit was not provided to the DO or a deposit that was mailed was not received by the depositary.

★ 3. The DO reports an SF 215 or SF 5515 number, date, DSSN, or amount incorrectly on the detailed deposit activity report or the depositary reports an SF 215 or SF 5515 number, date, DSSN, or amount incorrectly to Treasury Department.

★ D. Once SFs 215 or SFs 5515 have been released to a depositary, the documents cannot be recalled, corrected or resubmitted. In addition, the Treasury Department prescribes specific instructions to all approved depositaries regarding adjustment of errors discovered subsequent to the day of deposit. Any error discovered subsequent to release of a deposit to a depositary or differences reported on the FMS Form 6652 shall be corrected through the reconciliation process. All DOs must take aggressive action to clear all differences as rapidly as possible. As prescribed in subparagraph 050401.B, above, an unreconciled difference shall be considered as a DO loss or overage of funds with the associated pecuniary liability six months after the deposit transaction. To maintain control, the DO shall monitor deposit activity on a daily basis using the Ca$h-Link Agency Access System and maintain either a manual or mechanized subsidiary record of all deposit differences. The DO or primary deputy shall review the record of differences at least once each week to assure all necessary actions are being taken to clear these differences. Also, each time there is a change of DOs, unreconciled differences shall be validated by the incoming DO. If the departing DO cannot provide the incumbent DO with documentation supporting the unreconciled items, the departing DO shall process all unsupported items as a loss or overage of funds as prescribed in Chapter 6 of this volume.

★ E. Ca$h-Link Agency Access System. The Ca$h-Link Agency Access System was developed by the Treasury Department to assist agencies in reconciling deposit transactions. Use of the system allows early access to deposit transaction information and gives the DO the opportunity to take immediate action to correct a deposit difference (regardless of dollar value) before the transaction appears on the FMS Form 6652. Deposit transactions reported by financial institutions and Federal Reserve Banks are available in the Ca$h-Link Agency Access System within one or two days after reporting by the depositary. Use of the Ca$h-Link Agency Access System as a tool for deposit reconciliation is mandatory for all disbursing offices within the Department. Information and application forms for the Ca$h-Link Agency Access System can be obtained from the servicing DFAS Center or the DFAS Disbursing and Cash Management Office (DCMO), 1500 East 95th Street, Kansas City, MO 64197-0030. Any DoD Component disbursing activity that determines use of the Ca$h-Link Agency Access System is not feasible must submit written documentation and justification for non-use through the chain of command to the DCMO.

★050402. Deposit Tickets and Debit Vouchers Prepared Improperly. Deposit differences can be the result of preparation errors on the part of the preparing disbursing office or the depositary, depending on where the SF 215 or SF 5515 involved is prepared. Specific areas of these documents where proper preparation is most critical are the date, DSSN and amount blocks. Errors in any one or more of these blocks will always result in a deposit difference.

★ A. Incorrect Date Inserted on Deposit Tickets and Debit Vouchers. If a DO inserts an erroneous date on an SF 215 or SF 5515, the depositary should either process the transaction using the date on the form or prepare a new SF 215 or SF 5515 with the correct date. Treasury Department regulations do not permit depositaries to make changes to the date on these forms. If the depositary prepares a new SF 215 or SF 5515 or changes the date on the SF 215 or SF 5515 prepared by the DO, a deposit difference will occur. Daily monitoring of deposit activity through the Ca$h-Link Agency Access System should alert the DO to this difference and

allow correction of the transaction before it is reported on the FMS Form 6652. If a depositary consistently changes the date entered on the SF 215 or SF 5515, the DO shall report this condition to the as prescribed in paragraph 050301, above. This report must include a copy of the SF(s) 215 or SF(s) 5515, FMS Form(s) 6652 and supporting detail, and a printout of the data from the Ca$h-Link Agency Access System.

★ 1. When the DO discoveres that the depositary prepared a new SF 215 or SF 5515 for the transaction or changed the date, the DO shall report the transaction on the detailed deposit activity report exactly as reported by the depositary. The DO can discover this information through daily monitoring of the Ca$h-Link Agency Access System, receipt of the confirmed copy of the document (prepared by the DO), and receipt of the confirmed copy of the document prepared by the depositary. Note that this corrective action can be taken only if the error is discovered in the same month the transaction is presented or mailed to the depositary.

★ 2. If the error is not discovered until after the month the SF 215 or SF 5515 was presented or mailed to the depositary, it will be reported on the FMS Form 6652 by the Treasury Department. To clear this discrepancy from the FMS Form 6652, the DO shall reverse the transaction as originally reported from the current month detailed deposit activity report. It is critical that the DO reverse an SF 215 transaction exactly as originally reported. If the reported amount was positive, the reversal amount must be negative or bracketed. If the reported amount was negative or bracketed, the reversal amount must be positive. It is also critical that the DO reenter the SF 215 exactly as reported by the depositary. The deposit reversal and reentry shall also be included in Section II, Part B on the reverse side of the SF 1219. The reversal transaction must show the month and year of the original transaction as well as reverse the original amount reported. For an SF 5515 transaction, it is critical that the DO reverse the transaction exactly as originally reported. If the reported amount was negative or bracketed, the reversal amount must be positive. If the reported amount was positive, the reversal amount must be negative or bracketed. The DO must reenter the SF 5515 exactly as reported by the depositary. The debit voucher reversal and reentry shall also be included in Section II, Part B on the reverse side of the SF 1219. The reversal transaction must show the month and year of the original debit voucher transaction as well as reverse the original amount reported. Reversal and reentry of an SF 215 or SF 5515 transaction to correct the date will net to a zero value and will have no impact on the DO's pecuniary liability. Processing these corrections is mandatory to remove the differences from the FMS Form 6652.

★ B. Incorrect DSSN Inserted on Deposit Ticket or Debit Voucher

★ 1. Incorrect Deposit Ticket DSSN. If a DO inserts an incorrect DSSN on an SF 215, two differences will occur at the Treasury Department. The depositing (preparing) DO will report the correct DSSN on the SF 1219 and detailed deposit activity report, but the depositary will report the DSSN as shown on the SF 215. These reported deposits will not match and the transaction will appear on the FMS Form 6652 for each of the DSSNs. If this type of deposit difference occurs, neither DO is authorized to process a transaction to correct the error. Each DO shall take the appropriate actions as prescribed below.

★ a. The depositing DO should receive the confirmed copy of

the SF 215 from the depositary since the address on the SF 215 should be that of the depositing DO. However, the deposit will not appear in the Ca$h-Link Agency Access System under the depositing DO's DSSN and the DO will receive an FMS Form 6652 indicating a deposit reported by the DO but not by the depositary. The DO shall compare the agency and confirmed copies of the SF 215 and the data reported on the detailed deposit activity report to the data reported in the Ca$h-Link Agency Access System and the FMS Form 6652. Upon determining the exact nature of the error, the DO shall immediately contact the Financial Analysis Branch, Financial Management Service, Department of the Treasury, Room 500E, 3700 East-West Highway, Hyattsville, MD 20782, provide a description of the error and request the Treasury Department to initiate corrective action. Initial contact to the Treasury Department may be by telephone at (202) 874-7980. After investigation of the error and contact with the depositary and both DOs involved, the Treasury Department will administratively correct the deposit error and clear the item(s) from the FMS Form 6652.

★ b. The DO of the DSSN that is reported by the depositary should not receive a confirmed copy of the SF 215 from the depositary since the address on the SF 215 should be that of the DO who prepared the SF 215. However, the DO will discover a deposit in the Ca$h-Link Agency Access System for which there is no record at that DSSN. The DO also will receive an FMS Form 6652 that indicates a deposit reported by the depositary and not by the DO. Unless the DO receives the confirmed copy of the SF 215 which is an indication that the depositary prepared the SF 215 to correct an understated deposit or overstated debit voucher, the DO shall not record this deposit transaction on the DD Form 2657, SF 1219 or detailed deposit activity report. The DO shall contact the Treasury Department at the above address and phone number to report the error and request assistance in resolving the deposit difference.

★ 2. Incorrect Debit Voucher DSSN. Generally, a DO only prepares SFs 5515 in conjunction with EFT payments. If a DO inserts an incorrect DSSN on an SF 5515, two differences will occur at the Treasury Department. The preparing DO will report the correct DSSN on the SF 1219 and detailed deposit activity report, but the depositary will report the DSSN as shown on the SF 5515. These reported debit vouchers will not match and the transaction will appear on the FMS Form 6652 for each of the DSSNs. If this type of debit voucher difference occurs, neither DO is authorized to process a transaction to correct the error. Each DO shall take the appropriate actions as prescribed below.

★ a. The preparing DO should receive the confirmed copy of the SF 5515 from the depositary since the address on the SF 5515 should be that of the preparing DO. However, the debit voucher will not appear in the Ca$h-Link Agency Access System under the DSSN of the preparing DO and the DO will receive an FMS Form 6652 indicating a debit voucher reported by the DO but not by the depositary. The DO shall compare the confirmed copy of the SF 5515 and the data reported on the detailed deposit activity report to the data reported in the Ca$h-Link Agency Access System and the FMS Form 6652. Upon determining the exact nature of the error, the DO immediately shall contact the Financial Analysis Branch, Financial Management Service, Department of the Treasury, Room 500E, 3700 East-West Highway, Hyattsville, MD 20782, provide a description of the error and request the Treasury Department to initiate corrective action. Initial contact to the Treasury Department may be by

telephone at (202) 874-7980. After investigation of the error and contact with the depositary and both DOs involved, the Treasury Department will administratively correct the debit voucher error and clear the item(s) from the FMS Form 6652.

★ b. The DO of the DSSN that is reported by the depositary should not receive a confirmed copy of the SF 5515 from the depositary since the address on the SF 5515 should be that of the DO who prepared the SF 5515. However, the DO will discover a debit voucher in the Ca$h-Link Agency Access System for which there is no record at that DSSN. The DO also will receive an FMS Form 6652 that indicates a debit voucher reported by the depositary and not by the DO. Unless the DO receives the confirmed copy of the SF 5515 which is an indication that the depositary prepared the SF 5515 to correct an overstated deposit or understated debit voucher, the DO shall not record this debit voucher transaction on the DD Form 2657, SF 1219 or detailed deposit activity report. The DO shall contact the Treasury Department at the above address and phone number to report the error and request assistance in resolving the deposit difference.

★ C. Over or Understated Deposit Tickets and Debit Vouchers. A difference will occur when an SF 215 or SF 5515 amount is over or understated. An overstated SF 215, exists when the amount entered on the SF 215 is more that the amount of cash or negotiable instruments accompanying the SF 215. An understated SF 215 exists when the amount entered on the SF 215 is less than the amount of cash or negotiable instruments accompanying the SF 215. An overstated SF 5515 exists when the amount entered on the SF 5515 is more than the value of the EFT payments covered by the SF 5515. An understated SF 5515 exists when the amount entered on the SF 5515 is less than the value of EFT payments covered by the SF 5515. Treasury Department regulations for depositaries do not permit changing the amount indicated on an SF 215 or SF 5515. These regulations require the depositary to confirm a deposit as presented and immediately issue an SF 5515 for the amount of the overage or an additional SF 215 for the amount of the shortage. In either of these situations, the DO should have discovered an overage of funds for an overstated deposit or a loss of funds for an understated deposit, upon the first balancing after the deposit was presented or mailed to the depositary and recorded on the DD Form 2657. Treasury Department regulations also require the depositary to confirm a debit voucher as presented and immediately issue an SF 215 for the amount of the overage or an additional SF 5515 for the amount of the shortage. In either of these situations, the DO should have discovered an overage of funds for an overstated debit voucher or a loss of funds for an understated debit voucher, upon the first balancing after the debit voucher was presented or mailed to the depositary and recorded on the DD Form 2657. Daily monitoring of deposit activity using the Ca$h-Link Agency Access System also will enable early detection of these differences. Upon receipt of the confirmed copy of an adjusting SF 215 or SF 5515, the DO shall record the document on the DD Form 2657.

★ 1. If actions required by Chapter 6 of this volume were taken to record the overage or shortage of funds upon discovery, receipt of the adjusting SF 215 or SF 5515 from the depositary will enable a more rapid settlement of the overage or shortage in the DO's accountability.

★ 2. If an overage or shortage of funds was not discovered prior to

receipt of the adjusting SF 215 or SF 5515, recording the document will create an overage or shortage, in which case action shall be taken to process the overage or shortage as prescribed in Chapter 6 of this volume.

★ 3. Even though not authorized by the Treasury Department, some depositaries will change the amount of an SF 215 or SF 5515 rather than issuing an adjusting document as described above. The DO will be able to discover such action through daily monitoring of deposit activity through the Ca$h-Link Agency Access System, upon receipt of the confirmed copy of the original SF 215 or SF 5515, or upon receipt of the FMS Form 6652. If the amount of the document (as prepared and submitted by the DO) was incorrect, the DO should also have detected a loss or overage of funds condition upon recording the transaction on the DD Form 2657. If a depositary consistently changes the amount entered on an SF 215 or SF 5515, the DO shall report this condition to the DCMO as prescribed in paragraph 050301, above. This report must include a copy of the SF(s) 215 or SF(s) 5515, FMS Form(s) 6652 and supporting detail, and a printout of the data from the Ca$h-Link Agency Access System.

★ 050403. Deposits Not Reported by DOs. Failure to include a deposit transaction on the DD Form 2657, SF 1219 and the detailed deposit activity report will create an out of balance condition on the DD Form 2657 and SF 1219, unless the DO also failed to record collection of a receivable. For example: if a DO processes and includes a collection voucher on the DD Form 2657 and SF 1219, prepares and submits an SF 215 to the depositary but does not include the SF 215 on the DD Form 2657, SF 1219 and detailed deposit activity report, a loss of funds condition will exist. The DD Form 2657 and SF 1219 will indicate cash or negotiable instruments as on hand but the DO will not have custody of the cash or negotiable instruments. The SF 215 will appear in the Ca$h-Link Agency Access System and on the FMS Form 6652 as a deposit reported by the depositary but not by the DO. Proper balancing procedures will not allow this situation to occur. In another example, a remote agent makes a collection and deposit on behalf of a DO, but the documentation is not provided to the DO in time for inclusion on the DD Form 2657, SF 1219 and detailed deposit activity report for the month of the transaction. In this example the deposit will be reported to the Treasury Department by the depositary, will appear in the Ca$h-Link Agency Access System and on the FMS Form 6652 as a deposit reported by the depositary and not by the DO. See subparagraphs 050403.A and 050403.B, below, for the actions necessary to reconcile this type of deposit difference.

★ A. To prevent this difference from appearing on the FMS Form 6652, the DO must obtain the collection and deposit documentation from the agent and process both the collection and the deposit on the DD Form 2657, SF 1219, and the detailed deposit activity report for the month of the transaction.

★ B. If the deposit transaction occurred near the end of the month and the DO cannot process the collection and deposit within the month of the transaction, the deposit difference will appear on the FMS Form 6652. To correct this difference, the DO must obtain the collection and deposit documentation from the agent and process both the collection and the deposit on the DD Form 2657, SF 1219, and detailed deposit activity report during the current month. The DO must ensure the deposit is reported using the month and year the deposit was actually made (as reported by the depositary in the Ca$h-Link Agency Access System), not the

current month and year in which the deposit is being reported. Section II, Part B, column (3) of the SF 1219 must indicate the actual month and year of the deposit as reported by the depositary. The deposit must also be included in the detailed deposit activity report and must be reported using the actual month and year of the deposit as reported by the depositary.

★ 050404. Deposits Not Reported by Depositaries. SFs 215 that have been reported by DOs but not by the depositary will not appear in the Ca$h-Link Agency Access System. Such deposits will appear on the FMS Form 6652. Daily monitoring of the Ca$h-Link Agency Access System will alert the DO to possible deposit differences when a deposit does not appear in the system after a reasonable period of time based on whether the deposit was presented to the depositary in person or by mail.

★ A. For deposits presented to a depositary by mail, if no confirmation copy is received from the depositary within a reasonable period of time, the DO shall initiate follow-up action with the depositary to determine the status of the deposit. A reasonable period of time is considered to be the normal mailing time from the date mailed to the depositary until the date a confirmation copy is received based on past experience. For tactical DOs, consideration should also be given to unit's movement schedule and location when the deposit was mailed. In any event, follow-up action shall be initiated within 30 days from the date the deposit was mailed.

★ B. A follow-up request to the depositary should include a copy of the applicable SF(s) 215 and a description or copies of the instruments included in the deposit. The depositary should provide a confirmation copy or confirmation information to the DO in response to the follow-up request. A depositary response acknowledging receipt of the deposit may be used as the confirmation copy if the actual confirmation copy cannot be provided. If the depositary had neglected to report the deposit and reports it to the Treasury Department, the deposit will appear in the Ca$h-Link Agency Access System and no further action by the DO should be required since this action will clear the difference from the FMS Form 6652. If the depositary acknowledges receipt of the deposit but refuses to report the transaction to the Treasury Department, the DO shall provide written notification, with copies of all correspondence and documents involved, to the DCMO. The DCMO will pursue resolution of the issue through the Treasury Department and provide the DO written instructions on additional actions to be taken.

★ C. If the follow-up action does not result in confirmation of the deposit or the depositary notifies the DO that the deposit was not received, the deposit transaction shall be reversed in the DO's current month's business. The DO shall prepare and process an OF 1017-G (Journal Voucher) to document reversal of the deposit transaction. The OF 1017-G shall be recorded on the DD Form 2657, line 4.2A as a negative deposit and on line 7.3 as a loss of funds, and included on the corresponding lines of the SF 1219 at the end of the month. The deposit reversal must be included Section II, Part B, column (3) of the SF 1219, and must indicate the month and year the deposit was initially reported to the Treasury Department. The amount of the deposit being reversed must be shown as negative or bracketed. The deposit must also be reversed in the current month's detailed deposit activity report and must be reversed using the actual deposit number, month and year of the deposit (as initially reported to the Treasury Department). The amount must be shown as negative or bracketed. These actions will remove

the deposit from the detailed deposit activity report, clear the FMS Form 6652 and record the deposit as a loss of funds. A copy of the follow-up memorandum to the depositary, the depositary's response and the FMS Form 6652 which initially included the deposit difference shall be attached as supporting documents to the OF 1017-G. The resulting loss of funds shall be reported and processed as prescribed in chapter 6 of this volume. If negotiable instruments were included in the lost deposit, the action prescribed in paragraph 050209 of this chapter shall be taken for those instruments.

★ 050405. Deposit Number, Date or Amount Reported Incorrectly. A deposit difference will result from incorrect reporting of an SF 215 serial number, date or amount by either a DO or a depositary. These differences should be detected through daily monitoring of the Ca$h-Link Agency Access System. If such an error is not corrected in the month that the deposit is made, a deposit difference will appear on the FMS Form 6652. The supporting detail provided with the FMS Form 6652 will show a specific deposit reported by the depositary, but this detail will not match the data in the DO's detailed deposit activity report. DOs shall compare the memorandum, agency and, upon receipt from the depositary, confirmed copies of the SF 215 and the detailed deposit activity report with the deposit data in the Ca$h-Link Agency Access System and detail data supporting the FMS Form 6652. This comparison is required to determine the exact nature of the error, whether caused by the DO or the depositary, and the specific corrective action necessary to resolve the difference. The following subparagraphs describe examples of typical deposit number, date and amount reporting errors and the corrective action required for resolving these differences.

★ A. Each SF 215 has a preprinted number that cannot be changed or altered in any manner. If a DO or depositary changes or enters this number incorrectly on the reports to the Treasury Department, a difference will occur.

★ B. If a DO reports a deposit date incorrectly or a depositary changes and reports a deposit date based on the date of receipt (e.g., a deposit that was mailed) rather than the date shown on the SF 215, a difference will occur. If a depositary consistently reports deposits in the month received and processed rather than the date entered on the SF 215, the DO shall report this condition to the DCMO as prescribed in paragraph 050301, above. This report must include a copy of the SF(s) 215, FMS Form(s) 6652 and supporting detail, and a printout of the data from the Ca$h-Link Agency Access System.

★ C. If a DO or depositary reports the amount of a deposit incorrectly to the Treasury Department, a difference will occur. If this type of error is made by the DO, the total deposits reported on line 4.2 and the reverse of the SF 1219 will not agree with the total of deposits on the detailed deposit activity report. Proper balancing procedures will not allow this error to occur. If a depositary reports the amount of a deposit incorrectly to the Treasury Department, the amount reported by the depositary in the Ca$h-Link Agency Access System will not agree with the amount shown on the confirmed copy of the SF 215.

★ D. If the DO made the errors described in subparagraphs 050405.A and 050405.B, above, the DO shall reverse the deposit as originally reported from the current month's detailed deposit activity report and reenter the deposit with the correct data. The deposit

reversal and reentry shall also be included in Section II, Part B on the reverse side of the SF 1219. The reversal entry must show the month and year of the original deposit transaction. Since reversal and reentry of a deposit to correct the deposit number or date will net to a zero value, there will be no impact on the DO's pecuniary liability. However, such corrections are mandatory to remove the differences from the FMS Form 6652.

★ E. If the depositary made the errors described in subparagraphs 050405.A and 050405.B, above, the DO should first contact the depositary and request the depositary to correct its deposit report to the Treasury Department. Such a correction by the depositary will clear the deposit difference from the FMS Form 6652. If the depositary refuses to make the correction, the DO is authorized to make the correction as described in subparagraph 050405.D, above, provided the documentation for the deposit clearly indicates the error to be a deposit number or date reporting error. The documentation necessary is the confirmed and agency copies of the SF 215; detailed deposit activity report; FMS Form 6652 and supporting detail; and, printout of data from the Ca$h-Link Agency Access System. When a DO makes the corrections under these conditions, a complete report of the facts shall be made to the DCMO as prescribed in paragraph 050301 above. This report must include a copy of all documentation and correspondence regarding the deposit.

★ F. Per subparagraph 050405.C, above, if the DO reports the deposit amount incorrectly, the detailed deposit activity report will not balance with the SF 1219. In the event such a circumstance arises, the DO shall correct the error following the correction procedures described in subparagraph 050405.D, above. Use of this correction procedure is authorized only if the amount of the deposit was recorded correctly on line 4.2 of the SF 1219 and in Section II, Part B on the reverse side of the SF 1219. If the deposit amount was not recorded correctly on the SF 1219, refer to paragraph 050402.C, above, for corrective actions required.

★ G. If the depositary made the amount error described in subparagraph 050405.C, above, the DO shall contact the depositary and request the depositary to correct its deposit report to the Treasury Department. Such a correction by the depositary will clear the deposit difference from the FMS Form 6652. If the depositary refuses to make the correction, the DO shall make a complete report of the facts to the DCMO as prescribed in paragraph 050301, above. This report must include a copy of all documentation and correspondence regarding the deposit. The DO must not attempt to correct an erroneous amount reported by a depositary. To make such a correction would create a loss or overage of funds condition on the SF 1219.

★ 050406. Deposit Ticket DSSN Reported Incorrectly

★ A. DSSN Reported Incorrectly by the DO. Although a rare situation, if the DSSN is entered correctly on the SF 215 and reported correctly by the depositary, but the DO reports the assigned DSSN incorrectly on the detailed deposit activity report to the Treasury Department, two deposit differences will occur. These reported deposits will not match and the transaction will appear on the FMS Form 6652 for each of the DSSNs. If this type of deposit difference occurs, neither DO is authorized to process a transaction to correct the error. Each DO shall take the appropriate actions as prescribed below.

★ 1. The depositing DO should receive the confirmed copy of the SF 215 from the depositary since the address on the SF 215 will be that of the depositing DO. The deposit will appear in the Ca$h-Link Agency Access System under the depositing DO's DSSN, but the DO will receive an FMS Form 6652 indicating a deposit reported by the depositary but not by the DO. The DO shall compare the agency and confirmed copies of the SF 215 and the data reported on the detailed deposit activity report with the data reported in the Ca$h-Link Agency Access System and the supporting detail provided with the FMS Form 6652. Upon determining the exact nature of the error, the DO immediately shall contact the Financial Analysis Branch, Financial Management Service, Department of the Treasury, Room 500E, 3700 East-West Highway, Hyattsville, MD 20782, provide a description of the error and request the Treasury Department to initiate corrective action. Initial contact to the Treasury Department may be by telephone at (202) 874-7980. After investigation of the error and contact with the depositary and both DOs involved, the Treasury Department will administratively correct the deposit error and clear the item(s) from the FMS Form 6652.

★ 2. The DO of the DSSN that is erroneously reported by the depositing DO will not receive a confirmed copy of the SF 215 from the depositary since the address on the SF 215 will be that of the depositing DO. The deposit will not appear in the Ca$h-Link Agency Access System under the DSSN erroneously reported by the depositing DO. However, the DO of the DSSN that is reported erroneously will receive an FMS Form 6652 and supporting detail that indicates a deposit reported by the DO but not the depositary. The DO will have no record of the deposit. Unless the DO receives the confirmed copy of the SF 215 which is an indication that the depositary prepared the SF 215 to correct an understated deposit or overstated debit voucher, the DO shall not record this deposit transaction on the DD Form 2657, SF 1219 or detailed deposit activity report. The DO shall contact the Treasury Department at the above address and phone number to report the error and request assistance in resolving the deposit difference.

★ B. DSSN Reported Incorrectly by the Depositary. If a depositary reports a DSSN incorrectly to the Treasury Department, two differences will occur. In the event either of these deposit differences occur, neither DO is authorized to process a transaction to correct the error. Each DO shall take the appropriate actions as prescribed below.

★ 1. The deposit involved will not appear in the Ca$h-Link Agency Access System under the DSSN of the DO that made the deposit, but the DO will receive the confirmed copy of the SF 215. The DO also will receive an FMS Form 6652 and supporting detail indicating a deposit reported by the DO but not by the depositary. The DO shall compare the agency and confirmed copies of the SF 215 and the data reported on the detailed deposit activity report with the supporting detail provided with the FMS Form 6652. Upon determining the exact nature of the error, the depositing DO shall immediately contact the Financial Analysis Branch, Financial Management Service, Department of the Treasury, Room 500E, 3700 East-West Highway, Hyattsville, MD 20782, provide a description of the error and request the Treasury Department to initiate corrective action. Initial contact to the Treasury Department may be by telephone at (202) 874-7980. After investigation of the error and contact with the depositary and both DOs involved, the Treasury Department will administratively correct the deposit error and clear the item from the FMS Form 6652.

★ 2. The DO of the DSSN that is reported by the depositary will discover a deposit in the Ca$h-Link Agency Access System for which there is no record at that DSSN. The DO should not receive a confirmed copy of the SF 215 from the depositary since the address on the SF 215 will be that of the DO who made the deposit. The DO will receive an FMS Form 6652 and supporting detail that indicates a deposit reported by the depositary and not by the DO. Unless the DO receives the confirmed copy of the SF 215 which is an indication that the depositary prepared the SF 215 to correct an understated deposit or overstated debit voucher, the DO shall not record this deposit transaction on the DD Form 2657, SF 1219, or detailed deposit activity report. The DO shall contact the Treasury Department at the above address and phone number to report the error and request assistance in resolving the deposit difference.

★ 050407. Debit Vouchers Not Reported by DOs

★ A. Except for payment by electronic fund transfer through the Federal Reserve system, SFs 5515 are generally prepared only by depositaries as adjustments to erroneous amounts on SFs 215 and SFs 5515, to return negotiable instruments that are dishonored, or to adjust SFs 215 for counterfeit currency. All SFs 5515 prepared by depositaries are reported automatically to the Treasury Department through the Ca$h-Link Agency Access System. The depositary will forward the memorandum and confirmed copies of the SF 5515 and supporting documents to the DO for recording and reporting. Unless the DSSN appearing on the SF 5515 is not the DSSN of the DO receiving the document, the SF 5515 shall be recorded into the DO's accountability upon receipt of the memorandum and confirmed copies and included in the detailed deposit activity report. This requirement for DOs to record and report the SF 5515 upon receipt applies regardless of whether the SF 5515 is deemed erroneous or if the reason given for the charge needs further clarification. If the DO fails to record and report the SF 5515 on the DD Form 2657, SF 1219 and detailed deposit activity report for the month that the SF 5515 is issued, the SF 5515 will appear on the FMS Form 6652. If the SF 5515 is issued near the end of the month and the DO does not receive and process the transaction in the month of issue, the SF 5515 will appear on the FMS Form 6652 as reported by the depositary and not by the DO. Daily monitoring of the Ca$h-Link Agency Access System will alert the DO that an SF 5515 has been issued by a depositary. If no confirmation copy is received from the depositary within 30 days after appearing in the Ca$h-Link Agency Access System, the DO shall initiate follow-up action with the depositary to determine the status of the SF 5515. The depositary should provide a confirmation copy or confirmation information to the DO in response to the follow-up memorandum.

★ 1. To clear this difference from the FMS Form 6652, the DO must obtain the memorandum and confirmed copies and include the SF 5515 on the DD Form 2657, SF 1219 and detailed deposit activity report during the month of receipt. The DO must ensure the SF 5515 is reported using the month and year of issue (as reported by the depositary in the Ca$h-Link Agency Access System), not the current month and year in which the SF 5515 is being recorded and reported. Section II, Part B, column (3) of the SF 1219 must indicate the actual month and year of the SF 5515 as reported by the depositary. The SF 5515 must also be included in the detailed deposit activity report and must be reported using the actual month and year the SF 5515 was issued (as reported by the depositary).

★ 2. If the DSSN cited on the SF 5515 is not the DSSN of the receiving disbursing office, the document shall be forwarded to the disbursing office whose DSSN is on the document or returned to the depositary if the identity and location of the disbursing office cannot be determined.

★ 3. If the SF 5515 should have been charged to a different DSSN, follow the procedures in subparagraph 050402.B.2, above.

★ B. In some instances, SFs 5515 for electronic payments through the Federal Reserve system are prepared by the paying DO and submitted to the depositary with the payment file. In other instances, the Federal Reserve Bank prepares the SFs 5515 in lieu of accepting and processing a paper SF 5515 from the DO. In either instance, these SFs 5515 must be included on the DD Form 2657, SF 1219, and detailed deposit activity report for the month of payment. Failure to include an SF 5515 electronic payment transaction on the DD Form 2657, SF 1219, or the detailed deposit activity report will create an out of balance condition on the DD Form 2657 and SF 1219 unless the DO also failed to record the disbursement. For example: if a DO processes and includes a disbursement voucher on the DD Form 2657 and SF 1219, prepares and submits an SF 5515 to the depositary with the electronic payment file, but does not include the SF 5515 on the DD Form 2657, SF 1219, and detailed deposit activity report, the DD Form 2657 and SF 1219 will not balance. Proper balancing procedures will not allow this situation to occur. If the transaction occurred near the end of the month and the DO cannot process and report the transaction in the transaction month, the deposit difference will appear on the FMS Form 6652. To correct this difference, the DO must obtain the transaction documentation and process both the payment and the SF 5515 on the DD Form 2657, SF 1219 and detailed deposit activity report during the current month. The DO must ensure the SF 5515 is reported using the month and year the payment was actually made (as reported by the depositary in the Ca$h-Link Agency Access System), not the month and year in which the SF 5515 is being reported. Section II, Part B, column (3) of the SF 1219 also must indicate the actual month and year of the SF 5515 as reported by the depositary. The SF 5515 must also be included in the detailed deposit activity report and must be reported using the actual month and year of the SF 5515 as reported by the depositary.

★ 050408. Debit Vouchers Not Reported by Depositaries. SFs 5515 that have been reported by the DO but not by the depositary will appear on the FMS Form 6652. The most frequent cause of this difference is when a depositary receives an SF 5515 and payment file for payment by electronic fund transfer, but rather than processing and reporting the SF 5515 provided by the DO, prepares a new SF 5515 and reports it to the Treasury Department. The depositary will provide the DO with the memorandum and confirmed copies of the SF 5515 prepared and reported by the depositary. If the DO reports the SF 5515 provided to the depositary and the depositary reports the SF 5515 prepared by the depositary, the transaction will appear on the FMS Form 6662. The supporting detail provided with the FMS Form 6652 will indicate a specific SF 5515 reported by the depositary but this detail will not match the data in the DO's detailed deposit activity report. Daily monitoring of the Ca$h-Link Agency Access System will alert the DO that a new SF 5515 has been issued by the depositary. DOs using depositaries that routinely process SFs 5515 in this manner shall contact the depositary in writing and request an explanation for the actions and that the depositary process the SFs 5515 provided

by the DO with the payment files. If the depositary refuses to process the SFs 5515 provided by the DO, the DO shall provide written notification with copies of all correspondence and documents involved to the DCMO. The DCMO will pursue resolution of the issue through the Treasury Department and provide the DO written instructions on any additional actions to be taken.

★ A. To prevent this type of difference from appearing on the FMS Form 6652, the DO must report the SF 5515 transaction on the detailed deposit activity report as reported by the depositary. If the DO receives the confirmed copy of the SF 5515 prepared by the depositary prior to the end of the month in which the transaction occurred, the DO must report the SF 5515 prepared by the depositary rather than the SF 5515 prepared by the DO. The memorandum and agency copies of the SF 5515 prepared by the DO shall be retained with the confirmed copy of the SF 5515 prepared by the depositary. If the depositary routinely continues to prepare new SFs 5515, these documents must be provided with the written notification required above.

★ B. To clear this type of difference from the FMS Form 6652, the DO must reverse the DO's SF 5515 transaction from the detailed deposit activity report and reenter the SF 5515 transaction as reported by the depositary. The SF 5515 must be reversed in the current month's detailed deposit activity report and must be reversed using the actual SF 5515 number, month and year as initially reported to the Treasury Department. The SF 5515 prepared and reported by the depositary must be entered on the detailed deposit activity report exactly as reported by the depositary (as shown by the confirmed copy of the SF 5515 and in the Ca$h-Link Agency Access System). The SF 5515 reversal must also be included in Section II, Part B, column (3) of the SF 1219, and must indicate the month and year the SF 5515 was initially reported to the Treasury Department. The SF 5515 prepared and reported by the depositary must also be included in Section II, Part B, column (3) of the SF 1219, and must indicate the month and year the SF 5515 was reported by the depositary. Since these actions net to a zero value, there will be no impact on the DO's pecuniary liability.

★ 050409. Debit Voucher Number, Date or Amount Reported Incorrectly. A deposit difference will result from incorrect reporting of the SF 5515 serial number, date or amount by either a DO or a depositary. These differences should be detected through daily monitoring of the Ca$h-Link Agency Access system. If such an error is not corrected in the month that the debit voucher transaction is made, a deposit difference will appear on the FMS Form 6652. The supporting detail provided with the FMS Form 6652 will show a specific debit voucher reported by the depositary, but this detail will not match the data on the DO's detailed deposit activity report. DOs shall compare the comfirmed copy of the SF 5515 and the detailed deposit activity report with the data in the Ca$h-Link Agency Access System and the supporting detail of the FMS Form 6652. This comparison is required to determine the exact nature of the error, whether caused by the DO or the depositary, and the specific corrective action necessary to resolve the difference. The following subparagraphs describe examples of typical debit voucher number, date and amount reporting errors and the corrective action required for resolving these differences.

★ A. Each SF 5515 has a preprinted serial number that cannot be changed or altered in any manner. If a DO or depositary changes or enters this number incorrectly on the

reports to the Treasury Department, a difference will occur.

★ B. If a DO reports a debit voucher date incorrectly or a depositary changes and reports a debit voucher date based on the date of receipt (e.g., a debit voucher that was mailed) rather than the date shown on the SF 5515, a difference will occur. If a depositary consistently reports debit vouchers in the month received and processed rather than the date entered on the SF 5515, the DO shall report this condition to the DCMO as prescribed in paragraph 050301, above. This report must include a copy of the SF(s) 5515, FMS Form(s) 6652 and supporting detail, and a printout of the data from the Ca$h-Link Agency Access System.

★ C. If a DO or depositary reports the amount of a debit voucher incorrectly to the Treasury Department, a difference will occur. If this type of error is made by the DO, the total deposits reported on line 4.2 and the reverse of the SF 1219 will not agree with the total of deposits on the detailed deposit activity report. Proper balancing procedures will not allow this error to occur. If a depositary reports the amount of a debit voucher incorrectly to the Treasury Department, the amount reported by the depositary in the Ca$h-Link Agency Access System will not agree with the amount shown on the confirmed copy of the SF 5515.

★ D. If the DO made the errors described in subparagraphs 050409.A and 050409.B, above, the DO shall reverse the debit voucher as originally reported from the current month's detailed deposit activity report and reenter the debit voucher with the correct data. It is critical that the DO reverse the debit voucher transaction exactly as originally reported. The debit voucher reversal and reentry shall also be included in Section II, Part B on the reverse side of the SF 1219. The reversal entry must show the month and year of the original debit voucher transaction. Since reversal and reentry of a debit voucher to correct the number or date will net to a zero value, there will be no impact on the DO's pecuniary liability. However, such corrections are mandatory to remove the differences from the FMS Form 6652.

★ E. If the depositary made the errors described in subparagraphs 050409.A and 050409.B, above, the DO should first contact the depositary and request the depositary to correct its report to the Treasury Department. Such a correction by the depositary will clear the difference from the FMS Form 6652. If the depositary refuses to make the correction, the DO is authorized to make the correction as described in subparagraph 050409.D, above, provided the documentation for the debit voucher clearly indicates the error to be a debit voucher number or date reporting error. The documentation necessary is the memorandum and confirmed copies of the SF 5515; detailed deposit activity report; FMS Form 6652 and supporting detail; and, printout of data from the Ca$h-Link Agency Access System. When a DO makes the corrections under these conditions, a complete report of the facts shall be made to the DCMO as prescribed in paragraph 050301, above. This report must include a copy of all documentation and correspondence regarding the debit vocher.

★ F. Per subparagraph 050409.C, above, if the DO reports the debit voucher amount incorrectly, the detailed deposit activity report will not balance with the SF 1219. In the event such a circumstance arises, the DO shall correct the error following the correction procedures described in subparagraph 050409.D, above. Use of this correction procedure is authorized only if the amount of the debit voucher was recorded correctly on line 4.2 of the SF

1219 and in Section II, Part B on the reverse side of the SF 1219. If the deposit amount was not recorded correctly on the SF 1219, refer to paragraph 050402.C, above, for corrective actions required.

★ G. If the depositary made the amount error described in subparagraph 050409.C, above, the DO shall contact the depositary and request the depositary to correct its report to the Treasury Department. Such a correction by the depositary will clear the difference from the FMS Form 6652. If the depositary refuses to make the correction, the DO shall make a complete report of the facts to the DCMO as prescribed in paragraph 050301, above. This report must include a copy of all documentation and correspondence regarding the debit voucher. The DO must not attempt to correct an erroneous amount reported by a depositary. To make such a correction would create a loss or overage of funds condition on the SF 1219.

★ 050410. Debit Voucher DSSN Reported Incorrectly

★ A. DSSN Reported Incorrectly by the DO. Although a rare situation, if the DSSN is entered correctly on the SF 5515 and reported correctly by the depositary, but the DO reports the assigned DSSN incorrectly on the detailed deposit activity report to the Treasury Department, two differences will occur. These reported debit vouchers will not match and the transaction will appear on the FMS Form 6652 for each of the DSSNs. If this type of deposit difference occurs, neither DO is authorized to process a transaction to correct the error. Each DO shall take the appropriate actions as prescribed below.

★ 1. The DO preparing the SF 5515 will receive the confirmed copy of the SF 5515 from the depositary since the address on the SF 5515 will be that of the preparing DO. The SF 5515 will appear in the Ca$h-Link Agency Access System under the DSSN of the preparing DO, but the DO will receive an FMS Form 6652 indicating a debit voucher was reported by the depositary but not by the DO. The DO shall compare the confirmed copy of the SF 5515 and the data reported on the detailed deposit activity report with the data reported in the Ca$h-Link Agency Access System and the supporting data provided with the FMS Form 6652. Upon determining the exact nature of the error, the DO shall immediately contact the Financial Analysis Branch, Financial Management Service, Department of the Treasury, Room 500E, 3700 East-West Highway, Hyattsville, MD 20782, provide a description of the error and request the Treasury Department to initiate corrective action. Initial contact to the Treasury Department may be by telephone at (202) 874-7980. After investigation of the error and contact with the depositary and both DOs involved, the Treasury Department will administratively correct the deposit error and clear the item(s) from the FMS Form 6652.

★ 2. The DO of the DSSN that is incorrectly reported by the preparing DO will not receive a confirmed copy of the SF 5515 from the depositary since the address on the SF 5515 will be that of the preparing DO. The debit voucher will not appear in the Ca$h-Link Agency Access System under the DSSN erroneously reported by the depositing DO. However, the DO of the DSSN that is erroneously reported will receive an FMS Form 6652 with supporting detail that indicates a debit voucher was reported by the DO but not the depositary. The DO will have no record of the debit voucher. Unless the DO receives the confirmed copy of the SF 5515 which is an indication that the depositary prepared the SF 5515 to correct an

overstated deposit or understated debit voucher, the DO shall not record this debit voucher transaction on the DD Form 2657, SF 1219, or detailed deposit activity report. The DO shall contact the Treasury Department at the above address and phone number to report the error and request assistance in resolving the deposit difference.

★ B. DSSN Reported Incorrectly by the Depositary. If a depositary reports a DSSN incorrectly to the Treasury Department, two differences will occur. In the event either of these differences occur, neither DO is authorized to process a transaction to correct the error. Eash DO shall take the appropriate actions as prescribed below.

★ 1. The debit voucher involved will not appear in the Ca$h-Link Agency Access System under the DSSN of the preparing DO, but the DO will receive the confirmed copy of the SF 5515. The DO also will receive an FMS Form 6652 indicating a debit voucher was reported by the DO but not by the depositary. The DO shall compare the confirmed copy of the SF 5515 and the data reported on the detailed deposit activity report with the supporting detail data provided with the FMS Form 6652. Upon determining the exact nature of the error, the preparing DO shall immediately contact the Financial Analysis Branch, Financial Management Service, Department of the Treasury, Room 500E, 3700 East-West Highway, Hyattsville, MD 20782, provide a description of the error and request the Treasury Department to initiate corrective action. Initial contact to the Treasury Department may be by telephone at (202) 874-7980. After investigation of the error and contact with the depositary and both DOs involved, the Treasury Department will administratively correct the debit voucher error and clear the item from the FMS Form 6652.

★ 2. The DO of the DSSN that is errorneously reported by the depositary will discover a debit voucher in the Ca$h-Link Agency Access System for which there is no record at that DSSN. The DO will not receive a confirmed copy of the SF 5515 from the depositary since the address on the SF 5515 will be that of the DO who prepared the debit voucher. The DO will receive an FMS Form 6652 that indicates a debit voucher reported by the depositary and not by the DO. Unless the DO receives the confirmed copy of the SF 5515 which is an indication that the depositary prepared the SF 5515 to correct an overstated deposit or understated debit voucher, the DO shall not record this debit voucher transaction on the DD Form 2657, SF 1219 or detailed deposit activity report. The DO shall contact the Treasury Department at the above address and phone number to report the error and request assistance in resolving the deposit difference.

★ 050411. Schedule of Deposit Activity. All Navy and Marine Corps DOs shall prepare and submit a monthly Schedule of Deposit Activity as prescribed in paragraph 050401.A above. The primary purpose of the schedule is to report the detail of all deposit and debit voucher transactions included in line 4.2 of the SF 1219. The schedule also serves as a transmittal for deposit documents and provides a detailed listing of transactions that remain unconfirmed. See figure 5-9.

A. Preparation

★ 1. General. The schedule shall be prepared in an original and two

copies. The original and one copy will be sent to the servicing DFAS Center or designated OPLOC with the SF 1219 and one copy will be retained by the DO. Marine Corps DOs shall forward the original with the financial reports and submit one copy with the advance reports.

2. Header Data

a. Organization. Enter the name of the ship or activity to which the DO is assigned.

b. Location. Naval vessels should show their homeport. Shore activities should show the city and either the state or the foreign country in which they are located.

c. DSSN. Enter the DSSN assigned to the disbursing office.

d. Disbursing Officer. Enter the name of the DO.

e. Period of Report. Enter the month and year for which the accompanying SF 1219 is being submitted.

★ 3. Section 20.0 - Deposits or Debit Vouchers Reported This Month. All transactions affecting the balance reported on line 4.2 of the current month's SF 1219, including corrections described in paragraphs 050402 through 050410, above, shall be listed in this section.

★ a. Deposit Tickets. SFs 215 shall be reported in the month the deposit is presented or mailed to the depositary regardless of the month the deposit is confirmed by the depositary. The data shown must be exactly the same as appears in blocks (1), (2), (4), and (8) of the SF 215 and those data elements may not be changed or altered even if they are erroneous. Dates should be displayed in YYMMDD format. The month and year shown in the date presented or mailed column should normally be the same as the month and year of the report being prepared. If a deposit was presented or mailed to the depositary in a previous month but was not reported in that month, and the deposit was also omitted from the total appearing on line 4.2 of the SF 1219 for that month, the deposit should be reported in the current month. The actual date presented or mailed as shown in block (2) of the SF 215 shall be shown even if the date is that of the previous month. Commissary deposits presented near the end of the month are an example of such an occurrence. Deposits will be shown as positive amounts except when deposit difference corrections are processed as described in paragraphs 050402 through 050410, above.

★ b. Debit Vouchers. SFs 5515 must be reported in the month prepared by the DO and presented to the depositary for payments by electronic fund transfer or in the month they are received if prepared by the depositary. Except as provided in paragraphs 050402, 050406, and 050410, above, an SF 5515 which is charged to a DSSN must be reported by that disbursing office even if the SF 5515 is considered erroneous or relates to the DO's predecessor. Debit vouchers will be shown as negative amounts, except when deposit difference

corrections are processed as described in paragraphs 050402 through 050410, above. A negative amount should be placed within brackets or parentheses. The data shown will be the same as that which appears in blocks (1), (2), and (4) of the SF 5515. Since most SFs 5515 originate from a depositary or the Treasury Department (except SFs 5515 prepared by the DO for electronic fund transfer payments), they are already confirmed. As such, SFs 5515 must be reported in section 20.1. The date appearing in block (2) of the SF 5515 will be entered in both the "Date Presented or Mailed" and the "Date Confirmed" columns of the schedule. The date will be shown in YYMMDD format. As an exception to this procedure, DOs afloat should forward SFs 5515 relating to predecessor accounts to the appropriate DFAS OPLOC for inclusion in the predecessor's financial reports.

4. Section 20.1 - Reported This Month and Confirmed This Month or Earlier

a. General. Enter all items included in line 4.2 of the SF 1219 for the current month, for which a confirmation document is included with the schedule. A confirmation document is the green copy (confirmed copy) of the SF 215 which has been authenticated by a representative of the depositary or the blue copy (confirmed copy) of the SF 5515. Deposits shall be listed before debit vouchers. Within these two major subdivisions, transactions shall be listed in date presented or mailed sequence.

★ b. Adjustments and Corrections. Adjustments to deposit activity are accomplished by the issuance of separate adjusting documents as described in paragraph 050402, above. For example, if a DO overstated the value of an SF 215, the depositary should confirm the original SF 215 in the amount for which issued and issue an SF 5515 for the amount of the overstatement. If the amount of the SF 215 was less than the value of the deposit, the depositary should issue an SF 215 for the amount of the understatement. In these examples, both documents must be reported by the DO. Corrections to deposit activity are accomplished as prescribed in paragraphs 050402 through 050410, above. For an unconfirmed deposit that has been determined to be lost in transit, the deposit shall be removed from section 32.0 by reporting the lost deposit in section 31.0 as if it was confirmed. The date confirmed shall be shown as the first day of the month for which the schedule is being prepared. An explanation of the entry must be included with the schedule.

5. Line 20.1 - Net of 20.1 Items. The net of all items included in section 20.1 will be shown on line 20.1.

6. Section 20.2 - Deposits Reported This Month But Unconfirmed. This section will be used to report all items included in line 4.2 of the SF 1219 for the current month, for which no confirmation document is included with the schedule. Normally, this will consist of deposits which have been presented or mailed during the current month, for which the confirmed copy of the SF 215 has not been received as of the date the report is prepared. SFs 5515 shall not be shown in this section. Transactions will be listed in date presented or mailed sequence. Each entry in this section must be supported with the memorandum (white) copy of the SF 215.

7. Line 20.2 - Total of 20.2 Items. Enter the total of all items included in section 20.2.

8. Line 20.0 - Total Reported This Month. Enter the sum of lines 20.1 and 20.2. This amount must equal line 4.2 on the SF 1219. A solid line will be drawn on the schedule between lines 20.0 and 30.0.

9. Line 30.0 - Total Unconfirmed Deposits Brought Forward. Enter the amount shown on line 34.0 of the previous month's schedule.

10. Section 31.0 - Deposits Reported Previous Months. List SFs 215 reported in a previous month in section 20.2 for which the confirmed (green) copies are now enclosed.

11. Line 31.0 - Total of 31.0 Items. Enter the total of all items included in section 31.0.

12. Line 32.0 - Deposits Reported Previous Months Not Yet Confirmed. Enter the difference between lines 30.0 and 31.0.

13. Section 32.0 - Deposits Reported Previous Months Not Yet Confirmed. List all SFs 215 included in sections 20.2 and 32.0 of the previous month's report which have not been listed in section 31.0 for the current month. The total of deposits listed in this section must equal the total entered on line 32.0.

14. Line 33.0 - Deposits Reported This Month Not Confirmed. Enter the amount shown on line 20.2 above.

15. Line 34.0 - Total Deposits Reported Which Remain Unconfirmed. Enter the sum of lines 32.0 and 33.0. This amount will be entered on line 30.0 of the next month's schedule.

0505 SHIPMENT OF PUBLIC FUNDS

050501. General

A. Authority. Title 40, sections 721-726 and 729 (reference (t)) authorizes the shipment of valuables. DOs making shipments of items covered by its provisions shall follow the shipment procedures as described in this section. Shipments are insured under law and no supplementary insurance will be obtained.

B. Authorized Purposes. Shipments of public funds are authorized for the following purposes: deposit of funds to an official checking account; delivery of funds to another DO as an exchange-for-cash check transaction; shipment of damaged or mutilated currency; deposit of food stamps; and obtaining funds from a bank or from another DO by exchange of a check for

cash.

C. Methods of Shipment. Public funds shall be shipped in a manner which will provide the greatest possible protection against risk of loss and destruction of, or damage to, the funds. Public funds may be shipped by certified or registered mail, courier, officer messenger, government conveyance, railway express, contract armored car service, or as cargo via the Military Airlift Command's signature security service depending upon availability of means. However, the normal methods of shipment are by registered mail and Military Airlift Command cargo. Shipment by registered or certified mail is preferred in the case of checks, drafts, money orders, etc. Shipment by courier is preferred in the case of currency and coin. Shipment by government conveyance or railway express shall be used only in the case of currency or coin of excessive weight or bulk. Public funds may also be transferred between DOs afloat using air lift (helicopter) or high-line during underway replenishment at sea. In either of these methods, a buoy or other reliable floatation device shall be attached to the container to aid in recovery.

D. Record of Shipment. In addition to accounting documents required in the case of transfers and deposits of public funds (i.e., SF 215) and in order to provide the record required by the regulations issued by the Treasury Department, each shipment of funds shall be described in detail on the DD Form 165 (Shipment of Funds.)

050502. Preparation and Distribution of DD Form 165

A. General. A DD Form 165 is required for any shipment containing coin or currency regardless of amount. The DD Form 165 is not required for shipments for deposit to the Treasury Department or to a bank provided the shipment consists only of checks and money orders and the record of instruments deposited prescribed by paragraph 050208 of this chapter is otherwise maintained. In addition to the retained copy of the DD Form 165, the shipping DO shall preserve all registry receipts or other carriers' receipts and any other documents incidental to the shipment until assured that shipment has been completed and no claims action will be initiated.

B. Preparation. The DD Form 165 shall be prepared in quadruplicate as described below. A properly prepared DD Form 165 is shown as figure 5-10.

1. The space "To" shall contain the complete mailing address of the consignee (intended recipient). In the case of transfers of funds to another DO, the name of the DO should be included in the mailing address.

2. The space "From" shall contain the complete name and mailing address of the consignor (DO shipping the funds).

3. The space "Purpose of Shipment" shall describe the purpose of the shipment such as "For deposit to Disbursing Station Symbol Number" or "Transfer of funds in exchange for a U.S. Treasury check".

4. The space for "Number of Containers" is self-explanatory.

5. The space for "Shipped Via" shall indicate the method of shipment (i.e., registered mail, courier, messenger, etc.).

6. The space "Mail Receipt No. and Date" shall include the registry number or the lock and rotary numbers, if any, under which shipment is made as well as the number of the registry receipt, or other receipt of the carrier.

7. A complete description of the currency and/or coin being shipped shall be shown in the spaces provided by type, denomination, quantity, monetary unit total, rate of exchange if not U.S. currency/coin, and value in U.S. dollars. Checks and other negotiable instruments shall be listed individually on the reverse of the form.

8. The contents of the shipment shall be personally counted by the DO and one responsible witness and placed in the appropriate shipping container(s). Both the DO and the witness shall date and sign the DD Form 165 in the spaces provided under the certification: "We have counted, verified and sealed this shipment." The DO shall be personally responsible for delivery of the shipment to the carrier.

9. The spaces: "This shipment was received from shipper and delivered to" and "Delivery date and hour" shall be completed on the copy to be mailed directly to the consignee and the copy retained by the shipping officer at the time of release to the carrier.

10. The portions pertaining to receipt of the shipment shall be left blank by the shipping DO. The consignee shall complete this portion of the DD Form 165 upon receipt and verification of the shipment.

C. Distribution. The DD Form 165 shall be distributed as follows.

1. The original and duplicate shall be included with the shipment.

2. A copy shall be forwarded by mail direct to the consignee as a notice of shipment when the amount is equal to or greater than $10,000.

3. A copy shall be retained by the shipping officer. This copy shall bear the original signatures of the DO and verifying witness and shall be used if necessary to substantiate a claim for loss in shipment.

D. Shipment by Registered Mail or as Cargo via the Military Airlift Command. When shipment is made by registered mail or as cargo via the Military Airlift Command, the copy of DD Form 165 forwarded by mail to the consignee and the copy retained by the shipping officer shall show the registry number and the date the shipment was delivered to the post office or terminal. Whenever feasible, single shipments shall be limited to a maximum of $250,000. Registered mail and Military Airlift Command shipments shall be properly packaged to prevent breakage in transit. Advice as to adequate packaging can be obtained from military post offices. The copy of the DD Form 165 retained by the officer shipping the funds shall be signed by the appropriate postal official in the space beneath the block "Delivery Date and Hour."

E. Shipment by Courier or Officer Messenger. When shipment is made by courier or officer messenger, the DO making the shipment shall enclose the funds in a securely sealed envelop, money bag, or other suitable container bearing the name and address of the consignee. Any commissioned or warrant officer of the Armed Forces on active duty or any individual serving as a courier for the Department of State is authorized to act as courier for delivery of funds represented by currency, checks, drafts, or money orders. The courier shall take all practicable precautions for the protection of the shipment. The copy of DD Form 165 retained by the officer shipping the funds shall be signed by the courier in the space beneath the block "Delivery Date and Hour" as a receipt for the shipment. When arrangements for the shipment are made through a message center, the registry number shall be inserted on the copy of the DD Form 165 to be retained by the shipping officer and the space below "Delivery Date and Hour" shall be signed by an authorized official of the message center. Upon receipt of the shipment, the consignee shall sign the original of the DD Form 165 in the last signature block after verification of the contents of the shipment and return it to the shipper as a receipt. The copy shall be signed by the consignee in the space beneath "Delivery Date and Hour" and shall be given to the courier as receipt for the shipment. The advance copy providing notice of shipment shall be annotated to indicate date of receipt and shall be retained by the consignee. If the services of an office messenger are obtained, the messenger shall sign the DD Form 165 in the block for delivery date and hour.

F. Shipment by Government Conveyance. When the shipment is of such weight or bulk as to make other methods of shipment impracticable, shipment may be made by government conveyance. The DO shall make the necessary arrangements for the shipment and receive the bill of lading for the delivery with the shipment. In all cases, the DO shall be designated as the shipper and the consignee shall be the officer responsible for executing the receipt for the funds. The DO shall be responsible for direct delivery to the carrier and obtaining receipt on a copy of the bill of lading.

G. Shipments by Armored Car Service

1. General. Shipment of funds by commercial armored car service is authorized when such service is cost effective and offers the greatest protection against loss. The cost shall be charged to the operations and maintenance funds available to the DO.

2. Obtaining Funds From Banks. When funds are obtained from a bank other than an FRB or branch, the DO shall accept custody of the funds at the bank and then personally turn the funds over to the armored car carrier for transporting. Since FRBs comply with Treasury Department regulations in making shipments of money, funds may be obtained from an FRB or branch by forwarding an exchange-for-cash check to the bank with instructions for delivery of the funds to the armored car carrier in the desired denominations.

050503. Action by Consignee. Upon receipt of a copy of DD Form 165 as notice of shipment, the consignee (intended recipient or authorized official designated by activity receiving shipment) shall make arrangements to receive the shipment. Upon receipt of the shipment, the consignee shall ensure that the shipment is opened and inspected by one or more responsible

employees. The consignee shall sign the original DD Form 165 and return it to the shipping officer as a receipt. If shipment was made by courier, the consignee shall sign and deliver to the courier a copy of the DD Form 165 as an acknowledgment of receipt of the shipment. When the shipment represents funds for deposit, the consignee shall complete the SF 215 and return the required copies to the DO. The consignee immediately shall advise the shipping officer of any difference between the amount or quantity indicated on the copy of the DD Form 165 and in the actual shipment at the time of opening. If the shipment fails to arrive in due course, the consignee shall immediately notify the shipping officer, the post office, or office of other carrier through which delivery would be made. The consignee also shall immediately notify the shipping officer of any damage to the shipment. All findings of the consignee in such cases shall be a matter of record, subject to inspection in connection with any necessary investigation.

050504. Action by Consignor The consignor (the bank or the DO shipping the money) shall ensure that prompt action is taken to trace a shipment of funds for which a receipted DD Form 165 is not received within a reasonable time. Telephone or message contact with the consignee shall be initiated in order to insure the consignee's compliance with the provisions of paragraph 050503, above.

★ 050505. Losses in Shipment. Accountability for public funds rests with the consignor until the consignee has received and verified all funds listed on the DD Form 165. If funds shipped as prescribed in this section are lost, destroyed, or damaged, the shipping officer shall forward an immediate written report to the Bureau of the Public Debt, Division of Financial Management, Room 201, P. O. Box 1328, Parkersburg, WV 26106-1328. A copy of the report shall be provided to the consignee and to the servicing DFAS Center. If the loss, destruction, or damage represents a value equal to or in excess of $10,000, or if delay in reporting is likely to delay the government in recovering the value of the shipment, the report shall be transmitted by message or telegram and promptly confirmed in writing. The report shall state the: date of shipment; amount and character of the valuables lost, destroyed, or damaged; name and address of the consignee; method of transportation, the name of the carrier, and the location of the office of the carrier from which shipment was made; registry or other receipt number; and cause of the loss, destruction, or damage, if known. The consignor immediately shall notify the agent in charge of the nearest U.S. Secret Service office, the appropriate investigative service, the local post office, or local office of other carrier. The shipping officer shall also place a tracer on the shipment and take such other action as may be necessary to facilitate recovery.

050506. Recovery Action

A. General. Recovery action primarily is the responsibility of the officer who is accountable for the lost or damaged funds. In the case of funds for which an exchange-for-cash check has been issued, responsibility and accountability rests with the bank or DO who shipped the funds (consignor). However, accountability for the check still rests with the DO who issued the check (consignee) and its value shall continue to be reported in the SF 1219 as funds in transit. The consignee should determine what action was taken by the shipping officer and should monitor the course of investigative action taken. In the case of coin or currency lost en route to a depositary, accountability rests with the DO who made the shipment for deposit. It shall be the DO's responsibility to take the reporting and recovery actions required. In either case, action to report the

loss of funds shall be taken as prescribed in Chapter 6 of this volume. The DO who shipped the funds shall record the value of the lost shipment on line 7.3 of the SF 1219 as a loss of funds. If the DO is reassigned before recovery can be effected, the relieving DO shall not receipt for the loss. However, the relieving officer shall be responsible, in conjunction with the designated settlement office, for ensuring that necessary claims are properly filed and that the proceeds from the claims are properly applied in liquidation of the loss.

B. Checks and Money Orders. The DO shall take action to recover the amount of the lost negotiable instruments following the procedures in paragraph 050209 of this chapter. Since this action should be sufficient to recoup the full amount of the lost deposit, the claims described in subparagraphs 050506.C or 050506.D, below shall not be filed. However, in the event this action does not result in full recovery, the DO may request relief of liability for the uncollectible portion of the lost shipment. Such a request shall be fully supported by copies of all correspondence pertaining to the unsuccessful recovery action.

C. Claim Against U.S. Postal Service. The liability of the U.S. Postal Service in the case of lost currency shipped by registered mail is generally limited to shipments of $100 or less. A claim for a lost shipment of $100 or less can be filed only by the consignor (mailer). A claim for damage or partial loss may be filed by the consignor or by the consignee (addressee). The applicable claim form is PS Form 565 (Registered Mail Inquiry for Delivery and/or Application for Indemnity). The accountable DO should obtain a copy of the completed PS 565, and shall ensure that he or she is listed on the form as the claimant. For losses exceeding $100, the PS 565 shall be filed as a means of tracing the shipment, but the filing will not constitute a claim.

D. Claim Against the Treasury Department.. Claims for the value of lost currency shipments in excess of $100 shall be submitted by the accountable DO to the Secretary of the Treasury via the servicing DFAS Center. The Secretary of the Treasury will require proof of claim in such form, and in such manner, as he deems necessary. Proof of claim will include satisfactory proof of loss, destruction, or damage. The claim shall be supported by the original of the DD Form 165, which will be returned after adjustment of the claim. The consignor (shipping officer) shall submit a statement concerning the loss or destruction of, or damage to, the shipment or any part thereof. If the shipment was received by the consignee with contents not intact, the statement shall set forth all the circumstances relating to the condition in which the shipment was received and the manner of inspection and verification of its contents. Affidavits covering the loss, destruction, or damage to the shipment shall be obtained from the consignee and the carrier. The statement and recommendations of the investigating officers shall also be included. In the case of lost shipments for which an exchange-for-cash check was issued to an FRB or another DO, the issuing DO shall request that the shipping officer take the above actions and provide copies of all documentation. After filing of the claim, all necessary and reasonable steps to recover the lost, destroyed, or damaged shipment shall continue. All recoveries and refunds received following favorable consideration of the claim shall be turned over to the Treasury Department.

E. Restitution and Relief. The Secretary of the Treasury shall grant claims for lost, damaged, or destroyed shipments only if the shipping officer strictly followed the prescribed procedures. In the event of a denial of the claim, the accountable DO may either make restitution of the missing funds or submit a request for relief of liability as prescribed in Chapter 6 of this

volume. Relief will be granted only if the accountable officer is judged to be free of fault or negligence. Therefore, the relief request shall clearly and convincingly justify any departure from prescribed regulations.

050507. Damaged or Mutilated U.S. Currency

A. Fragments of U.S. Currency. Damaged or mutilated U.S. currency recovered from inadvertent wartime destruction or from peacetime catastrophes affecting DoD property and personnel such as aircraft crashes, ship sinkings, building explosions, or chemical spills shall be processed as explained below.

1. Fragments shall be inventoried by at least three disinterested persons and, where a DoD Component has jurisdiction, brought under safekeeping control by the appropriate DO.

2. Fragments shall be packaged following procedures in subparagraph 050507.B, below, and forwarded to the Bureau of Engraving and Printing for determination of value.

3. In the event that fragments are contaminated, the DO or other responsible official shall contact the Office of Currency Standards, Bureau of Engraving and Printing, at (202) 874-2361 to arrange for on site review by Bureau personnel or special disposition instructions.

B. Packaging Mutilated Currency. Mutilated currency examiners normally can determine the value of mutilated currency when it has been carefully packed and boxed as described below.

1. Regardless of the condition of the currency, do not disturb the fragments more than is absolutely necessary.

2. If the currency is brittle, pack it carefully in cotton and box it as found, without disturbing the fragments, if possible.

3. If the currency was in a purse, box, or other container when mutilated, it should be left there, if possible, in order to prevent further deterioration of the fragments or to prevent them from being lost.

4. If it is absolutely necessary to remove the fragments from the container, send the container with the currency and any other contents found, except as noted in subparagraph 050507.B.7, below.

5. If the money was flat when mutilated, do not roll or fold.

6. If the money was in a roll when mutilated, do not attempt to unroll or straighten.

7. If coins or any other metal are mixed with the currency, remove carefully. Do not send coins or other metal in the same package with mutilated currency, as such metal may further damage the currency.

8. Properly packaged currency should be sent to: Department of the Treasury, Bureau of Engraving and Printing, ATTN: OCS, Room 344, BEP Annex, P.O. Box 37048, Washington, DC 20013.

050508. Uncurrent or Mutilated U.S. Coins

A. Worn Coins. U.S. coins that are merely worn or reduced in weight by natural abrasion, yet are readily and clearly recognizable and are machine countable, may be redeemed at face value at any FRB or branch.

B. Mutilated Coins. U.S. coins that are bent, broken, not whole, or fused and melted together are considered "mutilated." Mutilated coins may be redeemed by the U.S. Mint as indicated below.

1. The Mint will not redeem mutilated coins if they are: fused material unrecognizable as U.S. coins; foreign coins; counterfeit coins; slugs; altered coins (i.e., changed to pass as another denomination); or coins or lumps of coins that contain lead, solder, or other substances that would make them unsuitable for use as coinage metal.

2. Whenever possible, loose mutilated coins submitted for redemption should be separated into the following groups: Cents (1 cent, including both copper and copper-plated zinc); Nickels (5 cents); Clad Coins (10 cents, 25 cents, 50 cents and Eisenhower 1 dollar); and Dollars (Susan B. Anthony 1 dollar).

3. The settlement amount will be based on coin weight and whether they have been sorted by denomination categories ("separated") or have been sent mixed together. If coins are not separated, they will be considered "mixed" and redeemed at a lower rate as described below. For separated coins, the Mint will redeem no less than one pound of each denomination category; for mixed or fused coins, the minimum is two pounds.

4. Mixed denominations of coins or lumps of coins that have been fused together will be redeemed by their weight and metal category (i.e., bronze, cupronickel, or clad) based on date of receipt by the Mint and rates that change quarterly as of the 15th day of January, April, July and October.

5. Bent or partial coins separated by denomination groups listed below will be redeemed by their weight and denomination category at the following rates:

Denomination	Rate (per lb.)
Cents	$1.4585

Nickels	$4.5359
Clad Coins	$20.0000
Dollars	$56.0000

6. The Mint will accept no less than one pound of each denomination of separated coins or 2 pounds of mixed or fused coins.

7. Settlement will be made by check approximately 12 to 14 weeks from the date that mutilated coins are received at the Mint. Coins may be mailed to: United States Mint, P.O. Box 400, Philadelphia, PA 19105; or may be delivered in person or by courier to: United States Mint, Coin Redemption Branch, 5th and Arch Streets, Philadelphia, PA 19106.

8. Questions regarding the disposition of mutilated or contaminated coins may be referred to the Cashier's Office, U.S. Mint, at (215) 597-4982.

0506 TRANSFERS OF PUBLIC FUNDS

050601. Transfers Within the DoD. Transfers of funds between DOs are authorized and should follow the same exchange for cash procedures used to procure cash. Transfers of funds between DOs of different DoD Components or other governmental agencies shall be made by an exchange-for-cash Treasury check, made payable to the purchasing DO for the amount of cash desired.

050602. Transfer of Funds Upon Relief. All funds and accountable documents in the possession of the relieved DO (including currency, coin, and receipts which represent funds in the hands of authorized deputies, agents, cashiers, imprest fund cashiers, advances to contractors, salary payments, and other authorized deferred vouchered payments) which cannot be scheduled immediately, shall be transferred to the relieving officer. Funds in the hands of deputies, agents, cashiers, and imprest fund cashiers may be retained by the individuals if the relieving DO intends to retain these individuals in their current accountable position. Otherwise, the DO being relieved shall recall the funds and terminate the accountable individual's appointment prior to the relief process. The total amount transferred to the relieving DO shall be the amount of total accountability at the close of the accounting period as shown on the final SF 1219 of the DO being relieved. As soon as possible after relief has taken place, the relieving DO shall issue new DD Forms 1081 to all accountable individuals who retained funds as provided in this paragraph. A certificate of transfer shall be furnished on the bottom of the final SF 1219 of the officer relieved. The certificate shall read as follows:

"I have received on (date) by transfer from (officer relieved), (total amount), an analysis of which is included in Sections I-B and I-C above.

(Signature and rank of relieving officer)."

In addition to the regular distribution requirements, 2 extra copies of the SF 1219 shall be prepared. One of the extra copies shall be retained with the disbursing records of the relieving DO, and the other shall be retained by the officer relieved as a receipt for the funds transferred. All deficiencies in the account of the officer relieved shall be processed as prescribed in Chapter 22 of this volume.

When the total accountability of the officer relieved is zero, no certificate of transfer by the relieving officer is required.

050603. Merging of Disbursing Accounts When a DSSN is to be assumed by another DSSN of the same DO, the cash and other assets of the DSSN to be discontinued shall be purchased by a Treasury check drawn on the receiving DSSN. The Treasury check shall be deposited to the credit of the DSSN to be discontinued and shall be reported on the final SF 1219.

0507 COUNTERFEIT OR ALTERED U.S. CURRENCY

050701. Detected Prior to Acceptance. Counterfeit or altered U.S. currency, if detected upon presentation to a DO for exchange or payment of an obligation to the United States, shall be confiscated. A receipt indicating the type, denomination, and amount of the confiscated currency shall be furnished to the individual presenting the currency and information shall be obtained from the individual as to the source of acquisition. The currency shall be delivered with a letter of transmittal, giving all available information, to a representative of the appropriate investigative service, if available, or if not, to the nearest military security agency. A receipt shall be obtained in either case. Because the currency was detected before acceptance by a DO, entries regarding the receipt and transmittal shall not be made in the DO's accounts.

050702. Detected After Acceptance and Reimbursement Is Obtained. Immediately after discovering counterfeit currency, the DO shall request reimbursement from the source from which received. When reimbursement is received, the procedure outlined in the preceding paragraph shall be followed. Because reimbursement is obtained, no loss to the DO accrues, and no entries in the DO's accounts are required.

050703. Detected After Acceptance and Reimbursement Is Not Obtained. If the source of receipt of counterfeit currency is unknown or if the source is known and reimbursement is unobtainable, the currency shall be delivered immediately by the DO, together with a detailed report of all known circumstances, to a representative of the appropriate investigative service, if available, or if not, to the nearest military security agency. A receipt for the currency shall be obtained in either case. The receipt for the currency, with a signed copy of the report made by the DO, shall be forwarded with a memorandum via the commander to the servicing DFAS Center. The memorandum shall include the reason reimbursement was not obtained. This transaction shall be reported on the SF 1219 as a physical loss of funds.

050704. Detected After Depositing by Mail With Bank. When a DO is notified that currency which has been deposited by mail has been determined to be counterfeit and is being held by the bank, the DO shall reimburse the bank for the counterfeit currency and shall obtain a formal receipt giving complete description of the currency and stating that the currency has been found to be counterfeit and has been withdrawn from circulation. The receipt from the bank shall also state whether the currency will be or has been turned over to the U.S. Secret Service. The receipt from the bank and a detailed report of all known circumstances, signed by the DO, shall be forwarded via the commander to the servicing DFAS Center. This transaction shall be reported on the SF 1219 as a physical loss of funds.

★ 050705. Miscellaneous Cases. Any unusual counterfeit currency situation not specifically covered in the preceding paragraphs should be forwarded through the servicing DFAS Center to DFAS-HQ, Deputy Director for Finance, for disposition instructions.

Step 1. Add leading zeroes to the DSSN to make an eight-digit number.	0	0	0	0	8	3	6	8	
Step 2. Multiply each digit by the locational factor.	3 0	7 0	1 0	3 0	7 56	1 3	3 18	7 56	
Step 3. Add the last digit of each product.	0	+0	+0	+0	+6	+3	+8	+6	= 23
Step 4. Subtract the sum from the next higher multiple of 10. The result is the check-digit.	30	- 23	= 7						
In this example the DSSN is 8368. Following the above steps, the CIN is 00008368-7.									

Table 5-1. Calculation of Ca$h-Link Identification Number

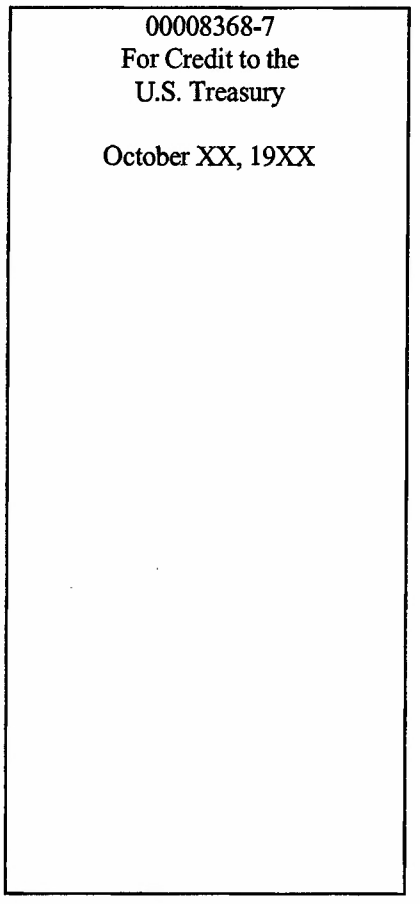

Figure 5-1. Sample DO Endorsement on Instruments Deposited to an FRB or Branch

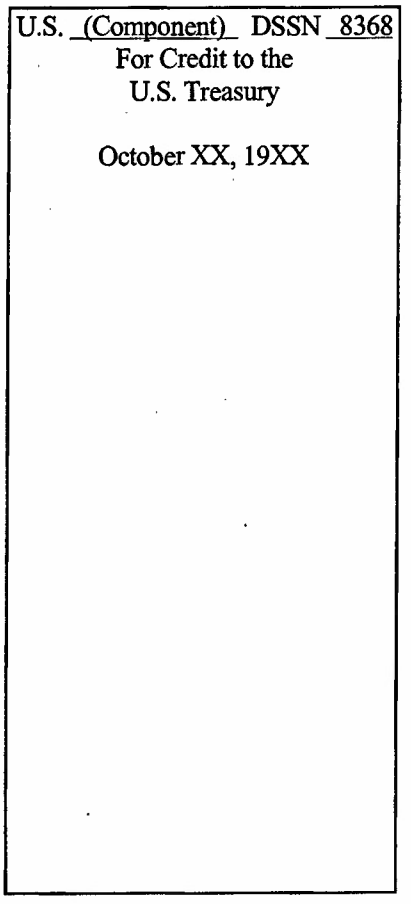

Figure 5-2. Sample DO Endorsement on Instruments Deposited to a General Depositary

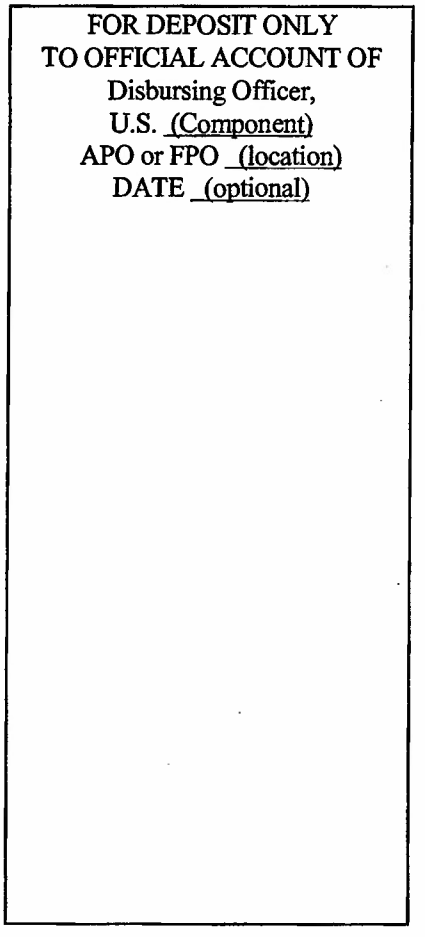

Figure 5-3. Sample DO Endorsement on Instruments Deposited to a Limited Depositary

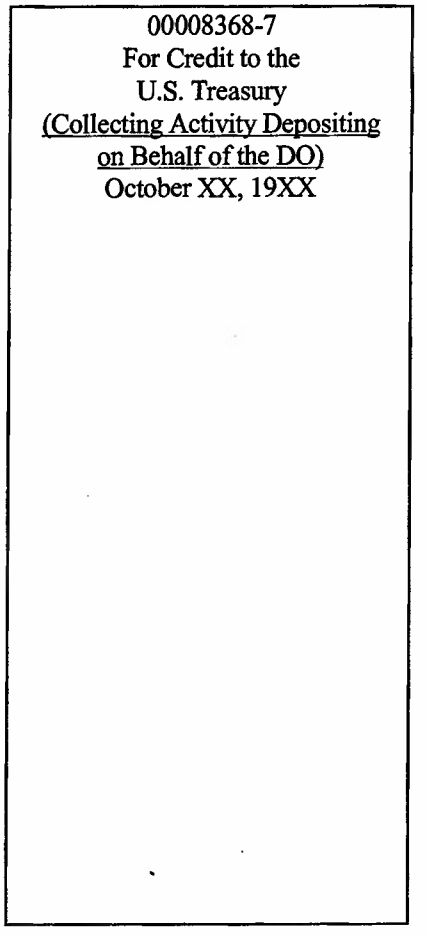

Figure 5-4. Sample Collecting Official Endorsement on Instruments Deposited to an FRB or Branch

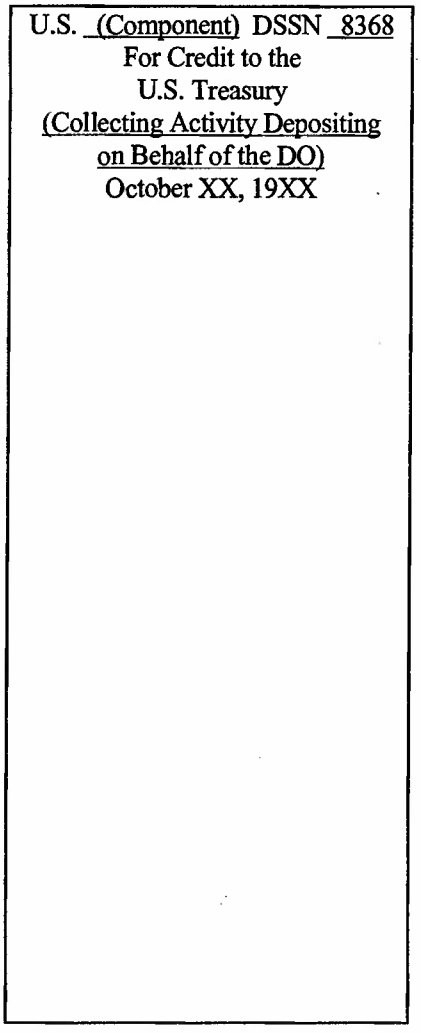

Figure 5-5. Sample Collecting Official Endorsement on Instruments Deposited to General Depositary

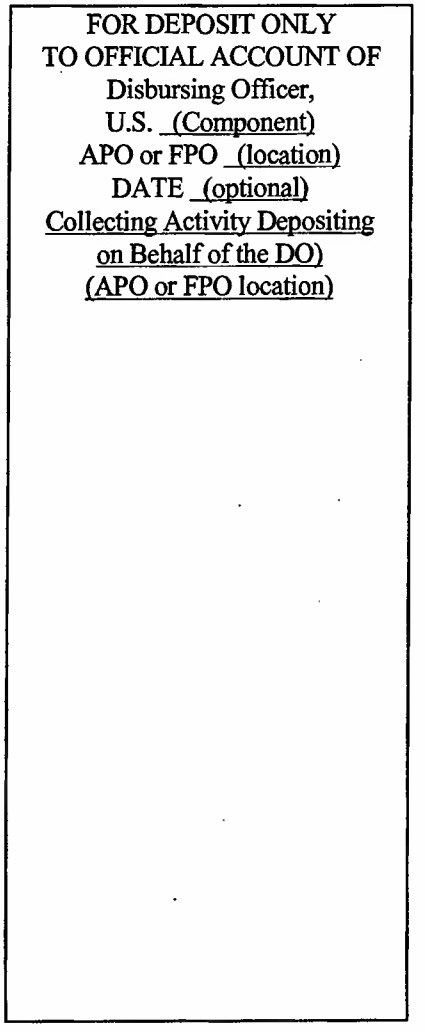

Figure 5-6. Sample Collecting Official Endorsement on Instruments Deposited to Limited Depositary

STANDARD FORM 215 (Rev. 5-90)
PRESCRIBED BY DEPT. OF THE TREASURY
I TFM 5-3000 215-103

DEPOSIT TICKET

DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE
NSN 7540-01-019-9452

VOUCHER NUMBER	DATE PRESENTED OR MAILED TO BANK MMYYDD	8-DIGIT OR 4-DIGIT AGENCY LOCATION CODE (ALC)	AMOUNT
(1) 7 46819	(2) 1 0-03-XX	(3) 0 0005040-3	(4) 5 592.00

SINGLE SPACE ALL ENTRIES ON THIS LINE
USE NORMAL PUNCTUATION OMIT $ SIGN

(6) AGENCY USE

DEFENSE ACCOUNTING OFFICE
FINANCIAL INFORMATION PROCESSING CENTER
WASHINGTON, DC 20376

(7) NAME AND ADDRESS OF DEPOSITARY
FEDERAL RESERVE BANK OF RICHMOND
RICHMOND, VA 23261

(8) I CERTIFY THAT THE ABOVE AMOUNT HAS BEEN RECEIVED FOR CREDIT IN THE ACCOUNT OF THE U.S. TREASURY ON THE DATE SHOWN, SUBJECT TO ADJUSTMENT OF UNCOLLECTIBLE ITEMS INCLUDED THEREIN.

MMDDYY

(9) DEPOSITOR'S TITLE, DEPARTMENT, OR AGENCY AND ADDRESS

AUTHORIZED SIGNATURE CONFIRMED DATE

(10) DEPOSITARY FORWARD THIS DOCUMENT WITH STATEMENT OR TRANSCRIPT OF THE U.S. TREASURY ACCOUNT OF THE SAME DATE — ORIGINAL

(10) DEPOSITOR RETAIN THIS COPY WHEN MAKING DEPOSIT. AFTER RECEIVING CONFIRMED COPY FROM BANK, INSERT THE CONFIRMED DATE IN BLOCK (5) ABOVE ON THIS COPY AND SUBMIT THIS COPY WITH YOUR MONTHLY REPORT TO DEPARTMENT OF THE TREASURY — MEMORANDUM COPY

(10) DEPOSITARY RETAIN THIS COPY — DEPOSITARY COPY

(10) DEPOSITOR RETAIN THIS COPY FOR INTERNAL USE DO NOT SUBMIT THIS COPY TO DEPOSITARY — AGENCY COPY

(10) DEPOSITARY DATE, SIGN AND RETURN THIS COPY TO DEPOSITOR — CONFIRMED COPY

Figure 5-7. Sample SF 215, Deposit Ticket (Deposit to an FRB)

STANDARD FORM 215 (Rev. 5-90)
PRESCRIBED BY DEPT. OF THE TREASURY
I TFM 5-3000 215-103

DEPOSIT TICKET

DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE
NSN 7540-01-019-9452

VOUCHER NUMBER	DATE PRESENTED OR MAILED TO BANK MMYYDD	8-DIGIT OR 4-DIGIT AGENCY LOCATION CODE (ALC)	AMOUNT
(1) 7 46818	(2) 1 0-03-XX	(3) 5 040	(4) 3 245.75

SINGLE SPACE ALL ENTRIES ON THIS LINE
USE NORMAL PUNCTUATION OMIT $ SIGN

(5) AGENCY USE

DEFENSE ACCOUNTING OFFICE
FINANCIAL INFORMATION PROCESSING CENTER
WASHINGTON, DC 20376

(7) NAME AND ADDRESS OF DEPOSITARY
MELLON BANK
P.O. BOX 371782M
PITTSBURGH, PA 15251

(8) I CERTIFY THAT THE ABOVE AMOUNT HAS BEEN RECEIVED FOR CREDIT IN THE ACCOUNT OF THE U.S. TREASURY ON THE DATE SHOWN, SUBJECT TO ADJUSTMENT OF UNCOLLECTIBLE ITEMS INCLUDED THEREIN.

MMDDYY

(9) DEPOSITOR'S TITLE, DEPARTMENT, OR AGENCY AND ADDRESS — AUTHORIZED SIGNATURE — CONFIRMED DATE

(10) DEPOSITARY FORWARD THIS DOCUMENT WITH STATEMENT OR TRANSCRIPT OF THE U.S. TREASURY ACCOUNT OF THE SAME DATE — **ORIGINAL**

(10) DEPOSITOR RETAIN THIS COPY WHEN MAKING DEPOSIT. AFTER RECEIVING CONFIRMED COPY FROM BANK, INSERT THE CONFIRMED DATE IN BLOCK (5) ABOVE ON THIS COPY AND SUBMIT THIS COPY WITH YOUR MONTHLY REPORT TO DEPARTMENT OF THE TREASURY — **MEMORANDUM COPY**

(10) DEPOSITARY RETAIN THIS COPY — **DEPOSITARY COPY**

(10) DEPOSITOR RETAIN THIS COPY FOR INTERNAL USE DO NOT SUBMIT THIS COPY TO DEPOSITARY — **AGENCY COPY**

(10) DEPOSITARY DATE, SIGN AND RETURN THIS COPY TO DEPOSITOR — **CONFIRMED COPY**

Figure 5-7 (Continued). Sample SF 215 (Deposit Ticket)
(Deposit to a Designated Depositary)

STANDARD FORM 5515 (Rev. 9-78)
PRESCRIBED BY DEPT. OF THE TREASURY
1 TFM 5-3000

DEBIT VOUCHER

DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE

(1) VOUCHER NUMBER	(2) DATE PRESENTED OR MAILED TO BANK MMYYDD	(3) 8-DIGIT OR 4-DIGIT AGENCY LOCATION CODE (ALC)	(4) AMOUNT
8 3055	1 0-03-XX	0 0005040-3	1 00.00

SINGLE SPACE ALL ENTRIES ON THIS LINE
USE NORMAL PUNCTUATION OMIT $ SIGN

(5) [ ] UNCOLLECTIBLE ITEM
[X] OTHER (Explain in Block 6)

(6) DEPOSITARY USE
DT NO. XXXXXX, DATED XXXXXX, OVERSTATED BY $100.00

DEFENSE ACCOUNTING OFFICE
FINANCIAL INFORMATION PROCESSING CENTER
WASHINGTON, DC 20376

(7) NAME AND ADDRESS OF DEPOSITARY
FEDERAL RESERVE BANK OF RICHMOND
RICHMOND, VA 23261

(8) I CERTIFY THAT THE ABOVE AMOUNT HAS BEEN DEBITED TO THE ACCOUNT OF THE TREASURY ON THE DATE SHOWN. UNCOLLECTIBLE ITEMS HAVE BEEN RETURNED TO THE DEPOSITOR OR APPROPRIATE NOTICE GIVEN.

(9) DEPOSITOR'S TITLE, DEPARTMENT, OR AGENCY AND ADDRESS

AUTHORIZED SIGNATURE

DEPOSITARY FORWARD THIS DOCUMENT WITH STATEMENT OR TRANSCRIPT OF THE U.S. TREASURY ACCOUNT OF THE SAME DATE — ORIGINAL

DEPOSITARY FORWARD TO DEPOSITOR. DEPOSITOR SUBMIT THIS COPY WITH YOUR MONTHLY REPORT TO DEPARTMENT OF THE TREASURY — MEMORANDUM COPY

DEPOSITARY RETAIN THIS COPY — DEPOSITARY COPY

DEPOSITARY FORWARD TO DEPOSITOR — CONFIRMED COPY

Figure 5-8. Sample SF 5515 (Debit Voucher) (From an FRB)

STANDARD FORM 5515 (Rev. 9-78)
PRESCRIBED BY DEPT. OF THE TREASURY
I TFM 5-3000

DEBIT VOUCHER

DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE

(1) VOUCHER NUMBER	(2) DATE PRESENTED OR MAILED TO BANK MMYYDD	(3) 8-DIGIT OR 4-DIGIT AGENCY LOCATION CODE (ALC)	(4) AMOUNT
8 3057	1 0-03-XX	5 040	3 50.00

SINGLE SPACE ALL ENTRIES ON THIS LINE
USE NORMAL PUNCTUATION OMIT $ SIGN

(5) [X] UNCOLLECTIBLE ITEM
[ ] OTHER (Explain in Block 6)

(6) DEPOSITARY USE
DT NO. XXXXXX, CK. NO. 130, $350.00, NSF

DEFENSE ACCOUNTING OFFICE
FINANCIAL INFORMATION PROCESSING CENTER
WASHINGTON, DC 20376

(7) NAME AND ADDRESS OF DEPOSITARY
MELLON BANK
P.O. BOX 371782M
PITTSBURGH, PA 15251

(8) I CERTIFY THAT THE ABOVE AMOUNT HAS BEEN DEBITED TO THE ACCOUNT OF THE TREASURY ON THE DATE SHOWN. UNCOLLECTIBLE ITEMS HAVE BEEN RETURNED TO THE DEPOSITOR OR APPROPRIATE NOTICE GIVEN.

(9) DEPOSITOR'S TITLE, DEPARTMENT, OR AGENCY AND ADDRESS

AUTHORIZED SIGNATURE

DEPOSITARY FORWARD THIS DOCUMENT WITH STATEMENT OR TRANSCRIPT OF THE U.S. TREASURY ACCOUNT OF THE SAME DATE — ORIGINAL

DEPOSITARY FORWARD TO DEPOSITOR. DEPOSITOR SUBMIT THIS COPY WITH YOUR MONTHLY REPORT TO DEPARTMENT OF THE TREASURY — MEMORANDUM COPY

DEPOSITARY RETAIN THIS COPY — DEPOSITARY COPY

DEPOSITARY FORWARD TO DEPOSITOR — CONFIRMED COPY

Figure 5-8 (Continued). Sample SF 5515, (Debit Voucher) (From a Designated Depositary)

SCHEDULE OF DEPOSIT ACTIVITY

ORGANIZATION: USS SELDOMSAIL

LOCATION: HOLY LOCH, UK

DSSN: 1234 DO: A.B. CASE PERIOD OF REPORT: JAN 19XX

20.0 DEPOSITS OR DEBIT VOUCHERS REPORTED THIS MONTH

20.1 REPORTED THIS MONTH AND CONFIRMED THIS MONTH OR EARLIER (CONFIRMATION COPY IS ENCLOSED HEREWITH)

DEPOSIT/DEBIT VOUCHER NO.	DATE PRESENTED OR MAILED YYMMDD	DATE CONFIRMED YYMMDD	AMOUNT		
123456	XX0104	XX0105	100.00	(a)	
123457	XX0110	XX0111	200.00	(a)	
123458	XX0117	XX0118	300.00	(a)	
63211	XX0116	XX0116	(50.00)	(b)	
63287	XX0117	XX0117	(150.00)	(b)	
20.1 NET OF 20.1 ITEMS					400.00

20.2 DEPOSITS REPORTED THIS MONTH BUT UNCONFIRMED (MEMORANDUM COPY IS ENCLOSED HEREWITH)

DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD	AMOUNT		
123459	XX0119	500.00	(c)	
123460	XX0124	600.00	(c)	
123461	XX0126	700.00	(c)	
123462	XX0127	800.00	(c)	
20.2 TOTAL OF 20.2 ITEMS				2,600.00
20.0 TOTAL REPORTED THIS MONTH (20.1 + 20.2) (ENTER ON LINE 4.2 OF SF 1219)				3,000.00
30.0 TOTAL UNCONFIRMED DEPOSITS BROUGHT FORWARD (LINE 34.0 PREVIOUS MONTH)				0.00

31.0 DEPOSITS REPORTED PREVIOUS MONTHS (CONFIRMATION COPY IS ENCLOSED HEREWITH)

DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD	DATE CONFIRMED YYMMDD	AMOUNT	
31.0 TOTAL OF 31.0 ITEMS				0.00
32.0 DEPOSITS REPORTED PREVIOUS MONTHS BUT NOT YET CONFIRMED (30.0 - 31.0)				0.00

DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD	AMOUNT
TOTAL (MUST EQUAL LINE 32.0 ABOVE)		0.00
33.0 DEPOSITS REPORTED THIS MONTH BUT NOT YET CONFIRMED (LINE 20.2)		2,600.00
34.0 TOTAL DEPOSITS REPORTED WHICH REMAIN UNCONFIRMED (32.0 + 33.0)		2,600.00

(Letters in parentheses are keyed to explanations of line entries which follow.)

★Figure 5-9. Sample Format for Schedule of Deposit Activity (Initial)

SCHEDULE OF DEPOSIT ACTIVITY

ORGANIZATION: USS SELDOMSAIL

LOCATION: HOLY LOCH, UK

DSSN: 1234 DO: A.B. CASE PERIOD OF REPORT: FEB 19XX

20.0 DEPOSITS OR DEBIT VOUCHERS REPORTED THIS MONTH

20.1 REPORTED THIS MONTH AND CONFIRMED THIS MONTH OR EARLIER (CONFIRMATION COPY IS ENCLOSED HEREWITH)

DEPOSIT/DEBIT VOUCHER NO.	DATE PRESENTED OR MAILED YYMMDD	DATE CONFIRMED YYMMDD	AMOUNT		
123406	XX0124	XX0210	(600.00)	(k)	
123460	XX0124	XX0210	600.00	(k)	
431872	XX0129	XX0201	250.00	(d)	
123465	XX0204	XX0228	100.00	(a)	
92791	XX0126	XX0126	(60.00)	(b)	
20.1 NET OF 20.1 ITEMS					290.00

20.2 DEPOSITS REPORTED THIS MONTH BUT UNCONFIRMED (MEMORANDUM COPY IS ENCLOSED HEREWITH)

DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD	AMOUNT		
123464	XX0131	100.00	(e)	
123466	XX0221	200.00	(c)	
123467	XX0218	300.00	(c)	
123468	XX0225	400.00	(c)	
20.2 TOTAL OF 20.2 ITEMS				1,000.00
20.0 TOTAL REPORTED THIS MONTH (20.1 + 20.2) (ENTER ON LINE 4.2 OF SF 1219)				1,290.00
30.0 TOTAL UNCONFIRMED DEPOSITS BROUGHT FORWARD (LINE 34.0 PREVIOUS MONTH)				2600.00

31.0 DEPOSITS REPORTED PREVIOUS MONTHS (CONFIRMATION COPY IS ENCLOSED HEREWITH)

DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD	DATE CONFIRMED YYMMDD	AMOUNT		
123459	XX0119	XX0131	500.00	(f)	
123460	XX0124	XX0210	600.00	(f)	
31.0 TOTAL OF 31.0 ITEMS					1,100.00
32.0 DEPOSITS REPORTED PREVIOUS MONTHS BUT NOT YET CONFIRMED (30.0 - 31.0)					1,500.00

DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD	AMOUNT		
123461	XX0126	700.00	(g)	
123462	XX0127	800.00	(g)	
TOTAL (MUST EQUAL LINE 32.0 ABOVE)		1,500.00		
33.0 DEPOSITS REPORTED THIS MONTH BUT NOT YET CONFIRMED (LINE 20.2)				1,000.00
34.0 TOTAL DEPOSITS REPORTED WHICH REMAIN UNCONFIRMED (32.0 + 33.0)				2,500.00

(Letters in parentheses are keyed to explanations of line entries which follow.)

★Figure 5-9 (Continued). Sample Format for Schedule of Deposit Activity (Subsequent)

SCHEDULE OF DEPOSIT ACTIVITY

ORGANIZATION: USS SELDOMSAIL

LOCATION: HOLY LOCH, UK

DSSN: 1234 DO: A.B. CASE PERIOD OF REPORT: MAR 19XX

20.0 DEPOSITS OR DEBIT VOUCHERS REPORTED THIS MONTH

20.1 REPORTED THIS MONTH AND CONFIRMED THIS MONTH OR EARLIER (CONFIRMATION COPY IS ENCLOSED HEREWITH)

DEPOSIT/DEBIT VOUCHER NO.	DATE PRESENTED OR MAILED YYMMDD	DATE CONFIRMED YYMMDD	AMOUNT		
123455	XX0105	XX0225	900.00	(j)	
123462	XX0127	XX0304	(800.00)	(h)	
123469	XX0304	XX0307	150.00	(a)	
123470	XX0325	XX0328	1050.00	(a)	
674128	XX0314	XX0314	100..00	(i)	
20.1 NET OF 20.1 ITEMS					1,400.00

20.2 DEPOSITS REPORTED THIS MONTH BUT UNCONFIRMED (MEMORANDUM COPY IS ENCLOSED HEREWITH)

DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD	AMOUNT		
20.2 TOTAL OF 20.2 ITEMS				0.00
20.0 TOTAL REPORTED THIS MONTH (20.1 + 20.2) (ENTER ON LINE 4.2 OF SF 1219)				1,400.00
30.0 TOTAL UNCONFIRMED DEPOSITS BROUGHT FORWARD (LINE 34.0 PREVIOUS MONTH)				2500.00

31.0 DEPOSITS REPORTED PREVIOUS MONTHS (CONFIRMATION COPY IS ENCLOSED HEREWITH)

DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD	DATE CONFIRMED YYMMDD	AMOUNT		
123461	XX0126	XX0225	700.00	(f)	
123462	XX0127	XX0301	800.00	(b)	
123464	XX0131	XX0315	100.00	(f)	
123466	XX0211	XX0320	200.00	(f)	
123467	XX0218	XX0325	300.00	(f)	
31.0 TOTAL OF 31.0 ITEMS					2,100.00
32.0 DEPOSITS REPORTED PREVIOUS MONTHS BUT NOT YET CONFIRMED (30.0 - 31.0)					400.00

DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD	AMOUNT		
123468	XX0225	400.00	(g)	
TOTAL (MUST EQUAL LINE 32.0 ABOVE)		400.00		
33.0 DEPOSITS REPORTED THIS MONTH BUT NOT YET CONFIRMED (LINE 20.2)				0.00
34.0 TOTAL DEPOSITS REPORTED WHICH REMAIN UNCONFIRMED (32.0 - 33.0)				400.00

(Letters in parentheses are keyed to explanations of line entries which follow.)

★Figure 5-9 (Continued). Sample Format for Schedule of Deposit Activity (Closing)

(a)	Routine deposit confirmed during the current month. The deposit was included in line 4.2 of the SF 1219. The confirmed copies of the SFs 215 should be enclosed with this schedule.
(b)	Routine debit voucher. The debit voucher was included in line 4.2 of the SF 1219. The confirmed copy of the SF 5515 should be enclosed.
(c)	Routine deposit--not yet confirmed. The memorandum copy of the SF 215 should be enclosed with this schedule.
(d)	This deposit should have been reported in January and should have been included in the total deposits reported on line 4.2 of the SF 1219 for January. It was not. It is being reported now. The confirmed copy of the SF 215 should be enclosed with this schedule.
(e)	See the description for item (d). The memorandum copy of the SF 215 should be enclosed.
(f)	Routine deposit, confirmed in a month later than the month in which the deposit was presented or mailed. This item had already been reported on line 4.2 of a previous month. The confirmation copy of the SF 215 should be enclosed with this schedule.
(g)	Deposits presented or mailed in a previous month but not yet confirmed. Aggressive followup action should be taken by the disbursing office to obtain confirmation of deposits reported here.
★(h)	A deposit previously reported and still unconfirmed has been determined to be lost. This entry is to remove the lost deposit from the schedule. A corresponding decrease to line 4.2 and increase to line 7.3 of the SF 1219 must be made. An explanatory note should be enclosed with this schedule.
(i)	This is a supplemental SF 215 issued by the bank to acknowledge that the total of the checks included in a particular deposit exceeded the amount shown on the SF 215 under which the checks were deposited. The memorandum copy of the SF 215 should be enclosed with this schedule.
(j)	This is a confirmed foreign currency deposit made in a Treasury General Account (not a limited depositary account). The deposit had been carried on the SF 1219 at the disbursing officer's valuation of those funds, $950. When the funds were accepted by the Federal Reserve Bank, New York, the U.S. dollar proceeds were credited to the symbol in the amount of $900. The difference of $50 was vouchered as a loss by exchange transaction.
(k)	This entry corrects erroneous entry of the deposit number when originally reported. It reverses the original entry and reenters the correct data. There is no impact on the DO's accountability.

★Figure 5-9 (Continued). Schedule of Deposit Activity (Entry Explanations)

SHIPMENT OF FUNDS (Items listed are covered by the Government Losses in Shipment Act)				1. DATE SHIPPED (YYMMDD)	2. SHIPMENT NO (By FY)
				XX0116	3-XX
3. TO (Include Zip Code)	FEDERAL RESERVE BANK OF SAN FRANCISCO P.O. BOX 7742 SAN FRANCISCO, CA 94120		4. FROM (Include Zip Code)	J.A. HANCOCK, LT, SC, USN USS CANBERRA (CG2) FPO AP 96601	
5. PURPOSE OF SHIPMENT		6. SHIPMENT VIA	7. MAIL RECEIPT (If applicable)		8. GBL NO. (If applicable)
Deposit to official U.S. Treasury account DSEN7834 (CIN 00007834-6)		Registered Mail	a. NUMBER P.O. #X-5217 Registry #3678	b. DATE (YYMMDD) XX0116	

9. CURRENCY OR COIN

a. TYPE	b. DENOMINATION	c. QUANTITY	d. MONETARY UNIT TOTAL	e. RATE OF EXCHANGE	f. VALUE IN U.S. DOLLARS
U.S.	1	200	200.00		200.00
U.S.	5	100	500.00		500.00
U.S.	10	500	5,000.00		5,000.00
U.S.	20	400	8,000.00		8,000.00
				g. TOTAL CHECKS/MONEY ORDERS (From Reverse)	250.00
				h. TOTAL SHIPMENT	13,950.00

10. SHIPPER CERTIFICATION. WE HAVE COUNTED, VERIFIED AND SEALED THIS SHIPMENT.

a. DISBURSING OFFICER, DEPUTY OR AGENT (1) Printed Name and Signature	(2) Date Signed (YYMMDD)	b. WITNESS (1) Printed Name and Signature	(2) Date Signed (YYMMDD)
J.A. HANCOCK, LT, SC, USN	XX0116	B.O. GIEGER, ENS, USN	XX0116

11. DELIVERY CERTIFICATION. THIS SHIPMENT WAS RECEIVED FROM SHIPPER AND DELIVERED TO a. ENTER POST OFFICE OR CARRIER

b. DELIVERY DATE (YYMMDD)	c. DELIVERY TIME	d. INDIVIDUAL RECEIVING DELIVERY (1) Printed Name and Signature	(2) Title	(3) Grade/Rank
XX0116	1030	M.S. DENNIS	POSTAL OFFICER	PC1, USN

12. RECIPIENT CERTIFICATION	a. RECIPIENT (1) Printed Name and Signature	(2) Date Signed (YYMMDD)	b. WITNESS (1) Printed Name and Signature	(2) Date Signed (MMYYDD)
I RECEIVED $13,950.00 IN THIS SHIPMENT. (Not applicable when funds are for deposit.)	R.B. COSTER	XX0121	G.R. JAMES	XX0121
(Return signed original to shipper.)	(3) Title CASHIER, FRB, SF	(4) Grade/Rank	(3) Title CASHIER, FRB, SF	(4) Grade/Rank

DD Form 165, JUL 89 Previous editions are obsolete 227188

Figure 5-10. Sample DD Form 165 (Shipment of Funds) (Front)

13 LIST OF CHECKS AND MONEY ORDERS

a. IDENTIFICATION OF INSTRUMENT			b. PAYEE	c. DRAWER	d. AMOUNT
(1) Type	(2) Date (YYMMDD)	(3) Number		(If Treasury check, show symbol no.)	
Treasury check	XX0115	38,456	Joe Loomis	7834	100.00
Treasury check	XX0115	39,520	George P. Mason	7834	150.00
				e. TOTAL	250.00

DD Form 165 Reverse, JUL 89

Figure 5-10. Sample DD Form 165 (Shipment of Funds) (Reverse)

CASH COLLECTION VOUCHER		DISBURSING OFFICE COLLECTION VOUCHER NO.	
		RECEIVING OFFICE COLLECTION VOUCHER NO.	
RECEIVING OFFICE	ACTIVITY *(Name and location) (Include ZIP Code)* HHB (-) 2d Bn 147th FA PO Box 577, Webster, SD 57274		
	RECEIVED AND FORWARDED BY *(Printed name, title and signature)* Lowel M. Howard Major Supply Command		DATE 22 Dec 19XX
DISBURSING OFFICE	ACTIVITY *(Name and location) (Include ZIP Code)* FINANCE AND ACCOUNTING OFFICE, FT CARSON, CO 80913		
	DISBURSING OFFICER *(Printed name, title and signature)* David H. Farrish, LTC, AR/FC	DISBURSING STATION SYMBOL NO. 5002	DATE RECEIVED SUBJECT TO COLLECTION 23 Dec 19XX

PERIOD: FROM TO

DATE RECD	NAME OF REMITTER DESCRIPTION OF REMITTANCE	DETAILED DESCRIPTION OF PURPOSE FOR WHICH COLLECTIONS WERE RECEIVED		AMOUNT	ACCOUNTING CLASSIFICATION
	MEAL	NUMBER	RATE		(INSERT
	BREAKFAST	00			ACCOUNTING
	LUNCH	21	1.50	31.50	CLASSIFICATION
	DINNER	6	1.50	9.00	TO BE CREDITED
	SURCHARGE				IN THIS COLUMN)
	BREAKFAST	00			
	LUNCH	13	.40	5.20	
	DINNER	3	.40	1.20	
	TOTAL AMOUNT REMITTED			46.90	
	CASH MEAL PAYMENT SHEET FOR WHICH MONEY IS BEING MAILED:	SN SHEET NO:			
	LESS FEES FOR CASHIER'S CHECK 123, BANK OF CO			.25	
	I CERTIFY THAT A FEE OF .25 WAS COLLECTED FOR THE PURCHASE OF A CASHIER'S CHECK.	(SIGNATURE)			
TOTAL				46.65	

DD Form 1131, APR 57 REPLACES EDITION OF 1 APR 56 WHICH IS OBSOLETE. Form approved by Comptroller General, U.S. 24 January 1958
126/153

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CHAPTER 6

IRREGULARITIES IN DISBURSING OFFICER ACCOUNTS

0601 IRREGULARITIES

060101. General. Irregularities are categorized as physical losses of funds; illegal, incorrect, or improper payments; or overages of funds. Physical losses of funds are further segregated by major losses and minor losses. A major physical loss of funds is a loss of $750 or more, or any physical loss where there is evidence of fraud within the accountable function, regardless of dollar amount. A minor physical loss of funds is a loss of less than $750 without any evidence of fraud internal to the accountable function. Any person who believes that an individual entrusted with public funds is misusing those funds shall notify the commander having jurisdiction over the alleged offender. Action shall then be taken as prescribed in this chapter.

060102. Responsibilities of the DO. If a DO has knowledge of or reason to believe that a deputy DO, or any other person to whom funds have been entrusted, has lost or misused or may be misusing those funds, the DO shall report such information to the commander exercising immediate jurisdiction over the alleged offender. When a DO discovers an irregularity in the disbursing account, the DO shall immediately verify that all transactions have been properly posted and verify the accuracy of all totals on the DD Form 2657 and/or each deputy's, agent's, or cashier's DD Form 2665 (Daily Agent Accountability Summary) since the date of last balancing. The DO then shall verify by actual count that the total of all cash and documents held as cash by the DO and all deputies, agents, and cashiers is in agreement with the amount shown as on hand on the DD Forms 2657 and 2665. If the irregularity is not resolved within 24 hours of discovery, the DO shall report the irregularity to the commander and request that the commander direct an immediate audit of all disbursing assets by the cash verification team to confirm that an irregularity has occurred. In all cases, the report to the commander shall be in writing. The commander shall be advised immediately of the cash verification team's findings. Failure to report an irregularity to the commander may contribute to an unfavorable decision with regard to relief of the DO should the DO later request relief of liability.

060103. Responsibilities of the Commander. Except as provided in paragraphs 060401 for minor physical losses, 060502 for erroneous payments, and 060603 for overages, the commander shall take action to report irregularities through the chain of command to the servicing DFAS Center upon receipt of information from the DO or other individual that an irregularity has occurred. The report, when required, shall not be classified or made in message form unless unusual circumstances exist.

A. Commander's Report of Irregularity. Information furnished in the report shall include:

1. the specific type of irregularity;

2. all known circumstances (including the date the irregularity occurred or was discovered);

3. the dollar amount of the irregularity;

4. the identity of the accountable individual(s) by name, rank or grade, and accountable position;

5. the type of investigation that has been or will be convened (see section 0607 of this chapter);

6. the estimated completion date of the investigation, if applicable; and,

7. the status of any recovery action in progress or contemplated.

In the case of an irregularity in an imprest fund, the report shall also include the authorized maximum amount of the fund. See figure 6-1 for a summary of actions to be taken when an irregularity caused by a physical loss of funds is discovered. See figure 6-2 for a summary of actions to be taken when an irregularity caused by an illegal, incorrect, or improper payment is discovered.

060104. Reporting Irregularities to the General Accounting Office (GAO). As required by Title 7 of the U.S. General Accounting Office Policy and Procedures Manual (reference (n)) the servicing DFAS Center is responsible for preparing a report to GAO on each irregularity that affects the accounts of disbursing officers. If the irregularity is resolved within two years after the date the accounts are made available to GAO for audit, reporting the irregularity to GAO is not necessary. Reports to GAO required by this paragraph should be addressed to: Assistant Comptroller General, Accounting and Financial Management, ATTENTION: Accounting Systems Audit, U.S. General Accounting Office, 441 G Street, NW, Washington, DC 20548. The report should contain the following information:

A. A detailed statement of facts of the case, including the type of irregularity, date, amount, and names and positions of the accountable individual(s) involved.

B. A reference to pertinent supporting documents, such as pay records, contracts, and vouchers.

C. A description of how the irregularity occurred and how it affected the accountable officer's account.

D. Adequate description of procedural deficiencies, if known, that caused the irregularity and the corrective action taken or to be taken.

E. Information on any recoupment already made or being considered.

0602 ACCOUNTING FOR IRREGULARITIES

060201. General. Specific instructions for recording and clearing irregularities on the SF 1219 are provided in Chapter 19 of this volume. In addition, the DO shall use DD Form 2667 (Subsidiary Accountability Record) to maintain a record of all physical losses and overages of funds discovered in the disbursing officer's account. Separate DD Forms 2667 shall be maintained for physical losses and overages of funds. Physical losses and overages incurred by deputies, agents, cashiers, imprest fund cashiers, and change fund custodians shall be included on the DD Form 2667. The DD Form 2667 maintained for physical losses shall be balanced and reconciled to the DD Form 2657 daily. The DD Forms 2667 shall be kept on file with the DD Form 2657 as a subsidiary record supporting the DD Form 2657. If more than one physical loss or overage occurs during a single business day because more than one deputy, agent, cashier, or change fund custodian is used, each loss or overage shall be accounted for individually as prescribed in this chapter. When a DO is relieved from disbursing duty (with or without a successor), any unresolved irregularity shall be handled as prescribed in Chapter 22 of this volume. Pecuniary liability for an irregularity cannot be transferred to the relieving DO. However, a successor DO may assume responsibility for the value of dishonored personal checks when action to request removal of the irregularity has been taken as required by Chapter 4 of this volume. This assumption of responsibility shall in no way impose any pecuniary responsibility for the irregularity on the successor nor relieve the officer in whose account the irregularity occurred from pecuniary responsibility. Both the former and relieving DOs shall be responsible for taking any necessary actions to resolve the irregularity.

060202. Preparation of DD Form 2667 as a Cumulative Record of Physical Losses. List each physical loss occurring during each day on the DD Form 2667. See figure 6-3 for an example of DD Form 2667 prepared as a cumulative record of physical losses. Complete the form as follows:

A. Item 1: DSSN. Enter the DSSN.

B. Item 2: Purpose of Record. Enter "Cumulative Losses of Funds."

C. Item 3: Name of Disbursing Officer. Enter the DO's name and rank.

D. Item 4: Address. Enter the DO's organization and address.

E. Item 5: Date. For each loss of funds, enter the date the loss was picked up in the DO's accountability.

F. Item 6: Reference or Explanation. For each loss, enter a brief description of the loss together with identification of the person responsible for the loss or overage (if known).

G. Item 7: Increase. For each loss, enter the amount of the loss.

H. Item 8: Decrease. This item is used to record recovery or recoupment of physical losses. It is also used to record relief of liability for the losses, if granted.

I. Item 9: Balance. Enter the cumulative total of the losses shown in the record. This balance must be in agreement with DD Form 2657, line 7.3, Losses of Funds at all times.

0603 MAJOR PHYSICAL LOSSES OF FUNDS

060301. General

★ A. Major Physical Losses. A major physical loss is a loss of $750 or more and includes losses of public funds, records, or papers by fire, flood, earthquake, action by a hostile force, airplane crash, shipwreck, explosion, other losses during shipment not covered by the Government Losses in Shipment Act (see Chapter 5 of this volume), unexplained losses, and other similar occurrences. Losses resulting from wrongful conduct, such as theft, robbery, and burglary, are treated as major physical losses regardless of the amount involved. Additionally, losses resulting from wrongful conduct, such as theft, robbery, burglary, embezzlement, or fraudulent acts of disbursing personnel, acting alone or in collusion with others, are treated as major physical losses regardless of the amount involved. Generally, gains and losses resulting from accommodation exchange transactions are not treated as physical losses or overages of public funds. Refer to Chapter 13 of this volume for procedures to process accommodation transaction gains and losses. Normally, dishonored checks received as an accommodation exchange are treated and processed as accommodation losses per Chapter 4 of this volume. However, if improper disbursing office actions are associated with the dishonored checks (e.g., check cashing for unauthorized personnel), the dishonored checks are treated as illegal, incorrect, or improper payments.

B. Reporting a Major Physical Loss. Immediately upon discovering a major physical loss, the DO shall take the actions prescribed in this chapter to verify all transactions and the accuracy of all totals on the DD Form 2657 and DD Forms 2665 since the last balancing. The DO then shall verify by actual count that the total of all cash and documents held as cash is in agreement with the amounts shown on the DDs 2657 and 2665. If the loss is not resolved within 24 hours of discovery, the DO shall make a written report of the loss to the commander and request the commander to direct an immediate audit of all disbursing assets by the cash verification team.

C. Investigating a Major Physical Loss. Every major physical loss shall be investigated. Normally, the commander shall convene the appropriate type of investigation and appoint the investigating officer(s). In those instances where the commander is not authorized to convene an investigation, the commander shall request an investigation through the chain of command. The officer(s) appointed to conduct the investigation shall make a thorough investigation as prescribed in section 0607 of this chapter.

D. Recording a Major Loss of Funds. All physical losses (whether major or minor) are recorded on the DD Form 2657 by increasing line 7.3 (or 9.3), Loss of Funds, and decreasing the appropriate cash on hand line. For example, if a cash count reveals U.S. currency on hand to be short $100, decrease line 6.2A and increase line 7.3. To record a loss on the DD Form 2657, it may be necessary to prepare a collection voucher to transfer the amount of a fraudulent payment (where the fraud was perpetrated by someone within the disbursing office) back into the appropriation from which the payment was disbursed. This transaction is recorded as an increase to DD Form 2657 line 4.1B, Refunds, and to line 7.3 Loss of Funds. Support the entry on DD Form 2657 by recording the loss on the DD Form 2667 as prescribed in paragraph 060202 above. Use a separate DD Form 2667 to support line 9.3 (predecessor losses) on the DD Form 2657. Do not offset individual losses and overages unless it is obvious they are related and the loss is recorded before the overage is recorded. Continue to show all losses on the DD Form 2657 and the SF 1219 until recovery or recoupment is made, or until relief of liability for the loss is granted.

060302. Major Change Fund Physical Losses. The DO (or authorized agent) advances change funds to a change fund custodian by authority of the commander. After the advance, the change fund custodian is liable for any losses of funds. However, though the funds are no longer under the direct control of the DO (or agent), the DO (or agent) remains accountable for the fund and could be held jointly and severally liable for any loss.

A. Classification of Change Fund Losses. A cash shortage occurring in a change fund usually is considered to be a loss of sales receipts (property) to the extent sales receipts are large enough to absorb the loss. Such a loss is not considered a DO loss of funds. When a change fund is made whole from sales receipts (property), no loss from the change fund is considered to have occurred. If a change fund can only be made partially whole from sales receipts (property), the balance of the shortage is considered to be a loss from the change fund. A loss of all activity funds must be considered a loss of both sales receipts and the change fund. A loss of the change fund alone can occur; however, if an after-hours theft of a change fund occurs (and sales receipts have already been deposited or turned over to the DO or authorized agent). A written justification is required when a cash shortage is reported as a change fund loss rather than a loss of sales receipts. If a loss to the change fund itself has occurred, report and process the loss according to the procedures in this section.

B. Sales Receipt Losses. Generally, a report of survey is initiated for the loss of sales receipts. Specific actions required for sales receipt losses are contained in the regulations governing the sales activity operation.

C. Combined Change Fund and Sales Receipt Losses. If the loss includes all or a portion of the change fund ($750 or more) and sales receipts, the commander shall take the actions specified in paragraph 060103, above, to report the loss and convene or request the appropriate investigation. Information to the effect that investigation will proceed in conjunction with report of survey procedures should be included in the report. The commander shall initiate a report of survey for the loss of sales receipts. The report of survey investigation, plus any other investigations (e.g., FBI), must cover the facts and circumstances surrounding the entire loss (change fund and sales receipts). The report of survey determines liability for the loss of sales receipts only. Since the same set of facts and circumstances relates to both the loss of sales receipts and change funds, no separate investigation is required for the loss of the change fund. The commander shall send a summary report of the above investigation to the servicing DFAS Center. The report shall also include:

1. A certification that the DO (or authorized agent) advanced the change fund per this volume.

2. A statement of whether the safeguarding requirements prescribed in this Volume were met; if not, the reason.

3. A determination by the commander, concerning the change fund, that satisfactory evidence exists to support a recommendation for relief of the DO or any other person involved, or a finding of pecuniary liability against the DO or any other person involved.

4. A copy of the report of survey (and all attachments).

D. Recording a Change Fund Loss. Upon discovery of a physical loss of all or a portion of the change fund, the change fund custodian shall make a return (on paper only) of the amount of the loss using the DD Form 1081. Upon receipt of the DD Form 1081, the DO shall record the loss of the change fund on the DD Form 2667. The DO shall also record the loss on the DD Form 2657 as a decrease to line 6.5, Funds with Agents, and increase line 7.3. This bookkeeping entry does not relieve the change fund custodian of liability for the amount of the loss.

060303. Major Physical Losses by Deputies, Disbursing Agents, Paying Agents, Cashiers, and Collection Agents. Agents are pecuniarily liable for all funds entrusted to them. However, the DO maintains overall responsibility for the funds and may be held jointly and severally liable for any agent losses. Since agent losses are essentially DO losses, the agent shall report losses to his or her principal immediately upon discovery. The agent shall not delegate or reassign this responsibility. Agents operating on another installation shall report losses to the principal DO through his or her immediate commander. A subagent losing funds advanced by another agent shall report losses to the principal DO through his or her immediate commander and the agent who advanced the funds. The agent who advanced the funds shall notify his or her own immediate commander and the principal DO. In all cases, the DO shall notify his or her

own commander of the loss. If the loss is $750 or more, the agent's commander shall take the actions specified in paragraph 060103 above to report the loss and convene or request the appropriate investigation. The agent incurring the loss of funds shall record the loss on the DD Form 2665 and prepare a turn-in to the principal using the DD Form 1081 (which includes the loss of funds) as required by Chapter 19 of this volume. The requirement to make an immediate turn-in to the principal applies in all cases including those instances where the agent has been authorized to make turn-ins on other than a daily basis. Upon receipt of the turn-in, the DO shall record the loss on the DD Form 2667 and decrease the appropriate cash on hand line of the DD Form 2657 and increase line 7.3. This bookkeeping entry does not relieve the agent of liability for the amount of the loss. Investigatory procedures included in this chapter are applicable to agent losses.

060304. Major Physical Losses by Imprest Fund Cashiers. As with other agents of the DO, imprest fund cashiers are pecuniarily liable for the loss of funds entrusted to them. Also, the DO still maintains overall responsibility for the funds and may be held jointly and severally liable for any imprest fund losses. Immediately upon discovery of a loss in an imprest fund, the imprest fund cashier shall report the loss to the DO (or authorized agent) who advanced the funds through the commander who approved establishment of the fund. If the loss is $750 or more, the commander shall take the actions specified in paragraph 060103, above, to report the loss and convene or request the appropriate investigation. Based on the information contained in the imprest fund cashier's report of loss, the commander shall determine if (based on the amount of the loss, volume of imprest fund transactions, and frequency of replenishment) it is necessary for the DO to provide an additional advance in the amount of the loss to restore the imprest fund to its full operational level.

A. If the commander determines the additional advance is necessary, he or she shall notify the DO of the requirement in writing. The notification shall include information as to whether the imprest fund has been (or will be) turned over to the alternate imprest fund cashier pending completion of the required investigation(s) and instructions to provide the additional advance to the primary or the alternate imprest fund cashier, as appropriate. Restoring the imprest fund to its full operational level does not increase the value of the imprest fund. For example, if the amount of the fund is $10,000 and a loss of $1,000 occurs, advancing the $1,000 to restore the fund to its full operational level does not increase the fund to $11,000. The DO shall make the advance under the same guidelines as provided in Chapter 2 of this volume except that the amount of the additional advance shall not be recorded as an increase to DD Form 2657 line 6.5, Funds with Agents. In this case, the DO shall record the loss on the DD Form 2667 and shall record the additional advance on line 7.3, Loss of Funds. As with a routine imprest fund advance, the imprest fund cashier (or alternate) shall provide the DO with a signed DD Form 1081 upon receipt of the additional advance. Restoration of the imprest fund to its full operational level does not relieve the imprest fund cashier of liability for the loss of funds.

B. If the commander determines that it is not necessary to restore the imprest fund to its full operational level, the imprest fund cashier shall prepare a return (on paper only) of the amount of the loss using the DD Form 1081. Upon receipt of the DD Form 1081, the DO

shall record the loss on the DD Form 2667 and decrease DD Form 2657 line 6.5, Funds with Agents, and increase line 7.3, Loss of Funds. In addition, the imprest fund cashier shall account for the loss on the OF 1129 (the first OF 1129 submitted after the loss is discovered and all subsequent OFs 1129 submitted until the loss is recovered, recouped, or relief of liability is granted). On the OF 1129, the loss of funds shall be entered on the line titled "Difference" in the Status of Funds section. A notation similar to the following shall be typed on the face of the OF 1129 to identify the entry: Loss of funds reported (enter date), not restored. These actions do not reduce the authorized operational level of the imprest fund. They are bookkeeping transactions to properly account for and track the loss of funds. When the loss is recovered or recouped, or when relief of liability is granted, the DO shall clear the loss of funds from the DD Form 2667 and the DD Form 2657 line 7.3, Loss of Funds, based on the instructions provided by the servicing DFAS Center and then provide an advance (to restore the funds to its full operational level) to the imprest fund cashier under normal procedures described in chapter 2 of this Volume. The imprest fund cashier shall give the DO a DD Form 1081 upon receipt of the additional advance.

060305. Major Counterfeit Currency Physical Losses. Counterfeit currency or coinage accepted in conjunction with official disbursing office business transactions (as differentiated from accommodation transactions) are processed as physical losses of funds. The DO shall record the loss amount on the DD Form 2667 and DD Form 2657, line 6.2A, U.S. Cash on Hand (or 6.2B, Foreign Cash on Hand) by the amount of the counterfeit currency and increase line 7.3, Loss of Funds. Generally, most counterfeit currency losses will be minor rather than major losses, but major losses are possible. If $750 or more of counterfeit currency is received during a single business day, or evidence of fraud in the disbursing office is associated with the receipt of any amount of counterfeit currency, the loss shall be processed as a major physical loss of funds.

060306. Major Loss of Original Vouchers. The DO is pecuniarily liable for the amount of the payment when a payment voucher becomes lost. However, the original and all copies of the voucher would have to be lost. If the original voucher is lost, and the DO's retained copy (and the retained supporting documents) is available, the copy may be stamped as a certified copy of the original voucher. There are times, however, when only the original voucher may suffice to support a payment. For example, the absence of a signature acknowledging receipt of a cash payment may negate the validity of the certified copy. For example, if a payee denies receipt of a cash payment and there is no original voucher (with the payee's signature) to prove the payment was properly made. The DO will be unable to prove that a proper payment has taken place and may be required to repay the payee. If the net pay amount of the voucher is $750 or more, or if internal disbursing office fraud is associated with the loss of the voucher, process the loss as a major loss of funds and record the loss on the DD Form 2667 and DD Form 2657 as prescribed in paragraph 060301.D, above.

★ 060307. Major Loss of Documentation Supporting SF 1219 Receivables and Deposit Fund Account Balances. A physical loss of funds can occur whenever a DO is unable to collect an SF 1219 receivable because of the loss of documentation supporting the receivable. A

physical loss can also occur if open debit items within deposit fund accounts (e.g., **F3880) cannot be cleared because of the loss of supporting documentation. If the amount of the item (for which supporting documentation has been lost) is $750 or more, or internal disbursing office fraud is associated with the loss of the documentation, process the loss as a major loss of funds.

0604 MINOR PHYSICAL LOSSES OF FUNDS

★ 060401. General. The DO is pecuniarily liable for all minor losses (under $750, with no fraud involved) that occur in the DO's account. However, the DO may request relief of liability for minor losses by submission of a quarterly minor loss report to the servicing DFAS Center. Unless there is an indication that fraud is involved with the loss, it is not necessary for the commander to report a minor loss of funds through the chain of command to the servicing DFAS Center. However, the DO must notify the commander in writing whenever a minor loss of funds occurs. All minor losses over $300 included on the quarterly report must be supported by a separate investigative report prepared by someone outside the disbursing office. Investigative comments associated with minor losses of $300 or less shall be made by the DO and submitted in support of the associated line items on the quarterly report.

060402. Processing the Quarterly Minor Loss Report

A. Documentation of DO Minor Losses. Upon discovery of a physical loss of funds, the DO shall record the loss on the cumulative DD Form 2667 maintained in accordance with paragraph 060202 above and the DD Form 2657 by reducing the applicable cash on hand line and increasing the loss of funds line (7.3 or 9.3, as appropriate). The loss of funds shall also be recorded on a separate DD Form 2667 maintained specifically for minor physical losses of funds. See subparagraph 060402.D, below.

B. Documentation of Agent Minor Losses. Physical losses of funds incurred by deputies, disbursing agents, cashiers, paying agents, collection agents, imprest fund cashiers, or change fund custodians are identified as physical losses within the individual agent's accountability documents. A turn-in of the loss shall be made to the DO (just as if the lost funds were being returned to the DO). The DO shall then reduce the DD Form 2657 line 6.5 for that particular agent and increase line 7.3. The DO shall record the loss on the cumulative DD Form 2667 maintained in accordance with paragraph 060202, above, and also record the loss on the DD Form 2667 being maintained for minor losses of funds in accordance with subparagraph 060402.D, below.

★ C. Investigation of Minor Losses. Written investigatory comments are required for every physical loss of funds regardless of the amount. However, there is a procedural difference in the investigatory requirements for minor losses of $300 or less and for minor losses over $300. If fraud (internal to the accountable function) is discovered in conjunction with any physical loss of funds, the loss shall be processed as a major physical loss of funds.

★ 1. Minor Losses of $300 or Less (No Fraud). For minor losses of $300 or less, the DO shall conduct the investigation and render the written investigatory report. If the loss is attributable to the DO, the investigation shall be conducted by and the written report prepared by the primary deputy DO. Under no circumstances shall the individual incurring the loss prepare his or her own investigatory report. In all cases, the investigatory report shall be signed by the investigating officer and submitted in support of the quarterly minor loss report. The report may be prepared in letter or memorandum format and shall contain the following information and statements:

a. Name, grade, location, and capacity (e.g., deputy, cashier, disbursing agent) of the individual who incurred the loss.

b. Name, grade, and capacity (e.g., disbursing officer, deputy, disbursing agent) of the person who advanced the funds.

c. Amount of the loss.

d. A description of how the loss occurred.

e. A statement whether the loss is a physical loss (as contrasted with a loss from an illegal, improper, or incorrect payment or a loss from an accommodation transaction).

f. A statement whether there is evidence of fraud, intent to defraud, or other misconduct on the part of the accountable individual.

g. A statement whether, considering the circumstances involved, the accountable individual was functioning in a prudent manner and in accordance with applicable regulations and directives.

h. A statement whether the loss occurred while the accountable individual was acting within the individual's line of duty.

i. A statement whether the presumption of negligence is refuted by the specific facts established by the investigation.

j. The following investigating officer's recommendation, as appropriate: "I do/do not recommend relief from pecuniary liability."

k. The signed certification of the disbursing officer: "I have counseled (name of accountable individual) regarding appropriate corrective measures to prevent recurrence of losses of this nature, and I have reviewed the applicable regulatory procedures regarding small losses of funds."

★ 1. The signed statement of the accountable individual(s): "I have reviewed this investigative report and have/have not attached additional documentation or evidence which I consider pertinent to this loss."

★ 2. Minor Losses Over $300 (No Fraud). Someone other than the DO or disbursing office personnel (e.g., a member of the cash verification team) shall be appointed by the commander to conduct the investigation of minor losses over $300. The individual appointed to investigate the loss should have knowledge of disbursing office operations, especially of the required internal controls, pertinent laws, and applicable directives. In all cases, the investigatory report shall be signed by the investigating officer and submitted in support of the quarterly minor loss report. The investigatory report may be prepared in letter or memorandum format and shall contain the following information and statements:

a. Name and location of the DO or other agent where the loss occurred.

b. Name, grade, and capacity (e.g., disbursing officer, deputy, disbursing agent) of the person who advanced the funds.

c. Amount of the loss.

d. Cause of the loss, or whether the cause cannot be explained.

e. Time, date, and place where the loss was discovered.

f. Name, grade, and SSN of the individual directly responsible for custody of the funds at the time of loss.

g. Capacity in which the funds were held (e.g., cashier, change fund custodian, imprest fund cashier).

h. A statement whether the loss occurred in conjunction with valid disbursing operations.

i. Identification of regulatory provisions pertinent to the loss and whether they were complied with.

j. A comment on specific internal controls which might have prevented the loss, and the extent to which they were followed.

k. In general terms, a description of the actions the investigating officer took to be satisfied regarding whether fault was a cause for the loss.

l. A statement as to whether the loss occurred without fault or negligence by the accountable individual.

m. The following investigating officer's recommendation, as appropriate: "I do/do not recommend relief from pecuniary liability."

n. The signed certification of the disbursing officer: "I have counseled (name of accountable individual) regarding appropriate corrective measures to prevent recurrence of losses of this nature, and I have reviewed the applicable regulatory procedures regarding small losses of funds."

★ o. The signed statement of the accountable individual(s): "I have reviewed this investigative report and have/have not attached additional documentation or evidence which I consider pertinent to this case."

D. Preparation of DD Form 2667 as a Quarterly Minor Loss Report. Record all unrecovered minor losses occurring during each calendar quarter on a separate DD Form 2667 from the DD Form 2667 prepared to record and accumulate losses. See figure 6-4. Complete DD Form 2667 for the quarterly minor loss report as follows:

1. Item 1: DSSN. Enter the DSSN.

2. Item 2: Purpose of Record. Enter "Minor Loss of Funds Report" and the calendar quarter (for example, January 1 through March 31, 1993) for which the DD Form 2667 is being prepared.

3. Item 3: Name of Disbursing Officer. Enter the DO's name and rank.

4. Item 4: Address. Enter the DO's organization address.

5. Item 5: Date. For each of the minor losses included, enter the date each loss was picked up in the DO's accountability.

6. Item 6: Reference or Explanation. For each of the minor losses included, enter a brief description of the loss, together with identification of the person responsible for the loss (if known).

7. Item 7: Increase. For each of the minor losses included, enter the amount of the loss.

8. Item 8: Decrease. This item is not used on the quarterly minor loss report.

9. Item 9: Balance. Enter the total of all losses shown in the report.

E. Assembly of the Complete Quarterly Minor Loss Report. The DO shall assemble the report in the following order:

1. A covering transmittal letter similar to the example provided in figure 6-5.

2. The DD Form 2667 itemizing each minor loss included in the report.

3. The written investigatory report for each loss. The investigatory reports should be arranged in the same order as the losses appearing on the DD Form 2667.

F. Submission of the Quarterly Minor Loss Report. Total the minor losses quarterly and when the DO is relieved from disbursing duty. Mail the quarterly report with all required supporting documentation to the servicing DFAS Center not later than the 5th workday following the end of the quarter, or upon the DO's relief from disbursing duty, not later than the 5th workday following the date of relief. When the report is submitted upon a DO's relief from disbursing duty, the transmittal letter must contain the statement, "Submitted due to relief of the DO effective (enter date)." Provide one copy of the report and supporting documents to the commander and retain one copy. Negative minor loss reports are not required.

★ G. Review of Quarterly Minor Loss Report. Upon receipt, the servicing DFAS Center will review the report package for completeness, validity, acceptance, etc. If the investigatory comments are not considered adequate, further information will be requested from the DO. The report package will then be forwarded to the Center's General Counsel for review and recommendation to the Director of the DFAS Center regarding whether relief of liability should be granted. The Director may request additional information, may deny relief, or may grant relief. If the Director grants relief for one or more of the losses included in the quarterly report, the servicing DFAS Center will provide instructions for removal of the loss(es) from the SF 1219 or will forward a check for the amount of relief granted to the DO. If the Director denies relief of liability for one or more of the losses included in the quarterly minor loss report, the DO will be advised of the adverse determination. Within the adverse determination will be a recommendation that one or more accountable individuals involved with the loss be denied relief, if appropriate. Accountable individuals adversely affected by the decision shall be afforded the right to rebuttal. The time period allowed for rebuttal shall not exceed 30 days. Upon return of the report to the reviewing authority, that authority shall reconsider the decision to deny relief and affirm or reverse the previous decision.

060403. Minor Change Fund Physical Losses. Generally, follow the procedures in paragraph 060302, above. If it has been determined that sales receipts (property) aren't sufficient to absorb all or part of the loss, the balance must be treated as a loss of funds. Include these balances on the quarterly minor loss report if they are less than $750 and there is no internal

fraud associated with the loss. Reporting and investigatory requirements prescribed in subparagraph 060402.C, above, also apply if the losses are less than $750 and there is no internal fraud associated with the loss.

060404. Minor Physical Losses by Deputies, Disbursing Agents, Paying Agents, Cashiers, and Collection Agents. Generally, follow the procedures in paragraph 060303, above. Include on the quarterly minor loss report if the losses are less than $750 and there is no internal fraud associated with the loss. Reporting and investigatory requirements prescribed in subparagraph 060402.C, above, also apply if the losses are less than $750 and there is no internal fraud associated with the loss.

060405. Minor Physical Losses by Imprest Fund Cashiers. Generally, follow the procedures in paragraph 060304, above. Include on the quarterly minor loss report if the losses are less than $750 and there is no internal fraud associated with the loss. Reporting and investigatory requirements prescribed in subparagraph 060402.C, above, also apply if the losses are less than $750 and there is no internal fraud associated with the loss.

060406. Minor Counterfeit Currency Physical Losses. Generally, follow the procedures in paragraph 060305, above. Include on the quarterly minor loss report if the losses are less than $750 and there is no internal fraud associated with the loss. Reporting and investigatory requirements prescribed in subparagraph 060402.C, above, also apply if the losses are less than $750 and there is no internal fraud associated with the loss.

060407. Minor Loss of Original Vouchers. Generally, follow the procedures in paragraph 060306, above. Include on the quarterly minor loss report if the losses are less than $750 and there is no internal fraud associated with the loss. Reporting and investigatory requirements prescribed in subparagraph 060402.C, above, also apply if the losses are less than $750 and there is no internal fraud associated with the loss.

060408. Minor Loss of Documentation Supporting SF 1219 Receivables and Deposit Fund Account Balances. Generally, follow the procedures in paragraph 060307, above. Include on the quarterly minor loss report if the losses are less than $750 and there is no internal fraud associated with the loss. Reporting and investigatory requirements prescribed in subparagraph 060402.C, above, also apply if the losses are less than $750 and there is no internal fraud associated with the loss.

0605 ILLEGAL, INCORRECT, OR IMPROPER PAYMENT LOSSES

060501. General. Illegal, incorrect, or improper (erroneous) payment deficiencies may result from overpayment of a payee; two or more payments to a payee for the same entitlement; payment to the wrong payee; U.S. Treasury check issue overdrafts; negotiation of both the original and a substitute U.S. Treasury check; negotiation of both the original and a recertified U.S. Treasury check; any payment based on fraudulent, forged, or altered documents prepared or presented by individuals who do not work in the disbursing office; or payment in

violation of a regulation. Generally, there is no separate SF 1219 recording of erroneous payments similar to the requirements for recording physical losses of funds on lines 7.3 or 9.3 and they are not included on the DD Form 2667. In most cases an erroneous payment is charged to a valid appropriation via the disbursement voucher and the payment has already been made. If an erroneous payment is recouped (or collected from an individual held liable for the payment), the appropriation initially charged is credited for the amount recouped or collected. If no recoupment or collection is made, or if relief of liability is granted, the appropriation charge remains as if it were valid. All replacement check double-payment and check-issue overdraft losses are reported under the erroneous payment category. Normally, dishonored checks received as an accommodation transaction are treated as an accommodation exchange loss as prescribed in Chapter 4 of this volume. However, if improper disbursing office actions (not fraudulent) are associated with the dishonored checks (e.g., cashing for unauthorized personnel), dishonored checks are treated as illegal, incorrect, or improper payments.

★ 060502. Reporting Erroneous Payments. Upon discovery or receipt of notification that an erroneous payment has occurred, the DO shall report the erroneous payment to the Commander as prescribed in paragraph 060102 above. The Commander shall convene or request an investigation into the circumstances surrounding the erroneous payment as prescribed in paragraph 060503 and section 0607, below. A copy of the report to the Commander shall be provided to the appropriate entitlement functional area and the certifying officer. In addition, the DO is responsible for initiating collection action against the recipient of the payment as prescribed in chapters 29 and 30 of this volume and, in the case of commercial payments, Volume 10, chapter 18 of this Regulation. If the erroneous payment is recouped from the recipient, the proceeds shall be credited to the appropriation or fund charged when the payment was made. If the recipient of the erroneous payment does not voluntarily repay the erroneous payment within the time frames prescribed in the above references, the DO shall institute involuntary collection action as prescribed in chapter 30 of this Volume and Volume 10, chapter 18 of this Regulation. The DO, certifying officer, and/or other accountable officials involved in the erroneous payment may submit a request for relief of pecuniary liability for the payment as provided in section 0610, below and chapter 33 of this Volume. In all cases, documentation supporting attempts to recover the erroneous payment from the recipient must be included with any request for relief of liability.

★ 060503. Investigation of Erroneous Payments. A formal investigation of erroneous payments is not mandatory unless fraud (on the part of the payee, disbursing office personnel, certifying officer or accountable official(s)) is suspected in connection with the payment. However, the commander (or convening authority) may determine that a formal investigation is necessary. If so, the convening authority shall appoint the Investigation Board of Officers or Investigating Officer to gather additional information and determine responsibility. If no formal investigation is to be conducted, investigatory comments similar to those required in subparagraph 060402.C, above, for minor physical losses over $300 are required. The memorandum or letter type investigatory report must outline the facts concerning the payment, the reason(s) no formal investigation is considered necessary, whether relief of liability is

recommended for the DO (and/or any other accountable individual(s)), and whether a request for relief is being submitted by the DO and/or other accountable individual(s).

0606 OVERAGES OF PUBLIC FUNDS

★ 060601. Recording Overages of Funds. Unless they obviously relate (and the relationship can be documented), do not offset any overage of funds against a physical loss of funds. An obvious relationship usually can be determined if foreign currency on hand is short and U.S. currency on hand is over by equal U.S.-equivalent amounts (for example, an overage of $431.18 against a loss of $431.18). Do not offset apparently related overages against shortages if the shortage and overage occur on different business days. Generally, an overage of funds shall be collected into the Budget Clearing Account **F3875 pending a determination of where the overage properly belongs. Subsequently, if no proper location for the overage is determined, the overage shall be transferred from **F3875 to the Treasury Department's receipt account, Forfeiture of Unclaimed Money and Property, **R1060. Track overages by recording on a separate DD Form 2667 maintained specifically for overages. Note: Unlike the cumulative DD Form 2667 maintained per paragraph 060202, above, to support specific lines on the DD Form 2657 and SF 1219, the DD Form 2667 for overages is a stand-alone document for tracking overages. Start a new DD Form 2667 for overages at the beginning of each quarter. When proper disposition of the overage is determined, be certain to record the disposition on the DD Form 2667. Forward a copy of the DD Form 2667 under a covering transmittal letter (similar to that shown in figure 6-5) to the servicing DFAS Center not later than the 5th workday following the end of each calendar quarter and upon the DO's relief from disbursing duty, not later than the 5th workday following the date of relief. If the report is being submitted because of relief from disbursing duty, the transmittal letter must contain the statement: "Submitted due to relief of the DO effective (enter date relieved)."

060602. Preparation of DD Form 2667 as a Record of Overages Losses. List each overage occurring during each day on the DD Form 2667. See figure 6-6 for an example of DD Form 2667 prepared as a record of overages. Complete the form as follows:

A. Item 1: DSSN. Enter the DSSN.

B. Item 2: Purpose of Record. Enter "Overage of Funds."

C. Item 3: Name of Disbursing Officer. Enter the DO's name and rank.

D. Item 4: Address. Enter the DO's organization and address.

E. Item 5: Date. For each overage of funds, enter the date the overage was collected into a deposit fund account or miscellaneous receipt account, as appropriate.

★ F. Item 6: Reference or Explanation. For each overage, enter a brief description of the overage together with identification of the person responsible for the overage (if known). When disposition is determined, give a brief description.

G. Item 7: Increase. For each overage, enter the amount of the overage.

H. Item 8: Decrease. This item is not used on the DD Form 2667 maintained for overages.

I. Item 9: Balance. Enter the cumulative total of the overages shown in the record.

060603. Reporting Overages of Funds. The report and investigation requirements of paragraph 060103, above, are not required for overages of funds when there is no indication of fraud or other criminal act.

0607 INVESTIGATION OF IRREGULARITIES

★ 060701. Appointment of Investigating Officer. The appointment of an investigating officer shall be made by the appropriate commander (or in the case of DFAS Centers and OPLOCs, the Center or OPLOC Director) citing this paragraph as authority. In those instances where the commander is not authorized to convene an investigation, the commander shall request an investigation through the chain of command. A thorough investigation shall be made by the investigating officer pursuant to this section. The investigating officer shall not be in the chain of command of the DO, certifying officer or accountable officials involved in the irregularity. Only those individuals who are familiar with investigative techniques and who have a knowledge of the required internal controls, pertinent laws, and directives will normally be appointed as investigating officers. If the appointed officer does not fully meet these requirements, technical guidance should be requested from the activity comptroller or staff judge advocate.

060702. Investigating Officer's Procedures

A. Information to be Developed

1. The investigating officer shall be instructed to develop all factual information in connection with the irregularity so that proper action may be taken by higher authority. This should include information regarding the procedures followed by all individuals involved in the irregularity, as well as safeguards and controls instituted for the entire period in which the irregularity occurred. Investigations of irregularities that involved travelers checks shall include serial numbers and photocopies (front and back) of the travelers checks. Appendix C of this Volume is provided as a guide for investigating officers.

2. If possible, the investigating officer personally shall interview and obtain sworn statements from all persons who may have knowledge of the facts. Verbal

testimony need not be reported verbatim but may be summarized by the investigating officer, sworn to and signed by the individual concerned. When sworn statements cannot be obtained, the investigating officer shall submit a statement giving the substance of the expected testimony and the reason for not obtaining a sworn statement. The investigating officer shall make an effort to resolve or clarify all apparent discrepancies or contradictions disclosed by the statements secured. The investigating officer shall also procure such documents, photographs, and affidavits from persons having knowledge of the facts as will fully show the circumstances surrounding the irregularity in question. Particular use should be made of previous investigations already conducted in the area by the DoD Component's investigative service (e.g., Criminal Investigation Division (CID) or Naval Investigative Service (NIS)), Inspector General (IG), and Federal Bureau of Investigation (FBI) reports. The investigating officer may also use statements made by concerned parties in the previous investigations without the necessity of re-interviewing such persons.

★ 3. DOs, certifying officers and all accountable officials whose possible responsibility for the irregularity becomes an issue, shall be made parties in interest. Whenever it is recommended that an individual be held pecuniarily liable, the person shall be afforded an opportunity to examine all evidence and to present in writing his or her rebuttal regarding the irregularity.

B. Findings. The investigating officer shall make the following findings:

1. Physical Loss

a. That there (was) (was not) a loss to the United States in the amount of (include amount of loss).

b. The loss was not the result of an illegal, incorrect, or improper payment. A finding shall be made as to a deputy, agent, or cashier when either or all have responsibility for the funds involved in the loss.

★ c. The loss was not the result of fault or negligence on the part of the accountable individual (i.e., DO, deputy, agent, or cashier).

d. When the loss occurs in the internal account of a deputy, agent, or cashier, funds of the imprest fund cashier, custodian of change fund, or other individuals who are entrusted with funds, a finding shall be made that the loss in the amount of (include amount of loss) (was) (was not) (proximately caused by the negligence of) (the result of larceny committed by) (insert name of individual).

e. The investigating officer shall make any other findings that are considered necessary and appropriate. It is essential that all the above findings be supported by documentation. After each finding, reference shall be made by tab or page number to the supporting documentation.

f. That the accountable individual (i.e., DO, deputy, agent, or cashier) (was) (was not) carrying out official duties when the loss or deficiency occurred.

2. Illegal, Incorrect, or Improper Payment

a. That there (was) (was not) a loss to the United States in the amount of (include amount of loss).

b. That the loss was due to an illegal, incorrect, or improper payment.

c. That the payment (was) (was not) the result of bad faith or lack of reasonable care on the part of the DO or other accountable individual.

d. That the DO (has) (has not) diligently pursued collection action against the payee, beneficiary, or recipient of the illegal, incorrect, or improper payment.

e. The investigating officer shall make any other findings that are considered necessary and appropriate. It is essential that all of the above findings be supported by documentation. After each finding, reference shall be made by tab or page number to the supporting documentation.

★ f. That the accountable individual (i.e., DO, deputy, agent, cashier, certifying officer, or other accountable official) (was) (was not) carrying out official duties when the loss or deficiency occurred.

C. Recommendations. The investigating officer shall make recommendations for use by the reviewing authorities. These recommendations shall include the following, when appropriate:

★ 1. Whether the DO, deputy, agent, cashier, certifying officer, or other accountable official (should) (should not) be relieved of pecuniary liability for the loss in the amount involved.

2. Whether any other person or persons (should) (should not) be held pecuniarily liable for the loss, in whole or in part.

3. Necessary corrective action that should be taken to effect improvement in procedures or internal controls.

4. Any other recommendations considered necessary and appropriate in view of facts developed during the course of the investigation.

★ D. Adverse Findings. If the investigating officer recommends that the DO, certifying officer, or any other accountable official(s) be held pecuniarily liable for the loss, a copy of the report shall be provided to these individuals for the purpose of filing a written rebuttal if so desired. Refer to section 3307 of this volume for limitations on the pecuniary liability of an accountable official. This rebuttal may be in the form of a brief and/or additional witness statements. The rebuttal shall be in writing and attached as an exhibit to the report. Military counsel, if reasonably available, shall be furnished to those individuals desiring legal advice. A reasonable time not to exceed 30 days shall be allowed for the filing of the rebuttal.

E. Review and Disposition of Report

1. The reviewing authority shall be the commander (i.e., appointing authority). This may be delegated to the deputy commander, chief of staff, or comptroller. The reviewing authority may make such additional findings and recommendations as deemed pertinent to the investigation. In the event the reviewing authority recommends that relief from liability for the loss be denied and the individual has not been given the opportunity to make a rebuttal, the reviewing authority shall set forth the reasons for his or her action. Also the individuals adversely affected by his or her decision shall be afforded the right to rebuttal. The time period allowed for rebuttal shall not exceed 30 days. Upon return of the report to the reviewing authority, he or she shall reconsider his or her actions if a rebuttal has been submitted and then affirm or reverse his or her position.

2. The original and one copy of the report, including complete copies of all testimony and other exhibits, shall be forwarded through the reviewing authority's chain of command to the Director of the servicing DFAS Center, within 90 calendar days after the loss has been discovered. In the case of a loss at a DFAS Center, the report shall be forwarded to DFAS Headquarters, Deputy Director for Finance within 90 calendar days after the loss has been discovered. When there is evidence of fraudulent or wrongful conduct and the matter is under investigation by the military police, DoD Component investigative service, and/or FBI, the report should be held until the investigation is completed. Copies of the investigative reports should be added as exhibits before forwarding the report through the chain of command to the servicing DFAS Center (or DFAS Headquarters, Deputy Director for Finance). If it appears that the statute of limitations (three years) will expire prior to the completion of the DoD Component investigative service or FBI investigation, the report immediately shall be forwarded to the DFAS Center (or DFAS Headquarters, Deputy Director for Finance). In all cases, the 90 calendar day suspense shall be met or an extension requested from the Director of the servicing DFAS Center (or DFAS Headquarters, Deputy Director for Finance, if appropriate).

3. The reviewing authority shall furnish through the chain of command to the servicing DFAS Center (or DFAS Headquarters, Deputy Director for Finance, if appropriate), any information that becomes available after the report of investigation has been forwarded.

★ 4. The Director of the servicing DFAS Center (or DFAS Headquarters, Director for Finance, when appropriate) shall review the report. In all cases, the report shall be forwarded to the appropriate DFAS Office of General Counsel for review and recommendation. If the report lacks sufficient information (e.g., in the event the provisions for the findings and recommendations have not been complied with), it shall be returned for further investigation and fulfillment of the provisions listed above. If the servicing DFAS Center returns the report directly to the individuals for the purpose of review and for the filing of a written rebuttal, the period allowed for response shall not exceed 30 days. If the report is complete, the Director of the servicing DFAS Center (or DFAS Headquarters, Director for Finance for losses at a DFAS Center) shall make a final determination relevant to the question of relief or pecuniary liability of the DO and/or other individuals involved in the loss. If the Director of the servicing DFAS Center (or DFAS Headquarters, Director for Finance) determines that the DO and/or any other individual should be held pecuniarily liable for a loss, it shall also be determined if the right of rebuttal provisions above have been complied with. If not, the report shall either be returned to the reviewing authority or sent directly to the individuals concerned, setting forth the reasons for the adverse determination. If sent to the reviewing authority, the reviewing authority shall then afford the individuals adversely affected with the opportunity to file rebuttals. The time period allowed to file rebuttals shall not exceed 30 days. Upon receipt of the report by the reviewing authority with such additional information as may be submitted, he or she shall return it to the Director of the servicing DFAS Center (or DFAS Headquarters, Director for Finance) with his or her comments.

0608 STATUTE OF LIMITATIONS ON ILLEGAL, INCORRECT, OR IMPROPER PAYMENTS

★ 060801. General. The Comptroller General of the United States is required by 31 U.S.C. 3526 (reference (e)), to settle the accounts of disbursing officials within three years from the date of receipt of substantially complete accounts. As prescribed in Title 7 of the U. S. General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies (reference (n)), the beginning of the three-year statute period is generally considered to be the end of the period covered by the applicable SF 1219. Therefore, except in cases of unresolved Notices of Exception, settlement will occur, by operation of law, three years after the date that the SF 1219 is certified. However, in certain cases as shown in paragraph 060802 below, the three-year period begins after notice of the loss is received by the DoD Component from the Treasury Department. If the loss is due to embezzlement, fraud, or other criminal activity, the three-year period does not begin until the loss has been discovered and reported to the appropriate DoD Component officials. Liability of an accountable individual is extinguished if all required actions are not completed within the prescribed three-year time limit. This includes both raising a charge against the individual as well as granting or denying relief.

060802. Application. The following subparagraphs are examples of illegal, incorrect, or improper payments and when the three-year statute of limitations begins.

A. Overpayments, Payments to the Wrong Payee, and Payments in Violation of a Regulation. Date the SF 1219, which includes the applicable paid vouchers, is certified.

B. Double Payments (Original and Substitute or Original and Recertified Treasury Checks - Both Negotiated). Date on which notice is received from the Treasury Department (SF 5515 or Daily Advice of Status) that the original check has been negotiated. In cases where the Treasury Department has provided credit for an outstanding check and the check is later negotiated, the three-year statute starts on the date of receipt of the chargeback from the Treasury Department.

C. Alteration or Forgery of Treasury Checks. Date on which the SF 5515 or other notice of alteration or forgery is received from the Treasury Department.

D. Check Issue Overdraft. Date on which the FMS Form 5206 is received from the Treasury Department.

E. Payments Resulting from Embezzlement, Fraud, or Other Criminal Activity of the Payee. Date the loss is discovered and reported to the appropriate DoD Component officials.

★ 060803. Extending the Statute of Limitations. If it appears that the three-year statute of limitations will expire before an illegal, incorrect, or improper payment can be submitted for relief, a request to extend the statute of limitations shall be initiated by the DO at least six months prior to the expiration of the three-year time limit. This request shall be addressed to the servicing DFAS Center and routed through the chain of command. The request shall contain the following information:

A. The name and rank or rate of accountable individual(s) involved.

B. An explanation as to why the illegal, incorrect, or improper payment documentation cannot be processed within the three-year statute of limitations.

C. A description of how the illegal, incorrect, or improper payment occurred and, if appropriate, when it was shown in the DO's accounts.

D. A statement regarding the illegal, incorrect, or improper payment to include the voucher or check number, date paid or issued, name of individual(s) involved, amount paid on the voucher or check, and the amount of the improper payment.

0609 RELIEF OF LIABILITY FOR IRREGULARITIES

★ 060901. General. This section amplifies the general information provided in Chapter 1 of this volume. When an accountable individual incurs an irregularity as a result of a physical loss of funds or an illegal, incorrect, or improper payment, that individual may be

granted relief of liability for the irregularity under the provisions of 31 U.S.C. 3527 (reference (e)) or this volume, as applicable.

★ 060902. Physical Loss of Funds. In Comptroller General Decision B-151156 (reference (u)), the Comptroller General of the United States ruled that the term "disbursing official" applies to all personnel in the DoD, whether military or civilian, to whom public funds are entrusted for the purpose of making disbursements. This application includes not only the DO, but also deputy DOs, disbursing agents, cashiers, agent cashiers, collection agents, paying agents, imprest fund cashiers, and change fund custodians. As provided in 31 U.S.C. 3527 (reference (e)), the Comptroller General shall relieve an official of the armed forces of liability for a physical loss of funds, vouchers, or records, or shall authorize reimbursement, from an appropriation or fund available for that purpose, of the amount paid by or on behalf of such official as restitution when:

A. the Secretary of Defense determines that the official was carrying out official duties when the loss occurred;

B. the loss was not the result of an illegal, incorrect, or improper payment; and

C. the loss was not the result of fault or negligence by the official.

The finding of the Secretary of Defense is conclusive on the Comptroller General. In all cases of physical loss by disbursing officials, the Secretary of Defense is the relief authority, regardless of the amount of the loss. The Secretary of Defense has delegated authority to the Director, DFAS to act for the Secretary of Defense to make the required determinations and grant or deny relief on all requests for relief of liability for physical losses submitted under the provisions of this volume. The Director, DFAS has delegated this authority to the Directors of the DFAS Centers unless the disbursing official is physically located at the DFAS Center, in which case the DFAS Deputy Director for Finance shall grant or deny relief.

★ 060903. Illegal, Incorrect, or Improper Payments. As provided in 31 U.S.C. 3527 and 31 U.S.C. 3528 (reference (e)), the Comptroller General shall relieve DOs and certifying officers of the armed forces of liability for deficiencies upon a finding that the following statutory standards are met. The determination of the Secretary of Defense that relief should be granted is binding on the Comptroller General. The Secretary of Defense has delegated authority to the Director, DFAS to make the required determinations and grant or deny relief on all requests for relief of liability for illegal, incorrect, or improper paymets submitted under the provisions of this volume. The Director, DFAS has delegated this authority to the Directors of the DFAS Centers unless the disbursing official is physically located at the DFAS Center, in which case the DFAS Director for Finance shall grant or deny relief.

A. Statutory Standards for a Disbursing Official

1. The payment was not the result of bad faith or lack of reasonable care; and

2. Diligent collection efforts by the disbursing officials and the agency were made.

B. Statutory Standards for a Certifying Official

1. The certification was based on official records and the official did not know, and by reasonable diligence and inquiry could not have discovered, the correct information ; or

2. That the obligation was incurred in good faith;

3. That no law specifically prohibited the payment; and

4. That the U.S. Government received value for payment.

5. Diligent collection efforts were made to recover the payment.

C. Standards for Accountable Officials. Accountable officials appointed under the provisions of section 3305 of this Volume are responsible for providing accurate information, data or service to a certifying officer to support payment certifications. These officials shall be pecuniarily liable for erroneous payments that result from information, data or service negligently provided to a certifying officer. Refer to section 3307 of this volume for limitations on the pecuniary liability of an accountable official.

0610 REQUESTS FOR RELIEF

★ 061001. General. Except as provided elsewhere in this chapter for minor losses, requests for relief of liability normally will be made by the accountable individual and shall comply with the requirements prescribed in this section and section 3309 of this volume. When the accountable individual is an agent of the DO (i.e., the deputy DO, disbursing agent, cashier, imprest fund cashier, or authorized custodian), that individual shall submit the request for relief through the DO responsible for the account. In addition, the officer designated to settle the accounts of a former DO may be required to request relief of liability on behalf of a former DO. When the accountable individual is an accountable official as defined in chapter 33 of this volume, that individual shall submit the request for relief through the applicable certifying officer. Generally, the accountable individual should submit the request for relief within 30 days after all required investigative and/or, when appropriate, the DO's required collection efforts have been completed and the loss has been referred to the servicing DFAS Center for further collection action. A copy of the investigating officer's report shall be included as an attachment to the request for relief.

★ 061002. Format. Requests for relief of liability shall be in the form of a memorandum from the accountable individual. The memorandum requesting relief shall be addressed to the servicing DFAS Center through the applicable DO or certifying officer and the requestor's chain of command. The memorandum and all forwarding endorsements thereto shall provide the DFAS Center with a complete report of the circumstances resulting in the deficiency and a reference to the findings of any fact finding body, report of investigation, or other proceeding.

★ 061003. Specific Information Required. Specific information is necessary to provide a complete report of the circumstances resulting in the irregularity. When an irregularity occurs, there is a presumption of fault or negligence on the part of the DO and/or certifying officer. It is the responsibility of the individual(s) requesting relief to dispel any doubt that the irregularity was not due to any fault or negligence on their part. A presumption of negligence does not apply to accountable officials appointed under the provisions of chapter 33 of this volume. When not supplied in the findings of any court of inquiry, board of investigation, court-martial, or other proceedings (including endorsements thereto), the following information shall be supplied and considered in the request for relief and/or the forwarding endorsements, as appropriate. Failure to provide all the information required could contribute to an unfavorable consideration of a request for relief.

A. The specific duty assignment of the accountable individual when the irregularity occurred.

B. A statement showing when, how, and by whom the irregularity was discovered.

C. A description of the actions taken to verify the irregularity and establish how the irregularity occurred.

D. A statement of when the last cash count and balancing was effected prior to discovery of the irregularity.

E. The prevailing circumstances when the irregularity occurred, e.g., volume of money handled, volume of transactions, number of personnel handled, complexity of transactions, actual operating conditions, and whether a shortage of disbursing personnel existed.

F. A copy of the appropriate standard operating procedures in effect at the time the irregularity occurred. If no written procedures are available, a statement shall be provided setting forth the known and utilized procedures at the time the irregularity occurred.

G. A statement indicating whether pertinent regulations and instructions were followed or, if not followed, an explanation and justification for any omissions and deviations.

H. A statement of past involvement, if any, by the individual requesting relief in any prior irregularities.

I. A statement indicating whether theft or other criminal act may have been involved.

J. A description of the manner in which the irregularity is being carried in the DO's account and the identity of the DO.

★ 061004. Forwarding Endorsements. Each addressee in the requestor's chain of command (including the DO and certifying officer (see paragraph 061002, above)) shall provide a forwarding endorsement and shall include a specific opinion as to whether the irregularity occurred while the accountable individual was in the line of duty and without fault or negligence. A specific recommendation as to whether relief should be granted shall also be included as a part of the forwarding endorsement.

061005. Review of Request for Relief. Upon receipt, the servicing DFAS Center or DFAS Headquarters, Deputy Director for Finance as appropriate, shall review the request for relief as well as all endorsements and the report of investigation for completeness, validity, acceptance, etc. If the request (or endorsements) are not considered adequate, further information will be requested. Relief of liability shall not be granted or denied without review and coordination of the Office of General Counsel at the servicing DFAS Center or Headquarters, as applicable.

061006. Relief Granted. If relief is granted, the servicing DFAS Center will provide a memorandum of instruction for removal of the deficiency.

061007. Funding for Removal of Irregularities.

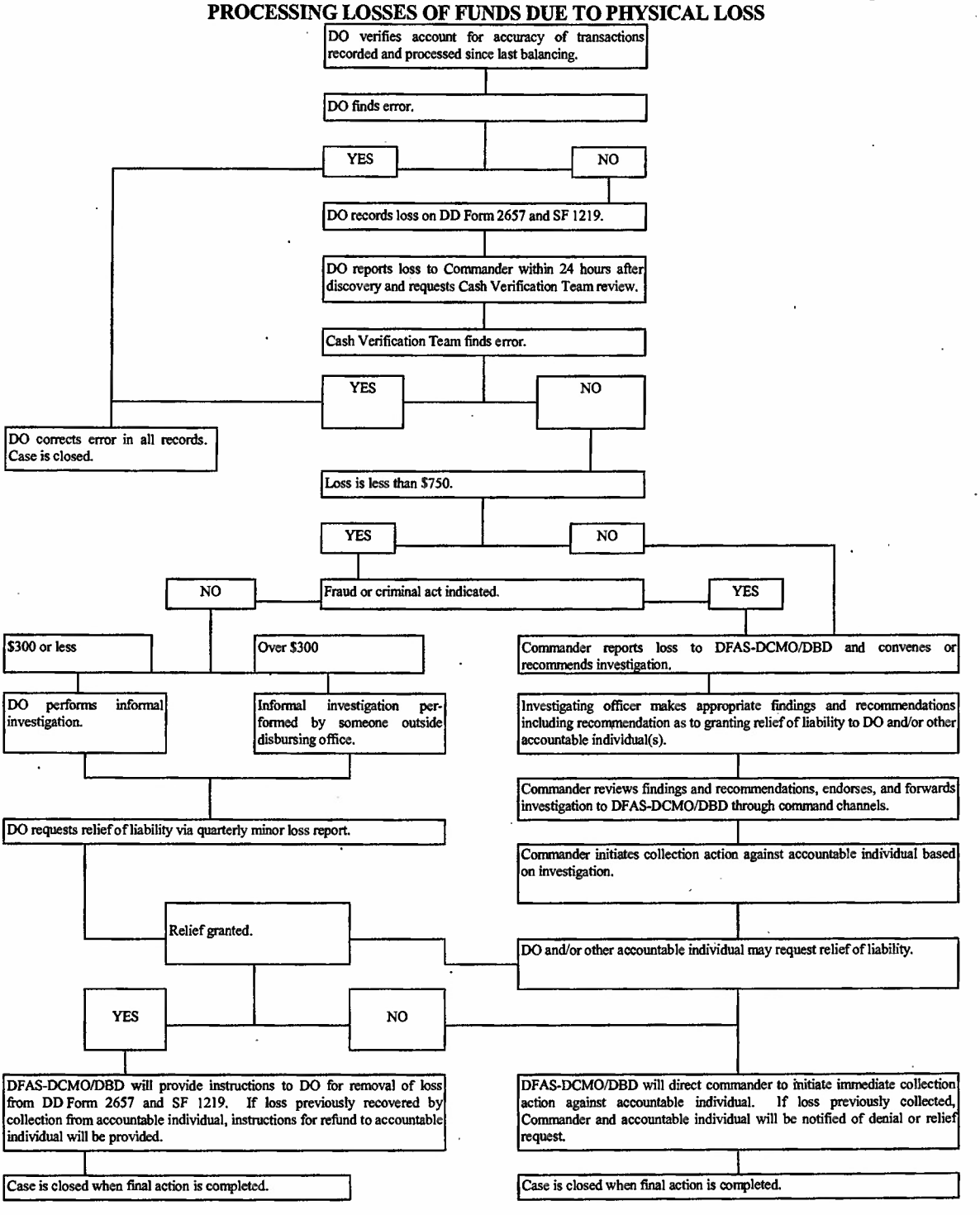
A. General. In all cases, the ideal method for resolving an irregularity is recovery from the beneficiary of the irregularity (i.e., recovery of missing cash from the finder or recoupment from the payee in cases of overpayment, double payments, etc.), or in cases where the accountable individual is denied relief of liability, collection from the accountable individual. Prior to establishment of DFAS, each DoD Component with disbursing authority maintained appropriated funds to resolve irregularities. Since establishment of DFAS, some disbursing offices have been capitalized by DFAS and some are under DoD Component authority. In addition, under capitalization, military members and civilian employees of the serviced DoD Components have been or will be appointed to some of the accountable positions at capitalized DFAS disbursing offices. The following subparagraphs establish the funding responsibilities when relief of liability is granted and where the ideal method of recovery is otherwise not possible.

B. Physical Loss of Funds. Physical losses of funds are carried on line 7.3 of the DO's SF 1219. When the losses cannot be recovered (including those instances where relief

of liability has been denied and recoupment cannot be made from the accountable individual) or relief of liability is granted to the accountable individual, appropriated funds must be made available to remove the deficiency from the DO's SF 1219. If the accountable individual (the individual responsible for the loss of funds) was a DFAS employee or a military member assigned to DFAS when the loss occurred, DFAS is responsible for providing the appropriation and funding necessary to resolve the irregularity. If the accountable individual was a member or employee of another DoD Component when the loss occurred, that DoD Component is responsible for providing the appropriation and funding necessary to resolve the irregularity.

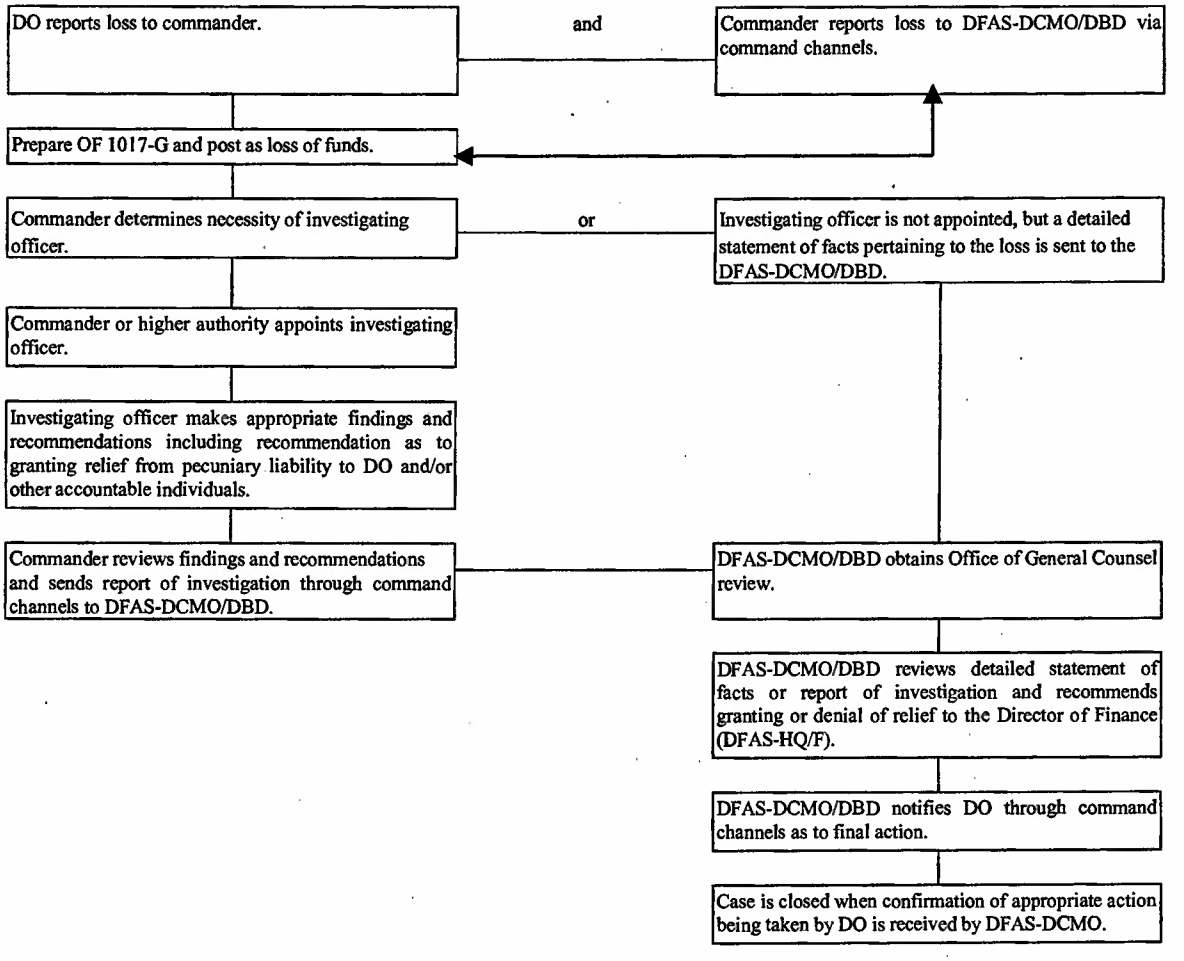
★ C. Illegal, Incorrect, or Improper Payments. As a general rule, losses due to illegal, incorrect, or improper payments are not carried on the DO's SF 1219 as a loss of funds since an appropriation was charged when the payment in question was made. However, there are exceptions to this general rule. For example, an exception occurs when the Treasury Department issues check issue overdrafts against a DSSN. If the illegal, incorrect, or improper payment is not or cannot be recovered from the recipient, the DO, certifying officer and/or accountable official(s) responsible for the irregularity must repay the irregularity or request relief of liability. If relief of liability is denied, the loss must be collected from the DO, certifying officer and/or accountable officials involved and the proceeds credited to the appropriation originally charged for the payment. If relief of liability is granted; the loss cannot be recovered from the recipient; and, in some cases, the liability of the accountable individual is extinguished by operation of the three-year statute of limitations; the amount of the illegal, incorrect or improper payment normally remains charged to the appropriation charged when the payment was made. However, if adjustment to the appropriation account to which the payment was charged is determined necessary as provided in Title 7 of the U.S. General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies (reference (n)), the amount of the illegal, incorrect or improper payment shall be charged as provided in subsection (d)(1) of 31 U.S.C. 3527 (reference (e)).

061008. Relief Denied. If relief is denied, the commander will be directed to take immediate collection action against the accountable individual. Procedures for effecting collection of irregularities are prescribed in Part II of this volume. Procedures for processing and accounting for collections of irregularities are prescribed in Chapter 19 of this volume.



★Figure 6-1. Summary of Actions on Physical Loss of Funds

PROCESSING LOSSES OF FUNDS DUE TO ILLEGAL, INCORRECT, OR IMPROPER PAYMENTS



★Figure 6-2. Summary of Actions on Loss by Illegal, Incorrect, or Improper Payment

SUBSIDIARY ACCOUNTABILITY RECORD

1. DSSN	2. PURPOSE OF RECORD
5995	Cumulative Losses of Funds

3. NAME OF OFFICER	4. ADDRESS
James Harris, Capt, USAF	PACAF, APO AP 96307

5. DATE	6. REFERENCE OR EXPLANATION	7. INCREASE	8. DECREASE	9. BALANCE
6/6/XX	Evan Thomas, 1st Lt, USAF, Dep DO	1,375.00		1,375.00
6/12/XX	Ralph Brown, Cashier (Fraud)	210.00		1,585.00
7/1/XX	Ralph Brown, Cashier (Fraud) Recouped		210.00	1,375.00

DD Form 2667, AUG 93

Figure 6-3. Sample DD Form 2667, Subsidiary Accountability Record (Cumulative Loss of Funds)

SUBSIDIARY ACCOUNTABILITY RECORD				
1. DSSN 5040	2. PURPOSE OF RECORD Minor Loss of Funds Report, 1 Oct - 31 Dec 19XX			
3. NAME OF OFFICER Kevin Brown, Capt, USAF		4. ADDRESS 3415 CPTS/ACF, Lowry AFB, CO 80279-5260		
5. DATE	6. REFERENCE OR EXPLANATION	7. INCREASE	8. DECREASE	9. BALANCE
10/3/XX	SSgt John Overly (Cashier Loss)	12.00		12.00
10/14/XX	MSgt Ted Jones (Disb. Agent Loss)	23.70		35.70
10/20/XX	Harry Smith (Cashier Loss)	1.00		36.70
10/30/XX	SSgt John Overly (Cashier Loss)	.37		37.07
11/4/XX	R. Sharp (Paying Agent Loss)	100.00		137.07
11/9/XX	John Davis (Cashier Loss)	1.35		138.42
11/15/XX	Dee Jones (Cashier Loss)	40.00		178.42
11/18/XX	Bob Thompson (Cashier Loss)	23.00		251.42

DD Form 2667, AUG 93

★Figure 6-4. Sample DD Form 2667, Subsidiary Accountability Record (Quarterly Minor Loss Report)

USE APPROPRIATE LETTERHEAD

REPLY
TO ACF
ATTN OF

January 3, 19XX

SUBJECT Minor Loss of Funds Report, October 1 - December 31, 19XX

DFAS-DE
TO Denver, CO 80279-5000

1. Attached is a DD Form 2667 detailing minor losses of funds for the quarter ended December 31, 19XX is submitted per DoD Financial Management Regulation, Volume 5, paragraph 060402.F. Investigation of the losses associated with this report disclosed evidence that there has been no fraud, intent to defraud, or other misconduct on the part of myself or other accountable individuals within this organization.

2. As evidenced by the attached investigatory reports, all losses associated with this report are considered to be within the accountable individual's line of duty.

3. Please direct questions, comments, or further discussion of the attached report to Mr. J. Johnson, Deputy, DSN 965-2138.

KEVIN BROWN, Capt, USAF
Disbursing Officer

1 Atch
DD Form 2667 w/atch

cc: HQ TAC/ACF

(NOTE: If this is an out-of-cycle submission,
add the following paragraph to the above:
"This report is submitted due to relief of
the DO on __(enter date of relief)__.")

Figure 6-5. Sample Transmittal Letter for Quarterly Minor Loss Report

SUBSIDIARY ACCOUNTABILITY RECORD

1. DSSN	2. PURPOSE OF RECORD
5995	Overage of Funds

3. NAME OF OFFICER	4. ADDRESS
James Harris, Capt, USAF	PACAF, APO AP 96307

5. DATE	6. REFERENCE OR EXPLANATION	7. INCREASE	8. DECREASE	9. BALANCE
4/5/XX		5.00		5.00
5/14/XX		.97		5.97
6/18/XX		7.43		13.40
6/28/XX		.45		13.85

DD Form 2667, AUG 93

Figure 6-6. Sample DD Form 2667, Subsidiary Accountability Record (Overage of Funds Record)

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Figure 7-1. Sample of 1017-G, Journal Voucher

CHAPTER 7
U.S. TREASURY CHECKS

0701 GENERAL

070101. Authorized Purposes. Disbursing Officers (DOs) shall issue Treasury checks only in accordance with applicable laws and regulations for the following purposes: military pay and allowances; civilian payrolls; public vouchers for purchases and services; travel claims; authorized advances to travelers and agents; deposits to the credit of the U.S. Treasury; and exchanges for cash. The drawing of any check to an individual payee for the purpose of making payments to nongovernmental agencies (such as the American Red Cross) is prohibited.

070102. Negotiability. All U.S. Treasury checks are payable up to 1 year from the date of issue. This limited payability became effective October 1, 1989; checks issued prior to October 1, 1989, became void as of October 1, 1990. Checks presented for payment that are not negotiable due to the above criteria shall be verified for validity and replaced, if appropriate, as prescribed in Chapter 8 of this volume.

070103. Check Types

A. Regular Issue Checks. Regular issue checks are standard checks with preprinted check symbol, serial numbers and magnetic ink character recognition (MICR) encoding. Standard checks are the only instruments which DOs are authorized to draw on the account of the Treasury Department.

B. Test Grid Checks. Test grid checks provide the format of the check by grid lines for use in testing or aligning automated check writing equipment. They are white with a nonreproducible blue test grid (eight vertical lines per inch and ten horizontal character positions per inch). Test grid checks are printed for government-wide use. Date and dollar boxes are to be ignored since these boxes are not preprinted on checks. Test grid checks are not for issuance.

C. Unnumbered Checks. Unnumbered checks are regular issue checks without preprinted check symbol, serial numbers and MICR encoding. These checks are for use only by Defense Finance and Accounting System (DFAS) Centers. Unnumbered checks are controlled by a preprinted Inventory Control Number (ICN). Special check-writing equipment is required to issue unnumbered checks.

D. Specimen Checks. Specimen checks are identical to unnumbered checks except that each specimen check is overprinted with the words "SPECIMEN CHECK - NONNEGOTIABLE" in the signature space. Specimen checks should be safeguarded the same as blank checks although they have "SPECIMEN - NONNEGOTIABLE" preprinted across them. A blank check marked "Void - Not Negotiable, No Check Issued Under this Number" should be used, if available, in the absence of a specimen check; otherwise, a piece of paper or card of check size (7 3/8 inches in length and 3 1/4 inches in width) may be used instead.

★ E. Check Serial Numbers. When all serial numbers of a symbol have been used, the Department of the Treasury, Financial Management Service (FMS), will assign a new checking account symbol for the next supply of checks, if necessary. Accordingly, as serial numbers of checks issued approach 99,999,999, the disbursing officer should notify the FMS Check Reconciliation Branch, through the Director, Disbursing and Cash Management Office (DCMO) (Code DBC), so that action can be taken to assign a new checking account symbol before the next supply of blank checks is ordered. The DCMO address is: Defense Finance and Accounting Service, Disbursing and Cash Management Office (Code DBC), 1500 E. 95th Street, Kansas City, MO 64197-0030. When ordering the new check supply, the DO should allow additional time for the proof to be changed (in addition to the time normally required to print and deliver the checks).

F. Check Numbers. The initial order for serially numbered checks shall specify that the numbers begin with 00,001,000. Depending on the quantity of checks ordered, the serial numbers shall end in "999," as appropriate. Subsequent orders shall specify serial numbers that follow exactly in sequence as those on preceding orders.

070104. Check Features

A. General. Disbursing activities are authorized to issue only multihued, standard size checks against the account of the Treasury Department. A standard size check measures 7 3/8 inches in length and 3 1/4 inches in width.

B. Preencoded Magnetic Ink Characters. Certain information is encoded in MICR format along the lower edge of regular issues. The MICR area extends across the width of the check from positions 14 to 54 and from the bottom edge of the check up 5/8 inch. The MICR line will consist of a 9 digit check serial number in positions 23 through 31, a 9 digit transit number in positions 34 through 42, a 5 digit check symbol number in positions 49 through 53, and the appropriate MICR symbols denoting preprinted symbol and serial numbers.

070105. Check Dating and Handling

A. Drawing the Check. All checks drawn on the Treasury Department shall be inscribed to the payee by name, or to a financial institution for credit to the account of the named payee, except when the check is drawn as an exchange-for-cash. The rules governing exchange-for-cash checks are in section 0705 of this chapter. Under no circumstances will a check be made payable to "cash."

B. Dating and Mailing of Checks. DOs shall not issue checks in payment of salaries prior to the completion of the service for which the payment is being made or prior to the scheduled payday, unless authorized (e.g., advance pay). A Department of Defense (DoD) Component is authorized, however, to have a policy of mailing checks to payees prior to a military or civilian payday to ensure that the payment is available when due. If it is necessary to mail the check prior to payday, the check shall not be dated prior to the date of the scheduled payday. In the event that this method of pay delivery is used, the agencies being serviced shall have internal controls that alert the DO when a payee becomes ineligible for scheduled pay (due

to, for example, unauthorized absence or separation) and ensure that pay intercept procedures can be initiated.

C. Legal Representatives

1. Legal Representative of Estate of Decedent. A check may be drawn payable to the order of a legal representative of the estate of a deceased person. The payee on the check shall be named as follows: "John K. Smith, Executor (Administrator, etc.) of the estate of James R. Jones." Under no circumstance shall checks be made payable to "the estate of" a decedent or to a deceased person.

2. Committee or Guardian. A check may be drawn and made payable to the order of a legally appointed committee, guardian, or other legal representative of a mentally incompetent payee when specifically authorized as prescribed in Volumes 7 and 8 of this Regulation.

3. Power of Attorney. The payee of a check may authorize another person to pick up the check by execution of a specific power of attorney that clearly states the holder is entitled to pick up U.S. Treasury checks on the payee's behalf. The person picking up the check shall sign his or her own name on the voucher next to the words, "Attorney-in-Fact," followed by the name of the person granting the power of attorney. A copy of the power of attorney shall be retained by the DO. The DO shall verify the identity of the holder. Payments made to the holder of a power of attorney that require "secret" or "confidential identity" shall be processed using a cover voucher inserted instead of the original. The original voucher with a copy of the power of attorney shall be transmitted to the supporting DFAS Center for proper handling and storage.

070106. Signing Blank Checks. The signing of blank checks is prohibited.

070107. Security and Storage. Blank Treasury checks shall be stored in a secure container following the specifications in Chapter 3 of this volume. The checks shall be kept under lock and key or in the safe of the DO or deputy. The DO shall ensure that the conditions of storage prevent any deterioration of the surface tint and design of the check, which is sensitive to moisture, light, and heat. The DO shall accept checks which bear printing of a satisfactory color and strength and, if subsequent deterioration occurs, a replacement supply shall be obtained. Check stock may be stored in safes or vaults to which both the DO and the primary deputy have access. Only one individual, however, should be given primary responsibility for maintaining the check stock and related control records. Access by others should be limited to those occasions when the principal custodian is absent. Check stock shall be maintained under the control of the DO. In cases of joint custody, the DO shall ensure that no break in accountability occurs. The DO or deputy shall be accountable for the check stock at all times. This provision is intended only to provide for access to the check stock during periods of brief or unexpected absence of the single individual (either the DO or a deputy) who exercises normal day-to-day responsibility for the check stock.

070108. Blank Check Control Log. Each DO shall maintain a blank check control log for each series of checks used. This log shall be used to maintain a perpetual inventory of checks on hand as well as controlling the release of checks to the check and bond issuing section. At a minimum, the blank check control log shall contain the following data elements: date; beginning check number; ending check number; balance of checks on hand; initials of the persons advancing or receiving checks; and initials of persons receiving or returning checks. (NOTE: Troy checks use ICNs rather than check numbers. The DO or designee shall examine the blank check control log daily to ensure that all checks drawn and checks returned unused are accounted for and that no checks have been removed without authority.

070109. Blank Check Issue and Audit. Blank checks shall be issued from the check stock in blocks of appropriate size by serial numbers. The DO shall use a blank check control log as prescribed in paragraph 070108, above, to release blank checks to check-writers and to monitor return of blank, voided, or spoiled checks to the vault. The control log also shall be used to control issuance and return of checks between the DO and sites external to the disbursing office where the checks are prepared. In this case, a receipt shall be obtained for the checks issued, and the person(s) in charge of the working stock shall keep a record of checks issued daily to each clerk for preparation and shall examine daily the record of checks drawn and checks returned unused by the clerks to determine that all checks are accounted for and that no checks have been removed without authority. At least once every 60 days, the DO or designee shall take inventory of the check stock. Any open container shall be inventoried by individual count of the checks contained therein. All damaged cartons, or those bearing evidence of having been tampered with, shall be opened and the checks contained therein individually shall be counted. A record of the inventory and total checks on hand shall be retained in the disbursing office and given to the cash verification team for attachment to the quarterly cash verification report.

★ 070110. Lost or Stolen Blank Checks. When blank checks are lost or stolen, the DO immediately shall notify the commander, the nearest office of the U.S. Secret Service (by message or telephone), as well as the Treasury Department. The notice shall be confirmed by letter to the Department of the Treasury, Financial Management Service, Check Reconciliation Branch, PGC-2, Room 500E, 3700 East-West Highway, Hyattsville, MD 20782, with copies to: the U.S. Secret Service; the appropriate DoD Component investigative service; the DCMO (Code DBC); and local banks (if appropriate). For information, the FMS telephone number is (202) 874-8170. The notice may be transmitted to the Treasury Department by electronic means (FAX) to telephone (202) 874-8536 or the most rapid means of communication available and shall include the following information: the Disbursing Station Symbol Number (DSSN); the serial numbers of the checks involved; a statement giving complete information concerning the circumstances of the loss or theft; and the date the loss was referred to the Secret Service for investigation. NOTE: If the loss involves a range of consecutive serially numbered checks, only the beginning and ending serial numbers of the range is required. Only after the report advising of the loss is sent will the check serial numbers be reported to the Treasury Department as check issues. Checks that are discovered to be missing, lost, or stolen prior to issuance (including any items missing from blank check shipments received from the contractor), should be treated as voids in accordance with I TFM 4-6045.30 and reported on magnetic tape or hard copy to the

FMS Check Claims Branch.

070111. Reporting Check Issues. All check issues, including lost or stolen checks, shall be reported to the Treasury Department. Detailed check issue reporting procedures are contained in Chapter 9 of this volume. For each lost or stolen blank check, the check issue detail data shall show the amount as "0" (zero) dollars. If any of the checks later are negotiated, the Treasury Department will issue an FMS Form 5206 (Advice of Check Issue Discrepancy) to the DO. Where the lost checks have been reported by the DO (by both message/phone and memorandum) as required, receipt of the FMS Form 5206 is not recorded on the Standard Form (SF) 1179 (Month End Check Issue Summary) or the SF 1219. To clear the item, the erroneous FMS Form 5206 shall be returned to the Treasury Department with a copy of the memorandum reporting the lost or stolen checks. The DO immediately shall respond to every FMS Form 5206, either by return to the Treasury Department with an explanation or by entry on the SF 1179 and SF 1219, as prescribed in section 0706 of this chapter.

070112. Evidence of Payment. The issuance and mailing of a check to a creditor of the U.S. does not, of itself, constitute payment of a debt. A debt is not discharged until a creditor has received the amount of the debt in money or its equivalent in law. An acknowledgement of receipt of the check is also not evidence of payment. The endorsement of the payee is evidence provided that the check was negotiated. The endorsed check is the receipt to the government.

0702 PROCUREMENT OF TREASURY CHECKS

★ 070201. General. All orders for U.S. Treasury checks shall be made using Government Printing Office (GPO) Form 2431 (Print Order-Department of the Treasury Checks and Proofs) (9-part carbon) (R 1-96). No other purchasing documents are required or authorized. Disbursing offices should order a supply of checks to last 1 year, unless there is a good reason to request a supply for a longer or shorter period. Any such reason should be explained on GPO Form 2431 under "Remarks." The minimum amount of any assembly should be 1,000 checks. Larger quantities should be in even multiples of the quantities shown on the GPO Form 2431. The order and shipping time for the checks is 90 days. DOs should maintain a 6-month safety supply level of checks on hand. Therefore, reorder levels should be set for when the check stock falls to the 9-month supply-on-hand level. All check orders shall be prepared and forwarded to the following address using the detailed guidance provided by that office.

Defense Finance and Accounting Service
Disbursing and Cash Management Office (Code DBC)
1500 E. 95th Street
Kansas City, MO 64197-0030

Messages may be sent via e-mail to: DFAS-DCMO@DFAS.MIL or by cable to the DFAS CENTER KANSAS CITY MO//DCMO//

The DO at a newly established DSSN should submit the check order at least 4 months prior to the planned commencement of disbursing operations. Cancellation of check orders shall be

requested by telephone or message through the DCMO (Code DBC). The GPO will charge a fee of $10 for each order canceled. In addition to the GPO cancellation fee, a separate fee will be charged by the contractor if an order is canceled after check production operations have begun.

★ A. Designation of Officials Authorized to Sign Check Requisitions. The DCMO (Code DBC) is the sole check-ordering agency for all DoD activities. One primary and one alternate official will be designated as having authority to sign check purchase orders. Designations for this purpose are accomplished by completion and submission of an FMS Form 1186 (Signature File--U.S. Treasury Check Orders) to the FMS Check Reconciliation Branch. These forms may be obtained by contacting the Check Reconciliation Branch. The FMS Form 1186 is used to verify the signature on check purchase orders to ensure that only authorized officials requisition checks.

B. Blank Check Assemblies

1. Assembly A. Single check style.

2. Assembly B. Single check and two prenumbered tissue copies assembled in snap-out style interleaved with one-time carbons and 1/2 inch binding stub on the right end of the check.

3. Assembly C. Single check with one prenumbered tissue copy assembled in snap-out style interleaved with a one-time carbon and a 1/2 inch binding stub on the right end of the check.

4. Assembly D. Continuous form single checks, 8 1/2 inches wide (including a 9/16 inch perforated margin on each side for pinfeed or overplaten feed devices).

5. Assembly E. Continuous form checks with right stub (4000 checks and 4000 stubs per carton), 15 7/8 inches wide (including a check-sized stub on the right side and a 9/16 inch perforated margin on each side for pinfeed or overplaten feed devices). The stub may be preprinted with the check serial number and other information desired by disbursing offices.

6. Assembly ER. Continuous form checks with right stub (40,000 checks and 40,000 stubs on a roll), 15 7/8 inches wide (including a 9/16 inch margin on each side for pinfeed or overplated feed devices). Checks do not have any preprinted symbol or serial numbers. A consecutive Inventory Control Number (ICN) is printed at the top of the check.

7. Assembly F. Continuous form of two checks in tandem in fanfold (8000 checks per carton), 15 7/8 inches wide (including a 9/16 inch perforated margin on each side for pinfeed or overplaten feed devices). Checks with preprinted symbol and serial numbers are numbered with even numbers on the left and odd on the right.

8. Assembly G. Continuous form checks with a check-sized stub on top, 8 1/2 inches wide (including a 9/16 inch perforated margin on each side for pinfeed or overplated feed devices). The stub may be preprinted with the check serial number and other

information desired by disbursing offices.

9. Assembly H. Continuous form of two checks in tandem (80,000 checks on a roll), 15 7/8 inches wide (including a 9/16 inch margin on each side for pinfeed or overplated feed devices). Checks do not have any preprinted symbol or serial numbers. A consecutive Inventory Control Number (ICN) is printed at the top of the check. Checks ordered without prenumbered symbols and serial numbers have a consecutive inventory control number printed at the top.

10. Assembly I. Continuous form checks with stub, 15 7/8 inches wide (including a check-sized stub on the left side and a 9/16 inch perforated margin on each side for pinfeed or overplated feed devices). The stub may be preprinted with the check serial number and other information desired by disbursing offices.

11. Assembly J. One-up marginally punched sheet, 8 1/2 inches by 13 inches, includes a 9/16 inch marginal aligning strip left and right, with the option of having the marginal aligning strips removed prior to shipping (horizontal perforations every 3 1/4 inches). Each sheet will yield 4 checks, detached size 7 3/8 inches by 3 1/4 inches.

12. Assembly K. Two-up marginally punched continuous roll, with statement on the bottom. Overall width 15 7/8 inch (includes 9/16 inch aligning strip left and right). Horizontal perforations at the bottom of each check, every 6 1/2 inches. Each roll contains a leader strip (with alignment marks) a minimum of 5 feet; 40,000 checks and 40,000 statements; and a trailing strip of 5 feet minimum.

070202. Emergency Checks

★ A. Ordering Emergency Checks. An order for emergency checks shall be made to the DCMO (Code DBC). The DO's request shall be in writing (by message or memorandum) and include complete justification for the order. The request shall specify the DSSN under which the checks will be issued and the name of the DO. Orders should specify quantities in multiples of 1000 checks and the quantity should be sufficient to last until regular issue checks are received. When applicable, identify the unfilled check order number and date of that order in the request. Orders for emergency checks shall be kept to an absolute minimum and shall be placed only as a last resort. Emergency checks shall be completely used before any new stock of regular issue checks is issued. Cancellation of emergency check orders shall be requested by telephone or message to the DCMO (Code DBC). No fees are charged for canceling emergency check orders.

★ B. Emergency Check Stock. DFAS Centers with high volume printing equipment using check stock without preprinted check symbol, serial numbers and MICR encoding must have check printing equipment that can print the check symbol, serial numbers and related MICR encoding on the blank check stock. Under emergency situations only, these offices may use their print systems to produce prenumbered and MICR encoded check stock for use by other offices within that agency. An example of an emergency situation is when office

"A" has a fire and its entire supply of symbol 1234 check stock is destroyed. The DCMO (Code DBC) can request that a DFAS Center create a limited supply of emergency symbol 1234 checks for office "A" to last until regular stock is available through normal channels. The emergency check stock created bears symbol 1234 and check serial numbers in the 90-99 million range, in accordance with arrangements with the Department of the Treasury, Financial Management Service, Check Reconciliation Branch, 3700 East West Highway, Room 711A, Hyattsville, MD 20782. The telephone number is (202) 874-7951. Another example where emergency check stock systems may be used is during unexpected military deployment. Emergency checks will bear the appropriate check symbol and serial numbers in the 90-99 million range, in accordance with agreements with the Check Reconciliation Branch. The DCMO (Code DBC) shall submit to the Check Reconciliation Branch manual signatures of designated officials authorized to disburse emergency check stock to disbursing activities. The emergency check stock system is not to be used to avoid ordering checks through normal channels. Any emergency check stock shall be produced (1) only on a print system that has a post print verification feature to ensure the integrity of the printed and MICR encoded check symbol and serial numbers and (2) where internal control procedures are in place to prevent issuing duplicate payments bearing the same check symbol and serial numbers. NOTE: The Check Reconciliation Branch shall be notified of the check symbol and serial number ranges involved prior to the creation and use of emergency checks.

070203. Receipt of U.S. Treasury Checks

★ A. Receipt. Upon receipt of a check shipment, the DO or designee shall verify that all checks have been received and, based on a representative sample, make an examination of the accuracy of the printing and check symbol/serial numbers in the upper right corner of the checks and in the MICR field. Any box which bears evidence of tampering shall be opened and the checks individually counted. An acknowledgment of receipt of the checks to the vendor is not required. An "Advice of Shipment" form is mailed by the vendor to the ordering activity after check orders are shipped if shipment is by means other than registered first class mail. The upper portion of the form describes the checks being shipped. The lower portion of the form is an inspection, receipt report. This form shall be signed and forwarded to the DCMO (Code DBC) after receipt and verification of the order.

B. Warranty. The vendor provides a 120-day warranty on the checks it produces. The warranty period begins the day the checks are delivered to the user. Therefore, it is the responsibility of the office that receives the checks to determine any obvious defects or missing stock before the warranty period expires. Otherwise, the vendor may not be liable for making replacements.

C. Defective Check Shipments. Note the following:

★ 1. If checks are missing from the shipment, or if check stock is defective in some other way and replacement of stock is warranted, contact the DCMO (Code DBC).

2. If checks are damaged upon receipt, in addition to the notification above, the DO should contact the trucking company; if checks were sent by registered mail, contact the U.S. Postal Service to initiate a claim for damages, if appropriate.

★ 3. If a check shipment is received that contains more than one check with the same check serial number, in addition to the notification to the DCMO (Code DBC), the DO shall destroy each check which bears a duplicate serial number. The check serial numbers of the duplicate checks shall not be reported as zero dollar amounts in the check issue report since the remaining checks bearing these serial numbers may be issued in the normal manner. The checks bearing the duplicate numbers shall be marked "VOID - NOT NEGOTIABLE" and destroyed locally within 30 days.

★ 4. If checks are discovered missing in the receipt verification process, or at any time thereafter, the DO shall notify both the DCMO (Code DBC) and the nearest DoD Component investigative service for referral and liaison with the U.S. Secret Service.

★ 5. If checks are received that are intended for another disbursing office, the DO immediately shall contact the DCMO (Code DBC) for instructions regarding the shipment.

070204. Transfers Between DOs. Checks transferred between DOs as a part of the relief from disbursing duty process shall be counted individually by both the transferring and the receiving parties when they are not in the original packages.

0703 ISSUANCE OF TREASURY CHECKS

★ 070301. Check Preparation. Checks shall be used and issued in strict numerical sequence within each series. The information essential to a check includes place of issue, date, serial number of check, payee, amount, signature of drawer, and other identifying information such as the symbol number and designation of title. The legends "SALARIES AND EXPENSES" and "DRAWN FOR ABOVE OBJECT" will not be preprinted on the face of the check. Check explanations (e.g., exchange for cash or salary) and other special information unique to each disbursing activity may be entered at the bottom of the check to the left of the signature area. Extraneous data shall be kept to a minimum. Spaces allotted on the printed check form for specific information shall be used only for the purpose intended. No spaces will be left unfilled in a manner that would allow or facilitate alterations and additions that could lead to forgery or fraud. The completed check will have an orderly appearance and all parts will have good legibility for accurate reading in rapid handling. Overprinting, intersection and crowding shall be avoided. No check may be issued for more than $99,999,999.99. In instances when the total payment exceeds that amount, two or more checks shall be issued which total to the payment required. No deviation in the check writing procedures outlined herein is permitted unless authority first is obtained from the DCMO (Code DBC).

070302. Reporting Large Disbursements by Check. Since the FMS solely is responsible for the management of the government's daily cash position, disbursement

transactions by check affecting the cash position shall be made known to the FMS in advance of the time of actual disbursement. DOs who disburse $50 million or more in a single transaction, or in multiple transactions of a common nature, shall report to the FMS the following information at least two business days prior to the payment date. For example, if the DO issues 350 various vendor payments totaling $50 million or more on the same day or issues a payroll totaling $50 million or more on one day, he or she shall transmit a report to the FMS. If a disbursement of over $500 million is anticipated, a minimum of five business days advance notice is required. When specific disbursement information has not been finalized, inform the FMS daily (by 9:30 a.m. eastern time) of approximate amount(s) and approximate payment date(s). Information on large disbursements should be reported by facsimile transmission (FAX) to the FMS at commercial (202) 874-9945 or (202) 874-9984 using FMS Form 187 (Advance Notice of Large Deposits or Payments of $50 Million or More). If the report is provided to the FMS on other than an FMS Form 187, that report, at a minimum, shall contain:

A. Name and address of the DoD Component (e.g., Air Force)

B. Name and telephone number of disbursing officer

C. DSSN

D. Appropriation or fund account charged (minimum of six digits, with the first two digits identifying the department)

E. Description of transaction

F. Transaction settlement date

G. Amount of the disbursement

H. Payment mechanism (wire transfer or check)

I. Check number for check payments

J. Payee name and address.

A copy of the report shall be retained with the DO's monthly retained financial records.

070303. Check Print Requirements

★ A. General. All data printed or typewritten on the checks shall be imprinted in such a manner that the print is permanent and not affected by erasure, smudging, moisture, handling, the passage of time, or by other methods that might intentionally or unintentionally be employed to remove or to alter the printing without affecting the check itself. Impact printers may be used. Laser type printers which lay an image on the surface of the paper shall not be used. Laser type printers with toner may be used provided the toner is used to fuse the print onto

the check. Correctable ribbons used in manual preparation of checks lack the permanence necessary to protect against undetectable alteration, therefore such ribbons shall not be used under any circumstances. The correct position of the date, amount, payee name, and the signature of the DO is determined by the physical characteristics and layout of the blank check. Deviations from the normal positioning of this information should be avoided. In order to standardize printing and facilitate accuracy verification, words on checks should be inscribed all in uppercase (i.e., capital) letters and punctuation should be omitted, except commas used in addresses and to set off names of more than two payees.

B. Pay to the Order of. The payee's name shall be inscribed on checks in such a manner as to assure positive identification. To ensure correct endorsement and for other reasons that have established the custom, the surname of the payee should appear last; the correct order is first name, middle name or initial, and last name. Where the payee has an often used surname (such as "R T Jones" or "J G Smith") the use of initials only instead of the full given name is inadequate to provide a positive identification of the rightful payee. An initial, in lieu of a first name, will be used only as follows: in cases where the payee's legal given names consist of initials only in which case the words, "Initials Only," should be shown after the initials; the length of the surname would leave insufficient space for the full first name; or where the check writing system makes the use of a first name impractical, in which case other positive identifying data such as the payee's social security number (SSN) or address shall be shown on the check. While not a violation of the Privacy Act, when a payee's SSN is entered on the check, the SSN should be inscribed in a location where, if mailed, it will not be visible in the envelope window. When checks are to be mailed, care should be exercised to assure that the full and complete address of the payee is entered on the checks or envelopes, including as necessary; rural route numbers, box numbers, house numbers, zip codes, and any other information essential for correct delivery.

C. Date. The date is to be printed on the right side of the check below the DSSN and check number, or at the top of the check immediately to the right of, and on a line with, the place of issue with a base line 9/32 inch from the top of the check. Check signers equipped with date bands may be used as long as the location of the stamped date does not interfere with preprinted data or other data to be printed or typed on the check.

D. Numeric Dollar Amount. The numeric dollar amount is to be printed in the upper right quarter section of the check in the area above the signature of the DO and below the checking account symbol; it should be in horizontal alignment with the name of the payee or the amount in the body. The money amount shall be preceded by a dollar sign followed by asterisks to fill the allotted area completely (e.g., $*****123.45). No space should be left unfilled that otherwise might be susceptible to use for fraudulent insertion. Zeroes shall not be used for fill-in characters preceding amounts. The money amount shall contain no commas, which helps to reduce opportunities for simple amount alterations.

E. Written Dollar Amount. The printing of the amount in the body of a check in words offers greater protection against the alteration of amounts. If it is determined by a disbursing activity that substantial savings in the cost of issuing checks would result or that space

is limited, figures only, without any spacing within the amount, may be used in one of the following formats: $50 and 75 cents; $50 and 75/100; or, $*****123.45.

F. Other Special Information. Special information (e.g., distribution code, computer or typewritten check serial number, SSN, or explanations for check issuance) should be printed at the bottom of the check to the left of the signature area. When checks are drawn for public vouchers or payroll payments, the disbursing office voucher number, or the bureau voucher number if applicable, may be inserted on the check at the option of the DO. When checks are issued by an industrial-commercial activity or on a voucher to various payees, and no copy of the invoice or voucher is available for forwarding to the payee, the invoice number or other data necessary for the payee to identify the purpose of the payment shall be shown in the special information area. Activities issuing individual electronic funds transfer (EFT) payments to financial institutions that are not part of the National Automatic Clearing House Association System shall include the required EFT information: routing and transit number; account type ("C" or "S," for checking or savings account, respectively) or "CR" to indicate a correction reversal transaction; account number, and type of payment; recipient's name and SSN; and local activity information. NOTE: If used, local activity information shall be inscribed on the check so it is readable, not interfere with any of the other inscribed or preprinted information, and not appear in the envelope window.

G. Area for Drawer's Signature. Each check issued shall bear one of the following: the manual signature of the DO; an approved facsimile signature of the DO; or the manual signature of a deputy DO who has been appointed as prescribed in Chapter 2 of this volume. Manually signed checks shall have a typed signature line and title of the DO or deputy, depending on whom signs the check. For example, checks signed manually by a deputy DO shall be signed below the printed, typed or stamped title of the disbursing officer for whom he is acting as follows:

Disbursing Officer

By _____
(Signature of Deputy)

All signatures on checks (whether manual or by facsimile signature plate) shall be of a permanent dark blue, blue-black, or black ink. The ink should not be subject to fading and not readily soluble in water.

070304. Erasures and Alterations. The DO shall not release checks bearing erasures, alterations, overprinting, or imperfect figures or letters. Such checks shall be spoiled or voided and a new check issued.

070305. Record of Checks Issued. Each DO shall maintain a record of every check issued by his or her DSSN. The record shall contain at least the following data elements: payee, amount, DSSN, check serial number, and date of the check. Other information as to the purpose for which the check was issued, document number, voucher number, and local identification

code or number is optional and subject to the discretion of the issuing DO. The record may be kept on paper or in a medium designed for data processing use (e.g., diskette or magnetic tape). Copies of check issue records shall be included in the retained disbursing records.

070306. Supporting Documents. Attach documents and payroll vouchers used to support the record of checks issued to the original vouchers submitted to the supporting DFAS Center. These supporting documents are not transmitted to the Treasury Department with the check issue reports. Diskettes formatted for check issue reporting and submitted to a DFAS Operating Location (OPLOC) for consolidation, or tapes sent directly to the Treasury Department, shall contain all necessary data for Treasury Department reporting purposes. Requirements for submission of the SF 1179 are contained in Chapter 9 of this volume.

0704 CHECK SIGNING MACHINES

070401. Machine Specifications. Machines to be used for signing checks shall be selected on the basis of their ability to perform in agreement with Treasury Department regulations and standards. The machines should have the following mechanical features:

A. A dating device capable of placing the date either immediately above or immediately to the right of the words UNITED STATES. It is preferable to have the signature and date imprinted in a single operation; if the check writing equipment also imprints the date, the check signing equipment does not need to have this capability.

B. A counting device that will assure full protection against unauthorized use of the DO's signature and provide an accurate record of the number of times the signature die has been used. Disbursing offices currently using check signing machines that do not have counting devices are authorized to continue use of these machines.

C. A signature die assembly that is removable. The signature die assembly shall be kept in a locked safe or vault or under other equally effective safeguards when not in use.

D. A mechanism capable of processing paper checks. Those offices issuing checks with detachable stubs shall ensure that the feeding device is capable of handling this type of check.

070402. Signature Plates

A. Requisition

★ 1. General. Immediately upon receipt of orders to disbursing duty, the prospective DO shall contact the disbursing activity to determine if check signing equipment is available and obtain all necessary information such as type of equipment, model and serial number, and number of plates required. If the prospective DO already has plates compatible with the equipment, the DCMO (Code DBC) shall be contacted and requested to forward those plates to the new location. If plates are not available, the prospective DO shall forward three specimen

official signatures to the new duty station for use in procuring a new signature plate. The signatures shall be in black ink on blank, unlined, 3 by 5 inch white cards and shall be accompanied by a statement designating the number to be shown on the plate as explained in subparagraph 070402.A.2, below. Upon receipt of the specimen signatures, the DO to be relieved immediately shall prepare and forward a request for procurement to the office regularly providing procurement service. The purchase order for signature plates shall be forwarded to the DCMO (Code DBC) for approval and forwarding to the contractor. The office will ensure that plates are ordered in sequential numbering. The purchase order shall include the following information:

a. The type, manufacturer's name, model, and serial number of the check signing machine.

b. Whether the signature plate is for a machine currently in use.

c. If the plate is to be used on a new and undelivered machine, reference to the procurement papers for the machine including the manufacturer, type, and model.

d. The plate number and the name of the DO.

2. Numbering of Signature Plates. Treasury Department regulations require that the signature plates of each DO be numbered in sequence in the lower left corner of the border beginning with the number 1. Each order for signature plates shall include the next sequential number for the ordering DO.

★ 3. Multiple Plates. Normally, only one signature plate will be used by the DO and authorized deputies. An additional plate may be obtained only upon approval of the DCMO (Code DBC). Requests for additional plates shall contain complete justification of the need for more than one plate. If the check signing machine uses one set of two plates for the signing process, approval for multiple plates is required for more than one set of plates.

★ B. Format and Quality of Impression. The DCMO (Code DBC) will not accept facsimile signatures that do not meet the required standards. Facsimile signature plates shall be designed such that the frame or border, which encloses the facsimile signature, shall contain no identifying characteristics. The frame or border shall be a single wavy line. The impression of the signature plate shall be characterized by sharpness of lines, a continuous and homogeneous deposit of ink, absence of filling, and absence of pronounced ribbon pattern.

★ C. Approval of Plates. When the plates are received, the DO whose signature is reproduced on the plates shall run 14 specimen copies of each facsimile signature. The DO shall certify 2 of the copies as true facsimile signatures. All 14 copies shall be mailed to the DCMO (Code DBC) with a memorandum requesting approval of the facsimile for signing checks. The reply of approval from the DCMO (Code DBC) shall be the authority to use the

check signing machine. In the case of Cummins check signing machines, the contractor (Cummins) runs 14 specimen copies of each plate. The plates are mailed to the DCMO (Code DBC), where the specimen copies are compared to the original signatures on the purchase order, and approval is forwarded to the disbursing office. If the specimen copies do not match or the plate does not meet required standards, the DCMO (Code DBC) notifies the contractor and requests correction.

NOTE: Checks shall not be signed by facsimile signatures prior to receipt of DCMO approval.

D. Custody of Signature Plates. DOs shall establish necessary procedures to ensure control and prevent unauthorized use of signature plates. Custody receipts shall be maintained for all signature plates held by authorized deputies. A record of each run of checks through the check signer shall be maintained and shall be reconciled with the report of checks issued. When not in use, signature plates shall be kept in an approved safe or vault. If the signature dies are not removable from the check signing machine, the keys to the machine (or the check signing machine) shall be kept in an approved safe or vault.

E. Use of Signature Plates. Check signing by signature plate should be performed by the DO or designated deputies. When considered necessary for efficient operation of the disbursing office, the DO may authorize the holder of a specified position other than a deputy to perform the check signing function. This authorization shall be made in writing. Individuals shall not be appointed as deputies solely to sign checks by signature plate.

★ F. Disposition of Plates. When a signature plate is expected to be used again at a new duty station, the plate shall be forwarded to the DCMO (Code DBC) for safekeeping. If the plate is to be withdrawn from service (i.e., not to be used again), it shall be forwarded to the DCMO (Code DBC) for destruction. When the plate has been destroyed, a properly executed certificate identifying the specific plate and date of destruction shall be furnished the former DO.

0705 EXCHANGE-FOR-CASH CHECKS

070501. General. Accommodation exchange-for-cash checks are permitted only when satisfactory banking facilities do not exist, and typically only overseas. Personnel eligible to receive accommodation exchange-for-cash checks are listed in Chapter 4 of this volume. Exchange-for-cash checks may be prepared and issued by DoD DOs for official purposes to a deputy, agent, or cashier as an advance of funds; to the U.S. Postal Service, for remitting collections for the sale of postal money orders; or to the Western Union for remitting collections for personal messages of military personnel transmitted over DoD communications facilities to points inside CONUS. When exchange-for-cash checks are issued for advances of funds, the deputy, agent, or cashier shall give the DO a signed Defense Department (DD) Form 1081 (Statement of Agent Officer's Account) as prescribed in Chapter 3 of this volume. Exchange-for-cash checks issued as advances of funds shall be endorsed to the order of the bank or other institution furnishing the cash or, when cashed by another DO, to such officer by title and activity rather than by name as "Pay to the order of the Disbursing Officer (name of ship, station, activity, or unit)." When exchange-for-cash checks are issued for remitting collections for the sale of

postal money orders or personal messages, the checks shall be made payable to the "Disbursing Officer, U.S. Postal Service," or "Western Union," as appropriate.

070502. Preparation and Handling. When required by security regulations, the name of the remitter and identifying references to invoices will not be shown on exchange-for-cash checks. Exchange-for-cash checks to payees within the U.S. shall be drawn on the U.S. Treasury. Exchange-for-cash checks for payees outside the U.S. shall be drawn on a limited depositary checking account if such an account is maintained by the DO. DOs may inscribe exchange-for-cash checks to themselves, a deputy, or an agent for purposes of obtaining operating or accommodation cash. When authorized in writing by the DO, deputy DOs may inscribe exchange-for-cash checks to themselves for purposes of obtaining operating or accommodation cash. Support the exchange-for-cash check by a memorandum Optional Form (OF) 1017-G (Journal Voucher). Number the OF 1017-G with a separate series of voucher numbers peculiar to the functional area where the voucher is prepared.

070503. Funds of Deceased or Missing Persons. Funds found in the personal effects of a person who has died or is missing, or whose whereabouts is unknown (including an absentee or deserter), shall be exchanged for a Treasury check. The check shall be made payable to the payee designated by the officer having custody of the personal effects. The object for which drawn shall be "Exchange-for-cash—Remittance; personal effects of (name, rank or rate, file or service number)." A separate exchange-for-cash check shall be drawn for safekeeping deposits of each such person and the object for which drawn shall include the safekeeping deposit number in addition to the information noted above.

070504. Exchange-for-Cash Checks Returned as Not Required. Exchange-for-cash checks issued for advances of funds to deputies, agents, and/or cashiers which are returned to the DO as not required shall not be canceled. The deputy, agent, or cashier shall provide the DO with a completed DD Form 1081 indicating return of the check as prescribed in Chapter 3 of this volume. No endorsement on the check by the payee is required. The check shall be endorsed by the DO and deposited as prescribed in Chapter 5 of this volume. DOs shall not accept the return of exchange-for-cash checks from any payee other than a deputy, agent, or cashier. Other exchange-for-cash checks are issued payable to the purchaser and shall be negotiated by the payee.

070505. Exchange-for-Cash Checks Lost, Stolen, or Destroyed

A. When Issued to an Individual. When the payee of an exchange-for-cash check reports that the check has been lost, stolen, or destroyed, the DO shall follow the procedures in Chapter 8 of this volume for unavailable check cancellations except that under no circumstances will the DO issue a recertified payment to the payee prior to receipt of credit for the original check from the Treasury Department. This prohibition is required since the original check was issued in exchange for cash and was not based on any entitlement chargeable to an appropriation.

B. When Issued as an Advance of Funds to a Deputy, Agent, or Cashier. In

the case of lost, stolen, or destroyed exchange-for-cash checks that were issued as advances of funds, the deputy, agent, or cashier shall remain accountable for the funds. The deputy, agent, or cashier shall account for the check as a loss of funds on the DD Form 1081. The procedures for reporting and accounting for a physical loss of funds in Chapter 6 of this volume shall be followed. If considered necessary by the DO due to operational requirements, the lost check may be replaced by a recertified payment (or a new advance provided in cash). The recertified payment or the new advance shall be documented on a DD Form 1081 signed by the deputy, agent, or cashier. A copy of the SF 1184 (Unavailable Check Cancellation) shall be attached to the DD Form 1081 to document the status of the lost check and the accountability of the deputy, agent, or cashier. Procedures for processing and accounting are described in Chapter 8 of this volume. When credit for the lost check is received, the DO shall prepare an SF 1034 (Public Voucher for Purchases and Services Other Than Personal) to transfer the credit from "Unavailable Check Cancellations and Overpayments, Suspense, **F3880," to offset the loss of funds in the DO's accountability. A copy of the SF 1034 shall be provided to the deputy, agent, or cashier to document the Treasury Department's cancellation of the lost check and use of the credit to offset the loss of funds. A copy of the DD Form 1081 should be filed with the unavailable check cancellation documentation. In cases where the lost check is subsequently negotiated after cancellation by the Treasury Department (in which case, the Treasury Department will reverse the previous credit), the deputy, agent, or cashier accountable for the original lost check shall be held accountable and the loss of funds shall be re-established. Apply normal loss of funds and relief of liability procedures.

0706 ACCOUNTING FOR CHECK ISSUE DISCREPANCIES

070601. Advice of Check Issue Discrepancy. The Treasury Department uses the FMS Form 5206 to notify DOs of check issue discrepancies of $1.01 or more detected during the audit and reconciliation process. The FMS Form 5206 is a computer-generated form that contains a complete description of the discrepancy. The Treasury Department furnishes three copies of the FMS Form 5206 and a copy of the check referenced on the form to the DO, who is responsible for making the required adjustment. The FMS Form 5206 is a correcting entry and changes the amount reported on the magnetic tape check issue report to the actual amount on the face of the check.

A. DO Action When FMS Form 5206 is Received. Upon receipt of the FMS Form 5206, the DO shall research the check issue data to determine if a payee has been overpaid or underpaid and collect or disburse the adjustment amount if the check was issued for the wrong amount. If the payee has not been overpaid or underpaid, but incorrect check issue information has been reported to the Treasury Department, the FMS Form 5206 shall be processed on the DO's SF 1179 and SF 1219, even though the documents net to zero. If offsetting FMS Forms 5206 have not been received, the DO shall identify the offsetting error(s) to make the transaction net to zero, and prepare an OF 1017-G to advise the Treasury Department of the discrepancy. The DO shall make the necessary adjustment following the procedures described in this section.

B. For Navy DOs Aboard Ships. If the FMS Form 5206 affect the accountability of a previous DO, the current DO shall forward the form with a covering

memorandum to the office where the monthly financial reports are submitted for processing. If the FMS Form 5206 is received during the 90-day record retention period, a copy of the applicable check issue record, SF 1179, and disbursement voucher shall be reproduced from the former DO's retained records and forwarded with the FMS Form 5206.

C. FMS Form 5206 for Another DSSN. In the event an FMS Form 5206 is received, which cites a DSSN other than that of the receiving disbursing station, the form shall be forwarded with a memorandum to the correct disbursing station, if identifiable. If the receiving DO is unable to identify the disbursing station indicated on the FMS Form 5206, the form shall be returned to the Treasury Department with a memorandum stating the reason for returning the form without action.

D. Corrective Action Previously Accomplished. If an FMS Form 5206 is received citing a discrepancy, which was discovered and reported by use of an OF 1017-G, a copy of the OF 1017-G shall be attached to the FMS Form 5206 and the documents returned to the Treasury Department without further action.

E. DO Identifies Check Issue Report Discrepancy Prior to Receipt of FMS Form 5206. If a check issue report discrepancy is discovered after the DO reports the check issues to the Treasury Department and a FMS Form 5206 has not been received, the DO must notify the Check Reconciliation Branch (CRB), Treasury Department, in writing to request a reporting adjustment. The CRB will issue a Notification of Check Issue Correction-DO Requested for each adjusted check. The DO must forward all adjustment requests to CRB within a 1-year timeframe. Once a "limited payability" cancellation has occurred, the CRB cannot process the requested adjustment.

070602. Differences of $1 or Less

A. Check Issue Discrepancies of $1 or Less. Discrepancies of $1 or less between the amount of a check as reported issued in the level 8 magnetic tape and the actual amount of the check paid by the Treasury Department will be adjusted by Treasury Department.

B. Claims for Underpayments of $1 or Less. A supplemental check shall be issued and reported as a regular check issue if a disbursing office receives a claim from a payee for an underpayment of $1 or less. The check shall be included as a regular check issue in Section II, Part A, Column 2 on the reverse of the SF 1219, and a minus adjustment of prior month's issues in Section II, Part A, Column 4 on the reverse of the SF 1219. The amount of the check shall also be reported as a minus adjustment on line 2(b) of the SF 1179 and shall be included as a check issue (in the proper sequence) on the appropriate magnetic tape issue report.

070603. Check Issue Discrepancies of $1.01 or More. The DO shall prepare an OF 1017-G, as prescribed in this section, to account for a check issue discrepancy of $1.01 or more for any prior month or current month's check issue errors that are detected by the disbursing office. No OF 1017-G shall be prepared for check issue errors detected over 1 year from the issue month of the check. The OF 1017-G shall be prepared as soon as the DO becomes

aware of a discrepancy. All OFs 1017-G shall reference the voucher number and date on which the error occurred as well as any other documents affected. The DO shall not wait to receive an FMS Form 5206 from the Treasury Department.

070604. Adjustment of Duplicate Checks. The Treasury Department will charge the disbursing office, using an SF 5515, for the second check received for payment with the same DSSN and check serial number. Should a DO receive an SF 5515 for a duplicate check to which the payee is entitled, the normal presumption is that the wrong original check number was entered on a control check. The DO shall submit an SF 1184 for the correct original check serial number in order to receive credit. The DO should cross-reference the SF 1184 with the memorandum copy of the SF 5515 in the event that the disbursing office may, in the future, need a copy of the duplicate check for claim purposes.

070605. Overdrafts

A. Advice of Check Issue Discrepancy. Adjustments of discrepancies of $1.01 or more for overdrafts require collection of the overpayment or, in infrequent cases, a supplemental charge to an appropriation or fund. Upon receipt of the FMS Form 5206, the DO shall review the retained records of checks issued, applicable payment vouchers, SF 1179, and SF 1219 to determine where and how the discrepancy cited on the document occurred. This requirement is to validate that a discrepancy in fact has occurred and determine the corrective action required to resolve the discrepancy. Unless the FMS Form 5206 is erroneous (and this can be supported with copies of the documents listed above), the FMS Form 5206 shall be recorded on the DD Form 2657. Refer to subparagraph 070605.E., below, for instructions when the DO identifies the discrepancy prior to receipt of the FMS Form 5206 from the Treasury Department.

B. Distribution of FMS Form 5206. Distribute FMS Form 5206 as follows:

1. The first copy of the FMS Form 5206 shall be completed by the DO and attached to the current month's SF 1179 in support of line 2(a) "Net Dollar Adjustments to Prior Months."

2. The second copy shall be used to support the adjusting entry on the SF 1219.

3. If the discrepancy is still unresolved at the end of the month, file a copy in the unclaimed differences file pending final resolution of the discrepancy and preparation of the end of month financial reports (additional copies of the form may be reproduced as required).

4. The original shall be retained by the disbursing office.

C. Recording Check Issue Overdrafts. At the end of the month, the FMS Form 5206 shall be recorded on the SF 1179 (line 2(a) of the Summary portion) and included in the amount recorded on line 3. The FMS Form 5206 shall also be recorded on the reverse of the SF 1219. If the discrepancy is still unresolved at the end of the month, the

overdraft shall also be included on line 7.2 (Receivables – Check Overdrafts) of the SF 1219. Two copies of all executed FMS Forms 5206 and OF 1017-G (with supporting documents) shall be kept in an uncleared differences file pending resolution of the discrepancy.

D. Adjustment Prior to Submission of Financial Reports. In some instances, overdrafts may be discovered prior to submission of the financial reports (SF 1219 and supporting documents, and the SF 1179) covering the period during which the check was issued. In this event, preparation of the OF 1017-G is not required if (1) the check is recovered and voided prior to submission of the check issue report (the check shall not have been negotiated); and (2) the check is correct but the payment voucher is incorrect but subsequently is corrected to reflect the proper amount prior to submission with the SF 1219. Normally, these exceptions will apply only to Navy DOs aboard ships and those DOs who do not submit daily reports to another disbursing office for processing.

E. Adjustment After Submission of Financial Reports. When a check issue overdraft is discovered after the financial reports (covering the period in which the discrepancy occurred) have been submitted, the DO or deputy shall make the following adjustments to financial records and prepare the necessary documents as required below. An OF 1017-G for a check issue overdraft shall be prepared as shown in Figure 7-1. The DD Form 2657 shall be posted to reflect the amount of the overdraft as an increase to Checks Issued and an increase to Receivables – Check Overdrafts. At the end of the current reporting period, the OF 1017-G shall be recorded on the SF 1179 (line 2(b) of the Summary portion) and included in the amount recorded on line 3. The OF 1017-G shall also be recorded on the reverse of the SF 1219. The original of the OF 1017-G shall be attached to the SF 1219 and a copy attached to the SF 1179 for the current reporting period to support the entries thereon. If the discrepancy is still unresolved at the end of the current reporting period, the overdraft shall also be included on the SF 1219 (line 7.2 (Receivables – Check Overdrafts)) and the remaining copies of the OF 1017-G shall be retained in the uncleared differences file. (NOTE: Additional copies of the form may be reproduced as required.)

F. Resolving Check Issue Overdrafts

1. Overdrafts are resolved by collection or a supplemental charge to an appropriation. Collection is appropriate when the check was issued in an amount greater than the payee was actually entitled to receive. Supplemental charges to an appropriation are required when the amount of the check is correct but the payment voucher is for a lesser (and incorrect) amount. The three ways to clear the overdraft are described in subparagraphs 070605.F.2 - 4, below. No additional entries are made in the summary section of the SF 1179 or on the reverse of the SF 1219 to indicate that the overdraft has been cleared.

2. By Collection. Upon receipt of a collection (in cash or by check, money order, or other negotiable instrument), the DO shall prepare an OF 1017-G to document the transaction and the DD Form 2657 shall be posted to reflect an increase in Cash (or Deposits Presented or Mailed to Bank) and a decrease in Receivables – Check Overdrafts. For this transaction, only the DO's accountability is affected and no credit to an appropriation is involved.

3. By Supplemental Charge to Appropriation. When it is determined that the overdraft was caused by undercharging the appropriation or fund against which the original check was drawn, an SF 1034 (or a one-sided SF 1081 if preferred by the DO) shall be prepared and recorded against the undercharged appropriation or fund. The DD Form 2657 shall be posted to reflect a Disbursement and a decrease in Receivables – Check Overdrafts. A check is not issued in this transaction.

4. By Supplemental Charge to Military Pay Appropriation and Pay Account Checkage. Overdrafts caused by undercharging the appropriation for military pay and allowances shall be cleared by actions described in Volume 7A of this Regulation to ensure proper charges are entered in the member's master military pay account. An SF 1034 (or one-sided SF 1081) shall be prepared to describe the transaction in complete detail, charging the accounting data shown on the original payment voucher. No check will be issued in this transaction. The DD Form 2657 shall be posted to reflect a disbursement and a decrease in Receivables – Check Overdrafts.

070606. Underdrafts

A. Advice of Check Issue Discrepancy. Adjustments of discrepancies of $1.01 or more require a supplemental check issue to the payee or in infrequent cases, a credit to an appropriation or fund. Upon receipt of the FMS Form 5206, the DO shall review the retained records of checks issued, applicable payment vouchers, SF 1179 and SF 1219 to determine where and how the discrepancy cited on the form occurred. This requirement is to validate that a discrepancy in fact has occurred and to determine the corrective action required to resolve the discrepancy. Unless the FMS Form 5206 is erroneous (and this can be supported with copies of the documents listed above), the DO shall prepare a DD Form 1131 giving credit for the value of the underdraft to deposit fund "Accounts Payable – Check Issue Underdrafts, **X6999." The DD Form 1131 and the FMS Form 5206 shall be recorded on the DD Form 2657 as a decrease to Checks Issued and an increase to Collections. The DO's total accountability will remain unchanged. At the end of the current reporting period, the FMS Form 5206 shall be recorded on the SF 1179 (line 2(a) of the Summary portion) and on the reverse of the SF 1219. Refer to paragraph 070606.D. below for instructions when the DO identifies the discrepancy prior to the Treasury Department.

B. Distribution of the FMS Form 5206. Distribute the FMS Form 5206 as follows:

1. The first copy of the FMS Form 5206 shall be completed and attached to the SF 1179 for the current reporting period in support of line 2(a) titled "Net Dollar Adjustments to Prior Months" and included in the amount recorded on line 3.

2. The second copy shall be used to support the adjusting entry on the reverse of the SF 1219.

3. Two additional copies and at least 2 copies of the DD Form 1131 shall be filed in the uncleared differences file pending final resolution of the discrepancy and preparation of the end of month financial reports.

4. The original shall be retained by the disbursing office.

C. Adjustment Prior to Submission of Financial Reports. In some instances, underdrafts may be discovered prior to submission of the financial reports (SF 1219 and supporting documents, and the SF 1179) covering the period during which the check was issued. In this event, preparation of the DD Form 1131 is not required if (1) the check is recovered and voided prior to submission of the check issue report (the check shall not have been negotiated), and (2) when the check is correct but the payment voucher is incorrect and subsequently is corrected to reflect the proper amount prior to submission with the SF 1219. Normally, these exceptions will apply only to Navy DOs aboard ships and those DOs who do not submit daily reports to another disbursing office for processing.

D. Adjustment After Submission of Financial Reports. When a check issue underdraft is discovered after the financial reports (covering the period in which the discrepancy occurred) have been submitted, the DO, deputy, or agent shall make the following adjustments to financial records and prepare the necessary documents as required in subparagraph 070606.E, below. A DD Form 1131 shall be prepared crediting deposit fund "Accounts Payable - Check Issue Underdrafts, **X6999." The DD Form 2657 shall be posted to record a decrease to Checks Issued and a collection. The DO's total accountability is unchanged. At the end of the accounting period, the DD Form 1131 shall be recorded on the SF 1179 (line 2b of the Summary portion) and included in the amount recorded on line 3. The DD Form 1131 also shall be recorded on the reverse of the SF 1219. A copy of the DD Form 1131 shall be attached to the SF 1179 submitted with check issue reports. Two copies of the DD Form 1131 shall be retained in the uncleared differences file until the discrepancy is cleared.

E. Resolving Check Issue Underdrafts. The two ways to clear an underdraft discrepancy are described below. No additional entries are made in the summary section of the SF 1179 or on the reverse of the SF 1219 to indicate that the underdraft has been cleared.

1. By Supplemental Check. When the payee is entitled to the amount of the underdraft, an SF 1034 shall be prepared charging "Accounts Payable – Check Issue Underdrafts, **X6999." A check shall be drawn in favor of the original payee. The DD Form 2657 shall be posted to record a check issue and a disbursement. Total accountability is unchanged.

2. By Credit to the Appropriation. When the underdraft discrepancy was caused by overcharging the appropriation and credit is due the appropriation, an SF 1081 shall be prepared charging "Accounts Payable – Check Issue Underdrafts, **X6999" and crediting the appropriation charged on the original payment voucher. The DD Form 2657 shall be posted to record a collection and a disbursement. Total accountability will be unchanged.

070607. Adjustments to Financial Reports Previously Submitted. Upon clearance of a check issue discrepancy (overdraft or underdraft), the file copy of the FMS Form 5206, OF 1017-G, or DD Form 1131 shall be removed from the uncleared differences file and one of the following legends shall be annotated, as appropriate: "See Deposit Ticket No. ___, dated __; "See Check No. _____, dated ____;" or "See Adjustment Voucher No. ____, dated ____." The third copy shall be attached to the document effecting the clearance of the outstanding accountability item in the accounts of the DO for submission with the SF 1219. The fourth copy shall be retained in the disbursing office files as a record of the completed action on adjusting the discrepancy.

070608. Erroneous Information Reported on the FMS Form 5206. If, after review of the FMS Form 5206, the copy of the check, the disbursement voucher, and the check issue report data, the DO determines that the check was paid for a different amount than when issued, the FMS Form 5206 shall be returned to the Treasury Department with a memorandum stating the reason for returning the document without action. The memorandum shall be supported by copies of all the documents used to determine the FMS Form 5206 to be in error. Generally, the situation described above is indicative of a bank processing error or alteration of the check by the payee. In either event, the explanatory memorandum to the Treasury Department that returns the FMS Form 5206 shall be sufficiently clear to enable the Treasury Department to initiate reclamation action through the banking system.

070609. Relief of Liability. Both underdrafts and overdrafts would fall within one or more of the following: illegal, incorrect, or improper payment irregularities in the accounts of the DO. The DO has the authority and the means to correct underdrafts. Overdrafts frequently are not within the power of the DO to correct. If the check issue overdrafts resulted in overpayment of a payee, that overpayment is an erroneous payment debt. When the DO has attempted to contact the payee and failed, or when the payee has been notified and has neither the ability or the inclination to make restitution, the DO shall transfer the debt to the supporting DFAS Center for further collection action. In order to meet General Accounting Office standards for relief of liability, uncollectible overdrafts shall be transferred to the supporting DFAS Center within 90 days. After the debt has been transferred, relief of liability for the illegal, incorrect, or improper payment, as appropriate, may be requested following the procedures in Chapter 6 of this volume.

Optional Form 1017-G (9-79)
Title 7, GAO Manual
501017-810

JOURNAL VOUCHER

J.V. No. 25
Date Oct 23, 20XX

REFERENCE	EXPLANATION	DEBIT	CREDIT
DV # 475129	Accounts Receivable—Check Issue Overdraft	500.00	
	Check Issue, Sep XX		500.00
	Check was drawn for $1500.00 payable to Joe Doe. The payee was due only $1000.00, which was the amount shown as charged to the appropriation on the disbursement voucher.		
	DSSN: 2222 Check No.: 00,141,123 Date Issued: Sep 21, 20XX Original Amount Reported: $1000.00 Correct Issue Amount to be Reported: $1500.00		
	Total	500.00	500.00

Prepared By Darrell Johnson (Signature)
Deputy Disbursing Officer (Title)

Approved By Hank Snow (Signature)
Deputy Disbursing Officer (Title)

Figure 7-1. Sample Optional Form 1017-G, Journal Voucher

	Disbursing Officer's Check Issue Reporting and Check Reconciliation	Completed	
		Yes	No
1	Has the disbursing section reviewed the check issue data from the entitlement system for accuracy? If data is not accurate, work with entitlement section to identify and correct the problem.		
2	Were checks issued after entitlement data was validated?		
3	Were the check payment listing and the checks matched to entitlement data (amount of check, amount of voucher, amount of Level 8 data, and name) prior to releasing the checks and/or releasing the check issue data to Defense Check Reconciliation Module (DCRM)?		
4	Was an error detected (i.e., date error, wrong serial number, or dollar amount)? If so, take corrective action to void check, and change check issue reporting data prior to releasing the check or the data.		
5	Was the post print verification completed for the check payment listing, checks, and check issue Level 8 data prior to releasing the checks and the check issue data through DCRM to the Treasury Department's Check Payment and Reconciliation (CP&R) system?		
6	If the check data is balanced, did the DO process automated or manual Level 8 data daily, weekly, or monthly to the Treasury Department through the DCRM?		
7	Did the DCRM validate the Level 8 detail data to include DSSN, check issue date, amount, and serial number?		
8	At month end, did the DO ensure all check issue data for the month was entered into DCRM?		
9	Did the DO work the DCRM email notification for missing/unused checks in a timely manner to ensure missing checks are reported?		
10	Are voided, lost or stolen checks reported as zero (0) to the Treasury Department and Level 8 reporting? (See Chapter 8, section 0802, of this volume.)		
11	Did the DO process the Month End Check Issue Summary (SF 1179) by consolidating the data into the summary level Statement of Accountability (SF 1219) and ensure that the end of month check issue data reported through Level 8 is in balance with the SF 1219 and the SF 1179? (See guidance in Chapter 9, section 0904, of this volume if corrective action is required.)		
12	Did the current month's SF 1179 also show prior month adjustment to check issue totals (in accordance with Chapter 9, section 0904, of this volume)?		
13	Did the DO receive an Advice of Check Issue Discrepancy (FMS Form 5206)? The DO must research the FMS 5206 to determine reason for discrepancy and make appropriate adjustment, as required.		
14	Has correction of the discrepancy been reported on line 2.11 of the monthly SF1219? Use the original transaction date cited on the FMS Form 5206 when recording the adjustment.		
15	If the payee was not overpaid or underpaid, but incorrect check issue information has been reported to the Treasury Department, has the DO processed the FMS 5206 on the DO's SF 1179 and SF 1219, or has the DO requested that the Treasury Department adjust the Check Issue Report?		

★ Table 7-1. Checklist for DOs Check Issue Reporting and Check Reconciliation

	Disbursing Officer's Check Issue Reporting and Check Reconciliation	Completed	
		Yes	No
16	If the DO discovers a discrepancy and prepares a Journal Voucher (OF-1017G) before a FMS 5206 is received from the Treasury Department, has the correction been reported on the SF 1219, line 2.12, in accordance with Chapter 19, section 1905 of this volume, and on the monthly SF 1179?		
17	Did the DO take necessary actions to clear the FMS Form 5206 discrepancies in accordance with Chapter 7, section 0706, of this volume?		
18	Do any disbursing personnel have access to DCRM? If yes, what level and purpose?		
19	Did the DO coordinate with field personnel to ensure that all checks have been reported to the Treasury Department?		
20	Has the DO taken necessary actions in accordance with Chapter 7, section 0706 of this volume, to clear all discrepancies within 60 days of notification from the DFAS Centers? DFAS Center personnel must monitor all discrepancies to ensure the necessary actions have been taken to clear the discrepancies within 60 days in accordance with Chapter 7, section 0706 of this volume.		

★ Table 7-1. (Continued) Checklist for DOs Check Issue and Check Reconciliation

	DFAS Centers' Responsibilities for Check Issue Reporting and Check Reconciliation	Completed	
		Yes	No
1	Did the reporting DFAS Centers monitor output product from DCRM that compares DFAS Centers monthly reported SF 1219 line 2.10 line by DSSN to Level 8 data?		
2	Do the DFAS reporting centers perform oversight and notify Dos to ensure discrepancies are corrected within the month they are notified.		
3	Do the DFAS reporting centers receive from the Treasury Department the monthly CP&R and the Checks Issued Report (72 Report) denoting errors and forward reports to the DOs for reconciliation?		
4	Do the DFAS Centers monitor and age discrepancies to ensure the necessary actions to clear the account are being taken?		
5	Are the comparison/discrepancy reports worked using the 72 Report to reconcile any differences that are not corrected by either an SF 1179, SF 5206 for under/over pay adjustment, void check, or a DO request for adjustment (OF 1017G)?		
6	Do the DFAS Centers monitor and age check issue discrepancies on the Outstanding Payment Report (prepared by DFAS-DE/ANAB), which reflects the range of checks issued and cleared by the Treasury Department but not reported by DOs, with the checks reported as missing in DCRM?		
7	Did the DFAS centers contact the DOs to obtain the data for any unreported checks in DCRM?		
8	Did the DFAS Center personnel contact the DO about checks reported as missing by the Treasury Department but reported in DCRM?		

★ Table 7-2. Checklist for DFAS Centers' Responsibilities for Check Issue Reporting and Check Reconciliation

CHECK ISSUE DISCREPANCIES			
RULE	If	And	Then
1	Checks with incorrect information are discovered prior to release		Void check and Level 8 data, issue new check and Level 8 data with correct information
2	"	Level 8 data has already been reported into a disbursing system and check dollar amount is correct	Do not void check. Process as a recertified payment
3	"	Level 8 data has been released to the DCRM and check dollar amount is incorrect	Process as a cancelled check (SF 1098)
4	Advice of Check Issue Discrepancy (FMS 5206) is received by DO, research check issue data and determine if payee is overpaid or underpaid NOTE: For Navy DOs aboard ships, refer to Chapter 7, section 0706 of this volume	If incorrect check issue information was reported to the Treasury Department	Process FMS 5206 on DOs SF 1179 & SF 1219
5	FMS 5206 is not received by the DO		DO shall identify and correct offsetting error(s) by preparing and issuing an OF 1017G to the Treasury Department.
6	The Treasury Department reported FMS 5206 but DO did not receive it, contact the Treasury Department for a copy of FMS 5206	FMS 5206 is valid	Process on the SF 1179 and SF 1219
7	"	FMS 5206 does not belong to DSSN	Forward FMS 5206 with memorandum to correct disbursing station
8	Check issue reporting discrepancy discovered within one year of issue	No FMS 5206 has been issued	Notify the Treasury Department in writing and request an adjustment to the amount reported
9	"	FMS 5206 was received	Process on SF 1179 and SF 1219
10	"	A limited payability credit has been received	An adjustment cannot be processed. Refer to Chapter 8, section 0806 of this volume
11	Check issue Level 8 data was transmitted but was not processed by the Treasury Department	Check reporting files for DSSN in DCRM are reviewed and checks are determined to be missing	Request files be transmitted to the DCRM system
12	The Treasury Department paid check but Level 8 data was not reported		Report check issue data
13	"	Check issue data has been reported	Work with DCRM personnel about missing check data at the Treasury Department

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CHAPTER 8

CHECK DISTRIBUTION, DISPOSITION, AND CANCELLATION

0801 PROMPT DELIVERY OF CHECKS

★ 080101. General. After preparation, checks shall be delivered promptly to the payee. With respect to payroll checks, the Department has mandated participation in the Direct Deposit Program (DD/EFT) for all newly enlisted, reenlisted, appointed, or retired military personnel and all newly hired civilian personnel. All payments shall be converted to DD/EFT by January 1, 1999, in accordance with the Debt Collection Improvement Act of 1996 (reference (aj)).

080102. Delivery of Checks. DoD policy on the delivery of checks is:

A. Checks shall be properly safeguarded and should be handled as few times and by as few people as practical.

B. Controls shall include procedures for ensuring the proper custody, signing, and delivery of checks. If checks are handed to the payees, identification is required.

C. Checks not delivered within the time specified by the DO shall be returned to the DO promptly.

D. Checks shall be kept in a safe, vault, or locked fireproof cabinet, pending distribution or return to the DO.

E. Personnel engaged in pay delivery activities shall be designated in writing and adequately supervised in order to help prevent any unauthorized, fraudulent, or other irregular activities.

080103. Delivery by Mail. The normal method of check delivery is by mail through the U.S. Postal Service. Delivery shall be made to the payee's residential mailing address or post office box. At overseas activities, where personal mail is received through the organizational address, the organizational address shall be considered as the payee's residential mailing address. In all other cases, an organizational address is not considered a valid mailing address. Where commanders or their designee find that, in individual cases, it is not practical to mail checks, each commander may provide a specific location where the payees may obtain their paychecks, with proper identification. If checks are mailed to a specific location for delivery, the DO shall make a written appointment of the person at the specific location who will deliver the checks as a designated third party (see paragraph 080105, below).

080104. Outside the United States

A. Restrictions. The Secretary of the Treasury has determined that agencies shall not issue checks intended for delivery in the following prohibited areas: People's Republic of Albania; Republic of Cuba (except checks sent to the Naval Base, Guantanamo Bay for delivery to payees at the base); Democratic Kampuchea (Cambodia); North Korea; or Socialist Republic of Vietnam. (See Treasury Department Circular 655 (reference (w)) In lieu of issuing a check to payees in these countries, the DoD Component shall withhold payment and establish the liability on its books.

B. Exceptions. The restrictions outlined in subparagraph 080104.A, above, are not applicable to checks payable to foreign governments, or to checks issued in payment of salaries or wages, or for goods or services purchased by the U.S. Government.

C. Claims for the Proceeds of Withheld Payments. Claims for the proceeds of checks which were drawn, and subsequently forwarded to the Treasury Department for deposit in deposit fund account Proceeds of Withheld Foreign Checks, 20X6048, pursuant to previously existing procedures, should be submitted with a recommendation on such payment to: Department of the Treasury, Financial Management Service, Finance Division, Liberty Center, Room 257, Washington, DC 20227. If a valid claim is received and no check previously has been prepared due to the restrictions outlined in subparagraph 080104.A, above, the DoD Component that withheld the payment will arrange for the issuance of a check and will decrease the respective liability on its books.

080105. Delivery of Checks by Designated Third Parties. Delivering multiple checks personally may be impractical for the DO or it may not be expedient to mail them to addresses of record. Under such circumstances, and with the guidance for delivery of checks noted in paragraph 080102, above, the DO may deliver or mail checks to a designated third party for distribution. A third party is any individual authorized to distribute a quantity or bulk shipment of checks to payees. A person who maintains pay accounts or prepares checks is not authorized to distribute checks.

A. Appointment of Designated Third Parties. The DO shall appoint in writing those individuals (by title and organization only) who will serve as a designated third party for delivery of bulk checks using SF 1195 (Recommendation for Designation and Revocation of Agents to Receive and Deliver Checks and Savings Bonds). A record of each individual so authorized shall be maintained. One or more alternates should be appointed to prevent distribution delays in the absence of the principal designee. Alternates may also assist in the check distribution when conditions warrant.

B. Transport of Checks to Designated Third Parties. Bulk shipments of prepared checks shall be packaged separately from correspondence and shall be mailed by registered mail. Bulk shipments of checks for a unit or group of units should be dispatched to a third party for distribution or delivery to payees or for reshipment to another third party for delivery where the military unit is located. Such shipments shall include only the checks,

transmittal letter, and documentation needed for the specific payment. These shipments are not subject to the provisions of the Government Losses in Shipment Act (reference (t)).

C. Release of Checks to Other than Payee. Designated third parties shall not release checks to anyone other than the payee. See subparagraph 080105.E, below, for appropriate action if a payee is absent at the time of delivery.

D. Judge Advocate or Investigative Agent Third Parties. In cases where advance payments are issued for witnesses subpoenaed for trial, delivery of the check shall be performed either by a representative from a DoD Component investigative agency or a judge advocate charged with serving the subpoena.

E. Third Party Disposition of Undelivered Checks. Unless otherwise provided, checks for payees not present at the time a third party attempts delivery shall be returned to the DO before the close of business that day. Payees who were absent, or who for other reasons did not get their checks, should be advised to call at the disbursing office or other stated place to pick up their checks. If locked fireproof file cabinets or safes are available, the DO may authorize the designated third party to hold undelivered checks for a specified, short period. When payees are on extended periods of leave or absences, checks shall be returned to the DO for disposition. Checks which are found to be in error shall be returned to the DO. After appropriate corrective action has been taken, a new check will be issued to the payee.

★0802. DISPOSITION OF SPOILED AND VOIDED CHECKS

080201. Spoiled Checks

A. General. A check may be classified as spoiled and replaced with a recertified check when it: (1) has been reported as issued to the Treasury Department; (2) is in the possession of the DO; (3) represented a valid payment; (4) has been returned by the payee as uncashable due to mutilation or a defect in the check itself; and (5) is less than one year old. All spoiled checks shall be rendered non-negotiable by typing or stamping on the face of the check the words: SPOILED - NON NEGOTIABLE: RECERTIFIED CHECK ISSUED UNDER CHECK NUMBER _____. Spoiled checks in the possession of the DO shall be replaced under the provisions of paragraph 080506 by a recertified check using stop code "A" on the SF 1184. In the case of mutilated checks the DO must receive a large enough portion of the check to positively identify the issuing DSSN, check number, date and amount. If a sufficient portion of a check is not provided for the DO to make a positive identification, an SF 1184 shall be processed using stop code "A" or "D" (at the discretion of the DO based on the facts available) and a recertified check issued in accordance with the recertification provisions applicable to the stop code used on the SF 1184."

★ B. Disposition. DOs shall maintain DD Form 2662 (Recertified Check Register) for all spoiled checks as prescribed in paragraph 080503. This record may be maintained in a mechanized or manual format. At a minimum, this record must show the original spoiled check number and date; original voucher number; recertified check number and

date; new voucher number; payee; amount of payment; and SF 1184 information. The DD Form 2662 shall be retained as a permanent part of the DO's retained records; i.e. 6 years, 3 months from the check issue date, after which time it shall be destroyed. At least once each quarter, spoiled checks shall be destroyed locally by the DO by shredding or incinerating. If destroyed by shredding, fragments shall be no larger than 1 inch in width and 1/4 inches in length. If destroyed by burning, the checks shall be completely burned. A certificate of destruction shall be prepared in an original and one copy and shall include the: complete mailing address of the disbursing station; date and method of destruction; DSSN; serial number of each check; typed name, title, grade or rank, and signature of at least one witness; and, typed name, title, grade or rank, and signature of the DO. Each check shall be listed in numerical sequence. An example of a certificate of destruction is shown at figure 8-1. DOs shall destroy all spoiled checks using the procedures in the following subparagraphs.

★ 1. Prepare a Certificate of Destruction. The certificate shall be prepared in an original and one copy and shall include the: complete mailing address of the disbursing station; date and method of destruction; DSSN; serial number of each check; typed name, title, grade or rank, and signature of the witness(es); and, typed name, title, grade or rank, and signature of the DO. When blocks of checks are destroyed, the beginning and ending serial numbers of the block may be shown. Otherwise, each check shall be listed in numerical sequence. An example of a Certificate of Destruction is shown at figure 8-1.

★ 2. Verification. The DO and at least one witness shall: examine the checks to verify they are the actual checks to be destroyed; verify the check numbers and DSSN with information on the certificate of destruction; and, sign the certificate of destruction only after witnessing the actual destruction of the checks.

★ 3. Distribution of the Certificate of Destruction. The original certificate shall be included and forwarded with the monthly disbursing financial reports. A copy shall be retained in the DO's blank check inventory control records.

★ C. Certification of Payroll Officer. If the payee of a civilian payroll check requests that a recertified check be issued in a name different from the name as stated on the original check, a signed statement authorizing the change in name shall be obtained from the payroll officer who certified the original payroll prior to issuance of the recertified check. The statement shall be retained by the DO and attached to the retained copy of the payroll.

080202. Replacement Checks. A replacement check is used to replace a check that: (1) has been classified as voided; (2) has not been reported to the Treasury Department as a valid check issue; and (3) is uncashable due to misprint or mutilation during the issue process. A replacement check should be the next available check in the series and format used for the voided check.

080203. Voided Checks

★ A. General. A check that is misprinted or mutilated during the issue process must be voided and replaced with a replacement check if the payment involved is otherwise proper. Unused blank checks that are to be destroyed shall be reported as voids. Lost or stolen blank checks shall be reported as voids. Checks voided by the DO shall be rendered non-negotiable by typing or stamping the words "VOID - NOT NEGOTIABLE: NO CHECK ISSUED UNDER THIS NUMBER" or "VOID - NOT NEGOTIABLE: REPLACEMENT CHECK ISSUED UNDER CHECK NUMBER _____" as appropriate. Once a check has been reported to the Treasury Department under check-issue reporting procedures, it cannot be voided under any circumstances. The check shall be processed as a spoiled check, an available check cancellation, or an unavailable check cancellation as appropriate to the circumstances in each case.

B. Reporting Voided Check Issues. Voided checks shall be reported as a check issue having a zero (0) dollar value. When hard copy check-issue reports are forwarded to another disbursing office for conversion to magnetic tape, the DO forwarding the reports shall stamp or mark the listing of checks issued to indicate that the check is voided and the dollar amount is zero. Do not obliterate the serial number of the voided check from the check listing. DOs submitting check-issue reports on diskettes to another disbursing officer for conversion to magnetic tape shall ensure that the serial number and date of the voided checks are included on the diskette. If a voided check has not been dated, a date shall be reported for the check to facilitate check-issue reporting. DOs submitting check issue reports by magnetic tape shall ensure that the serial number and date of the voided check are included on the tape.

★ C. Disposition of Voided Checks. Voided checks shall be stored in the vault or safe segregated from all other checks until destroyed. The voided checks shall be destroyed locally by the DO at least once each quarter by either burning or shredding. If destroyed by burning, the checks shall be completely burned. If destroyed by shredding, fragments shall be no larger than 1 inch in width and 1/4 inch in length. In either event, a certificate of destruction similar to figure 8-1 shall be prepared listing the serial numbers and method of destruction and shall be signed by the DO and at least one witness. DOs shall destroy all voided checks using the procedures in subparagraphs 080201.B.1. through 080201.B.3.

0803 CHECK CANCELLATION

A cancellation is accomplished in one of the ways described below.

080301. Available Check Cancellation. The DO holds the check and processes an SF 1098 (Schedule of Canceled or Undelivered Checks). The SF 1098 credits the proceeds to the appropriation originally charged when the check was issued. See section 0804, below.

★ 080302. Unavailable Check Cancellation. The DO requests cancellation by submission of an SF 1184 to the Treasury Department via the Defense Check Reconciliation Module (DCRM) on-line Unavailable Check Cancellation (UCC) subsystem. Depending on the status of the check (outstanding or paid), the cancellation credit may or may not be provided by the Treasury Department. See section 0805, below.

080303. Limited Payability Check Cancellation. The Treasury Department automatically cancels checks issued on or after October 1, 1989, that have not been negotiated to a financial institution within 12 months of the date of issue. This cancellation occurs in the 14th month after the date of the check. See section 0806, below.

080304. Pre-effective Date Limited Payability Cancellation. The Treasury Department automatically canceled all checks issued before October 1, 1989, that were not negotiated by October 1, 1990.

0804 CANCELLATION OF AVAILABLE CHECKS

080401. General. As provided in Public Law 100-86, Competitive Equality Banking Act of 1987 (reference (x)), and Department of the Treasury Financial Manual, Bulletin 90-03 (reference (y)), the time limit for negotiation of Treasury checks is one year from the date of issue. DOs may cancel checks within this one year period when the check is drawn under the DO's own DSSN, under the account of a predecessor DO of the same activity and DSSN, or under an account being settled by the DO. Checks may be canceled when: the disbursing account is closed or current; or, the proceeds of the check are for repayment to an appropriation or fund account which is current or expired. Treasury checks in the possession of the DO shall be canceled when it is determined that the payee or estate is no longer entitled to the proceeds of the check or the check is undeliverable for 60 days after the month of issue. Under no circumstances shall a DO cancel a check using the procedures in this section if the check is over one year old.

080402. Exceptions

A. Checks drawn for cash or for advances to cashiers that later are found not to be required shall not be processed for cancellation in the DO's accounts. Instead, they shall be endorsed by the DO or cashier (as applicable) and deposited as prescribed in Chapter 5 of this volume.

B. An original check, that is returned to or recovered by the DO after it is more than one year old (from date of issue) or has been canceled by submission of an SF 1184, shall not be canceled on an SF 1098. However, the check shall be marked "VOID - NOT NEGOTIABLE" on the front and held in the DO's safe or vault until the Daily Advice of Status (DAS) is received from the Treasury Department and then the marked check shall be destroyed locally by burning or shredding. No report of destruction is made to the Treasury Department. The date of destruction and supporting documentation shall be noted in DD Form 2662 (Recertified Check Register).

080403. Undeliverable Treasury Checks. All undeliverable checks shall be kept in a safe or vault. The checks shall be filed in an order best suited for ready identification when claimed or for mailing when a proper address is ascertained. The DO shall maintain a record of undeliverable checks using DD Form 2658 (Returned and Undeliverable Check/Bond Record) that indicates: date the check is returned, check number, check date, amount, payee, voucher

number, disposition, and date of disposition. An example of DD Form 2658 is shown at figure 8-2. The DO shall provide a copy of DD Form 2658 to rollkeepers, agents, cashiers, and the appropriate entitlement office for their use. Undelivered checks shall not be removed from the safe or vault, or held by the DO's deputies, agents, or cashiers except for immediate delivery to payees, or for cancellation and deposit.

A. Time Limit for Holding Undeliverable Checks. The DO shall attempt to make delivery of checks to the proper payees. If delivery is not effected within 60 days after the month of issue, undeliverable checks being held by the DO shall be disposed of as provided in the subparagraphs below. Checks payable to deceased payees should be held no longer than 5 days.

1. Undelivered checks held by the issuing DSSN shall be collected to the credit of the issuing appropriation or to a suspense account and deposited as prescribed in paragraph 080405, below.

★ 2. Undelivered checks held by other than the issuing DO shall be returned to the issuing DO by registered mail or by another method of delivery with the ability to track the shipment. The checks must be mailed within two weeks together with a reason for non-delivery. If the address of the issuing DSSN is unknown, contact the servicing DFAS Center.

3. An undeliverable check returned to the DO after the 45th day of the time limit prescribed above shall be recorded on the DD Form 2658. Research shall be conducted to determine if the check has been canceled using an SF 1184 (Unavailable Check Cancellation), and whether a replacement check has been issued. If an SF 1184 has been submitted to the Treasury Department, dispose of the original check as prescribed in subparagraph 080513.D, below. If an SF 1184 has not been submitted to the Treasury Department, cancel the original check as prescribed above within 15 days of the date of receipt.

B. Undeliverable Due to Death of Payee

1. Deceased Military Members. Checks drawn to deceased military members shall be canceled by the issuing DSSN. The check shall be promptly canceled and credited to the individual's pay account pending payment to a properly designated beneficiary.

2. Deceased Civilian Employee Checks. For special instructions on the handling of checks drawn to deceased civilian employees, see Volume 8 of this Regulation.

3. Other Payees. Checks drawn to other deceased individuals shall be taken up and deposited as undeliverable checks. An SF 1055 (Claim Against the United States for Amounts Due in the Case of a Deceased Creditor) shall be obtained and processed as prescribed in Volumes 8 and 10 of this Regulation. The accounting data chargeable and references required on the voucher shall be as prescribed in paragraph 080406, below.

C. Checks Undelivered at Time of Relief. When a DO is relieved by another DO or the DSSN is deactivated and disbursing for that activity is assumed by another activity or ship as a result of consolidation, transfer of function, or other reason, the relieving DO or gaining activity shall assume custody of the undelivered checks for processing as provided in this section. However, when a DO is transferred from disbursing duty without a relief or the disbursing function is not assumed by another activity, the undelivered checks shall be taken up as a collection on an SF 1098 and deposited whether or not the 60-day holding period has elapsed. The DD Form 2658 shall be turned over to the office designated to settle the accounts of the DO.

D. Special Actions on Canceled Checks Held by the Disbursing Office

1. Military Payrolls. When a check in payment of military pay and allowances is canceled, the DO shall take the action prescribed in Volume 7A of this Regulation for the appropriate adjustment to the Master Military Pay Account to be made.

2. Civilian Payrolls. When a check in payment of a civilian payroll is canceled, the DO shall notify the payroll preparing office in order for the appropriate payroll adjustment to be made.

080404. SF 1098 (Schedule of Canceled or Undelivered Checks)

A. General. A check that is undelivered within 60 days after the month of issue shall be credited to the appropriation originally charged by use of an SF 1098 prepared in triplicate. The following data shall be shown for each check in the spaces provided in the body of the form: month and year of issue; check serial number (and DSSN if other than DSSN shown in heading of the form); name of payee; amount of check; and, accounting data credited. See figure 8-3.

B. Lack of Accounting Data. If the proper appropriation to be credited cannot be determined immediately, collect the amount of the check into the budget clearing account (suspense) **F3875. The SF 1098 should include all information available as to the identity and location of the payee of the check. If, after one year the appropriation still is not determinable, process an SF 1081 to transfer the funds to the Treasury Department's miscellaneous receipt account **R1060.

080405. Disposition of Canceled Available Checks

A. General. Canceled check transactions authorized by this section shall be processed in a manner similar to that for collections. Upon receipt of a check to be canceled, prepare an SF 1098 as the collection voucher with credit to the appropriation charged when the payment was made. Note: All lines of accounting data charged and credited on the original disbursement voucher shall be shown on the SF 1098. Assign a collection voucher number to the SF 1098 and print this number and the date of collection on the reverse of the canceled check. The canceled checks shall be deposited for credit to the DSSN used by the DO making the

cancellation. No payee endorsement on the reverse of the check is necessary; only the DO's endorsement stamp is required.

B. Stamped Legend Placed on Checks for Cancellation. The following legend shall be typed or stamped on the face of each canceled check: "NOT NEGOTIABLE - FOR PAYMENT AND CREDIT IN THE U.S. TREASURY. D.O. SYMBOL _____." The letters of the legend shall be of prominent size to remove all possibility of negotiation. The stamp shall be placed so that the defacement will not interfere with data to be captured by an optical character recognition (OCR) scanner.

C. Deposit Ticket. Canceled checks shall be deposited on an SF 215 separate from any other negotiable instruments. DOs shall make canceled check deposits as prescribed below.

D. Frequency of Deposits. Checks received for cancellation need not be deposited on a daily basis. The canceled checks may be held in the DO's safe or vault for preparation of a consolidated SF 215. Deposits shall be forwarded to the FRB or branch not later than the 25th of the month in which received. Checks received for cancellation during the remainder of the month shall be processed as collections, but may be retained for depositing in the following month. All CONUS DOs shall deposit all canceled Treasury checks with the nearest FRB or branch. DOs located in Alaska, Hawaii, and in foreign countries will deposit with the general depositary normally used for making deposits for credit to Treasury Department's General Account. Refer to Chapter 5 of this volume for deposit reconciliation requirements.

080406. Claims for the Proceeds of Canceled Available Checks. When a claim is received for the proceeds of a canceled available check and it is determined that all or a portion of the amount is due the claimant, payment shall be made on a payroll or other voucher prepared and processed in the same manner as a current payment. Claims shall be paid by the disbursing office which made the collection and deposit of the original undeliverable check. This is not to say an undeliverable military pay check cannot be canceled by the issuing DO so that the member may be paid at a new duty station. The disbursement shall be made on an SF 1034 and charged to the accounting data credited on the SF 1098. Reference shall be made to the original undeliverable check by serial number, amount, DSSN, and the month, year, and account in which the undeliverable check was collected. In cases where the undeliverable check was collected to **R1060, the DO should process an SF 1081 to adjust out the funds that were collected into the receipt account in error. A record of the claim and disposition shall be entered on the DD Form 2658.

0805 UNAVAILABLE CHECK CANCELLATIONS

080501. General. Unavailable Treasury checks that are reported to the DO as lost, stolen, mutilated, or not received by the payee shall be canceled using the procedures described in this section if the check is less than 12 months old. The procedures in this section also apply to situations where the payee is not entitled to the proceeds of a check which is unavailable to the DO. These situations include: death of the payee before the check issue date; non-receipt of a

recertified payment check by the payee when the original check has been received and cashed; receipt of a cash payment and a check payment for the same entitlement; and, loss of the check after the payroll is prepared and the payee is a military member already transferred. Payees have 1 year from the date of issue of the check to file a claim of non-receipt with the issuing disbursing office for submission to the Treasury Department. The issuing disbursing office must submit an SF 1184 (Unavailable Check Cancellation) to the Treasury Department within 13 months of the date of issue. The Treasury Department has 18 months from the date a check is paid to reclaim monies from the financial institution if a claim of forgery or unauthorized endorsement is filed by the payee. Checks, which are unavailable to the payee and/or the DO and for which entitlement to the payment exists, may be replaced by a new check called a recertified payment check. A recertified payment check bears a new check serial number and is vouchered and recorded as a new disbursement using the procedures in this section. Original and recertified payment checks shall be controlled, cross-referenced, and tracked indefinitely or until both have been paid, recovered and destroyed, or canceled.

080502. Claims of Non-receipt, Destruction, Loss, or Theft. A claim of non-receipt, destruction, loss, or theft of a Treasury check issued on or after October 1, 1989, will be denied by the Treasury Department unless it is presented by the payee to the issuing disbursing office within 1 year from the date of issuance. The claim will be documented by the disbursing office on an SF 1184. The SF 1184 must be processed through the servicing DFAS Center and received at Treasury Department within 13 months from the date of issue of the check. If a cancellation credit is denied, a Daily Advise of Status will be issued with one of the status codes listed in table 8-4. The DO will advise the payee of the check status. If the check has been negotiated and the payee wishes to continue the claim process, the payee must initiate the FMS Form 1133 (Claim Against the United States for the Proceeds of a Government Check) and the FMS Form 3858 (Claims Document), upon receipt of status from the Treasury Department. The DO shall forward these two forms, the photocopy of the check and any other supporting documentation for the claim to the Treasury Department for processing. If the payee files a claim of forgery or unauthorized endorsement (FMS Form 1133) against the check, no recertified payment check will be issued prior to receipt of an FMS Form 3859 (Claims Disposition Notice) from the Treasury Department. See paragraph 080515, below.

080503. DD Form 2662 (Recertified Check Register). To assure the necessary cross-reference and control over unavailable check cancellations, DD Forms 2662 shall be maintained. As shown in figure 8-4, the DD Form 2662 shall contain information to identify the original check serial number, date, amount, payee, and status of the check as provided by the Treasury Department, as well as identifying information regarding the recertified payment check, payee claims, and collection information.

080504. SF 1184 (Unavailable Check Cancellation). The SF 1184 is required for all cancellations covered by this section. Each individual unavailable check to be canceled shall be reported on an SF 1184 to the servicing DFAS Center either manually or via mechanized input. The DFAS Centers will consolidate the input for submission to the Treasury Department. Bulk losses of original checks will require the preparation of an SF 1184 for each check. Unavailable check cancellation credits or chargebacks resulting from the Treasury Department

receipt and processing of an SF 1184 or the negotiation of a canceled unavailable check will be forwarded by the Treasury Department to the DFAS Centers at Cleveland, Denver, and Indianapolis. These DFAS Centers will forward check credit or chargeback information (including the detail information) applicable to the DFAS-Columbus Center disbursing accounts to the DFAS-Columbus Center. The DFAS-Cleveland Center also will forward the cancellation credit or chargeback information (including the detail information) applicable to the DFAS-Kansas City Center and Marine Corps disbursing offices to the DFAS-Kansas City Center.

080505. DD Form 2660 (Statement of Claimant Requesting Recertified Check) When a payee reports the loss, theft, mutilation, or non receipt of a Treasury check, the DO shall obtain a statement, in writing, from the payee. The statement is mandatory to substantiate the payee's entitlement to a recertified payment. The DD Form 2660 is the preferred form of the required statement; however, DOs may accept a signed letter from the payee in lieu of the DD Form 2660. An example of the DD Form 2660 is shown at figure 8-5. If the payee negotiates both checks, the statement could be used to establish fraudulent intent. Upon receipt of the signed statement, the DO shall complete the information required to identify the check (issue date, check number, amount, voucher number, etc.), prepare an SF 1184 to cancel the unavailable check, and forward a copy of the statement and a copy of the SF 1184 to the appropriate entitlement area for certification of entitlement and preparation of the appropriate payment voucher.

080506. Authorization to Issue Recertified Checks

A. General. As stipulated in 31 CFR, Parts 245 and 248 (reference (p)), the Treasury Department has delegated to the DoD the authority to issue recertified checks to replace checks originally issued by DoD DOs. That authority includes replacement of checks lost, stolen, or destroyed both in transit and after receipt by applicable payees. The Treasury Department has authorized the DoD to issue a recertified payment at the same time the SF 1184 is prepared if, based on the facts available, the payee should receive immediate replacement and the risk of loss from overpayment to the payee is low. Subject to the restrictions in the following paragraphs, recertified checks may be issued as replacements for original checks at any time commencing with the submission of the SF 1184. The circumstances associated with each unavailable check shall govern when the recertified check is actually issued.

★ B. Limitations. No recertified check will be issued if: the payee of the original check is not entitled to the proceeds of the check, the payee died before the original check-issue date, sufficient mail time (at least 3-mail delivery days after the date the original check was mailed has not lapsed for delivery or return of the original check (see subparagraph 070105); the payee has an outstanding obligation against which the payment can be offset; or, the original check is more than 12 months old. Situations that require the exercise of good judgment in determining when to issue recertified checks are high value unavailable checks, payees involved in adverse actions that could result in early discharge or termination, and non-permanent employees who have no vested retirement benefits or no sustained work history at the issuing activity. The ability of the payee to make restitution in cases of a double negotiation and the possibility of offsetting a double negotiation against money, other than salary, due the payee

shall be considered in the determination. Note for deactivated and closed disbursing offices: Normally the designated settlement office is responsible for issuing recertified payments. However, when circumstances warrant, such as consolidation, the DO servicing the activity that assumed the disbursing and accounting responsibility for the deactivated or closed office is authorized to issue a recertified payment on behalf of the deactivated or closed office. Except as prescribed in subparagraph 080512.A, below, recertified checks may be issued only as a disbursement from the appropriation (or if no longer available, a current appropriation available for the same general purpose subject to limitations on its use) charged when the original check was issued.

C. Issue Before Receipt of Treasury Status. Because of the effect that delays in check issuance have on military and civilian employees' personal financial affairs, DoD relations with private business and other intangible benefits obtained, recertified checks may be issued immediately for some payees. Therefore, DOs are authorized to use stop code "A" on the SF 1184 when recertified checks are to be issued immediately to replace undelivered, lost, stolen, mutilated, or destroyed original checks issued under their DSSN, if less than 31 days have elapsed since the check issue date. This service is limited to the following payees:

1. Military and civilian personnel for payment of pay and allowances.

2. Banks, credit unions and other financial institutions unless it is determined to be in the best interest of the DoD to obtain Treasury Department status before issuing a recertified check.

3. Agencies of the U.S. Government.

4. Foreign governments. (Where doubt exists as to the status of a foreign payee, treat payment as a foreign business and issue a recertified check after receipt of status from Treasury as prescribed below.)

5. Any payment made under protest as described in Chapter 1 of this volume.

6. Any composite/consolidated check regardless of amount.

D. Issue After Receipt of Treasury Department Status. The payees described below are not eligible for immediate payment replacement by recertified check and shall have their unavailable check cancellations submitted under stop codes "D" or "G" and receive a recertified check only when the Treasury Department reports the check status as "outstanding".

1. Foreign businesses and contractors where check payment is made to addresses or financial institutions outside the United States.

2. Payees who have previously negotiated both the original check and the recertified check issued to replace it.

3. Payees who have received more than three recertified check payments in the past 6 months or who have received more than four recertified check payments in a 12-month period.

4. Payees who report non receipt of a recertified check.

5. Payees requesting recertification of an original check more than 30 days old.

6. Payees other than a deputy, agent, or cashier requesting replacement of an exchange for cash check.

E. Issue When the Treasury Department Status Is Paid. Except as provided in paragraph 080515, below, no recertified payment check shall be issued when the DAS from the Treasury Department indicates the check status is paid.

★ 080507. Mechanized Input of the SF 1184. DoD DOs who have access to the DCRM have the capability to mechanically prepare the SF 1184 daily using the UCC subsystem. The SFs 1184 are file transferred to the Treasury Department biweekly. Procedures for accessing the DCRM reporting system to add, change, inquire, or delete an SF 1184 request are found in the User Instructions for Disbursing Offices dated April 17, 1995. Contact your DFAS Center for a copy of this manual.

★ 080508. Preparation of the SF 1184

★ A. General. These procedures apply only to DOs who do not have the capability to electronically produce and transmit SFs 1184. Manually prepared SFs 1184 should be mailed to the supporting DFAS Center or an office designated by the supporting DFAS Center for entry into the DCRM UCC subsystem. Do not mail hardcopy SFs 1184 to the Treasury Department. In addition to the current version of the SF 1184, there is also a perforated version which can be adapted for hardware and software applications. The perforated version can be ordered from GSA Supply Distribution Facilities and GSA Supply Centers. The National Stock Number (NSN) for the perforated form is 7540-01-7777. The SF 1184 is a dual purpose document. If more than one check is to be cancelled, each check shall be processed on a separate SF 1184. In addition, the SF 1184 is used as a transmittal document for the item cancellations submitted. Instructions for preparation of the transmittal document are slightly different from the individual check reporting document. However, instructions for preparing both documents are contained in this paragraph. Transmittals shall be submitted each day for item cancellations prepared that day. If no cancellations are prepared, no transmittal is required. A transmittal cannot include more than 50 item cancellations.

B. Completion of SF 1184 (Item Cancellation). The SF 1184 shall be prepared by typewriter using uppercase letters for all alphabetic characters. Do not submit forms prepared by pen or pencil. The data fields and their contents are described below. See

figure 8-6.

1. CK. SYM. Enter the four-digit DSSN of the disbursing office that issued the original check. Required four-digit numeric field.

2. CK. SERIAL. Enter the check number of the original check that is being canceled and on which "STOP PAYMENT" action is being requested of the Treasury Department. Required eight-digit field. The field is an all numeric field zero-filled from the left. No commas shall be typed to separate the check number digits.

3. CK. AMOUNT. Enter the total amount of the original check. This required field is limited to 10 digits, all numeric. Do not use dollar signs. Use of commas is optional provided the 10-digit requirement is not exceeded. Show the decimal point separating dollars and cents.

4. CK. ISSUE DATE. Enter the date of the original check. This is a required numeric field containing six digits: month (two digits), day (two digits), and year (two digits).

5. AGY/PAYEE ID NO. Enter the identification number assigned to the payee. This is a required alpha-numeric field, maximum of 11 digits. Start from the left and leave unused spaces blank. Activities that do not normally assign specific ID numbers may use vendor contract numbers, DSSN, Social Security numbers, or other reference numbers. For Navy and Marine Corps disbursing offices, the 11-digit field is assigned as follows: positions 1-4, DSSN of the preparing disbursing office; positions 5-7, julian date of preparation; position 8, the unit position of the calendar year of preparation; and, positions 9-11, a 3-digit sequential serial number commencing with 001 on October 01 of each year and continuing through 999 before recycling the sequential numbers. Do not use 000 as a sequential number.

6. LINE CODE. A required numeric digit indicating the total number of lines used for the payee's name and address fields. For Navy and Marine Corps disbursing offices: use "0" for direct deposit checks; use "1" for non-entitlement; and in all other cases, use digits "3" through "6" (as appropriate for the number of lines used in the name and address fields). If the name and address is only two lines, pad the third line with blanks so "3" will be the correct line code.

★ 7. STOP CD. Enter the alpha character code for the appropriate stop reason code based on the definitions listed in table 8-1. The stop code describes the nature of the action required on the original check. The only codes authorized for use are "A," "D," "E," "F," "G," "K," "L", "M", "R", "U", "X", "Y", and, for Navy and Marine Corps disbursing offices only, "P".

8. AGENCY CODE. The agency code is a single alpha character. The following codes shall be used by the respective DoD Components. Defense Agencies shall use the appropriate agency code based on the Military Service that provided the DSSN.

CODE	COMPONENT
A	Department of the Army
F	Department of the Air Force
L	U.S. Marine Corps
N	Department of the Navy

9. PAYEE NAME. Enter the payee's name as it appeared on the original check. This is a required alpha-numeric field limited to 2 lines with a maximum of 30 digits each. The second line is intended to accommodate listing both names when there is a joint payee. If the payee's name is more than 30 characters, use both lines. If there has been a name change, type the NEW name in this field and show the OLD name as it appeared on the original check in the FOR AGENCY USE block.

10. ADDRESS. The address in this alphanumeric field shall be the current address of the payee because the Treasury Department uses this address to prepare claims document address labels. The address is required for STOP REASON CODES "D" and "G". For Navy and Marine Corps disbursing offices, when STOP REASON CODE "F" is used, the disbursing office address will be entered in this field. Each line of the address field is limited to 30 characters.

11. NAME OF DECEDENT. This field is required when the STOP REASON CODE is "E." The field length is 30 characters. Type the deceased payee's name: last name; first name; middle initial(s). Do not use punctuation marks. If the name of the decedent is not provided with a "deceased" STOP REASON CODE "E", the SF 1184 will be rejected by the Treasury Department.

12. DATE OF DEATH. This field is required when the DoD Component has rendered the payee or payee's estate not entitled to the proceeds of the check; therefore, the date of death is required for only STOP REASON CODES "E" or "U."

13. AMT. TO BE RECLAIMED. The "amount to be reclaimed" is a required field for all STOP REASON CODES. This is a required 10-digit field containing the check amount. In some rare cases, the amount to which the payee is no longer entitled (that is the amount to be reclaimed) will be less than the full amount of the original check. In cases where the payment status is "paid", the amount to be reclaimed will be used by the Treasury Department when seeking to recover from the banking system. A lesser amount could occur in the case of non-entitlement, where the payee was entitled to a lesser amount than the original check. In that case, the amount to be reclaimed would be the difference between the amount of the original check and the amount to which the payee is entitled. The field is limited to 10 digits.

Do not use dollar signs. Use of commas is optional provided the 10 digit maximum is not exceeded. Always show the decimal point separating dollars and cents.

14. AGY. LOC. CODE. The Agency Location Code is a four- or eight-digit numeric symbol used by the Treasury Department to identify accounting reports and documents prepared by or for accounting stations and financial offices. The following four- or eight-digit numeric codes shall be entered in this block by the respective DoD Components. Defense Agencies shall use the appropriate agency location code based on the Military Service that provided the DSSN.

1700XXXX Navy and Marine Corps disbursing offices. Note: The XXXX represents the disbursing office DSSN. Insert the assigned DSSN in lieu of "XXXX".

2100XXXX Army disbursing offices. Note: The XXXX represents the disbursing office DSSN. Insert the assigned DSSN in lieu of "XXXX". U.S. Army Corps of Engineers activities that disburse from civilian funds shall enter the DSSN only.

5700XXXX Air Force disbursing offices. Note: The XXXX represents the DSSN. Insert the assigned DSSN in lieu of "XXXX".

15. AGENCY OUTPUT. This code is a required single numeric digit indicating the type of output (hard copy or magnetic tape) to be generated by the agency. Table 8-2 is a list of the output codes and the description of each. Army disbursing offices enter "2" if SF 1184 submission is by paper; enter "4" if SF 1184 submission is by magnetic tape. All Air Force disbursing offices enter "4" in this field. All Navy and Marine Corps disbursing offices enter "3" in this field.

16. AGENCY REFERENCE. This field is optional. DOs may use this 35-character field as necessary to enter information that will assist in identifying this particular SF 1184, identify actions, or explain the reason for the SF 1184.

17. FOR D.O. USE. Enter the DSSN on the D.O. Activity line. The DO or deputy shall sign on the signature line provided.

18. FOR AGENCY USE. For Army and Air Force, enter the DoD Component name on the Agency line. Navy and Marine Corps disbursing offices enter the name of the preparing disbursing office on the Agency line. The DO or deputy shall sign the signature line on every SF 1184 submitted.

C. Completion of Transmittal Document. A transmittal SF 1184 shall be prepared daily for each batch of 50, or fewer, items submitted on any date. A separate SF 1184 shall be used as the transmittal document. Under no circumstances shall a batch contain more than 50 items. The required data fields for the transmittal SF 1184 and their contents are described below. Use of fields other than those listed will result in rejection of the entire batch by the Treasury Department. This form shall be prepared by typewriter. See figure 8-7.

1. ADDRESS. This field accommodates 120 characters. Enter the DO's name and complete disbursing office address.

2. FOR D.O. USE. Type the DSSN of the preparing disbursing office in the space directly above D.O. Activity. The DO or deputy shall sign the SF 1184 transmittal document in the space provided.

3. AGY. LOC. CODE. The following numeric codes shall be used by the respective DoD Components. Defense Agencies shall use the appropriate agency location code based on the Military Service that provided the DSSN.

1700	Navy and Marine Corps
2100	Army
5700	Air Force

4. AGENCY OUTPUT. This code is a required single numeric digit indicating the type of output (hard copy or magnetic tape) to be generated by the agency. Table 8-2 is a list of the output codes and the description of each. Army disbursing offices enter "2" if SF 1184 submission is by paper; enter "4" if SF 1184 submission is by magnetic tape. All Air Force disbursing offices enter "4" in this field. All Navy and Marine Corps disbursing offices enter "3" in this field.

5. FOR AGENCY USE. When the SF 1184 is used as a transmittal document enter in this field the total number of SFs 1184 attached and the batch number of the batch being transmitted. The batch number consists of 13 digits. The batch number shall be composed of the submitting DO's DSSN (four digits); the date (MMDDYY) (six digits), and a three-digit sequential number beginning with 001 each day. The batch sequential number shall also be recorded DD Form 2662. The SF 1184 Total indicates to the Treasury Department and the DFAS Centers the total number of individual cancellation documents being submitted with a transmittal document. Use one numeric digit for batches containing one to nine items. Use two numeric digits for batches containing 10 to 50 items. Enter the DoD Component name (i.e., Army, Air Force, Navy, or Marine Corps) on the Agency line. The DO or deputy shall sign the signature line for each transmittal submitted.

080509. Submission of Unavailable Check Cancellation. All cancellations shall be submitted on the day they are prepared along with a transmittal covering the item cancellations in every batch. Even though only one item cancellation is being submitted, it shall be covered by a transmittal. The DFAS Centers addresses are:

Defense Finance and Accounting Service
Cleveland Center
DFAS-CL/AABA
1240 E. Ninth Street
Cleveland, OH 44199-2056

Defense Finance and Accounting Service
Columbus Center
DFAS-CO/FP
Columbus, OH 43218-2317

Defense Finance and Accounting Service
Denver Center
DFAS-DE/AAC
6760 E. Irvington Place
Denver, CO 80279-8000

Defense Finance and Accounting Service
Indianapolis Center
DFAS-IN/JFP (Mail Stop 101)
8899 East 56th Street
Indianapolis, IN 46249-0833

Defense Finance and Accounting Service
Kansas City Center
DFAS-KC/AE
Kansas City, MO 64197-0001

The agency receipt copy of the batch transmittal will be returned by the servicing DFAS Center to advise the DO that the entire batch has been accepted and processed. If the agency receipt copy has not been returned within 20 days after submission, the DO should contact the appropriate DFAS Center listed above and request assistance. The distribution of the manually prepared SF 1184 is shown in table 8-3.

080510. Daily Advice of Status. With the exception of the transmittal documents, the Treasury Department will return a Daily Advice of Status (DAS) on every SF 1184 received. An essential control technique is for DOs to keep a complete file of SFs 1184 submitted. Periodic review of the file will show, either by copy of the DAS or by copy of the agency receipt copy of batch transmittals, that the Treasury Department has received and processed all submissions. Incomplete file items should be followed-up within 30 days through the servicing DFAS Center by telephone and if necessary, by processing a second SF 1184. The status codes used by the Treasury Department on the DAS are listed in table 8-4. When the Treasury Department has issued a DAS with a status of "Outstanding check canceled, agency credited," future requests to cancel or obtain photocopies of the canceled check will receive a response status code "11" indicating the canceled check has been paid. However, until the original check is presented through the banking system, no photocopy will be available. Therefore, once a

disbursing office has received a DAS with a status code of outstanding, no additional SFs 1184 can be submitted for that check number. If the original check is ever presented through the banking system for payment, the servicing DFAS Center will notify the DO that the credit to Unavailable Check Cancellations and Overpayments, Suspense, **F3880, has been reversed by Treasury Department.. The Treasury Department will, at that time, provide a photocopy of the original check, a claims document, and a claim form (FMS Forms 3858 and 1133).

★ 080511. Automated Recertification Follow-up Procedures. After submitting an SF 1184 on a check, DOs shall use the FMS Form 3864 (Agency Recertification Follow-up) to maintain contact with the Treasury Department regarding previously submitted SFs 1184 when the DAS code has been received but either the 3880 credit, photocopy or claim form is 30 days overdue. Two new stop codes have been approved by the Treasury Department for use in the DCRM UCC subsystem to automate the hardcopy follow-up. If an SF 1184 received a DAS code indicating outstanding status (e.g., DAS 32) but the credit is overdue, use STOP REASON CODE "X" for the follow-up request. A STOP REASON CODE "Y" is used if an SF 1184 received a DAS code indicating paid status (e.g., DAS 11) but the subsequent information is overdue. The Treasury Department has provided additional DAS codes to respond to the new automated stop codes. The DAS codes and their messages are in table 8-4. See table 8-5 for details on when to submit the automated or hardcopy FMS Form 3864 to the Treasury Department.

★ 080512. Manual Preparation of the FMS Form 3864. Use the procedures below for completing a hardcopy FMS Form 3864 (Agency Recertification Follow-up). After submitting an SF 1184 on a check, DOs shall use the FMS Form 3864 to maintain contact with the Treasury Department regarding previously submitted SFs 1184 when the DAS code has been received but either the 3880 credit, photocopy or claim form is 30 days overdue. The DO shall complete parts A and B, as prescribed below. The Treasury Department will complete part C and return the form to the disbursing office. Table 8-5 lists more details on submission of this form.

A. FMS Form 3864, Part A. The DO shall complete this portion from retained records (original SF 1184 submitted, the DAS, and/or claims document). If status code is known, provide it in the proper block. The information entered on this form shall be typed.

B. FMS Form 3864, Part B. The DO shall complete this portion indicating the reason for submitting the FMS Form 3864. See table 8-5 for more details regarding the reasons for follow-up and required follow-up time frames.

C. FMS Form 3864, Part C. The Treasury Department will place a check mark in the appropriate block in reply to the DO's follow-up request, and will enter a further explanation in part C-9, OTHER, when warranted. Part C-8 will be checked only when the Treasury Department cannot furnish an immediate response to a follow-up request. A further response should be provided by the Treasury Department within 30 calendar days.

080513. Accounting for Recertified Checks

A. General. All credits for canceled unavailable checks and charges resulting from negotiation of a previously canceled unavailable check are provided by the Treasury Department through budget clearing account Unavailable Check Cancellations and Overpayments (Suspense), **F3880. The **F3880 account is restricted to unavailable check transactions and shall not be used for any other purpose. The **F3880 account is available to hold credit or chargeback amounts only until the appropriation or fund that was charged when the original check was issued can be identified. All amounts in the **F3880 account must be transferred to the proper appropriation of fund as expeditiously as possible. Note: As indicated in Chapter 7 of this volume, exchange-for-cash checks generally are issued as advances to deputies, agents, or cashiers, or as an accommodation service for the benefit of a payee. These exchange-for-cash transactions are not charged to an appropriation on fund. If a deputy, agent, or cashier loses such a check, the loss will be treated as a physical loss of funds as prescribed in Chapter 6 of this volume. If the Treasury Department determines the check to be outstanding, the unavailable check credit shall be used to offset the loss of funds. If the unavailable check should later be negotiated and the Treasury Department reverses the credit, the physical loss of funds shall be reestablished. If a payee who received an exchange-for-cash check as an accommodation service loses such a check, the unavailable check credit shall be used to reimburse the payee for the loss. However, since there was no entitlement chargeable to an appropriation, reimbursement shall not be made until the period of negotiability for the original check has lapsed (1 year from the date of issue).

1. Credits Resulting from Submission of SFs 1184. If an unavailable check is outstanding (not negotiated), the Treasury Department will issue a DAS indicating that the check is outstanding and that the agency will be credited with the proceeds. The Treasury Department will cancel the check and credit the funds derived from the cancellation to the **F3880 account. The DFAS Centers at Cleveland, Denver and Indianapolis will receive the cancellation credits monthly from the Treasury Department on an SF 1081 (Voucher and Schedule of Withdrawals and Credits), along with a magnetic tape listing of checks canceled. Identifying information for the checks being canceled will be included on the magnetic tape. Where available, the proceeds of these canceled checks will be forwarded to the DFAS Centers through the Government On-line Accounting Link System/On-line Payment and Collection (GOALS/OPAC). Any identifying information provided in the original check issue data submission will be reflected as detail in the credit transmission. The detail also will be provided on microfiche monthly. The DFAS Cleveland, Denver, and Indianapolis Centers will forward check credit information (including the detail information) applicable to the DFAS-Columbus Center disbursing accounts to the DFAS-Columbus Center. The DFAS-Cleveland Center also will forward the cancellation credit information (including the detail information) applicable to the DFAS-Kansas City Center and Marine Corps disbursing offices to the DFAS-Kansas City Center.

2. Reversals of Cancellation Credits. If a canceled unavailable check is negotiated to a financial institution after cancellation by the Treasury Department, the Treasury Department will reverse the cancellation credit and provide a DAS indicating the check has been negotiated and the credit reversed. The Treasury Department will provide a copy of the paid check, and FMS Forms 1133 and 3858. The reversal transactions will be separate from the

monthly cancellation credits described above. The DFAS Centers at Cleveland, Denver and Indianapolis will receive the cancellation credit reversals from the Treasury Department with an SF 1081 and a magnetic tape listing of checks for which credit was reversed. Identifying information for the checks will be included on the magnetic tape. The DFAS Cleveland, Denver, and Indianapolis Centers will forward the credit reversal information (including the detail information) applicable to the DFAS-Columbus Center disbursing accounts to the DFAS-Columbus Center. The DFAS-Cleveland Center also will forward the credit reversal information (including the detail information) applicable to the DFAS-Kansas City Center and Marine Corps disbursing offices to the DFAS-Kansas City Center.

B. DFAS Center. Title 31 U.S.C. 3334(a)(2) (reference (e)) requires that the proceeds from canceled checks be returned to the appropriation from which the check was issued originally and to treat the canceled check as an account payable. Within 15 days of receipt, the DFAS Center should forward the check cancellation and credit detail information both to the disbursing office that issued the check and the accounting office that supports the disbursing office. Any Treasury Department reversal of previous cancellation credits should also be forwarded to the applicable disbursing and accounting offices.

C. Accounting Office. When canceled check credits are received, the accounting office must promptly transfer the individual check credits from **F3880 to the appropriation charged when the check was issued and establish an account payable. If an unavailable check is replaced by a recertified check prior to receipt of credit from the Treasury Department, the accounting office should establish an account receivable in the appropriation or fund charged for the check issue and remove the receivable when the credit is received. Reversal of a previous credit also should be promptly transferred from **F3880 to the appropriation charged when the check was issued.

D. Disbursing Office. Upon receipt of the DAS indicating cancellation credit or reversal information from the servicing DFAS Center, the disbursing officer is responsible for initiating research on the check issue data submitted to the Treasury Department to ensure that the detailed information provided is accurate. That is, the DSSN, check serial number, date of issue, and issue amount provided in the cancellation credit or reversal must agree with the original check issue data reported to the Treasury Department when the check was issued. Any discrepancy in this data must be researched to determine the cause of the discrepancy and appropriate action taken to correct the discrepancy. The disbursing office also must notify the appropriate entitlement or subject matter area (i.e., military pay, civilian pay, travel pay, or commercial accounts payable) that the Treasury Department has returned credit to the activity because the check was not negotiated or reversed a previous credit because the check was negotiated and provide a copy of the DAS.

E. Entitlement Area. When notified that an unavailable check has been canceled and credit provided, the appropriate entitlement or subject matter area must determine whether the liability for payment of the underlying obligation is valid and prepare the appropriate vouchers for payment if the payee was not issued an immediate recertified payment when the SF 1184 was submitted.

F. Recertified Payments. Any recertified payment (including immediate replacements under stop code "A") must be vouchered and charged to the appropriation or fund charged when the original check was issued. Recertified payments may be issued at the same time that the disbursing office submits the SF 1184 or at any subsequent point in the claims cycle; that is--

1. Before the status of the original check is known, when less than 31 days have elapsed from the date of the original check. See subparagraph 080506.C, above.

2. After the disbursing office has been advised by the DAS that the original is outstanding and credit will be provided.

3. After credit has been received from the Treasury Department through the applicable DFAS Center.

Making a recertified payment under items 1 and 2, above, will require an account receivable to be established in the appropriation or fund for the amount due on cancellation of the original check. A copy of the SF 1184 and/or DAS may be used to support the account receivable.

080514. Preparation and Disposition of Recertified Checks

A. General. Recertified checks shall be prepared and distributed in the same manner as regular checks previously described in Chapter 7 of this volume. If a payee claims non-receipt, loss, or destruction of a recertified check, the unavailable check cancellation procedures in this section also apply to the recertified check.

B. Undeliverable Recertified Checks. An undeliverable recertified check shall be processed in the same manner as any other undeliverable check immediately after it is found to be undeliverable. The 60-day time limit for holding undelivered checks is not applicable to undeliverable recertified checks. The check shall be canceled on an SF 1098 with credit to the appropriation charged when it was issued in accordance with paragraph 080512, above. The check shall then be deposited with the nearest FRB or branch on an SF 215 as prescribed in section 0804 of this chapter.

C. Returned and Recovered Recertified Checks. When a recertified check is returned by the payee after the original check which it replaced has been found and negotiated by the payee, the recertified check shall be canceled on an SF 1098 and credited to the appropriation charged when it was issued. The check shall then be deposited with the nearest FRB or branch on an SF 215 as prescribed in section 0804 of this chapter. The chargeback to the **F3880 account from the Treasury Department for the negotiated original check must be transferred to the appropriation charged when the original check was issued.

D. Returned and Recovered Original Checks. An original check which is returned to or recovered by the DO after it is more than one year old (from date of issue) or has

been canceled by submission of an SF 1184 shall not be canceled on an SF 1098 (Schedule of Canceled or Undelivered Checks). However, the check shall be marked "VOID - NOT NEGOTIABLE" on the front and held in the DO's safe or vault until the Daily Advice of Status (DAS) is received from the Treasury Department and then the marked check shall be destroyed locally by burning or shredding. No report of destruction is made to the Treasury Department. The date of destruction and supporting documentation shall be noted in DD Form 2662 (Recertified Check Register).

080515. Forgery

A. General. A payee may have a valid claim against the Check Forgery Insurance Fund (CFIF) to enforce the government's obligation on account of the check when the Treasury Department has determined the original check to have been paid. When the check status is "Paid", the Treasury Department will provide a photocopy of the original check, an FMS Form 1133 (Claim Against the United States for the Proceeds of a Government Check), and an FMS 3858 (Claims Document). If a photocopy of the check is not available within 60 days, the Treasury Department will provide a modified FMS Form 1133. If the Treasury Department does not provide the modified FMS Form 1133, the DO should request one by using FMS Form 3864. If the payee of the original check is deceased, not entitled to the proceeds of the check, or the check was endorsed before it was lost or stolen, the Treasury Department will take no action on the claim if the photocopy of the paid check is not available within 60 days. The FMS Forms 1133 and 3858 are combined in a four-page form set. The FMS Form 1133 is for the payee's declarations and information concerning the unavailable check. The FMS Form 3858 is the claim reference document that contains the necessary information for Treasury Check Claims Operations to identify the check. A copy of the FMS Form 3858 must be attached to any correspondence with the Treasury Department concerning the unavailable check.

B. Check Forgery Insurance Fund (CFIF). Only the Treasury Department's Division of Check Claims is authorized to adjudicate claims of forgery against Treasury checks. As explained in section 0806, below, a claim against the CFIF is governed by the 1-year statute of limitations provided in the Competitive Equality Banking Act of 1987 (CEBA) (reference (x)), since a claim against the CFIF constitutes a claim on account of a Treasury check. Therefore, a claim of forgery must be presented within 1 year from the date the check was issued. If the claim is not presented within the 1 year statutory period (from the date the check was issued), the claim on the check is barred and the payee is not entitled to payment out of the CFIF. Note: The statutory 1 year limit on the claim against the CFIF has no effect on the underlying obligation of the government for the payment. If the Treasury Department determines a check endorsement was forged and the payee's claim meets the statutory requirements, the Treasury Department will institute reclamation procedures to recover the proceeds of the forged check from the banking system. The CEBA also set a statutory time limit of 18 months from the date a check is negotiated for accomplishment of bank reclamation. As stated in Comptroller General Decision B-242666 of August 31, 1993 (reference z)), if the statutory requirements for the claim have been met and the proceeds of the check cannot be recovered from the banking system through bank reclamation procedures, the Treasury Department is responsible for issuance of the settlement check with the payment charged to the CFIF.

080516. Forgery Claims

A. General. As stated in the previous paragraph, a payee may have a valid claim against the CFIF when the unavailable original check has been determined by the Treasury Department to have been paid. The DO shall deliver the FMS Form 1133 portion of the form set to the payee for completion and return to the disbursing office if the SF 1184 was submitted with stop codes of A, D, F, or G. If the payee claims the endorsement signature is a forgery, the FMS Form 1133 must be completed by the payee and returned to the DO for submission to the Treasury Department. The DO shall inform the payee that only the Treasury Department is authorized to adjudicate claims of forgery against Treasury checks. If a recertified payment check has not yet been issued, no recertified payment check will be issued prior to receipt of an FMS Form 3859 (Claims Disposition Notice) from the Treasury Department. If the Treasury Department determines the check was not forged, the claim will be considered closed and the payee normally will not be authorized to receive a recertified payment. Also, if the Treasury Department determines the original check was not forged and the original check has been replaced by a recertified payment check, the payee shall be liable for the value of the recertified check and must make immediate payment. Note: Checks lost by the payee after they were endorsed by the payee are not forgeries.

B. FMS Form 3859 (Claims Disposition Notice). A payee is entitled to a recertified check only in settlement of a claim of forgery based on an FMS Form 3859 issued by Treasury Department. The FMS Form 3859 is used to advise the payee and the DO of the results of the Treasury Department's investigation of the claim of forgery. The conditions by which the DO is authorized to issue a recertified check to the payee are described below.

1. The Treasury Department has determined that the endorsement on the original check was forged and is in the process of collecting the proceeds through the banking system (bank reclamation), refund pending. In this instance, should the bank reclamation process fail, the settlement to the payee should properly be chargeable to the CFIF. Therefore, the recertified payment check should not be issued until the Treasury Department further advises that the proceeds have been recovered from the banking system and the credit provided to **F3880.

2. The Treasury Department has determined that payee is entitled to the proceeds of the check (the endorsement on the original check was forged but the time period for bank reclamation has expired), settlement authorized. This situation generally does not occur unless the payee failed to file the claim against the original check within the statutory 1-year period from the date the check was issued. As stated in paragraph 080514, above, this 1-year statutory period does not effect the underlying obligation to make payment. In this instance, if the underlying obligation is otherwise determined to be valid (payee entitled to the payment), the recertified check may be issued with the payment charged to the appropriation or fund charged when the original check was issued. If the original appropriation or fund is no longer available, the recertified payment should be charged to a current appropriation available for the same general purpose subject to limitations on its use.

080517. Collections of Double Negotiations

A. General. Negotiation of an original check which has been replaced by a recertified check is considered to be an illegal, incorrect, or improper payment for purposes of pecuniary liability. DOs are responsible for collection from payees to recover illegal, incorrect, or improper payments made by the DOs and/or deputies and agents. In the event that the payee separates from government service, the DO shall continue to be responsible for assuring collection action. Normally, collections for illegal, incorrect, or improper payments are one-time cash refunds or lump-sum collection by pay account checkage or salary offset and do not warrant installment liquidation. A decision to permit repayment in installments is reserved for extreme personal hardship and is left to the discretion of the DO.

B. Procedures

1. Collection Action. When the DO is notified that the Treasury Department has reversed a previous credit to **F3880 from the cancellation of the original check, the DO shall immediately begin collection action. Due process rights of collection specified in Part II of this volume shall be afforded the payee in each case. Normally, the most effective measure of effecting expeditious recovery is to present the payee a photocopy of the paid original check and a copy of the signed statement of the claimant containing the clause acknowledging that the payee was not entitled to both the original and the recertified check, and to enforce the agreement contained therein. Due process rights of collection include the opportunity for the payee to contest the validity of the debt. In cases of double negotiation, this opportunity is provided by the payee's right to complete the FMS Form 1133. If upon presentation of the copy of the negotiated check the payee asserts that the check was negotiated over a forged endorsement, collection should not begin until the Treasury Department's Division of Check Claims adjudicates the payee's claim of forgery. However, if the payee does not provide the properly completed FMS Form 1133 within the time frame allowed for presentation of documentation as to why the debt is not owed, the payee will be deemed to have acknowledged the debt and collection will begin immediately. If the payee provides the properly completed FMS Form 1133 and the Treasury Department determines the check was forged, the payee would not owe the debt. If the Treasury Department denies the payee's claim of forgery (i.e., the Treasury Department determines the check was not forged), the full amount of the check is due and payable immediately. Collection action shall be completed within 90 days of the receipt of the DAS from the Treasury Department indicating the canceled unavailable original check has been paid or within 90 days of receipt of the FMS Form 3859 from the Treasury Department indicating the payee's claim of forgery is denied, as applicable to the circumstances of each individual case as described above. The DO shall document all attempts to collect illegal, incorrect, or improper payments. If all reasonable steps have been taken to make collection and the illegal, incorrect, or improper payment becomes locally uncollectible within the 90-day time limit, the DO shall transfer the debt to the appropriate DFAS Center designated to pursue collection of locally uncollectible debts.

2. Determination of Fraud. Double negotiations could indicate misrepresentation or fraudulent intent. If the DO suspects that the negotiation of the original check is the result of fraudulent activity, the procedures outlined in Chapter 6 of this volume for reporting the event, and for possible investigative and disciplinary action shall be followed. Collection action shall be taken as specified in this Volume.

080518. Relief of Liability for Uncollectible Illegal, Incorrect, or Improper Payments. The DO may request relief of liability for illegal, incorrect, or improper payments following the procedures in Chapter 6 of this volume. As stated in 65 Comptroller General Decision 812 (reference (aa)), the policy of the Comptroller General is to deny relief in cases where the DO does not make all reasonable attempts to collect from the payee and delays more than 3 months before referring the debt to the appropriate activity for further collection. In the case of DoD Components, the appropriate activity to refer debts is the servicing DFAS Center.

080519. Separation of Duties. The payment recertification process is subject to the same management controls as other more routine disbursements. The same individual shall not authorize, process, and review recertified check transactions. Except as provided below, the minimum acceptable separation of duties shall consist of preparation of the SF 1184 by one individual; review and approval of the DD Form 2660 and SF 1184 by a deputy or the DO; preparation of a disbursement voucher by one individual in the appropriate entitlement area; review and approval of the voucher and supporting documentation by a first line supervisor other than the deputy or DO authorizing the transaction; and authorization of the disbursement by the DO or a deputy. At locations where the entitlement and disbursing offices are combined into one unit (as is the case at small activities and most tactical units), whenever possible neither the person preparing the SFs 1184 and disbursement vouchers nor the person reviewing the transaction and supporting documents shall prepare the check.

0806 TREASURY CHECKS CANCELED UNDER LIMITED PAYABILITY

080601. Background. The Competitive Equality Banking Act of 1987, Public Law 100-86 CEBA (reference (x)) amended 31 U.S.C. 3328 (reference (e)), and created a new section 3334 to establish time limits on the payability (negotiability) of Treasury checks. The CEBA affects the time period permitted for negotiation of Treasury checks, initiating and processing claims on those checks, recovering monies from financial institutions, and replacement of Treasury checks. However, the CEBA has no effect on the underlying obligation of the United States for which a Treasury check was issued. Electronic Fund Transfer (EFT) payments and limited depositary checking account payments also are not affected by CEBA.

A. Pre-CEBA. Prior to the effective date of CEBA (October 1, 1989), 31 U.S.C. 3328(a) provided that a Treasury check could be paid (negotiated) at any time and 31 U.S.C. 3328(c) provided that the limitation on claims against the Government in 31 U.S.C. 3702 (Barring Act) did not apply to an unpaid (not negotiated) Treasury check. These principles may be shown with the following hypothetical examples.

1. An individual makes a claim for payment of $1,000 in December 1978 with an agency and receives a Treasury check in payment in January 1979. The individual does not negotiate the check until 1986. In this example, the underlying obligation is the amount due in satisfaction of the claim. The individual tolled the Barring Act by submitting the claim for payment in December 1978. Upon the issuance of a Treasury check, the individual also has a separate claim on the Treasury check, which was, in 1979, payable in perpetuity (31 U.S.C. 3328(a) (1982)). Thus, prior to CEBA, the individual's right to obtain a replacement check on account of the original unnegotiated Treasury check masked the effect of the Barring Act (31 U.S.C. 3702 (b)) on the underlying obligation.

2. The effect of the Barring Act on the underlying obligation may be shown by modifying slightly this example. In addition to the earlier facts, assume further that the individual discovered that he had failed to claim all that was due in December 1978 and that the agency in fact owed him another $250. He may obtain payment of the additional amount of the underlying obligation only if he submits a new claim for the additional amount to the agency within the 6-year period following the accrual of the original claim, December 1978. If, in 1986, however, the individual--in addition to negotiating the check--submitted a claim for the additional $250, the claim for the additional amount would have been barred since more than six years had elapsed from the accrual of the original claim.

B. CEBA. The CEBA established a 1-year limitation on the negotiability of a Treasury check. However, the negotiability of a check does not affect the obligation underlying the check. Effective October 1, 1989, CEBA left the two causes of action separate; that is, one on the underlying obligation and one on the Treasury check. However, CEBA imposed a statutory limitation on the period during which a Treasury check may be paid and on any claim on account of a Treasury check. CEBA requires that Treasury checks must be negotiated within one year of the date of issuance and states that any claim on account of a Treasury check is barred unless the agency which issued the check receives a claim within one year of the issuance date. Following this one-year period, a request for payment based on the Treasury check is forever barred. However, since a claim on the underlying obligation is separate from a claim on the check, payment may still be made on the underlying obligation subject to the six-year statute of limitations in the Barring Act (31 U.S.C. 3702(b)). Accordingly, after the six-year period following the accrual of the claim, a check may be issued only if the claimant has tolled the Barring Act by making a timely claim on the underlying obligation. To make CEBA applicable in the above example, change the years of the hypothetical case. If the individual submitted the claim in December 1989, and the date of issuance of the check was January 1, 1990, a claim on the check expired one year after the issuance date, December 31, 1990. Thus, the individual had to perfect his claim on the Treasury check before the one year period expired in order to obtain a replacement check. This, however, does not affect a claim on the underlying obligation. In this example, because a claim for payment, that is, the claim submitted in December 1989, was timely submitted, the running of the period of limitations in the Barring Act was tolled, and a replacement check may be issued, even if more than 6 years pass. Conversely, if a timely claim on the underlying obligation had not been received, the claim on the underlying obligation is barred and an agency may not issue a replacement check. Therefore, if a claimant has submitted a valid claim to toll the statute of limitations on the underlying obligation, he may obtain a

payment check even if more than 6 years has passed since the claim accrued or the check was issued. However, that is not to say that tolling of the Barring Act on the underlying obligation permits payment in perpetuity. Entitlement to payment is not unlimited; any appropriate defense remains available to the government. For example, where following cancellation of a Treasury check under CEBA, a claimant waits an inordinate period of time to request payment on the underlying obligation, laches may apply (see definitions). Furthermore, Treasury Department records show only that a check has not been presented to the Treasury Department for payment, and not whether it was presented to and paid by an intermediary bank.

080602. Treasury Check Payability. All Treasury checks issued prior to October 1, 1989, have been canceled. All Treasury checks issued on or after October 1, 1989, bear the legend "Void After One Year." The Treasury Department will decline payment of all checks which are not negotiated to a financial institution within 1 year from the check issue date. Financial institutions will advise the payee to contact the agency which issued the check because the check is no longer negotiable. Any physical checks returned to the disbursing office because they are no longer payable (negotiable) shall be stamped "VOID - NOT NEGOTIABLE" and shredded once the disbursing office has confirmed receipt of the Limited Payability cancellation credit. Treasury checks issued prior to October 1, 1989, have already been mass canceled and may be shredded without confirmation of receipt of a Limited Payability cancellation credit.

080603. Treasury Check Claimability. Any claim on account of a Treasury check is barred unless it is presented to the agency that issued the check within 1 year after the date of issuance. Since CEBA established a 1-year statute of limitations for claims against a Treasury check, DOs are not authorized to process any claim for replacement of a check which is over 12 months old (from date of issue). Therefore, under the provisions of CEBA, DOs must reject all claims against Treasury checks as time barred (i.e., claims for replacement of Treasury checks) that are not received prior to the expiration of the 12-month period of negotiability (from the date of issue) of the check. The DOs should notify the claimant that a claim of non-payment of the underlying obligation of the government must be filed with the appropriate entitlement office (contracting officer for vendors or commercial payees, military pay office, civilian pay office, travel office, etc.).

080604. Limited Payability Check Cancellation Process. During the 14th month after issuance, the Treasury Department will identify and cancel all checks that have not been negotiated within 12 months from the date of issue. Where the check issue data is submitted after the limited payability period, the cancellation of checks that are outstanding will occur at the end of the month in which the check issue data is submitted. The Treasury Department credits the funds derived from the cancellation of checks dated on or after October 1, 1989, to Unavailable Check Cancellations and Overpayments (Suspense), **F3880. The DFAS Centers at Cleveland, Denver, and Indianapolis will receive the limited payability cancellation credits monthly from the Treasury Department with an SF 1081 and a magnetic tape listing of checks canceled. Identifying information for the checks being canceled will be included on the magnetic tape. Where available, the proceeds of these canceled checks will be forwarded to the applicable DFAS Centers through the Government Online Accounting Link System/On-line Payment and Collection (GOALS/OPAC). Any identifying information provided in the original check issue

data submission will be reflected as detail in the credit transmission. The detail also will be provided on microfiche monthly. The DFAS Centers in Cleveland, Denver, and Indianapolis will forward check credit information (including the detail information) applicable to the DFAS-Columbus Center disbursing accounts to the DFAS-Columbus Center. The DFAS-Cleveland Center also will forward the cancellation credit information (including the detail information) applicable to the DFAS-Kansas City Center and Marine Corps disbursing offices to the DFAS-Kansas City Center. Note: All checks issued before October 1, 1989, that were not negotiated by October 1, 1990, also were canceled by the Treasury Department (referred to as "mass cancellation"). However, the proceeds of these canceled checks were not returned to the check issuing agency but were applied to the Treasury Department's uncollectible accounts receivable.

080605. Reversals of Limited Payability Cancellations. In some cases, checks will be negotiated to financial institutions within 1 year from the date of issue, but processing in the Federal Reserve System or in the Treasury Department's Reconciliation Branch will prevent the payment from being applied to the Check Payment and Reconciliation (CP&R) system before the limited payability cancellation has occurred. In these instances it will be necessary for the Treasury Department to reverse the cancellation credit and provide a copy of the paid check. Reversal transactions will be separate from the monthly cancellation credits described above.

080606. Accounting for Limited Payability Cancellation Credits or Reversals

A. DFAS Center. Title 31 U.S.C. 3334(a)(2) (reference (e)) requires that the proceeds from canceled checks be returned to the appropriation from which the check was issued originally and to treat the canceled check as an account payable. Within 15 days of receipt, the DFAS Center should forward the check cancellation and credit detail information to both the disbursing office that issued the check and the accounting office that supports the disbursing office. Any Treasury Department reversal of previous cancellation credits also should be forwarded to the applicable disbursing and accounting offices.

B. Accounting Office. The accounting office should transfer promptly the individual check credits from **F3880 to the appropriation charged when the check was issued and establish an account payable. Reversal of a previous credit also should be transferred promptly from **F3880 to the appropriation charged when the check was issued and the account payable removed.

C. Disbursing Office. Upon receipt of the detailed limited payability cancellation credit or reversal information from the servicing DFAS Center, the disbursing officer is responsible for initiating research on the check issue data submitted to the Treasury Department to ensure that the detailed information provided is accurate. That is, the DSSN, check serial number, date of issue, and issue amount provided in the cancellation credit or reversal must agree with the original check issue data reported to the Treasury Department when the check was issued. Any discrepancy in this data must be researched to determine the cause of the discrepancy and appropriate action taken to correct the discrepancy. In addition, the disbursing officer shall ensure that disbursing records are researched to determine if a claim of loss, theft, non-receipt, etc., has been filed on the limited payability canceled check. This

includes a determination of whether the check was previously replaced by a control check, recertified check, or other type of replacement check. The disbursing office also should notify the appropriate entitlement or subject matter area (i.e., military pay, civilian pay, travel pay, or commercial accounts payable) that the Treasury Department has returned credit to the activity because the check was not negotiated within the prescribed period. Upon the request of an entitlement area, DOs should accomplish the verifications described at subparagraphs 080608.A through 080608.D, below, and advise the entitlement area whether the original Treasury check was canceled or negotiated, or whether is previously was replaced.

080607. Claims of Non-payment of the Underlying Obligation. Comptroller General Decision B-244431.5, dated August 23, 1995 (reference (ab)), stated that whether a check may be replaced following the limited payability cancellation of a Treasury check depends on whether a timely claim on the underlying obligation has been submitted to toll the applicable statue of limitation, 31 U.S.C. 3702 (b) (1988) (Barring Act). As explained in the following subparagraphs, where documentary evidence of a timely claim on the underlying obligation exists, or other appropriate evidence that a timely claim was received, an agency may issue a new check. As required by paragraph 080603, above, when a Treasury check claim or replacement request is received by a DO more than 1 year after the check issuance, the DO should notify the claimant that a claim on account of the Treasury check is barred, and that any claims on underlying obligations should be filed by the payee with the appropriate entitlement area or agency with jurisdiction over the underlying obligation. In all cases, entitlement to payment on these claims must be determined by the appropriate entitlement area. For approved claims, the source of funding for the recertified payment must be the appropriation charged when the original check was issued, or if no longer available, a current appropriation available for the same general purpose subject to limitations on its use. For checks issued on or after October 1, 1989, which were canceled under limited payability, proceeds were provided as described in the previous paragraph and should have been transferred to the original appropriation charged when the check was issued and an account payable established. For checks issued before October 1, 1989, which were mass canceled and for which the proceeds were not returned to the issuing agency, the source of funding for approved claims should be the appropriation charged when the original payment was made. If no longer available, charge a current appropriation available for the same general purpose as the original appropriation subject to limitations on its use. After determination of a payee's entitlement to a recertified payment, the entitlement area should prepare and certify the payment voucher and forward the voucher and supporting documentation to the disbursing officer for payment.

A. Claim of Individual Payees

1. Military Pay. Claims of non-payment of members of the Armed Forces (to include active duty, reserve, retired, and annuitant) must be submitted to the appropriate military payroll office for determination of entitlement and that a timely claim on the underlying obligation was submitted. Note that Treasury checks issued in payment of obligations relating to military pay and allowance entitlements ordinarily are not issued in response to claims. Therefore, the payee usually will not have tolled the Barring Act by asserting a claim prior to issuance of the original check. It may, however, be necessary for the entitlement area to

consider the extent to which the Barring Act was tolled during periods of active duty performed by the claimant. If it is determined that the payee has submitted a timely claim and that the payee has not been paid, the claim must be certified and forwarded to the appropriate disbursing office for payment See paragraph 080608, below, for payment procedures.

2. Civilian Pay. Claims of nonpayment for wages earned by civilian employees of the U.S. Government must be submitted to the appropriate civilian payroll office for determination of entitlement and that a timely claim on the underlying obligation was submitted. Note that Treasury checks issued in payment of obligations relating to civilian pay entitlements ordinarily are not issued in response to claims. Therefore, the payee usually will not have tolled the Barring Act by asserting a claim prior to issuance of the original check. If it is determined that the payee has submitted a timely claim and that the payee has not been paid, the claim must be certified and forwarded to the appropriate disbursing office for payment. See paragraph 080608, below, for payment procedures.

3. Travel Pay. Claims of non-payment for travel entitlement by members of the Armed Forces or DoD civilian employees must be submitted to the appropriate travel office for determination of entitlement and that a timely claim on the underlying obligation was submitted. Note that Treasury checks issued in payment of obligations relating to travel pay entitlements ordinarily are issued in response to claims asserted by claimant submission of travel vouchers. Unlike military and civilian pay cases, the Barring Act's statute of limitation in travel payment cases usually will have been tolled before issuance of the original check when the claimant submitted the travel voucher. If it is determined that the payee has submitted a timely claim and that the payee has not been paid, the claim must be certified and forwarded to the appropriate disbursing office for payment See paragraph 080608, below, for payment procedures.

4. Residual Claim Categories. Treasury checks also are issued to individuals in satisfaction of miscellaneous Government obligations. For example, legal claims under the Federal Tort Claims Act (28 U.S.C. sections 1346(b), 2671-2680), should be asserted by claimant-payees before the entitlement area within the Military Department with tort claim settlement authority over the claim. Similarly, claims of properly losses incurred incident to government service may be cognizable under the Military Personnel and Civilian Employees' Claims Act (31 U.S.C. 3721), and should be asserted by claimants before entitlement areas with claim settlement authority, such as the Military Department's judge advocate general. Note that Treasury checks issued in payment of these types of obligations are issued in response to claims asserted by the claimants. Unlike military and civilian pay cases, the Barring Act's statute of limitation in these cases usually will have been tolled before issuance of the original check when the claimant submitted the claim. If it is determined that the payee has submitted a timely claim and that the payee has not been paid, the claim must be certified and forwarded to the appropriate disbursing office for payment See paragraph 080608, below, for payment procedures.

B. Claims of Commercial Payees. As used herein, the term "commercial payees" includes vendors, contractors, and any individual under contract for miscellaneous services. Claims of non-payment from commercial payees or their authorized agents must be submitted by the claimant to the contracting officer. If the contracting officer determines that the

commercial payee remains entitled to payment of the contractual obligation, and if a payment voucher is prepared and forwarded with supporting documentation to the disbursing office, the DO must then determine if a replacement check should be issued based on the criteria in paragraph 080608, below.

080608. Claim Processing Procedures. Upon receipt of an approved claim and certified payment voucher from the appropriate entitlement area, along with appropriate supporting documentation, the DO shall take the actions prescribed below.

A. Verify that the original check was canceled under limited payability.

B. Verify that credit for the check was received from the Treasury Department and transferred by the accounting office to the original appropriation charged when the check was issued. If receipt of the credit cannot be verified or no information is available locally, the DO shall prepare and submit to the servicing DFAS Center an SF 1184 for each check using Stop Reason Code "K" (photocopy), "L" (certified photocopy), or "M" (status) and citing "Limited Payability Cancellation Replacement Request" in the "For Agency Use" block. This action is also required to ensure that the check was canceled under mass cancellation before making any recertified payment for an obligation represented by a check dated before October 1, 1989. Stop reason codes, status codes, and message responses are shown in tables 8-1 and 8-4.

C. Verify that the original check was not spoiled or voided and replaced by a control check or a check bearing a different check number.

D. Verify that the original check has not previously been replaced by a recertified check, substitute check, or replacement check (e.g., was not previously the subject of a claim of non-receipt, loss or theft).

★ E. Issue a replacement check upon receipt of an approved claim and certified payment voucher from the entitlement area, provided that the verifications under paragraphs 080608.C and 080608.D confirm that the original check previously has not been replaced. If the above verifications disclose that the original check previously has been replaced, the DO shall reproduce a copy of the payment voucher on which the replacement was issued and obtain a photocopy of the replacement check from the treasury department as prescribed in section 0805, above. The copy of the voucher and replacement check must be forwarded to the entitlement element for use in providing notification to the claimant that the claim previously was settled. In order to assure the necessary cross-reference and control over issuance of replacement checks, DOs shall maintain a DD Form 2662 (Recertified Check Register) as prescribed in subsection 080503, above. Note for deactivated and closed disbursing offices: normally, the designated settlement office is responsible for issuing a recertified payment for an underlying obligation represented by a check canceled under limited payability. However, when circumstances warrant, such as consolidation, the disbursing officer servicing the activity that assumed the disbursing and accounting responsibility for the deactivated or closed office is authorized to issue a recertified payment on behalf of the deactivated or closed office. Under no circumstance is any DO authorized to issue a recertified payment for these claims citing a direct charge to the

**F3880 account. Recertified payments for the underlying obligations represented by a check canceled under limited payability may be made only from the original appropriation or if no longer available, from a current appropriation available for the same general purpose as the original appropriation, subject to limitations on its use.

0807 HOLDERS-IN-DUE-COURSE

080701. General. A holder-in-due-course is a person, financial institution, or business other than the original payee who, in good faith, takes possession of a check through endorsement. A holder-in-due-course may be the second, third, fourth, or later holder to whom the check has been transferred by endorsement. A holder-in-due-course has no direct claim against the issuer (issuing DSSN) of a Treasury check. However, all DOs shall assist the holder-in-due-course in filing claims as provided in this section.

080702. Exceptions. A check sent to a financial institution for credit to the account of a member, employee, or vendor and made payable to the financial institution does not create a holder-in-due-course relationship. When these checks are lost, stolen, or destroyed, apply the recertified check procedures in section 0805, above.

080703. Lost-in-Transit Items. When the holder-in-due-course is a financial institution (commercial bank, credit union, savings and loan, etc.), the DO should advise the institution to submit its claim through the nearest FRB as a lost-in-transit item. However, the DO may accept claims from financial institutions if the holder cannot submit the claim through the FRB.

080704. Processing Claims. Any DO, not just the DO of the DSSN that issued the check, can process a holder-in-due-course claim if all the data needed to complete the SF 1184 is supplied. If all the data is not provided the accepting DO shall submit the holder's claim supported by a signed statement from the payee and/or holder to the disbursing office that issued the check. The issuing disbursing office shall then complete the SF 1184 and forward the completed package to the Treasury Department. The disbursing office processing a valid holder-in-due-course claim shall not issue a recertified check to the holder.

080705. Preparation and Distribution of the SF 1184 for Holder-in-Due-Course

★ A. Preparation. SFs 1184 for holders-in-due-course cannot be submitted via mechanized systems. In addition to the current version of the SF 1184, there is also a perforated version which can be adapted for hardware and software applications. The perforated version can be ordered from GSA Supply Distribution Facilities and GSA Supply Centers. The National Stock Number (NSN) for the perforated form is 7540-01-777. Using a typewriter, or local hardware or software applications, complete the following blocks on the SF 1184 and make no other entries.

1. CK. SYM. Enter the DSSN of the disbursing office that issued the check. (Processing DSSN may be different).

2. CK. SERIAL. Enter the serial number of the lost, stolen, or destroyed check.

3. CK. AMOUNT. Enter the exact amount of lost, stolen, or destroyed check.

4. CK. DATE. Enter the date of lost, stolen, or destroyed check.

5. FOR DO USE

a. Enter an "X" in the "Request Processed" block.

b. Enter the name and DSSN of the preparing DO's activity, post, station, or unit on "DO Activity" line.

c. The DO, deputy, or other authorized person shall sign the "Signature" line.

6. FOR AGENCY USE

a. Type the words "Holder-In-Due-Course".

b. Type the word "Payee:" and the name and SSN of the payee of the lost, stolen, or destroyed check.

c. Type the word "Claimant:" and the name and address of the holder making the claim for the check.

7. AGENCY LINE. Type "U.S. Army", "U.S. Navy", "U.S. Air Force", or "U.S. Marine Corps", as appropriate. Defense agencies other than the Army, Navy, and Air Force shall enter the appropriate agency name based on which Military Service provided the DSSN.

8. SIGNATURE LINE. The DO or a deputy shall sign the SF 1184.

LEAVE ALL OTHER FIELDS OF THE SF 1184 BLANK.

B. Distribution. Attach the statements of the payee and the holder to the SF 1184 original copy. Mail the original SF 1184 and statements to: Department of the Treasury, Financial Management Service, Exception Processing Unit, Operations Division Check Claims, P.O. Box 1849, Hyattsville, MD 20788. File the "Disbursing Office Copy" in the processing DO's retained records. If the processing DSSN is not the DSSN issuing the original check, mail the "'Agency Receipt Copy" to the issuing DSSN. Otherwise, destroy the "Agency Receipt

Copy" and the "Administrative Agency Copy". See figure 8-8 for a properly completed SF 1184 (Holder-In-Due-Course).

080706. Payment of Claims. The Treasury Department will determine the payment status of the original check, advise the holder of the status and the action to be taken, and forward copies of paid checks to the holder. The processing DO shall not issue a recertified check for any holder-in-due-course claim received and processed through the Treasury Department. In addition, when an "Agency Receipt Copy" is received by the disbursing office that issued the check, action shall be taken to ensure that the check issue records for the original check identified on the SF 1184 are flagged or blocked by a clear and unmistakable signal to prevent future cancellation and replacement of the original lost or stolen check.

STOP CODE	MEANING	CONDITIONS FOR USE
A	RECERTIFIED CHECK	1. Payee entitled to original check. 2. Payee claims nonreceipt, loss, theft, or mutilation. 3. Check was not endorsed by payee when lost or stolen. 4. DoD is making a second payment by recertified check. 5. Payment was not a direct deposit/electronic funds transfer check.
D	ENTITLEMENT	The same conditions apply as for Code A above except the agency prefers to recertify the payment after it has been advised of the status of the original payment, or after receiving credit from Treasury on the outstanding check. A recertified check is not issued until the status of the original check has been determined.
E	DECEASED	1. Payee died before original check issue date. 2. Payee's estate is not entitled to the proceeds of the original check.
F	NON-ENTITLEMENT	Payee is not entitled to all, or any part of the proceeds of the check.
G	LOST/STOLEN - ENDORSED	1. Payee entitled to proceeds of the check. 2. Check was in payee's possession and had been endorsed before it was lost or stolen.
K	PHOTOCOPY	1. Photocopy needed for administrative purposes. 2. No indication of nonreceipt, loss, theft or that a claim will be involved. 3. This code does not cancel an original check.
L	CERTIFIED PHOTOCOPY	1. Certified photocopy needed to satisfy legal requirements. 2. No indications of nonreceipt, loss, theft, or other evidence that a claim for a check by the payee is involved. 3. This code does not cancel an original check.
M	STATUS	1. Used to determine payment status only, when a photocopy is not required for administrative purposes. 2. This code does not cancel an original check.
P	LIMITED PAYABILITY CANCELLATION REQUEST	This code is for use only by Navy and Marine Corps disbursing offices. It is used to verify credit for limited payability cancellation from the Treasury Department. This code does not cancel an original check.
R	FOLLOW-UP TO PRE-RECERTIFICATION STOP	1. DO needs information on Request for Stop Payment (Standard Form 1180) submitted prior to recertification procedures (prior to July 27, 1984). 2. This code does not cancel an original check.
U	LEGAL INCAPACITATION	Agency determines payee is no longer legally entitled to the proceeds of the check.
X	RECERTIFICATION FOLLOW-UP OUTSTANDING STATUS	Agency received outstanding status on prior submitted SF 1184 but credit is overdue.
Y	RECERTIFICATION FOLLOW-UP PAID STATUS	Agency received paid status on prior submitted SF 1184 but photocopy or claim form is overdue.

★Table 8-1. Unavailable Check Cancellation Stop Codes

OUTPUT CODE	DESCRIPTION
1	Magnetic tape input through Treasury Financial Centers and magnetic tape output from the CSD. (Note: agencies may not use this code unless they have entered into agreements with the Treasury's Field Operations and the CSD).
2	Paper Standard Form 1184 input; paper output.
3	Reserved.
4	Magnetic tape input from non-Treasury disbursing agencies and magnetic tape output from the CSD.
5	Reserved.
6	Reserved.

Table 8-2. Agency Output Codes

FOR AN ITEM CANCELLATION		FOR A BATCH TRANSMITTAL	
Original	DFAS Center	Original	DFAS Center
D.O. copy	Disbursing office retain	D.O. copy	Disbursing office retain
Agency receipt copy	Not used - destroy	Agency receipt copy	DFAS Center
Admin. agency copy	DFAS Center	Admin. Agency copy	DFAS Center

Table 8-3. Distribution of Manually Prepared SF 1184 (Unavailable Check Cancellation)

	STOP REJECT CODES		
1A	Rejected - symbol missing.	4D	Rejected - UCC/CSI code unauthorized for ALC: Certain stop codes are reserved for special use. If you submit a UCC with a stop code that is not available to the DoD, the UCC will reject.
1B	Rejected - check serial number missing.		
1C	Rejected - check amount missing.		
1D	Rejected - original check date missing.		
1E	Rejected - UCC/CSI reason code missing.	4E	Rejected - invalid agency output indicator.
1F	Rejected - payee ID number missing.	5A	Rejected - check symbol field numeric only.
1H	Rejected - payee name missing.	5B	Rejected - check serial no. field numeric only.
1I	Rejected - address missing.	5C	Rejected - amount field numeric only.
1J	Rejected - decedent name missing.	5D	Rejected - reclaimed amount field numeric only.
1K	Rejected - date of death missing.	5E	Rejected - ALC field numeric only.
1L	Rejected - agency location code missing.	6A	Rejected - invalid check date field.
1N	Rejected - amount to be reclaimed missing.	6B	Rejected - invalid date of death field.
1O	Rejected - agency output indicator missing.	7A	Rejected - no record of check symbol/serial no. (check issue report not submitted, recorded, or rejected).
2A	Rejected - check description error; resubmit corrected stop.		
	Rejected - date of death after check date.	8A	Rejected - ck canceled/agency credited.
3A	Rejected - decedent payee wrong/payee.	8B	Rejected - void check-DO never issued check.
3C	Rejected - invalid UCC/CSI.	9A	Rejected - amount not equal to issue amount.
4A	Rejected - invalid agency location code.		
4C			
	PAID STATUS CODES		
11	Paid - photocopy and claim to follow.	15	Paid - certified photocopy to follow.
13	Paid - DCC reclamation; no photocopy to agency.	16	Paid - status. The check has been presented for payment or canceled and only status was re-quested.
14	Paid - photocopy to follow. Subsequently the DO will receive FMS Form 3858 with one of the following messages: 1. Check paid - copy enclosed. 2. Check previously canceled by SF 1184 and proceeds made available to agency. 3. Check previously canceled by available check cancellation. 4. Check canceled pursuant to limited payability. The proceeds were made available to the agency 14 months after the issuance of the check.	17	Paid - endorsement may prohibit claims action; photocopy and claim to follow.
		18	Paid - statute of limitations expired; no photocopy available. The statute of limitations for making an unavailable check cancellation claim has expired. If status is needed, use stop reason code M.
		20	Paid - declined check; photo/claim to follow.
		21	Paid – ACC credit by DO - no photo available.
	LIMITED PAYABILITY STATUS CODES		
25	Paid - no further information available. A copy of the check has been requested under stop codes K or L. The Treasury Department is not able to provide copies of checks issued prior to November 7, 1986. Copies of checks issued on or after November 7, 1986 are generally available for 78 months.	26	Limited Payability Mass Cancellation. Check was issued prior to October 1, 1989 and was included in the cancellation of all outstanding checks on November 30, 1990. No further assistance available. Check Previously Canceled By Limited Payability. The check was outstanding after 14 months from its issue date and was canceled.
		27	
	OUTSTANDING STATUS CODES		
32	Outstanding - check canceled, agency credited.	34	Outstanding - status.
33	Outstanding - no photocopy.		
	PAYMENT EXCEPTION STATUS CODES		
40	Payment Exception - DCC to review and advise.	43	Payment Exception - DCC to review and advise.
41	Payment Exception - DCC to review and advise.	44	Payment Exception - DCC to review and advise.
42	Payment Exception - DCC to review and advise.		

★Table 8-4. Daily Advice of Status Codes and Messages

RECERTIFICATION FOLLOW-UP CODES			
50	No SF 1184 in system.	58	Agency account was credited by Document Number _____ Dated_____.
51	Follow-up has been presented too soon.		
52	Check has been archived. DO will be further advised and provided an FMS 3858 with status code of 50, 51, 59, 11, 13, 17, 20, or 90.	59	Previous payment was a UCC cancellation.
55	No outstanding status found.		
57	The cancellation credit has not been processed. Agency will be further advised.		
	SUBSEQUENT STOP CODES		
53	Rejected - duplicate stop.	63	Payment Over Cancellation - Reversal of previous agency credit on (date) by SF 1081 (Voucher #). Photocopy and claim attached. Endorsement may prohibit claims action.
54	Check has been previously canceled.		
61	Payment Over Cancellation - Reversal of previous agency credit on (date) by SF 1081 (Voucher #). Photocopy and claim attached.	90	Payment Exception - ODCC to review and advise.
62	Payment Over Cancellation - Reversal of previous agency credit on (date) by SF 1081 (Voucher #). Photocopy used for DCC reclamation on deceased stop.		

Table 8-4. Daily Advice of Status Codes and Messages (Continued)

Reason	Time Frame	Remarks
1. DAS states duplicate stop.	Immediately.	
2. DAS states exception category.	No earlier than 60 days from receipt of DAS.	
3. DAS states check paid.		
a. Photocopy of check and claim form not received.	No earlier than 30 days from receipt of DAS.	Check items 4, 4a, and 4b of FMS Form 3864.
b. Photocopy of check received, no claim form.	Immediately upon receipt of photocopy of check.	Check items 4 and 4b of FMS Form 3864.
c. Received claim form without photocopy of check.	Immediately upon receipt of claim form.	Check items 4 and 4a of FMS Form 3864.
d. Photocopy of check has different check symbol and serial number from DAS.	Immediately upon receipt of photocopy of check.	Return photocopy of check. Check items 4 and 4c of FMS Form 3864.
4. Standard Form 1081 received with a claim document.		
a. Without photocopy of check.	Immediately upon receipt of Standard Form 1081.	Check items 5 and 5a of FMS Form 3864.
b. Without claim form (not applicable for stop code E or T when no photocopy of check can be obtained).	Immediately upon receipt of Standard Form 1081.	Check items 5 and 5b of FMS Form 3864.
c. Without a photocopy of check and claim form.	Immediately upon receipt of Standard Form 1081 and claims document.	Check items 5, 5a, and 5b of FMS Form 3864.
d. With wrong photocopy of check.	Immediately upon receipt of Standard Form 1081 and claims document.	Check items 5 and 5c. In item 10, OTHER, state whether the check problem involves a wrong payee or a wrong symbol and serial number. Return the photocopy of the check.
5. The Treasury Department has not responded to a claim form.	No earlier than 30 days from submission of the claim form.	Enter the date claim form submitted on FMS Form 3864.
6. Claims disposition notice (CDN) indicates need for investigation or refund from a financial institution, but final CDN not received.	a. No earlier than 120 days from CDN that states "Pending investigation." b. No earlier than 180 days from CDN that states "Pending refund from bank."	The Treasury Department does not continually follow-up with banks. DO's should follow-up with Treasury Department monthly when credit is anticipated.
7. DAS advised outstanding check canceled, credit not received.	No earlier than 21 days from receipt of DAS.	
8. Credit not received as a result of deceased payee when the Treasury Department is requesting refund from a financial institution.	No earlier than 180 days from receipt of DAS.	The Treasury Department does not continually follow-up with banks. DO's should follow-up with Treasury monthly when credit is anticipated.
9. FMS Form 3864 submitted, no response.	Submit second FMS Form 3864 no earlier than 30 days from date of original FMS Form 3864.	

Table 8-5. Reason and Time Frame for Submitting FMS Form 3864

(USE APPROPRIATE LETTERHEAD)

February 12, 19XX

MEMORANDUM FOR RECORD

This memorandum certifies that on February 12, 19XX, one hundred and one (101) spoiled U.S. Treasury checks bearing disbursing station symbol number 7834 and serially numbered from 70,006,499 through 70,006,599 (both numbers inclusive, were completely destroyed by shredding.

J.A. HANCOCK
LT, SC, USN
Disbursing Officer

We the undersigned certify by signature hereon that the checks listed above were physically verified by us and that all were completely destroyed by shredding in our presence on February 12, 19XX.

G.C. GARLAND, LT, USN

WILLIAM B. ELLIS, ENS, SC, USNR

Figure 8-1. Sample Certificate of Destruction

RETURNED AND UNDELIVERABLE CHECK/BOND RECORD							
1. DATE RETURNED	2. CHECK/BOND NUMBER	3. CHECK/BOND DATE	4. AMOUNT	5. PAYEE	6. VOUCHER NUMBER	7. DISPOSITION	8. DATE OF DISPOSITION
10/18/19XX	30,179,258	10/15/19XX	358.00	Mark C Baker	123456	Not entitled, check canceled	10/25/19XX
10/18/19XX	30,180,743	10/15/19XX	872.00	William E Smith	123456	Not entitled, check canceled	10/25/19XX

STANDARD FORM 1098
Revised July 1960
Department of The Treasury
1 TFRM 4-7000
1098-110

SCHEDULE OF CANCELED OR UNDELIVERED CHECKS

CANCELED [X] UNDELIVERED [ ]

DEPARTMENT OR ESTABLISHMENT Department of the Army	SCHEDULE NUMBER 123
BUREAU OR OFFICE Disbursing Office	SHEET NUMBER 1 of 1
LOCATION Fort Finance, IN 46216	D.O. SYMBOL NO. 0001
ACCOUNTING PERIOD	AGENCY LOCATION CODE (ALC)

DATE OF ISSUE	CHECK NUMBER	PAYEE	VOUCHER NUMBER APPLICABLE	AMOUNT	SYMBOL OF APPROPRIATION OR FUND TO BE CREDITED
			TOTAL		

The amount of the above check(s) was deposited for credit in the account of the U.S. Treasury, on deposit ticket no.	DATE OF DEPOSIT TICKET 30 Oct 19XX	FORWARDED (Date)
DISBURSING OR ACCOUNTABLE OFFICER C. D. JEFFREY, LTC, FC	DATE 31 Oct 19XX	BY (Name) TITLE

NSN 7540-00-634-4287 PREVIOUS EDITION NOT USABLE

Figure 8-3. Sample SF 1098 (Schedule of Canceled or Undelivered Checks)

RECERTIFIED CHECK REGISTER													
							3. RECERTIFIED CHECK					5. COLLECTION	
1. ORIGINAL CHECK INFORMATION				2. SF 1184 INFORMATION			INFORMATION					INFORMATION	
PAYEE/SSN	ORIG CHECK NUMBER	CHECK DATE	RETURN DATE	DATE TO TREASURY	DAS STATUS CODE	TFS 3664 FOLLOW UP	DOV NUMBER SF1034	DATE OF RECEIPT	RECERT CHECK RTN DATE	4. PAYEE CLAIMS	SF 1081	RECOUP COLL NUMBER
a.	b.	d.	f.	a.	c.		a.	c.	e.	FORGERY	DEBIT	b.
	CHECK AMOUNT	DOV NUMBER	DESTROY DATE	STOP REASON CODE	RESUBMIT DATE		CHECK NUMBER	SF 1081 CREDIT DATE	SF 1098 DATE	DATE TFB 1133 TO TREAS	DATE	DATE OF COLL
	c.	e.	g.	b.	d.	e.	b.	d.	f.		a.	c.
DD Form 2662, AUG 93												

Figure 8-4. Sample DD Form 2662 (Recertified Check Register)

STATEMENT OF CLAIMANT REQUESTING RECERTIFIED CHECK

Form Approved
OMB No. 0730-0002
Expires Dec 31, 1996

Public reporting burden for this collection of information is estimated to average 5 per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Defense, Washington Headquarters Service, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0730-0002), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO EITHER OF THESE ADDRESSES. RETURN COMPLETED FORM TO THE ADDRESS OF THE AGENCY WHO PROVIDED THIS FORM.

PRIVACY ACT STATEMENT

AUTHORITY:	31 CFR 245.8.
PRINCIPAL PURPOSE:	To request e recertified check.
ROUTINE USE(S):	Information is used by the Disbursing Office as the basis for issuing e recertified check and for canceling the original. It is also used to verify how original check was lost, stolen, etc., and to establish e proper mailing address. This information may also be used for other lawful purposes, including law enforcement and litigation.
DISCLOSURE:	Voluntary; however, if payee does not provide information, e recertified check cannot be issued.

WARNING: Title 18, Sec 287, US Code: "Whoever makes or presents to any person or officer in the civil, military, or naval service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be fined not more than $10,000 or imprisoned not more than five years, or both."

1. PAYEE *(Show business name or financial organization, if applicable)*	2. SSN *(or employee identification number)*
Ida M. Jones	345-00-6789

3. CO-PAYEE OR PAYEE TO BE CREDITED IF ITEM 1 IS A FINANCIAL ORGANIZATION

4. ADDRESS TO WHICH CHECK WAS MAILED *(Include 9-digit ZIP Code)*	5. CORRECT MAILING ADDRESS *(if different from item 4)*
123 Apple Tree Lane New City, FL 12345-0000	

6. PURPOSE FOR WHICH CHECK WAS ISSUED *(Check applicable box)*								7. DATE DUE *(Approximate)*
X	REGULAR PAY		TRAVEL PAY		VENDOR PAY		OTHER *(Specify)*	

8. *(Check applicable boxes)*									
X	a. CHECK WAS NOT RECEIVED								
	b. CHECK WAS RECEIVED BUT WAS:		(1) LOST		(2) STOLEN		(3) DESTROYED		(4) MUTILATED

9. *(Check applicable box)*			
X	a. CHECK WAS NOT ENDORSED		b. CHECK WAS ENDORSED

10. CERTIFICATION

I certify that I (we) have in no way benefitted from the proceeds of the above check, and do hereby request a recertified check be issued to me. I further certify that if I recover the original check, I will not negotiate it but will immediately return it to the Disbursing Office. I fully understand that negotiation of both the original and recertified check constitutes a fraudulent act against the United States Government and as such is subject to punishment as provided by law. I further consent to immediate recoupment from future pay and allowances due me if I negotiate both the original and recertified checks, including interest and administrative costs.

11. SIGNATURE OF PAYEE *(or payee representative)*	12. DATE	13. SIGNATURE OF CO-PAYEE/THIRD PARTY	14. DATE
	9/26/XX		

FOR DISBURSING OFFICE USE

15. CHECK DATA

a. CHECK NUMBER	b. DATE OF CHECK	c. CHECK AMOUNT	d. ISSUING DSSN	e. VOUCHER NUMBER
60990341	9/20/XX	789.00	5098	399656

16. DO REMARKS

DD Form 2660, FEB 94

REPLACES DA FORM 3037, AUG 87; AND
AF FORM 326, JUN 85, WHICH ARE OBSOLETE

Figure 8-5. Sample DD Form 2660 (Statement of Claimant Requesting Recertified Check)

BGFO - BUREAU OF GOVERNMENT FINANCIAL OPERATIONS NSN 7540-00-526-3709

Standard Form No. 1184 (Rev. 6-84)
Prescribed by Dept. of the Treasury
1 TFRM 4-7000
1184-105
Previous Edition Unusable

UNAVAILABLE CHECK CANCELLATION

CK. SYM	CK. SERIAL	CK. AMOUNT	CK. DATE	AGY./PAYEE ID NO.
5037	14868291	432.81	0812XX	410-86-8447

LINE CODE	STOP CD.	AGENCY CODE
3	A	F

PAYEE NAME

Sam Davis

ADDRESS

1234 Sunset Trail

Lost Wages, Nevada 54321

NAME OF DECEDENT

FOR D.O. USE

☐ Request processed

☐ Peyment returned and canceled by DO on

☐ No payment issued

☐ Incorrect/Incomplete SF 1184

5037
D.O. Activity

(Signature)

D. OF DEATH	AMT. TO BE RECLAIMED	AGY. LOC. CODE	AGENCY OUTPUT
	432.81	57005037	4

AGENCY REFERENCE

503700P004567/P005678CK15068123

FOR AGENCY USE

Air Force
Agency

(Signature)

Figure 8-6. Sample SF 1184 (Unavailable Check Cancellation) (Item Cancellation)

BGFO - BUREAU OF GOVERNMENT FINANCIAL OPERATIONS NSN 7540-00-526-3709

Standard Form No. 1184 (Rev. 6-64)
Prescribed by Dept. of the Treasury
1 TFRM 4-7000
1184-105
Previous Edition Unusable

UNAVAILABLE CHECK CANCELLATION

CK. SYM	CK. SERIAL	CK. AMOUNT	CK. DATE	AGY./PAYEE ID NO.

LINE CODE	STOP CD.	AGENCY CODE

PAYEE NAME

ADDRESS

Joey E. Lewis, Lt, USAF

WPAFB/ACFP

Wright-Patterson AFB, OH 65117

NAME OF DECEDENT

D. OF DEATH	AMT. TO BE RECLAIMED	AGY. LOC. CODE	AGENCY OUTPUT
		5700	4

AGENCY REFERENCE

FOR D.O. USE

☐ Request processed

☐ Payment returned and canceled by DO on

☐ No payment issued

☐ Incorrect/Incomplete SF 1184

5030
D.O. Activity

(Signature)

FOR AGENCY USE

SF 1184 Total: 12
Batch Control No. 5030092990001

U.S. Air Force
Agency

(Signature)

Figure 8-7. Sample SF 1184 (Unavailable Check Cancellation) (Transmittal Document)

BGFO - BUREAU OF GOVERNMENT FINANCIAL OPERATIONS NSN 7540-00-526-3709

Standard Form No. 1184 (Rev. 6-84)
Prescribed by Dept. of the Treasury
1 TFRM 4-7000
1184-105
Previous Edition Unusable

UNAVAILABLE CHECK CANCELLATION

CK. SYM	CK. SERIAL	CK. AMOUNT	CK. DATE	AGY./PAYEE ID NO.
5100	06843111	250.00	1026XX	

LINE CODE	STOP CD.	AGENCY CODE

PAYEE NAME

ADDRESS

NAME OF DECEDENT

D. OF DEATH	AMT. TO BE RECLAIMED	AGY. LOC. CODE	AGENCY OUTPUT

AGENCY REFERENCE

FOR D.O. USE

[X] Request processed

[ ] Payment returned and canceled by DO on

[ ] No peyment issued

[ ] Incorrect/Incomplete SF 1184

5100 USS NEVERSAIL (SY-1)
D.O. Activity

(Signature)

FOR AGENCY USE

Holder-In-Due-Course

Payee: John H. O'Hare
559-00-1234

Claimant: Sunshine Realty Corp.
Stew Road
Outskirts, OK

U.S. Merine Corps
Agency

(Signature)

Figure 8-8. Sample SF 1184 (Unavailable Check Cancellation) (Holder-In-Due-Course)

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CHAPTER 9

CHECK-ISSUE REPORTING

★0901 CHECKING ACCOUNT REPORTS

★ 090101. General. All disbursing offices are required to report their check issue data in Treasury Department Level 8 format through their respective DFAS Center. The DFAS Center will use the Defense Check Reconciliation Module (DCRM) as a management control for reporting check issue data to the Treasury Department. The reporting of detailed check issue information by file transfer through telecommunications networks to the servicing DFAS Centers is the preferred method of check issue reporting. This method shall be used whenever possible. DOs should contact their servicing DFAS Center for information on availability, method, and instructions for use of the file transfer reporting method. The DOs who cannot report by the preferred method will report their check issue in conformance with the method provided by their servicing DFAS Center.

★ 090102. Requirements. Detailed check-issue data is reported in groups of checks called "transmittals" that uniquely identify the DSSN, issue month and year, and check series. A new transmittal is required each time a break in check numbers occurs or the issue month and year changes. For DOs reporting check-issues for multiple DSSNs, a separate transmittal is required for each individual DSSN as well as for each break in check numbers or change in issue month and year within each DSSN. One submission of detailed check-issue data may consist of one or more transmittals. All DOs submitting check-issue file transfer data or using any other method to transfer the data, to their DFAS Center, shall forward the data no later than 4 workdays after close of business of the week in which the issue dates occur and no later than 2 workdays after month end. If any applicable documentation is required by the servicing DFAS Center when using any other method of transferring the data other than file transfer, that documentation should be sent with the check-issue data.

★ 090103. Transmittal Structure. Transmittals shall conform to the basic structure shown in table 9-1. Standard issue record layouts for header records, issue records, and trailer records are shown in tables 9-2, 9-3, and 9-4, respectively.

A. The check-issues reported shall be in consecutive ascending order within each submission.

B. If multiple transmittals are on a transmission, the individual transmittal trailer records shall contain the count and amount totals for only one transmittal. There is no cumulative total between transmittals.

C. Check serial numbers and DSSNs shall be valid in the DCRM data base.

D. Each transmittal shall balance internally; the item count and total dollar amount computed from the check-issue detail records shall equal the totals on the transmittal-trailer records.

E. A single transmittal may not exceed 9,999,999 individual check-issues or $99,999,999,999.99 total dollar value.

F. Voided checks shall be reported in serial number sequence as zero amount issues. The serial numbers shall be reported in the proper sequence with those of other checks issued within the same check range.

★ 090104. When Computer Facilities Are Not Available. Larger disbursing offices with computer capabilities exercising control over multiple DSSNs are requested to furnish their servicing DFAS Center with consolidated check-issue file transfer transmission (multiple DSSNs and issues consolidated on the same file transfer) for the smaller activities that are unable to use the file transfer method and/or unable to format their data to Treasury Department Level 8 format reporting because they lack computer facilities. To facilitate the conversion to Level 8 report format, check-issue detail records and supporting adjustment documents (FMS Forms 5206 and OFs 1017-G) shall be forwarded by the smaller activities to the designated disbursing offices in a satisfactory time frame for those offices to meet their deadline of reporting to their servicing DFAS Center.

★ 090105. Disbursing Office Responsibility for Quality Assurance of Data Submitted. The disbursing office is responsible:

A. to quality assure all Level 8 check-issue data submitted to its supporting DFAS Center for processing;

B. when notified of a rejected transmittal within a file transferred or sent by magnetic tape, to submit a corrected transmittal(s) within 10 workdays of the notification date;

C. when a transmittal has been rejected, to continue to submit subsequent transmittals; and,

D. to be able to recreate the check-issue data for a period up to 180 calendar days following submission or replacement of rejected data.

★ 090106. Inquiries. Inquiries concerning Level 8 check-issue reports/transmittals should be directed to the DOs servicing DFAS Center.

★0902 CHECK-ISSUE REPORTING VIA MAGNETIC TAPE

★ 090201. General. Disbursing offices that have been directed by their supporting DFAS Center to use magnetic tapes vice file transfer for reporting check-issue information shall

forward the magnetic tapes and the required supporting documentation via express mail or other expeditious means to their DFAS Center. In the case of Navy or Marine Corps DSSNs, forward the tapes to the applicable DFAS operating location (OPLOC) or central disbursing office (CDO) if so directed by their servicing DFAS Center.

090202. Tape Requirements. Magnetic tapes used in Level 8 reporting shall meet the following criteria:

A. The magnetic tape shall be unlabeled (that is, no internal magnetic tape labels or markings).

B. The magnetic tape shall be a 9-track EDCDIC tape prepared with 6250 bpi density. If 6250 cannot be produced, 1600 bpi is acceptable. No 800 bpi will be accepted.

C. The block size is 15,600 bytes (240 records per block). If 15,600 block size cannot be produced, 7,800 bytes (120 records per block), 3,900 bytes (60 records per block), or 1,950 bytes (30 records per block) may be used.

★ D. Each reel of magnetic tape shall be identified by having the following information externally affixed to the reel and not to the case: Treasury Check-issues - Level 8; User Reel No. (up to 6 characters), First Transmittal No. "XXXX-YYYY-ZZZZZZZZ (this number shall agree with the first header record on the check-issue tape and the first line of TFS 3510), block size 15,600 (or 7,800, etc.), BPI 6250 (or 1600), Track 9, Reel Sequence No. ___ of ___ (for example, reel 1 of 2 on multi-reel submissions).

★ E. Each reel of magnetic tape shall have an address for returning processed tapes. The name of a contact person and the submitting organization's area code and commercial telephone number or DSN number shall also be provided. The information should be externally affixed to the reel and not to the case.

★ F. Each reel shall also have a separate unique "LVL8" label. The label shall be large enough to accommodate all the required information.

★ G. The Magnetic Tape Control Record (TFS 3510) shall be signed and shall accompany all Level 8 magnetic tapes.

★ H. A self-addressed, postage-paid envelope or postcard with the DO's complete official address shall be included with all magnetic tape submissions. The envelope or postcard shall contain the DSSN, reel number, and transmittal number to identify the item received. The envelopes or postcards will be dated, signed, and returned to the DO as positive confirmation of receipt by the servicing DFAS Center, OPLOC or CDO.

0903 SUPPORTING DOCUMENTS FOR MAGNETIC TAPES

090301. Magnetic Tape Control Record (TFS 3510). Magnetic tapes shall be submitted to the servicing DFAS Center (OPLOC or CDO if applicable) supported by a properly completed and signed TFS 3510. Multiple DSSNs may be reported on one tape; however, the TFS 3510 shall be identified uniquely by DO symbol number, the controlling check symbol number, and the first check serial number contained in the first transmittal included on the tape. Only one DO symbol and check symbol shall be on each transmittal, and checks shall be in consecutive ascending serial number order within each transmittal. A new transmittal shall be created for each break in the DO symbol number, check symbol number, check serial number, or month and year of issue. Examples of properly completed TFS Forms 3510 for a single transmittal and for a tape containing several transmittals are shown as figures 9-1 and 9-2, respectively.

090302. Preparation of TFS 3510

A. For a Single Transmittal on One Tape. Complete the blocks of the TFS Form 3510 for a single transmittal on one tape as follows:

1. TRANSMITTAL NUMBER. Enter the DSSN-DSSN-First check number of the transmittal.

2. NUMBER OF CHECKS. Enter the inclusive number of checks in the transmittal.

3. TOTAL ISSUE AMOUNT. Enter the total dollar amount of the checks in the transmittal.

4. DISBURSING LOCATION. Enter the city or name of the base or station where the disbursing office is located.

5. DO SYMBOL NUMBER. Enter the DSSN.

6. CHECK SYMBOL NUMBER. Enter the DSSN.

★ 7. ISSUE DATE OF CHECKS. Enter the inclusive dates during which the checks were issued. For example: June 1-5, 1995 or May 15-31, 1996.

8. DATE TAPE CREATED. Enter the date the tape was created.

9. TAPE REEL NUMBER/DENSITY. Enter the reel number and the BPI (1600 or 6250, as appropriate).

10. SERIAL NUMBERS. Enter the serial number of the first and last checks included in the transmittal.

11. MONTH AND YEAR FOR WHICH RENDERED. Enter the issue month and year.

12. DISBURSING STATION AND LOCATION. Enter the complete disbursing office address, area code, and commercial telephone number.

13. TAPE TYPE. Enter "Level 8".

14. DISBURSING OFFICER'S SIGNATURE. Self explanatory.

B. For Multiple Transmittals on One Tape. Complete the blocks of the TFS Form 3510 for multiple transmittals (transmittals for more than one disbursing office) on one tape as follows:

1. TRANSMITTAL NUMBER. Enter the DSSN-DSSN-First check number of transmittal. The first transmittal on the tape shall always be for checks issued by the disbursing office preparing and submitting the tape. The first transmittal on a tape determines to whom the tape is returned and notices of acceptance and/or rejection are provided.

2. NUMBER OF CHECKS. Enter "See Attached".

3. TOTAL ISSUE AMOUNT. Enter "See Attached".

4. DISBURSING LOCATION. Enter "Various".

5. DO SYMBOL NUMBER. Enter "Various, See Attached".

6. CHECK SYMBOL NUMBER. Leave blank.

7. ISSUE DATE OF CHECKS. Enter "Various, See Attached".

8. DATE TAPE CREATED. Enter the date the tape was created.

9. TAPE REEL NUMBER/DENSITY. Enter the reel number and the BPI (1600 or 6250, as appropriate).

10. SERIAL NUMBERS. Enter the serial number of the first check included in the transmittal. Leave the block for Last Check Number blank.

11. MONTH AND YEAR FOR WHICH RENDERED. Enter "See Attached".

12. DISBURSING STATION AND LOCATION. Enter the complete address, area code, and commercial telephone number of the disbursing office preparing and submitting the tape.

13. TAPE TYPE. Enter "Level 8".

14. DISBURSING OFFICER'S SIGNATURE. Self explanatory.

15. A listing similar to that shown in figure 9-2 shall be attached to the TFS Form 3510. The listing shall contain the DSSN, Date Created, First Check Number, Last Check Number, Transmittal Amount, Number of Checks, and Month and Year for which Rendered for each transmittal included on the tape. The first transmittal listed shall be the first transmittal on the tape (i.e., the one actually listed on the TFS Form 3510). At the end of the list, the grand total of all transmittals included on the tape and the grand total of the number of items shall be shown.

0904 REPORTING DOCUMENTS REQUIRED

090401. General. The SF 1179 (Month End Check-Issue Summary) shall be used by disbursing offices for monthly reporting of Level 8 check-issue transmittals. At the end of every month, a consolidated SF 1179 shall be submitted to summarize the check-issues for the month. The total dollar amount of issues submitted by transmittal (each listed individually) shall be summarized on the SF 1179. It shall also show current an prior months' adjustments to check-issue totals as effected by the documents listed in paragraph 090104 of this chapter. The total amount shown on the SF 1179 shall agree with the amount shown in Part A, Column (2), on the reverse of the SF 1219.

090402. Check-Issue Reporting for Depositary Checking Accounts. Depositary checking account reports shall be prepared and submitted following the procedures in Chapter 14 of this volume.

090403. Preparation of the SF 1179. The SF 1179 is prepared in an original and 2 copies. DOs shall ensure that all blocks of the SF 1179 are properly completed, including page and location, DO's signature, and the month and year for which rendered. The blocks of the SF 1179, as shown in figure 9-3, shall contain the following information:

A. DISBURSING OFFICE NAME/ MAILING ADDRESS. Enter the name and complete mailing address of the issuing disbursing office.

★ B. TELEPHONE NO. COMMERCIAL OR FTS. Enter only the area code and commercial or FTS telephone numbers. Do not enter AUTOVON or DSN numbers.

C. D.O. NAME. Enter the name and rank or grade of the DO.

D. D.O. SIGNATURE. The DO shall sign in the space provided.

E. CHECK SYMBOL NO. Enter the four-digit DSSN.

F. MONTH AND YEAR FOR WHICH RENDERED. Enter the month and year during which the checks being reported were issued.

G. D.O. SYMBOL NO. Enter the four-digit DSSN for the first transmittal only. The block may be left blank for any additional transmittals listed on this summary.

H. CHECK SYMBOL NO. Enter the four-digit DSSN for the first transmittal only. The block may be left blank for any additional transmittals listed on this summary.

I. BEGINNING CHECK NO. Enter the beginning check serial number for each transmittal.

J. ENDING CHECK NUMBER. Enter the ending check serial number for each transmittal.

K. REPORTING METHOD. Enter "TAPE (Level 8)". Enter the method for the first transmittal listed only. Beneath the method, list by each transmittal the inclusive dates for which checks were issued. (For example: Tape (Level 8); 12/1-15/88 or 12/16-31/88).

L. TOTAL DOLLAR AMOUNT OF ISSUES (FOR EACH TRANSMITTAL). Enter, adjacent to each transmittal, the total of the issue amounts of all checks reported on each transmittal.

M. SUMMARY: LINE 1. Enter the total dollar amount for all transmittals listed in the above blocks. The total shall agree with the total of checks issued as reported in Column (2), Part A, Section II, on the reverse of the SF 1219.

N. SUMMARY: LINE 2(a). Enter the net total representing adjustments to current and prior months' issues for which FMS Forms 5206 have been received from the Treasury Department and taken up in the accounts of the DO. The amount on this line shall agree in net with the amount shown in Column 3, Part A, Section II, on the reverse of the SF 1219.

O. SUMMARY: LINE 2(b). Enter the net total representing adjustments to current and prior months' issues made by the disbursing office and recorded on OFs 1017-G. Copy 2 of the OF 1017-G should be attached to the SF 1179 in support of the amount entered. The amount on this line shall agree in net with the amount shown in Column 4, Part A, Section II, on the reverse of the SF 1219.

P. SUMMARY: LINE 3. This line represents the net total of lines 1, 2(a), and 2(b). The net total shall agree with the amount shown in Column 5, Part A, Section II, on the reverse of the SF 1219 and shall agree with the amount reported on line 2.1, Part A, Section I on the front of the SF 1219.

★ 090404. Distribution of SF 1179. Except as provided in this paragraph, DOs are required to submit the ORIGINAL of the SF 1179 on or before the 10th of the month following the close of the check-issue month, with copies of supporting documents (FMS Forms 5206 and OFs 1017-G) to: Financial Analysis Branch, Financial Management Service, Department of the Treasury, Room 600E, 3700 East-West Highway, Hyattsville, MD 20782. The second copy shall be forwarded with the financial reports to the servicing DFAS Center. The third copy shall be retained in the disbursing office files. Navy and Marine Corps DOs submitting check-issue reports to a DFAS OPLOC or another disbursing office for conversion to magnetic tape shall submit the ORIGINAL of the SF 1179 with the detail of checks issued to the DFAS OPLOC or disbursing office. The office converting the check-issue data to magnetic tape shall be responsible for submitting a properly prepared SF 1179 to FMS. The second copy shall be submitted with the monthly financial reports. The third copy shall be retained in the disbursing office files.

★ 090405. Spoiled Checks. Do not forward spoiled checks to the Treasury Department. Spoiled checks are retained at the disbursing office. When a check is spoiled, no reference will be made on the record of checks issued that a recertified check has been issued.

★ 090406. Voided Checks. Voided checks shall be reported on magnetic tape as zero amount issues. Serial numbers are recorded in the proper sequence with those of other checks issued in the same check range. Voided checks shall not be forwarded to the Treasury Department. Voided checks shall be disposed of as prescribed in Chapter 8 of this volume.

★ 090407. Advice of Check-Issue Discrepancies. When the issue amount reported by a disbursing office differs from the amount printed on the check, the Treasury Department will report the discrepancy on an FMS Form 5206. The three computer-generated copies of the form provide the disbursing office with a full description of the error. If the payee has not been overpaid or under-paid, but incorrect check-issue information has been reported to the Treasury Department, the FMS Form 5206 shall still be processed as prescribed in Chapter 7 of this volume.

★ 090408. Audit of Treasury Department Checking Accounts. The audit and reconciliation of checks for symbol number checking accounts is accomplished by the Treasury Department. The Treasury Department uses an electronic payment and reconciliation system under which controls are maintained over the amounts of issues and payments for each individual check serial number of each DSSN. Each paid check is reconciled with the amount of issue as reported by the DO on the check-issue report (weekly and end-of-month TFS Forms 3510 and monthly SF 1179). The Treasury Department will not furnish reconciliation statements or outstanding check lists. However, each DO will be advised by the Treasury Department as to each check-issue discrepancy of $1.01 or more detected during the check reconciliation process. The Treasury Department will adjust check-issue discrepancies of $1 or less, without notification to the DO. In addition, the Treasury Department will advise each DO of all checks paid for which a report of check-issue has not been received or accepted.

SAMPLE TAPE/TRANSMITTAL STRUCTURE		
Tape Reel	Transmittal	Data Records
1	1	Transmittal Header
		Standard Issue Records
		•
		•
		•
	•	Transmittal Trailer
	•	Transmittal 1 Totals
1	N	Transmittal Header
		Standard Issue Records
		•
		•
		•
		Tape Mark

Table 9-1. Sample Tape/Transmittal Structure

SAMPLE TAPE/TRANSMITTAL STRUCTURE (Continued)		
Tape Reel	Transmittal	Data Records
2	N (Continued)	Standard Issue Records
		•
		•
		•
	•	Transmittal Trailer
	•	Transmittal N Totals
	•	
2	Z	Transmittal Header
		Standard Issue Records
	•	
		•
	•	
		Transmittal Trailer
		Transmittal Z Totals
		Tape Mark
		Tape Mark

Table 9-1. Sample Tape/Transmittal Structure (Continued)

STANDARD ISSUE TRANSMITTAL HEADER RECORD		
Data Element	Length	Format
1. Record ID	1	X(1)
2. Transmittal Type	2	X(2)
3. Transmittal Creation Date	5	9(5)
4. DO Symbol	4	9(4)
5. Check Symbol	4	9(4)
6. First Serial Number	8	9(8)
7. Accounting Month & Year	4	9(4)
8. Batch Number	3	X(3) - Optional
9. Filler	34	X(34)
	65	

1) Identifies header record. Constant value = H.
2) Identifies transmittal reporting method. Constant value = IR.
3) Julian date (YYDDD format).
4) Zero-fill left. If DO symbol = check symbol, repeat the symbol.
5) Zero-fill left. If DO symbol = check symbol, repeat the symbol.
6) Zero-fill left. Serial number of the first issue item in the transmittal.
7) MMYY format, where YY is the last two digits of year. This is the accounting month under which the check issues in the transmittal will be reported on the SF 1219 (Statement of Accountability).
8) Ascending sequential number beginning with Batch 001 for the first transmittal in each accounting month. Field should be blank when not used.
9) Spaces.

Table 9-2. Standard Issue Transmittal Header Record

STANDARD ISSUE RECORD

Data Element	Length	Format
1. Check Serial Number	8	9(8)
2. Issue Amount	11	9(9)V99
3. Issue Date	5	9(5)
4. Payee ID Number	16	X(16) OPTIONAL
5. Agency Location Code*	8	9(8)
6. Account Symbol	16	X(16)
7. Payment Type	1	X(1)
	65	

* Data Element 5, Agency Location Code is required only for those agencies (VA, SSA, SSI, and RRB) that are participating in administrative cancellation. If not used, zero fill.

1. Check serial number (check symbol) zero-fill left.
2. Zero-fill left (no decimal points or commas).
3. Julian format (YYDDD). This is the date on the check.
4. Payee ID number should be blank when not used.
5. Agency location code (ALC) is defined as the 3-, 4-, or 8-digit accounting station symbol designation. For non-Treasury disbursing stations, it is also the DO symbol (4 digits). ALC must be a valid, authorized symbol. Zero-fill left.
6. Account symbol is defined as the appropriation account assigned by Treasury that has been charged with this check issue payment. The account symbol should be blank when not used. Left justify account symbols less than 16 characters.
7. Payment type indicates to the agency the category of the issues, for example, Payroll Payments, Benefit Payments, Vendor Payments, Grant Payments, and Miscellaneous Payments. It should be blank when not used.

Note: Voided issues are reported as follows:
- Check serial number, issue amount, and issue date are required.
- Issue amount is zero.
- Issue date is the date the check is voided.
- Payee ID number, account symbol, and payment type should be blank.
- Agency location code should be zero-filled.

Table 9-3. Standard Issue Record

STANDARD ISSUE TRANSMITTAL TRAILER RECORD		
Data Element	Length	Format
1. Record ID	1	X(1)
2. Transmittal Amount	13	9(11)V99
3. Transmittal Item Count	7	9(7)
4. Filler	44	X(44)
	65	

1) Identifies trailer record. Constant value = T.
2) Zero-fill left.
3) Zero-fill left.
4) Spaces.

Table 9-4. Standard Issue Transmittal Trailer Record

MAGNETIC TAPE CONTROL RECORD

TO BE COMPLETED BY THE DISBURSING OFFICE

TRANSMITTAL NUMBER	NUMBER OF CHECKS (item count)	TOTAL ISSUE AMOUNT
5040-5040-03674295	2003	$63,789,457.00
DISBURSING LOCATION (CITY)	**DO SYMBOL NUMBER**	**CHECK SYMBOL NUMBER**
Pensacola, FL	5040	5040
ISSUE DATE OF CHECKS (mo, days, and year)	**DATE TAPE CREATED**	**TAPE REEL NUMBER/DENSITY**
June 1 - 5, 19XX	June 8, 19XX	672/6250

SERIAL NUMBERS		MONTH AND YEAR FOR WHICH RENDERED
FIRST CHECK ON TAPE	LAST CHECK ON TAPE	
03674295	03676297	June 19XX

DISBURSING STATION AND LOCATION	TAPE TYPE	DISBURSING OFFICER'S SIGNATURE
DFAS Operating Location Pensacola, FL 32508-5210	Level 8	

FOR FINANCIAL MANAGEMENT SERVICE USE

FMS CONTROL NUMBER	TAPE TYPE

TFS FORM 3510 DEPARTMENT OF THE TREASURY - FISCAL SERVICE
6-86 EDITION OF 5-86 MAY BE USED FINANCIAL MANAGEMENT SERVICE

Figure 9-1. Sample TFS Form 3510 (Magnetic Tape Control Record) (Single Transmittal)

MAGNETIC TAPE CONTROL RECORD

TO BE COMPLETED BY THE DISBURSING OFFICE

TRANSMITTAL NUMBER	NUMBER OF CHECKS (item count)	TOTAL ISSUE AMOUNT
5090-5090-01193100	See Attached	See Attached
DISBURSING LOCATION (CITY)	**DO SYMBOL NUMBER**	**CHECK SYMBOL NUMBER**
Various	Various See Attached	
ISSUE DATE OF CHECKS (mo, days, and year)	**DATE TAPE CREATED**	**TAPE REEL NUMBER/DENSITY**
Various See Attached	December 14, 19XX	10156/1600

SERIAL NUMBERS		MONTH AND YEAR FOR WHICH RENDERED
FIRST CHECK ON TAPE	LAST CHECK ON TAPE	
01193100		See Attached

DISBURSING STATION AND LOCATION	TAPE TYPE	DISBURSING OFFICER'S SIGNATURE
DFAS Operating Location Charleston, SC 29408-1963	Level 8	(703) 697-8777

FOR FINANCIAL MANAGEMENT SERVICE USE

FMS CONTROL NUMBER	TAPE TYPE

TFS FORM 3510 6-86 EDITION OF 5-86 MAY BE USED

DEPARTMENT OF THE TREASURY - FISCAL SERVICE
FINANCIAL MANAGEMENT SERVICE

Figure 9-2. Sample TFS Form 3510 (Magnetic Tape Control Record) (Multiple DSSNs and Transmittals)

Page 1 of 1 MAGNETIC TAPE CONTROL RECORD

DSSN	DATE CREATED	FIRST CHECK NUMBER	ENDING CHECK NUMBER	TRANSMITTAL AMOUNT	NUMBER OF CHECKS	ACCT YEAR MONTH
5090	XX347	01193100	01193144	37843.38	45	12XX
5090	XX347	01200888	01200897	313800.00	10	12XX
5090	XX347	01273656	01276011	650964.00	2356	12XX
5714	XX347	01293266	01295716	817935.01	2451	12XX
5714	XX347	01337695	01342347	1622880.00	4653	12XX
6065	XX347	00145000	00145033	299779.45	34	12XX
6065	XX347	70001100	70001274	0.00	175	12XX
6917	XX347	01600866	01600881	174430.00	16	12XX
6969	XX347	00991000	00993320	903865.00	2321	12XX
6991	XX347	70832686	70837228	1443888.00	4543	12XX
7004	XX347	00101718	00101719	445.00	2	12XX
7696	XX347	00284399	00285699	394066.00	1301	12XX
7824	XX347	01215912	01218574	757827.04	2663	12XX
7972	XX347	00117005	00117375	104567.00	371	12XX
8363	XX347	40325162	40325619	20825623.44	458	12XX
	TOTAL			28,347,913.32	21,399	

Figure 9-2. Sample Transmittal Listing (Continued)

STANDARD FORM NO. 1179 (Rev. 5/87)
DEPARTMENT OF THE TREASURY
FINACIAL MANAGEMENT SERVICE
1TFM 2-3900

NSN 7540-00-663-1396
1179-105

PAGE 1 OF 1

MONTH END CHECK ISSUE SUMMARY

☐ CHECK BOX IF ADDRESS OR TELEPHONE NUMBER HAS CHANGED

DISBURSING OFFICE NAME/MAILING ADDRESS	D.O. NAME (TYPE)	CHECK SYMBOL
Disbursing Office Camp Pendleton, CA 92055	Capt. John Kemp, USAF	1010
TELEPHONE NO. COMMERCIAL OR FTS (301) 436-7471	D.O. SIGNATURE	MONTH AND YEAR FOR WHICH RENDERED December 19XX

D.O. SYMBOL NO.	CHECK SYMBOL NO.	BEGINNING CHECK NO.	ENDING CHECK NO.	REPORTING METHOD	TOTAL DOLLAR AMOUNT OF ISSUES (FOR EACH TRANSMITTAL)
1010	1010	12096000	12096105	Tape (LVL8) 12/1-15/89	100,000.00
		12096106	12096189	12/16-31/89	200,000.00
		35021000	35031020	12/1/15-89	350,999.99
		35031021	35131581	12/16-31/89	500,000.00

SUMMARY: (Complete on last page only)

1. Enter on this line the total dollar amount of checks issued this month as shown in this report. Individual check issue report submissions for the month must be shown above or on an attached list. *(Total must agree with the total dollar amount of checks issued as reported in column 2 of the reverse of Standard Form 1219.)* . . . . . $ 1,150,999.99

2. Net Dollar Adjustments to Prior Months:

   (a) Enter on this line the net dollar adjustments to prior months for which completed copies of Advices of Check Issue Discrepancy, Forms 5206, are attached . . . . . _____

   (b) Enter on this line the net dollar adjustments to prior months for which completed copies of Optional Forms 1017-G *(or comparable forms)*, are attached 1,500.00

3. **NET TOTAL** . . . . . $ 1,152,499.99

Figure 9-3. Sample SF 1179 (Month End Check Issue Summary)

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CHAPTER 10

COLLECTIONS

1001 TYPES OF COLLECTIONS

100101. Introduction. There are three types of collections: receipts, reimbursements, and refunds. Collection of a DD Form 2657 or SF 1219 receivable (such as losses of funds, dishonored checks, or other receivables not creditable to an appropriation or fund) is not one of the three types of collections because a formal collection voucher is not prepared.

★ 100102. Receipts. Receipts are collections creditable to Treasury Department miscellaneous receipt accounts or other accounts or funds as authorized by legislation. Receipts are collected into the DO's accountability by use of a DD Form 1131 (Cash Collection Voucher). Receipts are recognizable by the absence of a fiscal year/program year in the appropriation accounting classification. Occasionally, negative receipts occur. Since disbursements from a receipt account cannot be made, "adjusting out" an over-collection involves processing as a negative receipt.

100103. Reimbursements. Appropriation reimbursements are amounts earned and collected for property sold or services furnished to the public or to another U.S. Government agency. Reimbursements are recognizable by the presence of an accounts receivable sales code within the accounting classification. Reimbursements are shown as a positive amount on the DD Form 1131. If a reimbursement is over-collected and funds must be returned to the remitter, a negative reimbursement results. A negative reimbursement may be vouchered as a bracketed (negative) amount on a DD Form 1131 or as a positive amount on a disbursement voucher. An accounts receivable sales code shall be present within the accounting classification for either type voucher.

100104. Refunds. A refund is a recoupment (collection) of payment made in error. The voucher accounting classification is the same precisely as that shown on the associated disbursement voucher. A refund may be a true collection and be collected into DO accountability (as a positive amount) by a DD Form 1131. A refund also may occur as a bracketed amount (negative amount) on a disbursement voucher, being then considered as a reduction in disbursements (i.e., a negative disbursement) rather than a collection. On rare occasions, a refund is complicated by the occurrence of negative refunds. (An example occurred when Braniff Airlines issued checks to a DO in exchange for the DO return of unused plane tickets. The checks were properly collected into the accounting system as a refund. The checks were subsequently dishonored because of Braniff bankruptcy, and were properly treated as a negative refund.) Accordingly, the refund would be reversed in a negative refund situation. Refunds from collection vouchers are reported separately as refunds on the DD Form 2657. However, refunds occurring as a negative disbursement are not separately tracked as a collection

on the DD Form 2657 (i.e., they are simply reported as a reduction of disbursements). On the DD Form 1329, Statement of Transactions and the SF 1219, there is no separate reporting of refunds; they are all included as net disbursements.

100105. Collection Transactions

A. General. A collection can be either a vouchered or unvouchered transaction that increases the DO's accountability. Each collection received by a DO shall be scheduled on the appropriate collection voucher form, verified, and recorded in the accounting records.

1. Voucher Supported Collection. A voucher supported collection effects a credit to a receipt or deposit fund account or to an appropriation, and involves either:

a. direct receipts such as cash, checks, drafts, and money orders;

b. deductions on payment vouchers to cover an indebtedness due the U.S. Government;

c. other deductions on payment of vouchers such as deductions for purchase of savings bonds and Federal taxes;

d. or a transfer between appropriations or funds, or corrections of charges against and credits to them, using an SF 1080 (Voucher for Transfer Between Appropriations and/or Funds) or an SF 1081 (Voucher and Schedule of Withdrawals and Credits). Voucher-supported collections also can be effected through the Treasury Department's On-Line Payment and Collection (OPAC) System. See chapter 24 of this Volume for detailed information regarding the OPAC system. In some instances, such as collections from dining facilities, only one collection voucher number is assigned for the entire accounting period (month) and the formal collection voucher is prepared as of the last business day of the month. Daily receipts of this nature are recorded on the DD Form 2657 as Other Transactions (Line 2.3) and U.S. Currency/Coinage on Hand (Line 6.2A). At the end of the accounting period when the formal DD Form 1131 is processed, the accumulated collections are removed from Line 2.3 and included on Line 4.1E as Reimbursements.

2. Unvouchered Collection. An unvouchered collection occurs when the DO receives cash (or negotiable instruments) from an individual or organization that is not credited to an appropriation or fund and, therefore, not supported by a formal collection voucher. Examples of unvouchered collections include collections for: dishonored checks cashed; losses of funds; some check issue overdraft discrepancies; and, agent returns. These transactions are documented for record purposes by use of an OF 1017-G.

★ B. Vouchering. To expedite the flow of funds to the government, collections (checks, money orders, etc.) shall be separated from accompanying accounting documents at the

initial stage of processing and deposited as prescribed in paragraph 050201 of this volume. If identification of the appropriation account to be credited cannot be made, the collecting office shall prepare a DD Form 1131 for credit to either the **F3875, budget clearing account (Suspense) or the **X6875, deposit fund account, as appropriate and deposit the remittances. When the proper accounting classification has been identified, the collecting office shall prepare an SF 1081 charging **F3875 and crediting the proper appropriation or fund. No check shall be issued for this transfer.

C. Remittance by Mail. DOs shall establish procedures to control the receipt and processing of checks and other negotiable instruments received in the mail. At a minimum, a person from outside the disbursing office shall be designated to receive all mailed remittances. The individual designated to perform this function shall not be the same individual maintaining accounts receivable records. The DD Form 2658 (Returned and Undeliverable Check/Bond Record) may be used as the control record and a record of the transmittal of the instruments between functional areas.

D. Collections by Remote Cashiers. Collections made by remote cashiers shall be acknowledged only after receipt by the DO of the actual monetary amount.

100106. Method of Remittance

A. Monies Received as Contract Bid Deposits or Deposits for Plans. For these types of transactions, the Federal Acquisition Regulation (reference (o)) prescribes acceptance of cash; certificates of deposit; other cash equivalents with a federally-insured financial institution; state warrants of the sovereign States of the United States; or irrevocable letters of credit (ILC) issued by a federally-insured financial institution in the name of the contracting agency and which identify the agency and solicitation or contract number for which the ILC is provided.

B. All Other Indebtedness. Collections representing all other indebtedness may be accepted in cash, check, or any other recognized form of credit instrument payable on demand. For example: personal or corporate checks (certified or uncertified) or bank drafts; Treasury checks with issue dates less than 1 year old; travelers checks; postal money orders; money orders issued by banks or other financial establishments; and credit union share drafts. Warrants may be accepted in lieu of checks provided the warrants are payable on demand. Instruments shall be drawn in favor of DOs in their official capacity (not by name). Visa and MasterCard credit cards may be accepted when presented for payment at locations participating in the credit card collection network (CCCN).

C. Commissary Sales Collections. Commanders may authorize commissary officers to accept Treasury checks from authorized patrons in payment for sales when available banks and other facilities are unable to furnish adequate check-cashing service. Commanders shall not authorize or require DOs or their agents to advance additional change funds to

commissary officers for the purpose of cashing Treasury checks received by the commissary. Moneys generated from sales shall be used for this purpose. See 31 U.S.C. 3302 (reference (e)).

100107. Performance and Bid Bonds (Storage and Safekeeping)

A. Negotiable Instruments. When the DO receives remittances (such as checks, bank drafts, and money orders) as deposits for performance or bid bonds, such remittance shall be deposited immediately in deposit fund account **X6875, Suspense, to be held pending settlement with the contractor.

B. United States Bonds or Notes Deposited in Lieu of a Surety. As authorized by the Federal Acquisition Regulation and Treasury Department Circular 154 (reference (ac)), contractors may deposit, with the contracting officer, certain U.S. bonds or notes instead of furnishing corporate individual sureties on performance and payment bonds. DOs should not accept possession of these bonds or notes (whether electronic or hardcopy) for other than temporary safekeeping, such as overnight or over a weekend. The DO may provide space in the safe or vault for temporary safekeeping by placing the notes or bonds and related documentation in a sealed package indicating custodianship. Provide the contracting officer a receipt for the package. Transfer of the bonds or notes to the FRB is the responsibility of the contracting officer. See Treasury Department Circular 154 for procedures.

100108. Method of Drawing Negotiable Instruments

A. For Deposit to the Credit of the U.S. Treasury. To facilitate Treasury Department identification of the depositing organization (many endorsements are illegible because of light ink, smears, over stamping, etc.), DOs, deputies, agents, and cashiers shall require remitters to make checks and other negotiable instruments payable to the accepting organization, rather than to the Treasury Department. Examples of such inscriptions are: Disbursing Officer, Camp Lejuene NC 28542 or Disbursing Officer, FPO AP 96604-8405. The above are the preferred methods of inscription. Checks received bearing inscription to the Treasury Department should not be returned for reaccomplishment. Similarly, checks made payable to the DO or agent by proper name, or the absence of a ZIP code, does not render an instrument unacceptable. Modify the examples to fit the situation. For example, substitute "A&D Agent" for "Disbursing Officer" if appropriate. Display inscription instructions in strategic locations at cashier cages, commissaries, and other locations where instruments are received. Instruments drawn payable to remitter are acceptable as inscribed, providing the remitter properly endorses them for credit to the U.S. Treasury. Deposit the above negotiable instruments in any FRB or branch or an established and approved general depositary to the credit of the U.S. Treasury.

B. For Deposit in Limited Depositary. Limited depositary accounts (LDAs) are maintained in the name of the DO or agent. Inscriptions should be required similar to the third example in paragraph 100108.A, above. Instruct the remitter not to inscribe instruments payable to the DO or agent by name. Endorsed instruments should be to the credit of the DO or agent (by position).

100109. Endorsements on Negotiable Instruments. Detailed requirements for placing endorsements on negotiable instruments are contained in Chapter 5 of this volume.

1002 ISSUANCE OF RECEIPTS FOR COLLECTIONS

100201. Turning in Funds to DOs

A. Indirect Collections. Individuals (other than DOs, deputies, agents, or cashiers) who receive funds belonging to the United States (including those funds which are to be held in trust) will promptly turn over such funds to their servicing DO or deposit the funds in an authorized general depositary. Examples of such individuals are commissary officers, sales officers, property disposal officers, personnel officers, and other officers authorized to receive funds due the United States. These persons are solely responsible for safekeeping of funds in their possession until the funds are deposited or turned over to the DO. The collecting officer shall number documents in sequence by fiscal year. Two copies of each collection voucher (other than the original) signed by the DO, deputy, or agent who receives the funds shall be returned to the collecting officer. Distribute additional copies as required.

B. Direct Collections. When a DO, deputy, agent, or cashier receives a collection directly from the remitter, he or she shall prepare a receipt for the amount collected. The number of copies of the receipt provided to the remitter shall be determined by the servicing DFAS Center. Receipts for payment of bills received by mail in the disbursing office shall not be issued unless requested by the remitter. If a DD Form 1131 is not prepared, use the DD Form 634 (Receipt for Miscellaneous Collections) if a receipt is required. Furnish receipts only for amounts received and verified by actual count. Do not issue receipts "subject to verification" or give or take receipts "in blank."

C. Receipt Acknowledgement. At those locations where a mechanized system is operational, cashiers are authorized to sign receipts in their own name; otherwise DOs, deputies, or agents shall sign receipts for remittances. Signatures are not required when collection vouchers are validated by a cash control machine. Before signing, the cashier or collecting official shall ensure the remittances are authorized collections in the correct amounts. In no instance shall the person accepting the remittance also be responsible for updating the accounts receivable record.

100202. Preparation and Distribution of DD Form 634

DD Form 634 can be used as a receipt document when it is inappropriate to use DD Form 1131 or other type of receipt document.

A. Preparation. DD Form 634 shall be prepared in as many copies as necessary. When preparing the form, DOs shall enter, immediately following the name and SSN of the individual from whom the collection was made, the current duty station of the individual. Where a collection is being effected for more than one item of indebtedness, overpayment, or

under-deduction, a separate DD Form 634 shall be issued for each item in the amount of the particular item. The type of collection, such as Overpayment, or Government Property Lost or Damaged (GPLD), shall be entered in the Type of Collection block in the upper right corner. When a collection voucher number is entered on DD Form 634, as in the case of copies sent to other fiscal installations, the number shall be the same collection voucher number assigned to the DD Form 1131 on which the DD Form 634 is scheduled. Figure 10-1 shows a properly completed DD Form 634.

B. Distribution

1. Original. Provide the original to remitter.

2. First copy. The first copy shall be kept in the disbursing office's files.

3. Other copies. Distribute other copies as required.

100203. Collections by Deductions from Vouchers. Give receipts for collections made by deductions from vouchers if requested by the payees or if notices of collection are to be furnished other divisions or activities. Use DD Forms 634 but do not consider them as subvouchers.

100204. Collections by Agent Officers

A. Collections Received by Agents. Agents receipt for funds as agents of their appointing DO.

B. Proceeds of Sales Received by Agents. When funds are deposited with agents, the agents complete receipts on the original and three copies of the DD Form 1131 as agents of their principal DO, and submit the original and two signed copies of the DD Form 1131, together with supporting documents, with their financial reports to the principal DO. The format for the receipt is shown below. Return one signed copy to the appropriate collecting official as receipt for the funds.

Richard Roe, Lt Col, (Component)
By: _____
(Name and Type of Agent).

1003 RECORDING AND CONTROLLING COLLECTIONS

100301. Pending Payment File. Unless otherwise directed by the supporting DFAS Center, the pending payment file shall be maintained by the applicable functional area using the triplicate copies of uncollected billing documents. The original and duplicate copy shall be sent

to the subscriber. The files shall be arranged in the order most convenient to the individual maintaining the file. The file shall be reconciled to the accounts receivable subsidiary ledgers at least quarterly.

100302. Collection of Accounts Receivable

A. Payment of Bills. When payment is presented to the cashier, a copy of the bill shall be annotated as PAID with date of payment and initials of the cashier. If the original of the bill is presented to the cashier, it shall be stamped or noted PAID with date of payment and initials of the cashier and returned to the remitter. When a receipt is requested, procedures prescribed in paragraph 100202.A, above, for preparing DD Form 634 shall be followed. Cashiers shall accumulate the receipts until the end of each business day and prepare a covering DD Form 1131. Paid copies of bills shall be attached to the DD Form 1131 and sent to the applicable functional area on a daily basis to record the voucher. When mechanized billings are prepared, the responsible functional area should prepare the DD Form 1131 (cash payments) or SF 1080 (payroll deductions) as part of the automated collection posting process.

★ B. Clearance of Component Bills. An individual being transferred from the Component shall notify the appropriate functional area and billing office to ensure that all unpaid telephone bills, utilities, and similar liabilities have been settled. The responsible functional area shall ensure that all pending bills are collected. Adjustment, if required, shall be made by the responsible functional area on a new bill. The old bill shall be marked VOID, attached to the paid copy of the new bill, and the clearance form shall be appropriately completed.

100303. Collections for Other Agencies

A. Identifiable Collections. Upon receipt of an identifiable collection applicable to an account maintained by another fiscal station, a receipt shall be issued, if requested or required, and the transaction processed as a transaction for others (TFO). The DD Form 1131 shall indicate the complete identity of the remitter, account, fiscal station, and appropriate fiscal data.

B. Unidentifiable Collections. When a collection is made for another fiscal station and the reimbursement or collection accounting classification cannot immediately be determined, that collection shall not be processed as a TFO. In this case, the DO shall deposit the collection into deposit fund account **X6875 or the budget clearing account, **F3875. When the correct accounting classification is determined, the DO shall prepare and process an SF 1080 (TFO) to clear the suspense account. The voucher must be supported by complete collection data and must be in the amount of the collection and chargeable to the deposit fund account **F3875. No check shall be issued in payment of the voucher.

★ 100304. Overages. Whenever an overage occurs in the DO's account, do not credit the amount immediately to Treasury Department receipt account Forfeiture of Unclaimed Money and Property, **R1060. Instead, process the overage as a collection for credit to budget clearing

account **F3875 no later than the business day after the overage occurs. Voucher any overages which occur on the as-of-date of the SF 1219 on the same date the overage occurs. Make a careful review to determine the source of the overage, with particular regard to collections and returns from agents. To the extent reasons for overages are explained and there is reasonable assurance that no claim will be made against such funds, credit may be made directly to **R1060.

100305. Collection Voucher Control Log. The DD Form 2659 (Voucher Control Log) shall be maintained daily for each collection voucher received or prepared in the disbursing office. The DO shall determine the functional areas and assign an individual or individuals the responsibility for maintaining the DD Form 2659. The DO should require DD Form 2659 to be prepared daily by each functional area and/or branch disbursing office when these areas or offices are assigned a separate series of voucher numbers. The log shall contain: the collection voucher number; identification of the remitter (individual's name or organization making the remittance); amount; and form of remittance (cash, check, EFT, etc.). An example of DD Form 2659 is provided as figure 10-2.

100306. Collections Overpaid or Underpaid by $10 or Less. If a remitter overpays the amount due by $10 or less, collect the overpayment into receipt account **1099, Fines, Penalties, and Forfeitures. Do not refund to the remitter unless a refund is specifically requested by the remitter. Similarly, if the amount due from a payee is underpaid by $10 or less, do not try to collect the underpayment. In this instance, the DO shall prepare an SF 1080 to charge the DoD Component's Operations and Maintenance (O&M) account and credit the applicable appropriation (or receivable) for the amount of the underpayment.

100307. Collections Made at Agencies Not Having a Disbursing Office. When collections are by other agencies not co-located with or supported by a disbursing office, the following procedures shall be used.

A. Collection Control Log. A control log shall be used to control the collections from the time they are received until such time as they are transmitted to the disbursing office. At a minimum, the control log will show: the date the collection was received; remitter; check or money order number; collection voucher number; amount of collection; and the date transmitted to the disbursing office.

B. Collection Voucher. The collection voucher shall be prepared the same day the collection is received by the DoD Component.

★ C. Safeguarding the Collection. The collection and supporting documents shall be safeguarded consistent with standard security regulations prescribed in subparagraph 030304.B of this volume.

1004 DOCUMENTING AND PROCESSING OF COLLECTIONS

100401. Verification of Funds Received

A. Verification. Applicable functional areas have complete responsibility for assuring that collections are proper, that vouchers have complete and accurate data, and that the right number of voucher copies are prepared. When the disbursing office detects a voucher was improperly prepared, the voucher shall be returned to the functional area for correction.

B. Funds Deposited by Collecting Officers. Where funds have been deposited directly to a general depositary by the collecting officer, the collection shall be processed in the DO's account upon receipt of the collection voucher (or receipts for collection). Verification of receipt of the funds with related collection vouchers shall be accomplished from a copy of the SF 215. If the confirmed copy of the SF 215 has not been provided by the depositor (collecting officer), the collecting officer shall be notified to furnish the confirmed copy of the SF 215 upon receipt.

★ C. Purpose of Collection. The purpose of a collection may be included on the collection voucher or attached to it. The purpose of a collection may be a contract lease, applicable regulation, schedule, cost list, or any other document which authorizes the collection. Where a sales contract is involved, the reference information shall include a citation to the contract. Any collection received by a DO, for which the purpose cannot be determined, shall be accepted and accounted for in the **F3875, budget clearing account (Suspense) or the **X6875 Deposit Fund Account, as appropriate. Deposits in these accounts shall not be held any longer than necessary. The account shall be reviewed at frequent intervals, not less frequently than every 3 months, to determine whether proper disposition of funds can be made. During the closing month of the fiscal year, efforts shall be made to clear balances in these accounts. For amounts less than $100, if a determination is made that further attempts to identify the proper account is not cost effective, such amounts may be credited to the Treasury Miscellaneous Receipt Account (3210) on a case-by-case basis. This does not constitute authority to ignore identification of the proper account. It only provides the authority to transfer amounts of $100 or less after documented attempts have been made to identify the proper account.

D. Signatures. Signatures and other handwritten information becoming an integral part of original vouchers shall be written in permanent, non-erasable ink.

100402. Vouchers for Collections by Other than Disbursing and Agent Officers. Collections received by sales and other collecting officials shall be accounted for on the proper forms.

A. DD Form 707 (Report of Deposit). Commissary officials shall prepare and submit the DD Form 707 to the DO under whose DSSN deposits are made. For example, if the commissary deposits daily sales receipts to the credit of the DO, DFAS-Columbus Center, the DD Form 707 shall be prepared and submitted to the DO, DFAS-Columbus Center for each day's deposit(s). See figure 10-3.

B. DD Form 1131 (Cash Collection Voucher). These forms are submitted when the governing directives do not prescribe specific collection vouchers. They may serve as cover vouchers for other receipt forms.

100403. Preparation of Documents Used to Transmit Funds

A. Responsibility. Preparation of the forms listed in paragraph 100402, above, is the responsibility of the officer depositing or transmitting the funds to the disbursing office. Except for collections arising from over-the-counter sales (for example, commissaries), each collection document shall contain the name of the remitter, the specific authority for the collection, and sufficient information for the DO to identify the collection and determine that it is the correct amount. It also is the responsibility of the officer preparing the form to furnish the complete accounting classification as prescribed, fiscal code, including the DSSN of the station maintaining the appropriation cited, and the country code if the collection is made in an overseas area.

B. Preparation and Distribution. At a minimum, each collection voucher shall be prepared in duplicate. Additional copies will be prepared and provided as required.

100404. Collection Documents Prepared in the Disbursing and Agent Offices

A. SF 1098 (Schedule of Canceled or Undelivered Checks). The SF 1098 collects the proceeds of an available canceled Treasury check.

B. DD Form 1131. Use this form to schedule receipts of cash collections when other forms are not prescribed. The DD Form 1131 also serves as a cover voucher for supporting receipts (DD Forms 634).

C. DD Form 634 (Receipt for Miscellaneous Collections). The DD Form 634 may be issued as a receipt for those cash collections received directly by the DO. This form is not a collection voucher even in those specifically authorized instances when it is used to transmit collections to a DO. The DD Form 634 shall be used as the source of information for scheduling the cash collection on DD Form 1131.

D. SF 1096 (Schedule of Voucher Deductions). The SF 1096 is used as a collection voucher for off-setting deductions on related disbursement vouchers.

E. SF 1080 (Voucher for Transfer Between Appropriations and/or Funds). The SF 1080 transfers amounts between appropriations and/or funds.

F. SF 1081 (Voucher and Schedule of Withdrawals and Credits). Similar to SF 1080, this form also transfers amounts between appropriations or funds and can be used for corrections of charges and credits.

G. DD Form 139 (Pay Adjustment Authorization). The DD Form 139 is used to collect by salary offset.

100405. Numbering Collection Vouchers. Collection voucher numbers shall be assigned consecutively starting at the beginning of each fiscal year. Voucher numbers assigned to collection vouchers shall be identified with the disbursing office and not the disbursing officer. The servicing DFAS Center or OPLOC to whom financial reports are submitted will provide the DO with instructions for numbering vouchers.

100406. Preparation and Distribution of DD Form 1131. The blocks of the DD Form 1131 shall be completed as prescribed in this paragraph. See figure 10-4.

A. Disbursing Office Collection Voucher Number. The applicable functional area shall enter the voucher number in this block.

B. Receiving Office Collection Voucher Number. Use of this block is optional. If the receiving official controls collections by locally assigned number, the receiving official shall enter the number in this block.

C. Receiving Office

1. Activity. When collections are made by other than the disbursing office cashier, the receiving official shall enter the name and location of such activity. Leave blank when collections are made by the disbursing office cashier.

2. Received and Forwarded By. Enter the printed name, title, and signature of the designated receiving official. If a debtor turns in the remittance to the DO or cashier personally and the Receiving Office block is completed for reference, no signature is required. Normally, this block is left blank when collections are made by the disbursing office cashier.

D. Date. Enter date of the last collection shown on the DD Form 1131 or the date the DD Form 1131 is prepared by the collection official.

E. Disbursing Office. Enter the name and location of the disbursing activity and the printed name, title, and signature of DO, in the applicable blocks. Signature is not required when the DD Form 1131 is validated by a cash control machine.

F. Disbursing Station Symbol Number. Enter the four-digit DSSN.

G. Date Received Subject to Collection. This is the primary voucher date assigned by the functional area. It is the DO or agent accountability date.

H. Period: From -- To. Enter the specific period encompassing collections reported on the form. For example: the date of the first collection on the voucher is the "From" date; the date of the last collection on the voucher is the "To" date. If all collections on the voucher are applicable to a specifically designated period, such as an accounting month, enter inclusive dates (1 Mar XX to 31 Mar XX, for example). If all collections are made on a single date or no specifically designated period is applicable, leave the "From -- To" blocks blank. Dates may be entered by the receiving official or disbursing office, as applicable.

I. Date Received. Enter the date cash (or negotiable instruments) is received from a remitter, or other date of incident (for example, date money found on base). If the DD Form 1131 is being used as a cover voucher and not all collections were made on the same day, enter "various."

J. Name of Remitter/Description of Remittance. Enter the name of the individual remitter or company. Except for collections from over-the-counter sales (i.e., commissaries) and locally billed items (telephone service, housing, etc.), show each remitter's name and SSN if collection is received from a military member or civilian employee. If a name is not applicable (for example, money found on base), enter a description of the remittance. If the DD Form 1131 is being used as a cover voucher, enter "See Attached" and attach a copy of each DD Form 634 to the original and duplicate of the DD Form 1131.

K. Detailed Description of Purpose for Which Collections Were Received. Enter the purpose for collection. If information entered in the name of remitter and description of remittance block satisfactorily describes the purpose of the collection, leave blank.

L. Amount. Enter the individual amounts collected from each remitter or each incident by accounting classification. When the DD Form 1131 is used as a cover voucher, enter overall totals by accounting classification.

M. Accounting Classification. Enter the complete accounting classification for the amount of each collection. If the DD Form 1131 is being used as a cover voucher, enter the accounting classification for each amount included.

N. Distribution. The original DD Form 1131 shall be forwarded as directed in paragraph 100409, below. Provide a duplicate to the remitter and retain a copy for the disbursing office. Extra copies shall be prepared as required.

100407. SF 1096, Schedule of Voucher Deductions. Schedule collections deducted from disbursement vouchers on SFs 1096 except when the disbursement voucher is used for both disbursement and collection. Examples of exceptions are: civilian payroll deductions, civilian indebtedness to hospitals, no check drawn SFs 1080, SFs 1081, and military payroll deductions. Functional areas assign collection voucher numbers for voucher deductions and process the SFs 1096. The functional areas also enter the voucher numbers assigned to the SFs 1096 on the related disbursement vouchers. Also, they include voucher deductions shown on voucher copies

received from other functional areas on the SFs 1096 of the receiving functional areas. In all cases, copies of vouchers or properly supported notifications shall be forwarded to the functional areas accountable for the collections.

100408. Legibility of Carbon Copies. DOs shall take extra precaution to ensure that all carbon copies of vouchers prepared for distribution are completely legible.

100409. Routing Original Collection Vouchers. The disbursing division of each disbursing office shall route the original collection vouchers to the servicing DFAS Center as prescribed in Chapter 20 of this volume.

100410. Signature on Collection Vouchers. DOs, deputies, or agent officers shall sign the original collection vouchers. Signing shall not be delegated or reassigned. Officers using cash control machines or mechanized equipment to validate vouchers are exempted from the signatory requirements of this paragraph (except when DD Form 1131 is being processed for further action by a disbursing office not co-located with the processing disbursing office) provided the machines, and control thereof, meet minimum security and audit requirements. Keys for cash control machines shall at all times remain under the control and security of the DO or a deputy. The DO shall maintain controls to ensure that all funds received by the cashier are properly accounted for. Copies of the vouchers bearing initials of the cashier shall be held in the custody of the DO or the deputy. In making daily settlement with the cashier at the end of the business day, these voucher copies shall be used to determine whether or not the amount of the collection reported by the cashier was proper. The receiving officer's signature is required, where applicable as prescribed in paragraph 100406.C, above. Transfer, cancellation, or adjustment vouchers (SFs 1081, 1096, 1098, etc.) may be signed by personnel appointed in writing by the DO. When the same voucher is used as both a disbursement and collection voucher, the disbursement is considered the original and subject to the signature requirements above. The collection side (or portion) is not considered an original voucher and does not require a signature.

1005 UNVOUCHERED COLLECTIONS

100501. Accountability of Unvouchered Collections. DO's may record unvouchered collections on the DD Form 2657 as an increase to line 4.2a (or 6.2a) but not as an increase to line 4.1b, 4.1d, or 4.1e. The corresponding entry on the DD Form 2657 is normally a decrease to lines 6.5, 7.2a, 7.2b, 7.3, 7.4, 9.2a, 9.2b or 9.3. These transactions are documented for record purposes on OF 1017-G.

RECEIPT FOR MISCELLANEOUS COLLECTIONS		TYPE OF COLLECTION: Overpayment
DATE: Nov. 2, 19XX	AMOUNT RECEIVED: $ 15.25	INSTALLATION: Fort Knight, MD
[x] RECEIVED IN CASH OF [ ] COLLECTED ON VOUCHER NO. FROM		NAME, SERVICE NUMBER/SOCIAL SECURITY ACCOUNT NUMBER, ORGANIZATION AND INSTALLATION: John A. Doe, SFC, 123-45-6789 Co D, 2d Bn, Ft. Knight, MD
WRITE AMOUNT OUT: Fifteen ---------- DOLLARS AND twenty five ---------- CENTS.		
ON ACCOUNT OF: Collection for overpayment made on Vou. # 123456 dated 10/23/XX, accounts of C.S. Jeffery, LTC, FC, DSSN 0923		
APPROPRIATION AND ALLOTMENT: 21XXXXX XX-XXX PXXXX-XX SXX-XXX		
I CERTIFY THAT I HAVE REC'D THE ABOVE AMOUNT, WHICH SUM I HAVE PASSED TO THE CREDIT OF THE U.S. AND HOLD MYSELF ACCOUNTABLE THEREFOR.		
TYPED NAME, GRADE, TITLE AND DISBURSING SYMBOL NO. OF FINANCE OFFICER: C. S. JEFFERY, LTC, FC, DSSN 0923		SIGNATURE OF FINANCE OFFICER

DD Form 634, APR 52 86/127

Figure 10-1. Sample DD Form 634 (Receipt for Miscellaneous Collections)

VOUCHER CONTROL LOG			1. DISBURSEMENTS		3. DATE	
			2. COLLECTIONS XXXX		10/21/XX	
4. VOUCHER NUMBER	5. PAYEE (Disbursements) REMITTER (Collections)	6. AMOUNT	7. FORM OF PAYMENT OR REMITTANCE			
			a. CASH	b. CHECK	c. EFT	d. OTHER
C537	John A. Doe	152.50	X			
C538	Mable C. Baker	398.00		X		
C539	William B. Ellis	241.95	X			

DD Form 2659, AUG 93

Figure 10-2. Sample DD Form 2659 (Voucher Control Log)

REPORT OF DEPOSITS

PERIOD COVERED	
FROM	TO
1 Aug 19XX	12 Aug 19XX

INSTALLATION	NAME AND DESIGNATION OF INDIVIDUAL DEPOSITING FUNDS
Ft. Finance, IN	C. D. Jennifer, CPT, QMC

SECTIONS AND SUBSECTIONS	FUNDS DEPOSITED TODAY	ACCUMULATED FROM LAST REPORT	CUMULATIVE TOTAL
Subsistence Section:			
Subsistence	200.00	0.00	200.00
Meat Market	200.00	0.00	200.00
Surcharge	55.00	0.00	55.00
TOTAL	455.00	0.00	455.00

APPROPRIATIONS TO BE CREDITED	
APPROPRIATION	AMOUNT
21X2010 x-C-xxx Pxxxx-xx Sxx-xxxx	400.00
21Xxxxx xx-C-Sxx-xxx	55.00
TOTAL	455.00

RECEIVED FROM
C.D. Jennifer, CPT, QMC

IN CASH AND/OR CHECKS, $ 455.00 WHICH, TOGETHER WITH PROCUREMENT, ALLOTMENT OR APPROPRIATE CREDITS FOR SUMS PREVIOUSLY RECEIPTED FOR AS SHOWN HEREON WILL APPEAR ON MY ACCOUNT FOR MONTH OF August, 19XX

VOUCHER NO. 123

DATE	SIGNATURE OF FINANCE OFFICER
12 Aug 19XX	

DATE	SIGNATURE OF DEPOSITOR	VOUCHER NUMBER
12 Aug 19XX		Aug 32-A

DD Form 707, MAR 53 81/134

Figure 10-3. Sample DD Form 707 (Report of Deposits)

CASH COLLECTION VOUCHER

DISBURSING OFFICE COLLECTION VOUCHER NO.: CS-25

RECEIVING OFFICE COLLECTION VOUCHER NO.:

RECEIVING OFFICE

ACTIVITY *(Name and location) (Include ZIP Code)*: HQ, COANG, BUCKLEY ANG BASE, AURORA, CO 00011

RECEIVED AND FORWARDED BY *(Printed name, title end signature)*: PAUL H. DEDERICK, MAJOR COANG
FINANCIAL MANAGER

DATE: 22 Dec 19XX

DISBURSING OFFICE

ACTIVITY *(Name and location) (Include ZIP Code)*: DISBURSING OFFICE, LAFB, CO 80230

DISBURSING OFFICER *(Printed name, title and signature)*: DAVID W. BALL, CAPT, USAF
DISBURSING OFFICER

DISBURSING STATION SYMBOL NO.: 5040

DATE RECEIVED SUBJECT TO COLLECTION: 23 Dec 19XX

PERIOD: FROM TO

DATE REC'D	NAME OF REMITTER AND DESCRIPTION OF REMITTANCE	DETAILED DESCRIPTION OF PURPOSE FOR WHICH COLLECTIONS WERE RECEIVED	AMOUNT	ACCOUNTING CLASSIFICATION
22 DEC	COLUMBINE COUNCIL OF ACT INC CHECK #242 DATED 20 DeC 19XX IN PAYMENT OF ACT 8, 9, 10, & 12		12.00	5793840 559-41B4 59296G P448.02 480.27 C98 S410601
			10.20	5793840 559 41B4 59296G P448.02 480.37 C98 S410601
			14.70	5793840 559-41B4 59296G P448.08 492.07 C98 S410601
			11.68	5793840 559-41B4 59296G P448.08 495.07 C98 S410601
TOTAL			48.58	

DD Form 1131, APR 57
126/153

REPLACES EDITION OF 1 APR 56 WHICH IS OBSOLETE.

Form approved by Comptroller General, U.S. 24 January 1956

Figure 10-4. Sample DD Form 1131 (Cash Collection Voucher)

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Figure 11-2. Sample Disbursement Voucher Paid By Blocks

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CHAPTER 11

DISBURSEMENTS

1101 INTRODUCTION

★ 110101. Description of a Disbursement. In most instances, a disbursement is a payment to an individual or organization for goods furnished or services rendered. In some cases, a disbursement is made solely to transfer funds from one appropriation or fund to another. This is a disbursement made by voucher deduction or by "no check drawn" transactions involving SFs 1080 or 1081 and no payment by check or cash. Disbursements also may be made via Treasury's On-Line Payment and Collection (OPAC) System. See Chapter 24 of this volume for detailed information regarding the OPAC system. A disbursement voucher may also be a combination of a payment and a collection by voucher deduction; for example, a civilian payroll voucher where deductions for Federal tax, U.S. savings bonds, and civil service retirement are credited to the appropriate accounts and the net pay is disbursed to the payee. All disbursements must be supported by one of the types of formal disbursement vouchers. Occasionally, disbursements are made on formal vouchers, but are not immediately charged to an appropriation or fund. These payments are referred to as deferred charges - vouchered items. A negative disbursement is, by definition, a refund. Disbursements of Foreign Military Sales funds require the request and receipt of expenditure authority prior to making a disbursement. Consult Chapter 4, Volume 15 of this Regulation for specific guidance.

110102. Disbursement Vouchers - General

★ A. Authority. The disbursement voucher is the authority for DOs to make payments of government obligations and are the source documents for liquidation of obligations. It is imperative that disbursement vouchers contain complete and accurate data and that only forms approved by the Comptroller General of the United States are used. Contents of disbursement vouchers and supporting documents may vary slightly depending on the type of disbursement and form used. Signatures and other information becoming an integral part of original vouchers must be written in permanent, non-erasable ink. Handwritten information must be legible. Corrections to vouchers are lined out once in ink or by typewriter and are not obliterated. The correction is initialed by the person making the correction. Voucher corrections cannot be made by disbursing section personnel. Do not use white out ink or correction tape since these methods aren't permanent. A legible copy of a signed travel voucher(s) and its supporting documents received, in lieu of the original signed voucher(s) and supporting documents, should be accepted for processing and payment as if it were the original. This includes travel vouchers and supporting documents received by facsimile transmission.

B. Essential Data. To be recognized as a valid transaction, all disbursement vouchers shall contain the minimum essential data shown in the following subparagraphs.

1. Voucher Heading and Date. The voucher heading and date area includes the complete name and mailing address of the paying disbursing office, the date the

voucher is prepared, the disbursing office voucher number, and the information required in the "Paid By" or "Brief" block.

2. Accounting Classification. Each charge to an appropriation or fund shall be coded with a complete accounting classification and country code, when applicable. If the space available for the accounting classification data is insufficient, list the information on a continuation form. The type of payment or the servicing DFAS Center shall dictate acceptable continuation forms. Titles of appropriation or deposit fund accounts, either in full or abbreviated form, shall not be shown on disbursement vouchers. Entering extraneous information, such as voucher collection data, results in operational delays and may cause erroneous information to be entered in accounting records and reports. More than one appropriation or deposit fund account or more than one subsidiary account may be charged on the same disbursement voucher. Where two or more subsidiary accounts of the same appropriation are cited, they shall be grouped by appropriation. On foreign disbursements, show the amount of foreign currency and conversion rate to U.S. dollars for each accounting classification cited. Entries in accounting records are always in U. S. dollars.

3. Amount to be Disbursed. The total amount to be disbursed shall be shown on the disbursement voucher in conjunction with the related accounting classification. The amount shall not be changed or altered in any way.

4. Method of Disbursement. In the space provided on the disbursement voucher, annotate whether the disbursement was made by EFT, Treasury check, cash, or as a no check/voucher for transfer.

5. Payee. The payee listed on each disbursement voucher shall be the individual or organization entitled to the proceeds of the payment.

★ C. Voucher Storage. Original paid vouchers shall be safeguarded consistent with standard security regulations prescribed in subparagraph 030305.B of this volume.

1102 PROCESSING DISBURSEMENT VOUCHERS

110201. Numbering Disbursement Vouchers. Disbursement voucher numbers shall be assigned consecutively starting at the beginning of each fiscal year. Voucher numbers assigned to disbursement vouchers shall be identified with the disbursing office and not the disbursing officer. The servicing DFAS Center or FIPC to whom financial reports are submitted will provide the DO with instructions for numbering vouchers.

110202. Disbursement Voucher Control Log. The DD Form 2659 (Voucher Control Log) shall be maintained daily for each disbursement voucher received or prepared in the disbursing office. The DO shall determine the functional areas and assign an individual or individuals the responsibility for maintaining the DD Form 2659. The DO should require personnel to prepare the DD Form 2659 daily in each functional area and/or branch disbursing office when these areas or offices are assigned a separate series of voucher numbers. The log shall contain: the

disbursement voucher number; name of the payee; amount; and form of payment (cash, check, EFT, etc.). An example of DD Form 2659 is shown at figure 11-1.

110203. Certification of Vouchers. The applicable functional areas have complete responsibility for assuring that payments are proper, that vouchers have complete and accurate data, that the right number of voucher copies are prepared, and that certifying officer signatures on vouchers prepared (and certified) outside of the disbursing office are authentic. Accordingly, the appropriate functional area shall maintain a file of approved DD Forms 577 for any certifying officers working outside the disbursing office. When the disbursing division detects a voucher was improperly prepared, the voucher shall be returned to the functional area for correction. The disbursing division has complete responsibility for authenticating certifying officer signatures on vouchers prepared within the disbursing office. The disbursing division verification is made against the list of personnel designated as disbursing office certifying officers by the DO. A request for payment of a voucher on behalf of another DoD Component disbursing office shall be accompanied by a copy of a certifying officer appointment letter or a DD Form 577. Unless these payments are recurring, signature substantiation need not be maintained on file in the disbursing division, but may be included as supporting documentation to the original voucher. DOs may, at their option, waive the above general rules and require that the disbursing division verify the authenticity of all certifying officer signatures on vouchers by comparing them to the disbursing office list of certifying officer signatures or DD Forms 577 from within or outside the disbursing office. Accordingly, the disbursing division would maintain the disbursing office file of all DD Forms 577 and disbursing office certifying officer appointment letters. An example of DD Form 577 is shown at figure 2-4.

110204. Identification of Payees. The accountable individual making cash or check payments shall positively identify each payee. If the payee is not known personally, the accountable individual making the payment shall examine an appropriate identification card which includes both the payee's picture and signature. A comparison of the payee's signature shall be made with that appearing on the identification card. For military personnel, the DD Form 2 (Armed Forces Identification Card) should be used. Other means of identification are a driver's license or other standard identification normally acceptable in the business community for cashing checks or bonds. The responsibility for identification of the payee shall not be delegated.

110205. Cash Payment Vouchers. Responsible functional areas send or deliver these vouchers to the cashier area. Where the distance between functional area and cashier area makes this impractical, vouchers may be hand carried by the payee provided the total amount of the voucher is inscribed in words on the bottom of the voucher (for example, sixty dollars and twenty cents). Space words or enter lines in a manner to preclude alteration by insertion of additional words, particularly at beginning of writing (for example, altering by inserting one hundred immediately preceding sixty dollars and twenty cents).

A. Cashier Responsibilities. On payment vouchers, the cashier shall verify that the voucher deduction block, if used, contains an appropriation and that the total to be paid shows decrease of any deductions, if applicable. The cashiers shall initial the original voucher or use the cash control machine to identify the specific cashier who made the payment.

1. Payee Signature and Identification. The cashier must obtain the payee's signature in the space provided, or in the case of multiple payments, on the sub-voucher or supporting documentation. The payee must sign for receipt of cash using indelible ink. Facsimile signatures and signatures in pencil are unacceptable. When signatures of payees are on a sub-voucher or supporting documentation, annotate the "payee signature block" on the cover voucher with the words "See attached". Payments by cash shall not be made until positive identification of the payee has been established. The signature obtained on vouchers shall be compared to signatures on identification cards or other acceptable forms of identification. The form of the signature shall be the same as the name of the payee as shown on the voucher. However, in the signature, the first name shall be used with additional initials, if any, followed by the surname except as explained below.

a. Unable to Write. If unable to write, the payee may indicate receipt of payment by signing the mark "X". In such instances, the signing must be witnessed by a disinterested party and the disinterested party's address must be given. If the payee is physically unable to write and asks someone to sign the payee's name in the payee's presence, such signature is regarded as a signing by the payee. A physician's certificate about the affliction should be filed with the original disbursement voucher. The signing of the payee's name by another person must be certified by a disinterested witness.

b. Mental Disability. A payee with a mental disability that precludes an ability to comprehend a signature cannot be paid until a committee or guardian has been appointed. Certified copies of court papers appointing a guardian shall be filed with the original disbursement voucher. The guardian shall sign the name of the payee, followed by his or her own signature as guardian. Future payments shall make reference to the first disbursement voucher by disbursing officer voucher number and date paid. If the payee is in an asylum, the superintendent's certificate that the payee was alive at the time payment was due shall be filed with each disbursement voucher.

2. Voucher Validation. The voucher is validated by completing the Paid By (or Brief) block with the paying office location, DSSN, and business date of payment. Use a typewriter or rubber stamp for this purpose. If the disbursing office has a classified address, do not show the geographical location. Examples of the Paid By block are shown in figure 11-2.

110206. Release of Cash. Cash payments must be picked up and the voucher signed by the individual who is entitled to the payment (the payee). The DO, deputy, accounting and disbursing agent, or disbursing agent may personally make cash payments to high ranking officers or civilian personnel or other personnel for whom waiting in line at a cashier's cage would be considered a discourtesy, awkward, or otherwise inappropriate. Otherwise, the DO or agent may appoint an aide, secretary, driver, etc., as a paying agent for purposes of making a cash payment to these payees. Refer to Chapter 2 of this volume for appointment of paying agents. The DD Form 1081 shall be used to document the transfer of cash to the paying agent. The appointed paying agent shall sign the DD Form 1081 to indicate receipt of the cash and voucher. Upon return of the properly signed payment voucher to the disbursing division, the DD Form 1081 may be destroyed.

110207. Check Disbursement Vouchers, Manual Voucher Processing. Responsible functional areas shall forward these vouchers to the check issuing area for preparation of the checks. The check issuing area shall enter the check number on the voucher in the space provided. Normally check numbers are not entered on duplicate copies of vouchers except for payroll and group travel vouchers. When payment is made by check and the disbursement is supported by an SF 1034, the instructions in the following subparagraphs apply.

A. Checks Drawn on the U.S. Treasury. For payments by check drawn on the U.S. Treasury, enter the check number in the block near the bottom of the form titled "Check Number on Account of U.S. Treasury."

B. Checks Drawn on LDAs. For payments by checks drawn on LDAs, enter the check number and the name of the limited depositary bank on which drawn in the block near the bottom of the form titled "Check Number On (Name of bank)". For "no check drawn" vouchers, so state.

C. Check Usage. Make checks payable to the payee stated on the disbursement voucher. Disbursement vouchers shall be numbered in numerical sequence with the lowest check used to pay the lowest numbered disbursement voucher or first name on a payroll. Maintaining the series of check numbers and the series of voucher numbers of the related vouchers in unbroken sequence will facilitate check issue auditing and reporting. Multiple payments to the same payee on the same day should be consolidated and paid by one check. Because many losses have been attributed to altering of payee names, addresses, and amounts on checks, the DO shall make certain that the inscribed checks duplicate the voucher information. At the DO's option, this review may be accomplished either before or after the checks are signed. The DO shall ensure appropriate check records that provide control over check writing are completed. Automated systems producing disbursement vouchers must contain edit and validation controls ensuring exact information appearing on the vouchers is passed to the check printer.

D. Paid By. Complete the "Paid By" block as in prescribed in paragraph 110205.A.2, above.

E. Automated Disbursement Vouchers. The entry of a check number on automated disbursement vouchers is not required as long as the voucher processing system is carefully structured and monitored to ensure complete audit trails are maintained between disbursement vouchers and hard copy records.

110208. Disbursements Overpaid or Underpaid by $10 or Less. If a disbursement to a payee is overpaid by $10 or less, do not try to collect the overpayment. In this instance, the DO shall prepare an SF 1080 to charge the DoD Component Operations and Maintenance (O&M) account and credit the appropriation charged when the payment was made. Similarly, if a disbursement to a payee is underpaid by $10 or less, do not issue a supplemental payment unless specifically requested by the payee.

110209. Transmittal of Vouchers and Recording. Deputies, agents, and cashiers shall include payment vouchers on the DD Form 2665, Daily Agent Accountability Summary as

prescribed in Chapter 19 of this volume. At the end of each business day, deputies, agents, and cashiers settle with their DOs or agents, who forward the original vouchers and report copies to the accountability area. If a mid-day return of cash on hand or an additional advance of funds is required, these transactions shall be accomplished using DD Form 1081. Functional areas forward transfer and correction vouchers and other disbursement vouchers not for payment by cashiers directly to the accountability area. Voucher copies are returned to the accountable functional area.

110210. Certification Restrictions. The supervisor of the disbursing division, even if he or she is also a deputy, should not routinely certify vouchers for payment. For convenience, however, the supervisor of the disbursing division may certify cover vouchers supported with proper, certified sub-vouchers. In those cases, the approving official of the supporting documentation must be other than the cover voucher certifier. If an emergency exists and the deputy who is also supervisor of the disbursing division must certify a voucher for payment not supported with certified sub-vouchers, the DO or another deputy shall date and sign somewhere on the voucher a statement similar to the following: "Payment approved by Lt John Doe, Disbursing Officer." To assure adequate internal control, the supervisor of the disbursing division or other disbursing division personnel should not have the opportunity to input data into the computerized accounting system.

110211. Documentation Supporting Delivery of Payments. Documentation which supports delivery of payments includes a copy of the payment voucher, annotated copies of invoices, or check-stub data with check or cash payments for delivery to payees as prescribed by functional area directives. For travel payments, documentation includes a copy of the travel claim. For vendor payments produced by standard automated accounts payable systems, check-stub data normally is sufficient for vendor accounts receivable posting. If the vendor reports that check-stub data is insufficient for posting needs, a copy of the payment voucher or an annotated invoice should be included with the payment as instructed by the responsible functional area.

110212. Deferred Vouchers. A deferred voucher is any paid voucher that has not been recorded in the accounting system. The usual cause is a paid agent voucher that must be returned to the agent for correction. In addition, agent vouchers that have not yet been examined by the DO may be deferred until this review is completed. Responsible functional areas must take all required actions to clear deferred vouchers promptly. Maintain a chronological record of actions taken, showing for each voucher the date on which clearance is expected. DOs or their deputies shall review those actions each week to make sure that the irregularities causing deferment are corrected without delay. Refer to subparagraph 190205.L of this volume for instructions on reporting deferred vouchers on the DD Form 2657 and the Daily Statement of Accountability.

110213. Classified Payments

A. General. When it is necessary for the DO to make payments that are classified, a covering disbursement voucher shall be prepared as prescribed in this paragraph. Disbursement vouchers covering payments which are classified for security purposes shall not contain information which requires a security classification. The original and all copies of such dis-

bursement vouchers shall contain only the: name and address of the payee; amount; date of payment; complete accounting data; voucher number; check number; DO's name; DSSN; and, disbursing office payment data in the "Paid By" (or brief) block. In the case of payment under classified contracts, the contracts should contain instructions requiring the supplier to limit information on invoices so that supplies or services may by identified only by reference to the contract. The DO (for collateral classified programs) or the voucher preparing office (for special access programs) shall allow access to classified documents only to those persons who require access for the performance of their official duties (refer to appropriate security regulations, if necessary). Personnel who process classified documents must possess a security clearance level equal to or higher than the documents they process. DOs or voucher preparing offices shall assign duties, such as the preparation of vouchers, so that a minimum number of persons require access to the classified information. Mark and store classified documents following prescribed security regulations.

B. Preparation. When essential supporting documents, invoices, or certificates are classified, they shall not be attached to the original disbursement voucher, but shall be identified by the name of the DO, voucher number, DSSN, and the period of the account. The supporting documents shall be retained at the paying disbursing office (for collateral classified programs) or the voucher preparing office (for special access programs) with other classified material. The original and all copies of the covering disbursement vouchers shall contain only the essential information described above. The portion of the voucher for the description of the articles or services purchased shall contain one of the following statements:

1. For collateral classified programs: "The documents necessary to support this voucher have been retained at the payment site with other classified material in accordance with (insert the applicable security regulation)."

2. For special access programs: "The documents necessary to support this voucher have been retained at the voucher preparing office with other classified material in accordance with (insert the applicable security regulation)."

C. Declassification. Refer to the appropriate security regulations for instructions on downgrading and declassifying, and for reporting classification abuses and improper classifications.

D. Distribution. The original and required copies of the covering disbursement voucher shall be distributed in the normal manner. However, as described above, the classified supporting documents shall not be attached.

110214. Payments from Contingency Funds. The DD Form 281 (Voucher for Emergency or Extraordinary Expense Expenditures) is used to make payments from contingency funds.

A. Preparation. The form itself shall be prepared so as not to require classification. Supporting documents are classified according to their content. Covering disbursement vouchers as described in the preceding paragraph are not prepared.

B. Transmittal of Vouchers and Recording. See paragraph 110209, above.

110215. Hand-Carrying Disbursement Vouchers

A. Vouchers Prepared Outside the Disbursing Office. Disbursement vouchers prepared outside the disbursing office shall be forwarded to the disbursing division so that the payee does not have access to the voucher.

B. Vouchers Prepared Within the Disbursing Office. The responsible functional area forwards or delivers these vouchers to the cashier area. Where distance between the functional area and cashier section makes this impractical, see 110205, above.

110216. Distribution of Paid Vouchers. The disbursing division of each disbursing office shall forward the original and appropriate number of copies of paid vouchers to the appropriate DFAS Center as prescribed in Chapter 20 of this volume.

1103 DISBURSEMENTS FROM DEPOSIT FUND AND BUDGET CLEARING ACCOUNTS

110301. Disposition of Funds in Deposit Fund Accounts

A. Method of Disposition. Applicable functional areas shall dispose of collections received for deposit fund accounts by one of the methods shown in the following subparagraphs.

1. Payment to Other Individuals or Organizations. The disbursement shall be made on an SF 1034. See figure 11-3.

2. Refund to the Remitter. The disbursement shall be made on an SF 1049. See figure 11-4.

3. Withdrawal for Application to an Appropriation, Receipt Account, or Other Deposit Fund Account. The disbursement and collection shall be made on an SF 1081. Submit the original SF 1081 as the disbursement voucher and a copy as the collection voucher. No check or cash payment is made on the SF 1081. See figure 11-5.

B. Vouchering. Normally more than one deposit fund account is charged on a single disbursement voucher. However, voucher separately those charges to accounts **F0109, Federal Tax Withheld from Payments to Non-resident Aliens, and **X6875.XXXX, Withheld Individual Income and Federal Insurance Contribution Act Taxes.

C. Civilian Pay Deductions. In preparing SFs 1081 for adjustment of deductions from civilian pay, show deposit fund account symbols, and amounts for withheld taxes and savings bonds, on the same SF 1081 containing the necessary information.

D. Withdrawals Involving Foreign Currency. If it is necessary to repay foreign currency deposits at a U.S. dollar equivalent different from that at which deposited, see Chapter 13 of this volume.

110302. Budget Clearing Account **F3875, Suspense

★ A. Disburse Funds. Upon determination of the proper disposition of funds in this account, the amount will normally be disbursed on an SF 1080 or SF 1081. See figures 11-5 and 11-6. The disbursing officer must explain the charges on the SF 1080 or the SF 1081.

B. Disbursements Representing Funds Received for Other Government Agencies. The disbursement voucher shall be prepared to show the officer and agency to receive payment. A check payable to the Department of the Treasury and a copy of the disbursement voucher shall be forwarded to the official of the agency requesting collection, except as stated below.

1. Checks Made Payable to the United States Postal Service. The check and a copy of disbursement voucher shall be forwarded to the Third Assistant Postmaster, Division of Finance, U.S. Postal Service, Washington, DC 20260, if the collection is for credit to a U.S. Postal Service appropriation or receipt account citing departmental prefix "18."

2. Checks Made Payable to Other Government Agencies. If a collection was made for another government agency, and it is impracticable to send the amount to the official or agency, the check and a copy of the voucher shall be forwarded to the Department of Treasury, Chief Disbursing Officer, ATTN: Disbursing Operations Section, P.O. Box 37067, Washington, DC 20013. To facilitate handling, the check shall be accompanied by a: DD Form 1131; transmittal letter showing the source and reason for collection; and account symbol and title of the agency's funds for which the collection was made. Disbursements shall not be delayed and, when practicable, the check shall be forwarded on the same day that collection was made.

C. Deposits Representing Collections for Unofficial Telegraph and Telephone Service. Amounts representing federal taxes for unofficial telegraph and telephone services shall be disbursed to the appropriate District Director, Internal Revenue Service.

110303. Overages

A. Disbursement Action. If it is determined that an overage should not have been accounted for as a collection, disburse the overage on an SF 1049 made payable to Adjustments. The SF 1049 shall be prepared by the responsible functional area. Do not issue a check or make a cash payment for this voucher. This action reverses the erroneous collection and allows the funds to be accounted for in the proper manner.

B. Adjustments. If it is discovered that the amount should have been reported as a collection under an accounting classification other than **X6875, as in the case of a cash collection from a sales official, make the adjustment by requiring the responsible functional area to prepare an SF 1081 charging **X6875 and crediting the proper appropriation or fund.

C. Removal. After every reasonable effort to discover the source and disposition of the funds has proved unsuccessful, prepare an SF 1081 to remove the amount from deposit fund **X6875 and credit to Forfeitures of Unclaimed Money and Property, **R1060.

1104 PAYMENTS IN SUPPORT OF ADVANCE PAYMENT POOL AGREEMENTS

110401. General. Advance payments are sometimes used for financing the performance of more than one contract. This is accomplished under a single advance-payment agreement called an advance-payment pool agreement. Advance-payment pool agreements are often used for the financing of cost-type contracts with nonprofit educational or research institutions for experimental, or research and developmental work, when several contracts or a series of contracts require financing by advance payments. More than one agency or department may have their funds cited on contracts which are part of the pool agreement. When more than one contract is involved in the pool agreement, one or more of the contracts is designated as the contract to which the advance payments are applied. This is normally a large dollar-value contract. Advance payments will be handled in accordance with current procedures. Revised procedures will be issued upon completion of a review being conducted by the DoD Contract Finance Committee. (Refer to Volume 10 of this regulation for specific details.)

1105 INTERAGENCY DISBURSING SUPPORT

The Disbursing and Cash Management Activity, located at the DFAS-Kansas City Center, is responsible for coordinating all disbursing matters relating to interagency disbursing support agreements. For example, in October 1993, the Department of State (DoS) was given payment approval authority for various types of disbursements. Any disbursements presented to the DoS which are not included in the approved payment listing will not be processed by the DoS. In order for unlisted payments to be accepted and processed by the DoS the disbursement document must be accompanied by a properly executed DD Form 577 (Signature Card).

★1106 LARGE DISBURSEMENTS

110601. Reporting Large Disbursements. Since the Treasury Financial Management Service (FMS) solely is responsible for the management of the government's daily cash position, disbursement transactions by check or electronic fund transfer (EFT) affecting the cash position shall be made known to the FMS in advance of the time of actual disbursement. DOs disbursing $50 million or more in a single transaction, or in multiple transactions of a common nature shall report to FMS the following information at least two business days prior to the payment date. For example, if the DO issues 350 various vendor payments totaling $50 million or more on the same day or issues a payroll totaling $50 million or more on one day, a report to the Treasury is required. If a disbursement of over $500 million is anticipated, a minimum of five business days advance notice is required. When specific disbursement information has not been finalized, inform FMS daily (by 9:30 a.m. eastern time) of approximate amount(s) and approximate date(s). Information on large disbursements should be reported by facsimile transmission (FAX) to FMS at (202) 874-9945 or (202) 874-9984 using FMS Form 187, Advance Notice of Large Deposits or Payments of

$50 Million or More. If the report is provided to FMS on other than FMS Form 187, at a minimum the report shall contain:

A. Name and address of the DoD Component (e.g., Navy);

B. Name and telephone number of disbursing officer;

C. Disbursing station symbol number (DSSN);

D. Appropriation or fund account charged (minimum of six digits, with the first two identifying the department);

E. Description of transaction;

F. Transaction settlement date;

G. Amount of the disbursement;

H. Payment mechanism (wire transfer or check);

I. Check number for check payments;

J. Payee name and address.

A copy of the report shall be retained with the DO's monthly retained financial records.

110602. U.S. Military Electronic Fund Transfer (EFT) Payroll. Defense Finance and Accounting Service (DFAS) Centers are required to report in advance to FMS all military pay and all military retiree pay made by EFT for each payroll reporting period. Pay totals should be reported as far in advance of the pay date as possible, however, a minimum of two business days advance notice is required.

A. U.S. Military Pay. U.S. military pay includes the following pay classifications: active duty pay, reserve pay, and cadet pay, active salary allotments, active blanket pay, and voluntary separation incentives. Active duty payments usually occur on the 1st and the 15th calendar days of each month. If the 1st or 15th fall on a weekend or a holiday, the payment will be made on the prior workday. Military pay should be reported by facsimile transmission (FAX) to FMS at (202) 874-9945 or (202) 874-9984 using FMS Form 188 (Military Report for Treasury Cash Forecasting, Advance Reporting of U.S. Military Pay).

B. U.S. Military Retiree Pay. U.S. military retiree pay includes the following pay classification: retired pay, retired allotments, retired annuities, and retired blanket pay. These payments usually occur on the 1st calendar day of the month. If the 1st falls on a weekend or a holiday, the payment will be made on the next workday. Military retiree pay should be reported by facsimile transmission (FAX) to FMS at (202) 874-9945 or (202) 874-9984 using FMS Form 190, Military Report for Treasury Cash Forecasting, Advance Reporting of U.S. Military Retiree Pay.

C. Data to be Reported. If the report for military pay or military retiree pay is provided to FMS on other than FMS Form 188 or FMS Form 190 (as appropriate for the type of pay being reported), at a minimum, the report shall contain:

1. Defense Finance and Accounting Service Center location;

2. Disbursing station symbol number (DSSN);

3. Name and telephone number of contact (or disbursing officer);

4. Name of Federal Reserve bank location where pay files are transmitted;

5. Name of U.S. Military branch (e.g., Navy);

6. Military pay classification;

7. Pay date;

8. Pay amount for each classification;

9. Total pay amount.

A copy of each report shall be retained with the DO's monthly retained financial records.

110603. Electronic Funds Transfer (EFT) Vendor Payments. All DFAS Center and other DoD Component installations that make EFT payments to vendors are required to report daily the following information to FMS. Information on EFT vendor payments should be reported by facsimile transmission (FAX) to FMS at (202) 874-9945 or (202) 874-9984 using FMS Form 189, Defense Report for Treasury Cash Forecasting, Advance Reporting of Defense Department Payments to Vendors. If the report is provided to FMS on other than FMS Form 189, at a minimum, the report shall contain:

A. DFAS Center or other Defense location;

B. Disbursing station symbol number (DSSN);

C. Name and telephone number of primary and alternate contact;

D. Federal Reserve bank location of transmitted payment files;

E. Date payment files are transmitted;

F. Effective date of payment (transaction settlement date);

G. Total dollar amount of the EFT file transmitted.

A copy of each report shall be retained with the DO's monthly retained financial records.

★1107 GOVERNMENT PURCHASE CARD PAYMENTS

Upon receipt of approved invoices for purchase card transactions, authorized in accordance with the DoDFMR, Volume 10, Chapter 12, the DO of the designated paying office will ensure that payment is made in accordance with this volume and the Prompt Payment Act deadlines.

VOUCHER CONTROL LOG			1. DISBURSEMENTS XXXX 2. COLLECTIONS		3. DATE 11/23/XX	
4. VOUCHER NUMBER	5. PAYEE (Disbursements) REMITTER (Collections)	6. AMOUNT	7. FORM OF PAYMENT OR REMITTANCE			
			a. CASH	b. CHECK	c. EFT	d. OTHER
400001	John D. Able	389.00	X			
400002	Christine M. Baker	552.10			X	
400003	Beverly W. Ellis	941.25		X		

DD Form 2659, AUG 93

Figure 11-1. Sample DD Form 2659 (Voucher Control Log)

WITHIN THE UNITED STATES	
DATA	EXAMPLE
Location (Base and State) ZIP Code Disbursing Station Symbol Number Date of Payment	Camp Lejeune NC 28540 DSSN 6092 19XX May 1
Location and ZIP Code Disbursing Station Symbol Number Date of Payment	Ft. Finance, IN 46216 DSSN 0001 20 August 19XX
Disbursing Station Symbol Number UIC and Name of Disbursing Activity Date of Payment Name and DSSN of Operating Location	SYMBOL 5171 (62306) NAVOCEANO 21 SEP 19XX ACCTS OPLOC PENSACOLA 8380
OVERSEAS AREAS	
DATA	EXAMPLE
Location Disbursing Station Symbol Number Date of Payment	APO AE 09440-1111 DSSN 6637 1 May 19XX

Figure 11-2. Sample Disbursement Voucher Paid By Blocks

Standard Form 1034 Revised October 1987 Department of the Treasury 1 TFM 4-2000	PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL	Voucher No. 593281

U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION	DATE VOUCHER PREPARED	SCHEDULE NO.
Department of the Army 7th Finance Battalion APO AE 00098	10/17/XX CONTRACT NUMBER AND DATE DA-HC-21-72A2578 8/21/XX REQUISITION NUMBER AND DATE	PAID BY APO AE 00098 DSSN 9000 18 Oct 19XX

PAYEE'S NAME AND ADDRESS	DATE INVOICE RECEIVED	DISCOUNT TERMS	PAYEE'S ACCOUNT NO.
Burchell Electronics, Inc. 18 Business Street Daube, West Germany	10/1/XX		

SHIPPED FROM	TO	WEIGHT	GOVERNMENT B/L NO.

NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary).	QUANTITY	UNIT PRICE COST	UNIT PRICE PER	AMOUNT[1]
61329 8/27/XX	9/25/XX	Analog Digital Convt.	10	30	ea	300
42573 8/27/XX	9/25/XX	Transistor	20	5	ea	100
(Use cont. sheet if necessary)		(Payee must NOT use the space below)				400

PAYMENT	APPROVED FOR	EXCHANGE RATE	DIFFERENCES	
[ ] PROVISIONAL	DM 400 = $200.00	DM 2 =$1.00		
[x] COMPLETE	BY[2] R. S. Timothy, LTC, FC			
[ ] PARTIAL				
[ ] FINAL			Amount verified correct for	$200.00
[ ] PROGRESS	TITLE Disbursing Officer		(Signature or initials)	
[ ] ADVANCE				

Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.

(Date) (Authorized Certifying Officer) (Title)

ACCOUNTING CLASSIFICATION

21*XXXX XX-XXXX PXXX-XX SXX-XXX 200.00

PAID BY	CHECK NUMBER	ON ACCOUNT OF U.S. TREASURY	CHECK NUMBER	ON (Name of bank)
			48679	American Express
	CASH $	DATE	PAYEE[3]	

[1] When used in foreign currency, insert name of foreign currency.

[2] If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided over his/her official title.

[3] When a voucher is receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he/she signs must appear. For example: John Doe Company, per John Smith, "Secretary or Treasurer", as the case may be.

PER

TITLE

PRIVACY ACT STATEMENT

The information requested on this form is required under the provisions of 31 U.S.C. 82b and 82c for the purpose of disbursing Federal money. The information requested is to identify the particular creditor and the amounts to be paid. Failure to furnish this information will hinder discharge of the payment obligation.

Figure 11-3. Sample SF 1034 (Public Voucher for Purchases and Services Other Than Personal)

Standard Form 1049
September 1973
1 TFM 4-2000
1049 105-01

PUBLIC VOUCHER FOR REFUNDS

VOUCHER NO. 62987

SCHEDULE NO.

(Voucher prepared Washington, DC 7/21/19XX)
(Give piece end date)

U.S. DFAS-Norfolk Oploc
(Department or Esteblishment, Bureau or Office)

Appropriation or Fund: 21X6875 XX SXX-XXX

THE UNITED STATES, DR.,

PAID BY
OPLOC-Norfolk
DSSN 5245
WASH. DC
7/21/19XX

To
Address
J. C. Mace Construction Co.
6801 Indiana Ave. N.W.
Washington, DC 20223

Statement of deposit(s) received and applied: Contract No. Date

DATE OF DEPOSIT	RECEIPT NO	ARTICLES OR SERVICES (ENTER DESCRIPTION, INCLUDING DETAIL OF APPLIED CHANGES AND OTHER INFORMATION DEEMED NECESSARY)	AMOUNT DEPOSITED DOLLARS | CENTS	APPLIED CHANGES DOLLARS | CENTS	BALANCE DUE DEPOSITOR DOLLARS | CENTS	NOTATIONS
7/16/XX	2353	Refund of deposit made to guarantee return of construction plans	800.00		800.00	
TOTAL			800.00		800.00	

~~I certify that the~~ above statement of deposit(s) of the payee or depositor named is correct and that the sum of $ 800.00 is due said depositor.

* Approved and refund authorized for $ 800.00
(Sign original only)

John J. Baker
Title Disbursing Officer

Refund by
Check No. 70,251,684
Cash $ on
Other method $
Signeture of payee
(Sign original only)

* If the ebility to certify end euthority to approve ere combined in one person, one signeture only is necessary; otherwise the epproving officer will sign in the blank space below "Approved," etc., and over his official title.

*U. S. GOVERNMENT PRINTING OFFICE: 1986-496-012

Figure 11-4. Sample SF 1049 (Public Voucher for Refunds)

Standard Form 1081
Revised September 1982
Department of the Treasury
1 TFM 2-2500

VOUCHER AND SCHEDULE OF WITHDRAWALS AND CREDITS

CHARGE AND CREDIT WILL BE REPORTED ON CUSTOMER AGENCY STATEMENT OF TRANSACTIONS FOR ACCOUNTING PERIOD ENDING 10/31/XX

Transaction Date: 10/1/XX

Document No.: 159659

CUSTOMER AGENCY		BILLING AGENCY	
Agency Location Code (ALC)	Customer Agency Voucher No.	Agency Location Code (ALC)	Billing Agency Voucher No.
0001	102	0001	942

DEPARTMENT BUREAU ADDRESS	DFAS-Orlando OPLOC Orlando, FL	DEPARTMENT BUREAU ADDRESS	DFAS-Orlando OPLOC Orlando, FL

SUMMARY		SUMMARY	
APPROPRIATION, FUND, OR RECEIPT SYMBOL	AMOUNT	APPROPRIATION, FUND, OR RECEIPT SYMBOL	AMOUNT
17*1453.2252/025/74476/G/000072/1J DK31WN/DK3223687830	500.00	17F3880 00020 2D 1001XX 000122333444	500.00
(MUST AGREE WITH BILLING AGENCY TOTAL) TOTAL	500.00	(MUST AGREE WITH CUSTOMER AGENCY TOTAL) TOTAL	500.00

Details of charges or reference to attached supporting documents

To transfer credit received from Treasury for original check number 000122333444. Copy of DAS attached.

BILLING AGENCY CONTACT:
PREPARED BY R. Smith
APPROVED BY K. Randall
TELEPHONE NO. 697-1234

CERTIFICATION OF CUSTOMER OFFICE

I certify that the items listed herein are correct end proper for peyment from end to the eppropriation(s) designated.

10/1/XX (Date)

John J. Baker (Authorized administrative or certifying officer)

697-1357 (Telephone No.)

Original - Forward To Customer For Payment

Figure 11-5. Sample SF 1081 (Voucher and Schedule of Withdrawals and Credits)

Standard Form 1080
Revised April 1982
Department of the Treasury
1 TFM 2-2500

VOUCHER FOR TRANSFERS BETWEEN APPROPRIATIONS AND/OR FUNDS

VOUCHER NO. 8397

SCHEDULE NO.

Department, establishment, bureau, or office receiving funds

Defense Finance and Accounting Service
Cleveland Center
Cleveland, OH

BILL NO.

PAID BY

DFAS CL
DSSN 8522
10/15/XX

Department, establishment, bureau, or office charged

Defense Finance and Accounting Service
Cleveland Center
Cleveland, OH

ORDER NO.	DATE OF DELIVERY	ARTICLES OR SERVICES	QUAN-TITY	UNIT PRICE		AMOUNT
				COST	PER	DOLLARS AND CENTS
TA 54		Transfer receipt of funds from John Doe to MPN See COV#12345 9/3/XX				500.00
					TOTAL	500.00

Remittance in payment hereof should be sent to -

Defense Finance and Accounting Service
Cleveland Center
Cleveland, OH

ACCOUNTING CLASSIFICATION - Office Receiving Funds

MPN 17*1453.2201

CERTIFICATE OF OFFICE CHARGED

I certify that the above articles were received and accepted or the services performed as stated and should be charged to the appropriation(s) and/or fund(s) as indicated below; or that the advance payment requested is approved and should be paid as indicated.

10/15/XX
(Date)

(Authorized administrative or certifying officer)

Disbursing Officer
(Title)

ACCOUNTING CLASSIFICATION - Office Charged

17F3875 XXXX XXX XXXXX X XXXXXX XX XXXXXX XXXXXXXXXXXX

Paid by Check No. No check issued

Figure 11-6. Sample SF 1080 (Voucher for Transfers Between Appropriations and/or Funds)

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1202 Financial Transactions with Foreign Countries and International Organizations

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Figure 12-1. Sample DD Form 2664 (Currency Exchange Record)

CHAPTER 12

FOREIGN DISBURSING OPERATIONS

1201 MONETARY REGULATIONS

★ 120101. Use of U.S. Currency. With the exception of areas where U.S. diplomatic or financial relations make the use of U.S. dollars inadvisable, U.S. currency or Treasury checks shall be the only medium of exchange for: pay of military and civilian personnel, except for amounts acceptable in local currency by payees and as required to be paid in local currency by this section; allowances, per diem, and travel expenses, and purchases from appropriated and non-appropriated fund activities located in or visiting the foreign currency area.

120102. Reimbursable Expenses. Claims for reimbursement of personal funds expended on official business shall be paid in the foreign currency expended by the claimant, if available to the DO and acceptable to the claimant. If the claim is to be paid in U.S. dollars as authorized or required at the point of settlement, the claimant shall be required to state on the voucher the rate at which the expended foreign currency was acquired and the source from which acquired. The U.S. dollar equivalent shall be computed at the rate the claimant acquired the currency. If two or more purchases were involved, the U.S. dollar equivalent shall be determined on a "first-in-first-out" basis. For example: The claimant purchased 5,000 Malaysian Riggit in May 1991 at the rate of 2.7875 to one U.S. dollar and 3,000 in June 1991 at 2.7795. Expenses of 6,000 Riggit were incurred in July 1991. The U.S. dollar reimbursement is $2,153.50 [5,000 / 2.7875 = $1,793.72 + 1,000 / 2.7795 = $359.78]. If the claimant had incurred expenses of only 4,000 Riggit, reimbursement would be $1,434.98 [4,000 / 2.7875 = $1,434.98].

120103. Currency Custody Accounts. Currency custody accounts are arrangements approved by the Treasury Department whereby safety stocks of U.S. currency on the books of overseas military central funding officers are physically held in the government's contractor-operated military banking facilities (MBFs). This 100 percent cash reserve serves as MBF vault cash, with daily settlement between the MBF operator and central funding officer. Absent ready access to the Federal Reserve System (FRS), this mechanism assures the availability of U.S. currency to support the dollar economy exported in support of U.S. Forces stationed overseas. The balance held in the custody account is reported on line 6.4 of both the DD Form 2657 (Daily Statement of Accountability) and the SF 1219 (Statement of Accountability) as prescribed in Chapter 19 of this volume.

120104. Use of Foreign Currency

A. General. In areas where U.S. currency is prohibited or where diplomatic or financial considerations make its use inadvisable, the senior commander shall consult with other U.S. military commanders and State Department representatives in the area to determine the local government's foreign currency control regulations. The commander then shall issue instructions to conform to State Department procedures and local government foreign currency

control regulations and, in addition, incorporate the following requirements to the extent necessary to comply with local conditions: foreign currency shall be used for all payments to U.S. personnel; foreign currency shall be used for all payments to vendors located in the area; foreign currency held by U.S. personnel shall not be repurchased except as outlined in section 1203 of this chapter; and U.S. dollar negotiable instruments shall not be cashed or issued without the written permission of the commander and then only in amounts required for cash purchases at U.S. Government authorized facilities (e.g., commissaries, snack bars, theater or post offices) or for immediate travel to an area where currency restrictions are not in effect.

★ B. Basic Pay, Special and Incentive Pays, and Allowances. Basic pay, special and incentive pays, and allowances (subsistence, and quarters) are expressed in U.S. dollars by statute and shall be paid in U.S. dollars or in military payment certificates (MPC), as appropriate, when such personnel are stationed in overseas areas. Salaries and differentials paid to U.S. citizen civilian personnel, similarly situated, paid in fulfillment of U.S. contractual or statutory obligations that are expressed in U.S. dollars shall be paid in U.S. dollars or MPC, as appropriate. Personnel shall be encouraged to use authorized exchange facilities for converting U.S. dollars to local foreign currencies needed to liquidate personal obligations. Such conversions shall be made with the understanding that local foreign currencies may be converted back to U.S. dollars only as authorized in section 1203 of this chapter. If foreign currency is being paid, the DO shall make payment on the basis of the MBF sell rate. If there is no in-country MBF, the DO shall make the foreign currency payment on the basis of the prevailing exchange rate.

★ C. Payments in Foreign Currency. If a foreign currency payment needs to be made and the DO has a limited depositary account (LDA) in that particular currency, the payment may readily be made by an LDA check. If the DO does not have an LDA in the particular foreign currency to be paid, but is located within the country to which the required currency is indigenous, the DO may acquire foreign currency cash from any of the sources in chapter 13 of this Volume and make a foreign currency cash payment. Otherwise, when a foreign currency payment needs to be made, the DO must send a properly certified voucher together with supporting documentation and a properly executed DD Form 577 to a DO who can make the payment in the foreign currency involved. In many cases, the DO (or cashier) who can make the foreign currency payment will be located at the U.S. Embassy or Legation. A DO requesting payment by a U.S. Embassy or Legation shall provide any additional information or documentation required by the U.S. Embassy or Legation to make the payment.

1202 FINANCIAL TRANSACTIONS WITH FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS

120201. General Policies for Financial Transactions

A. Scope

1. This section implements policies of the Treasury Department on the use of U.S. Government funds in international programs on foreign exchange or interest costs

to the Treasury Department. These include transactions with foreign countries and international organizations involved with bilateral or multilateral programs, such as procurement, research, co-development, co-production, grants or other transactions that require the:

a. outlay of U.S. dollars or foreign currencies,

b. inflow of funds from foreign countries, or

c. exchange of U.S. dollars and foreign currencies.

2. Except for arrangements entered into for the sole purpose of implementing U.S. international monetary policy, DoD Components shall observe the following policies to ensure that:

a. U.S. dollars are retained in the Treasury Department until actually required for immediate disbursement, to minimize interest cost on the public debt;

b. Interest on U.S. Government funds will not be used to subsidize program activities; and

c. Arrangements with foreign countries and international organizations will accommodate the financial policies and procedures of each participating country or organization to the maximum extent feasible.

3. Any change in program costs resulting from the use of foreign currencies in international financial arrangements is the responsibility of the involved program agencies, U.S. or foreign.

B. General Policies

1. DoD Components shall not permit the withdrawal of dollars from the Treasury Department for placement with any program management organization, prior to the need for the dollars as determined by the actual immediate funding requirements of the recipient organization to carry out the project.

2. International programs that require U.S. funding shall be negotiated to provide for dollar outlays as close to the need for current program expenditure as possible.

3. The U.S. Government share of funding required to support a program shall be obtained by appropriation with no part of this funding derived from interest earned on U.S. contributions. DoD Components shall be responsible for assuring that any interest earned is promptly deposited to receipt account 1499, Miscellaneous Interest Collections, Not Otherwise Classified."

4. Whenever possible, international programs should consider the fiscal needs and funding policy considerations of each participating country or international organization, provided U.S. Government cash management policies are not compromised.

5. Requests from a foreign country or international organization for the temporary deposit and safekeeping of U.S. dollars in trust in an account of the Treasury Department will be decided on their own merit, based on the reason therefore, the specific financial arrangements proposed, and the relevant U.S. Government political and general financial considerations.

6. DoD Components shall not invest funds on behalf of a foreign country or international organization when U.S. Government receipt of such funds would serve as the basis for creating contract obligational authority for the DoD Component or other U.S. Government department or agency.

7. Application of these general policies in negotiation with foreign countries and international organizations shall not be compromised by DoD Component administrative practices. Existing practices should be altered or revised to achieve these principles of funding policy.

★ C. Specific Policies. See chapter 9, Volume 12 of this Regulation for financial policies and procedures related to international agreements.

★ 120202. Exchange of U.S. Dollars for Foreign Currencies. Any change in program costs resulting from the foreign currency denomination of international financial arrangements is the responsibility of the program agencies, U.S. or foreign, involved.

120203. Procedures

★ A. The Treasury Department shall be consulted at the earliest possible time on any potential or pending negotiations with foreign countries and international organizations that involve deviations from the matters reflected herein. Exceptions to these policies and guidelines outlined above will be made only on the basis of a Treasury Department determination that such exceptions would be advantageous to the United States.

★ B. Requests for such exceptions should be processed through the Director for Management Improvement, The Pentagon, Washington, DC 20301-1100.

★ 120204. Foreign Currency Payments for Contracts Funded from Military Construction Appropriations. The following criteria shall be used in determining the feasibility of foreign currency payments for contracts funded from military construction appropriations. U.S. dollars shall be used only when:

A. To the extent provided by a treaty, executive agreement, or laws of the country concerned, payments are required to be made in U.S. dollars.

B. Responsive offers require a partial payment in U.S. dollars.

C. The only responsive offers received require payment entirely in U.S. dollars.

D. The contract is for a compelling need and of such unusual urgency that serious injury to the U.S. Government would likely be incurred if payment in foreign currency were to be insisted upon.

E. Contract bids or offers in local currency are unreasonably overpriced in relation to the dollar cost or to the local currency price available to non-DoD users of the same or similar goods or services.

F. If it is determined that payment in foreign currency funded from military construction appropriations is not feasible, the official designated in paragraph 120204 shall execute the following contract certification for retention with each contract file.

CONTRACT CERTIFICATION

I hereby certify, as required by subparagraph 120203.C of DoD 7000.14-R, Volume 5 and under the authority delegated to me in accordance with paragraph 120204 of DoD 7000.14-R, Volume 5, that it was not feasible to make payment in the amount of $ from foreign currency owned by the United States Government under this military construction contract executed in the country of _____ for the reason stated below:

(Cite the criterion applicable in the instant case)

(Signature)
(Name and title of person
executing this Certification)

★ 120205. Use of Foreign Currencies for Travel and Transportation

A. Maximum use shall be made of U.S.-owned foreign currencies for transportation when certificated air carriers are available and willing to accept such currencies in payment for U.S. Government-financed commercial foreign air transportation of persons or property. Use of air carriers for U.S. Government-financed commercial foreign air transportation

and the determination of their availability shall be in accordance with the provisions of DoD Directive 4500.9 (reference (ad)).

B. Consistent with the provisions of GAO Guidance (reference (ae))and Comptroller General Decision B-184136 of August 17, 1975 (reference (af)), certificated air carriers shall be used for official air travel and transportation when available.

C. In issuing and exchanging government transportation requests (GTRs), government bills of lading (GBL), transportation warrants, or other procurement documents, the form must clearly state "PAYMENT IN (foreign currency)." Otherwise, the carrier may demand payment in U.S. dollars.

D. The "BILL TO" portion of the GTR, GBL, transportation warrant, or other procurement document must contain the following:

1. Name of the requesting agency.

2. Address to be billed.

3. Instruction on payment in foreign currency.

★ E. Delegation. Under the provisions of 10 U.S.C. 113 reference (b)), the authority and responsibility for compliance with and making determinations of non-feasibility are delegated to the Secretaries of the Military Departments, the Under Secretary of Defense for Acquisition and Technology, the Under Secretary of Defense (Comptroller), Directors of the Defense Agencies, and Director, Washington Headquarters Services. These designees may make further delegations of this authority.

1203 CONVERSION REGULATIONS

120301. General. Where the use of foreign currency is necessary, the currency shall be obtained by one or more of the following methods in the preferential order in which listed. See Chapter 13 of this volume for detailed instructions regarding procurement of foreign currency.

A. By purchase from the Government of the United States (i.e., contract Military Banking Facilities (MBF), Department of the Treasury, other U.S. DOs, or other accountable disbursing officials).

B. By purchase from commercial sources.

C. By repurchase from individuals (subject to the restrictions in subparagraph 120304.E, below).

120302. DO Responsibilities. DOs using foreign currency shall ensure compliance with the following requirements.

A. Foreign currency is obtained and used for official purposes only.

B. Foreign currency is not purchased or held in excess of immediate disbursing needs.

C. Foreign currency purchases with U.S. dollars are made for "spot" delivery (delivery shall be within 2 business days).

D. Foreign currency is in the physical custody of the DO or the limited depositary bank has posted a credit to the LDA before any foreign currency disbursement is made.

E. Foreign currency is not purchased by forward contracts directly from foreign governments, private firms or individuals or at a negotiated rate without prior authorization from the appropriate DFAS Center.

F. Speculation in foreign currency is prohibited.

G. Where there is an MBF in-country, foreign currency purchases for official use (at the MBF sell rate) and for accommodation exchanges (at the MBF accommodation rate) shall be given preference, whenever possible.

H. Foreign currency held at personal risk by the DO in the safe or vault and in LDAs (including foreign currency held by all authorized deputies, agents, and cashiers within the disbursing office and at remote locations) is limited to a maximum of 7 business days requirement unless authorization has been received from the servicing DFAS Center granting an increase.

I. When purchased from sources other than the U.S. Government, foreign currency is purchased at the best rate available in compliance with the laws of the country where it is being used.

J. Foreign currency collection records are maintained showing the source of the currency; indicating miscellaneous receipt accounts or other Treasury Department accounts to be credited; and any restrictions on the use of the currency.

K. Foreign currency reports are prepared as prescribed in Chapter 16 of this volume.

120303. Disbursing Agents of the Office of the Secretary of Defense (OSD)

A. Purpose and Appointment. Disbursing agents of the Office of the Secretary of Defense (OSD) are commissioned officers, warrant officers, non-commissioned officers, or civilian employees who are appointed by the USD(C), or designee, the Director of Budget and Finance, Washington Headquarters Service (WHS), to act as agents for an accountable DO. Such appointments shall be coordinated with the Director of Budget and Finance, WHS. Their purpose is to acquire cash and make such payments as are specified in the appointment. These disbursing agents may be appointed for an indefinite period of time or for a specific mission of limited duration. Such disbursing agents shall obtain all necessary funds from or through the DO currently supporting DoD/WHS and shall be accountable to that officer.

B. Conversion Authorization. Disbursing agents of OSD who acquire foreign currency in the course of their official duties are authorized to exchange such foreign currency for U.S. dollars at the nearest DoD disbursing office or other authorized U.S. disbursing office prior to departing from the foreign country, or prior to returning to the United States. DoD DOs in foreign countries shall convert foreign currency to U.S. dollars for officers or civilians appointed as disbursing agents of OSD. Such conversions shall be reported on the Foreign Currency Report as an acquisition from "OSD disbursing agent (name of agent)." The letter appointing the disbursing agent shall be presented to the DO when the agent requests conversion of currency.

120304. Accommodation Exchange Services

A. General. Accommodation exchange services are: the exchange of Treasury checks or U.S. dollar instruments for U.S. dollars (i.e., check cashing); the selling of foreign currencies in exchange for U.S. dollars or dollar instruments for the convenience of authorized personnel; and, where permitted, the repurchase of foreign currencies with U.S. dollars or dollar instruments.

B. Authorization

1. DOs are authorized to use official funds to:

a. Pay out foreign currency for checks, drafts, bills of exchange, and other instruments payable in U.S. dollars.

b. Cash for the same currency in which drawn, foreign currency checks drawn by accountable officers of the United States on official non-symbol checking accounts when the currency is needed by the officer for official purposes. No additional approvals are required.

c. Provide U.S. dollars in exchange for U.S. Treasury checks drawn by DOs of the State Department or other accountable officers of the United States when the U.S. dollars are needed for official purposes. No additional approvals are required.

2. Except as authorized above for providing U.S. dollars or foreign currency to DOs of the State Department or other accountable officers of the United States for official purposes, commanders shall specifically approve and implement accommodation exchange services only after determining that:

a. contract MBFs, other on-base financial institutions, commissaries, exchanges, and U.S. postal facilities cannot adequately fulfill the needs of DoD personnel;

b. the DO or agent has an immediate need for the foreign currency repurchased; or

c. authorized personnel have been ordered by competent authority to safehaven posts because of emergency evacuation.

3. All negotiable instruments presented to purchase foreign currency shall be presented by the payee in person or by a dependent holding a valid power of attorney from the payee. Refer to Chapter 4 of this volume for detailed requirements for providing check cashing services.

C. Authorized Personnel. The instruments cited above may be exchanged by DOs for the accommodation of those personnel described at paragraph 040104 of this volume.

D. Sales of Foreign Currency to Individuals. Accommodation exchanges of foreign currency normally will be made by MBFs at those installations served under the DoD MBF contract. In countries served by contract MBFs, DOs providing accommodation exchange services shall acquire needed foreign currencies from the MBF and make those exchanges at the MBF accommodation rate. DoD personnel shall not be provided accommodation exchange service by State or Treasury Department DOs in areas where such services are provided by DoD DOs. This shall not preclude DoD personnel assigned or attached to U.S. embassy duty from using available embassy cashier services. DOs, agents, and cashiers making foreign currency accommodation exchanges shall maintain DD Form 2664 (Currency Exchange Record) on a daily basis to ensure that the authorities and limitations contained herein are efficiently implemented. An example of DD Form 2664 is shown at figure 12-1.

E. Repurchase of Foreign Currency from Individuals. Foreign currency shall not be repurchased by DOs from individuals in those countries served by MBFs under DoD contract. In countries not served by contract MBFs, DOs may repurchase foreign currency or instruments payable in foreign currency in exchange for U.S. dollars or dollar instruments from individuals prior to their departure on home leave or after termination of their foreign assignment. In providing this service, DOs shall ensure compliance with the following subparagraphs.

1. If the amount of foreign currency presented does not exceed the sum of the individual's salary and allowances for two biweekly pay periods, it may be repurchased without requiring documentation of any kind from the departing individual.

2. If the amount of foreign currency presented exceeds the amount authorized in supbaragraph 120304.E.1 above, the individual presenting such currency shall submit a written application to the commander for approval of the repurchase. The application shall contain a statement describing the source of the currency and, a statement affirming that none of the currency was acquired in violation of local regulations or exchange control laws of the country concerned.

3. The repurchase of the foreign currency with U.S. dollars is commensurate with the DO's immediate foreign currency disbursing requirements as prescribed in Chapter 13 of this volume.

4. The foreign currency is repurchased at the prevailing market rate.

5. DD Form 2664 is maintained daily to reflect the amount and source of funds.

6. The authority to make accommodation exchanges granted herein may be suspended or curtailed by the disbursing officer for such time and to such extent necessary to carry out his or her other responsibilities.

★ F. Safehaven Posts. Foreign currency accommodation exchange services for dependents of DoD personnel at safehaven areas (to which ordered by competent authority in the event of emergency evacuation) shall be consistent with the amount of exchanges authorized for dependents of U.S. personnel employed by other U.S. Government agencies. Accommodation exchange transactions for all dependents of an individual named in subparagraph 120304.C, above, shall not exceed $2,000 during the first month following evacuation, and shall not exceed $400 to $600 in any subsequent month. Daily records of accommodation exchanges for dependents at safehaven areas shall be maintained on DD Form 2664.

G. Accommodation Exchange Afloat. Disbursing officers of the Depart-ment of the Navy additionally are authorized to repurchase foreign currency for U.S. dollars for Navy personnel afloat provided:

1. The disbursing officer has need for the foreign currency or can dispose of the foreign currency by exchange for dollars or by official expenditures within 30 days.

2. The individual requesting the exchange of foreign currency is not allowed, upon returning afloat, to convert an amount of foreign currency greater than the amount

purchased by him from the Navy disbursing officer before going ashore, as evidenced by the disbursing officer's records.

CURRENCY EXCHANGE RECORD	1. DATE	2. EXCHANGE RATE *(Number of Foreign Currency Units to $1 U.S.)*	PAGE 1 OF 1
	24 Nov. 19XX	1800	

3. NAME OF DISBURSING OFFICER	4. DSSN	5. NAME OF AGENT OR CASHIER
John Wilson, CAPT, 6171 ABG/ACF	5497	Russell Johnson

6. TYPE OF CURRENCY OR COIN		
a. FROM	b. TO	
U.S. Dollars	Lire	
AMOUNT	AMOUNT	7. NAME OF PERSON FOR WHOM EXCHANGE IS MADE
100.00	180,000	Sandra Smith
75.00	135,000	Kevin Goldberg
20.00	36,000	Mark Jones
100.00	180,000	William Pack
TOTAL 295.00	531,000	

DD Form 2664, AUG 93

Figure 12-1. Sample DD Form 2664 (Currency Exchange Record)

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CHAPTER 13

PROCUREMENT/DISPOSITION OF FOREIGN FUNDS

1301 AUTHORITY FOR PROCUREMENT

130101. General. When authorized in writing by the commander or higher authority, foreign funds may be obtained for official purposes. Official purposes include the purchase of foreign currency for disbursing requirements, the purchase of drafts payable in foreign currency for paying creditors, and exchanging official funds held in foreign currency or negotiable instruments for U.S. dollars or negotiable instruments. Foreign funds obtained may be in the form of currency or credits maintained in limited depositary checking accounts. The written authority to obtain foreign funds shall be retained in the files of the DO.

130102. Limitation on Amount. DOs shall not acquire or hold foreign funds in excess of their immediate disbursing requirements. The availability of foreign funds shall determine what amounts of funds may be held. If the foreign funds are readily available, the combined total of foreign currency on hand and the balance in all limited depositary checking accounts shall not exceed 2 or 3 business days' requirements. If the foreign funds are not readily available, the combined total of foreign currency on hand and the balance in all limited depositary checking accounts shall not exceed 7 business days' requirements. A waiver from these maximum on hand limits must be requested from the Treasury Department via the supporting DFAS Center.

130103. Foreign Coin. DOs generally shall limit foreign funds to paper currency. Coins present problems of weight, storage space, transportation, and disposition and shall be acquired only under special circumstances to fill a specific need or when received as change in connection with an official cash payment in foreign funds.

1302 PROCUREMENT OF FOREIGN FUNDS

130201. Transfer of Funds on Relief of DO

A. Cash. Transfer of cash funds in foreign currency shall be effected in the same manner as U.S. dollars.

B. Limited Depositary Checking Account. Transfer of limited depositary checking account balances shall be accomplished in accordance with Chapter 14 of this volume.

130202. Certificate or Statement. With all procurements of foreign currency from U.S. Government or commercial sources, a certificate or statement shall be furnished showing the amount of foreign currency delivered, the rate of exchange, the amount of U.S. dollars paid,

the date, and the source/seller. The certificate or statement shall be included as part of the DO's monthly financial reports.

130203. DoD Contract Military Banking Facility (MBF). Whenever possible, DOs shall purchase foreign currency (including funds for limited depositary checking accounts) through an MBF by Treasury check issued in exchange for the foreign currency. The DO shall draw the exchange-for-cash check payable to himself or herself and endorse it to the order of the MBF furnishing the foreign currency.

130204. U.S. Government Sources. When an MBF is not available, DOs shall obtain needed foreign currency (including funds for limited depositary checking accounts) in accordance with this paragraph. Whenever possible, foreign currency shall be obtained by purchase from one of the following: the U.S. Treasury; other DoD DOs; U.S. DOs or cashiers at the American Embassy or Legation; or, the Federal Reserve Bank of New York (FRBNY). Normally, the DO will draw an exchange-for-cash check payable to himself or herself and endorse it to the order of the officer furnishing the foreign currency. However, when foreign currency is purchased from a U.S. DO or cashier at an American Embassy or Legation, the check may be issued in favor of the American Embassy or Legation if so requested by the selling official. In 1992, the FRBNY began offering foreign currencies to any DoD DO. The procedure for ordering foreign currency from the FRBNY is very similar to that for ordering U.S. currency. The DO places an order with the FRBNY for the foreign currency needed and provides an exchange-for-cash check drawn in favor of the FRBNY with the order.

130205. Commercial Sources. When neither an MBF nor other government sources are available, foreign currency (including funds for limited depositary checking accounts) may be purchased from commercial sources under the procedures established by State Department regulations or the currency control laws of the country where the currency will be used. If there are no State Department procedures established, foreign currency shall be procured at the best rate available (i.e., fixed legal rate or non-fixed legal rate) in accordance with the laws of the country where the currency will be used. Generally, at least three bids will be obtained in order to determine the "best rate." See paragraph 130208, below. Purchases of foreign currency from commercial sources shall be by U.S. Treasury check, whenever possible, or, if necessary, by U.S. currency. Treasury checks drawn to obtain foreign currency from commercial sources shall be drawn in favor of the DO and endorsed to the order of the banking institution or commercial enterprise furnishing the funds.

130206. Repurchase From Individuals and Collections From Foreign Vendors. Subject to the provisions outlined in Chapter 12 of this volume, foreign currency may be repurchased from individuals. Foreign currencies also may be received as refunds from foreign vendors and in payment for sale of excess foreign property as provided in the Defense Utilization and Disposal Manual (DoD 4160.21-M) (reference (bj)). Foreign currency sales receipts from post offices, exchanges, commissaries, and other non-appropriated fund activities are not collections by the disbursing office. Foreign currency from these sources shall be acquired by purchase

only to the extent necessary to acquire foreign exchange for the limited depositary checking account.

130207. Fixed Legal Rate of Exchange. In a country where the rate of exchange has been established by agreement between the United States and the foreign country, the purchase of foreign currency from commercial sources shall be accomplished without the formality of obtaining bids.

130208. Non-fixed Legal Rate of Exchange. When foreign currency is obtained from commercial sources in a country where the rate of exchange is not established by agreement between the United States and the foreign country, DD Form 2668 (Request for Bid (Purchase/Sale)) shall be used to obtain written bids (in duplicate) from not less than three legally authorized sources, if available. When practical, sources shall include those outside the country whose currency is being purchased. The bid providing the most beneficial exchange rate (to the U.S. Government) shall be certified by another commissioned officer as being the most beneficial of the bids obtained and shall be accepted by the DO. A copy of the certified and accepted bid shall be included as a supporting document with the DO's financial reports. The original certified and accepted bid shall be retained by the DO to substantiate the place of purchase in the event that some of the currency is eventually sold through commercial channels. See figure 13-1.

130209. Mutilated or Unfit Currency. DOs and authorized agents shall take every possible precaution to prevent acceptance of mutilated or unfit foreign currency as a collection, payment, or an accommodation transaction. In the event that a DO or authorized agent is holding mutilated or unfit foreign currency, every effort shall be made to replace it through local banks or the host country's central bank. If the host country will not replace the mutilated or unfit currency, the procedures outlined in section 1303, below, shall be followed.

130210. Valuation of Foreign Precious Metal Coins. Any foreign gold, silver, or other precious metal coins purchased for purposes other than routine settlement of amounts owed, shall be treated as property held in inventory rather than currency.

1303 DISPOSITION OF FOREIGN CURRENCY AND OTHER NEGOTIABLE INSTRUMENTS

130301. Payments and Sales to Authorized Personnel. Foreign currency may be used for payments to personnel as provided in Chapter 12 of this volume and for payments to foreign vendors in accordance with Volume 10 this Regulation. In addition, DOs are authorized to dispose of foreign currency by sale (accommodation exchange) to authorized personnel for U.S. dollars as provided in Chapter 12 of this volume.

★ 130302. Disposition of Excess Foreign Funds. An attempt should be made to transfer those foreign currencies in excess of immediate disbursing requirements to other DOs and accountable officers in a particular locality who may have need for those currencies. If the

collection of foreign currency causes a non-interest bearing limited depositary checking account to exceed a 30-day supply, and all attempts to sell the currency to other DOs or accountable officers have been exhausted, an interest bearing limited depositary account shall be established, if possible, as provided in Chapter 14 of this volume. In such cases, the DO immediately should place all funds in excess of estimated draw-downs against the non-interest bearing account for the ensuing 14-day period in a demand or short-term interest bearing account, if such an account is available. However, balances shall not be maintained routinely in order to receive interest.

130303. Sale to Another DoD DO

A. Checks, Drafts, and Money Orders. Checks, drafts, and money orders which are payable in foreign currency shall be sorted by the geographical location of the institutions on which they were drawn and shall be forwarded by registered mail or courier to a DoD DO located in the country of the monetary unit involved. The negotiable instruments shall be shipped as prescribed in Chapter 5 of this volume and shall be accompanied by a properly completed DD Form 165 and a letter of transmittal, both of which shall be addressed to "Disbursing Officer (activity of addressee)." The letter of transmittal shall request a U.S. Treasury exchange-for-cash check. The DD Form 165 shall indicate the country, type, amount, exchange rate, and U.S. dollar value of the instruments. The instruments shall be endorsed: "Pay to the order of disbursing officer (activity of addressee). (Signature of sender)." If there is no DoD DO in the country involved, the instruments shall be deposited as prescribed in paragraph 130306, below.

B. Foreign Currency (Cash). Foreign currencies (other than local currency) and currencies that are not required for official purposes shall be forwarded to a DoD DO located in the same area who may require the currency or to a DO located in a country where the currency is legal tender. The foreign currency shall be exchanged for U.S. currency or a U.S. Treasury exchange-for-cash check. When delivery of the foreign currency is made by registered mail or courier, the shipment shall be made as prescribed in Chapter 5 of this volume and shall be accompanied by a properly completed DD Form 165 and a letter of transmittal requesting a U.S. Treasury exchange-for-cash check. The DD Form 165 shall indicate the country, type, amount, exchange rate, and U.S. dollar value of the foreign currency. Except under unusual circumstances, and subject to concurrence by the intended recipient prior to shipment, foreign coins shall not be forwarded for exchange.

C. Rate of Exchange. The rate of exchange used for the transactions described above shall be the U.S. Treasury prevailing rate on the date of transmittal (for the seller) and the U.S. Treasury prevailing rate on the date of receipt (for the buyer). Since the U.S. Treasury prevailing rate is the holding rate for the receiving office there shall be no gain or loss in the receiving officer's accounts. Any gain or loss due to exchange rate fluctuations shall be taken up by the selling office when the exchange-for-cash check is received.

130304. Sale to an MBF. The sale of foreign currency to an MBF having use for such funds is authorized whenever the currency cannot be sold to another DoD DO. The rate of

exchange used by the selling DO shall be the MBF buy rate on the date the currency is sent to the MBF. Any gain or loss incurred shall be taken up in the accounts of the selling DO upon receipt of the U.S. dollars from the MBF.

130305. Sale Through Commercial Channels. If foreign currency (cash) cannot be sold in accordance with the preceding paragraphs, sale through commercial channels is authorized. When the rate of exchange has been established by agreement between the United States and the foreign country, sale or other disposition of foreign currency for U.S. currency or U.S. dollar checks shall be at the established rate of exchange. When such a sale is made, the bank or other source to which the foreign currency is sold must provide a statement showing the amount of U.S. dollars provided, the rate of exchange, the amount of foreign currency received, the date, and the name and address of the bank or other source. This statement must be signed by a representative of the bank or other source and shall be included with the DO's financial reports. When the rate of exchange is not established by agreement between the United States and the foreign country, a DD Form 2668 shall be used to request at least three bids from reputable banking institutions or dealers in foreign exchange, if available. The sale of foreign currency shall be made to the bidder submitting the bid most beneficial to the U.S. Government. The accepted bid shall be certified by a commissioned officer other than the DO as the most beneficial of the bids obtained and shall be accepted by the DO. The certified and accepted bid shall be submitted with the DO's financial reports in support of gains or losses in foreign currency transactions. See figure 13-2.

130306. Deposits to the Credit of the U.S. Treasury

A. Instruments Drawn on Foreign Banks Payable in U.S. Dollars Through a Bank in the United States. Instruments drawn on foreign banks or branches of U.S. banks in U.S. dollars which are payable through a bank in the U.S. shall be deposited as prescribed in Chapter 5 of this volume for other U.S. dollar instruments. These instruments will bear an American Bankers Association (ABA) routing and transit number, and may be MICR encoded with the routing and transit number at the bottom of the left side of the instrument.

★ B. Instruments Drawn on Foreign Banks Payable in U.S. Dollars Through Foreign Banks. When disposition cannot be made through a DoD DO or an MBF, instruments that are drawn in U.S. dollars on foreign banks and foreign branches of U.S. banks, which are payable only at the foreign bank or branch, shall be endorsed as prescribed in Chapter 5 of this volume and transmitted for deposit to Citibank NA Foreign Check Clearing, 2 Penns Way, First Floor, New Castle, DE 19720 (Telephone: (302) 324-6792). A single SF 215 shall accompany all U.S. dollar foreign instruments forwarded to the Citibank on a single day. The SF 215 shall be completed as prescribed in Chapter 5 of this volume with the exception that Block 2 (Date Presented or Mailed to Bank) shall be left blank. Enter the date mailed in Block 6 (Agency Use). The record of instruments deposited required by Chapter 5 of this volume also is required for these checks. The amount of the deposit will be credited in the Treasury's General Account (TGA) upon receipt by Citibank, and the confirmed copies of the SF 215 will be returned to the depositing disbursing officer. The entire amount of the SF 215 is credited in the TGA upon

receipt even though the proceeds of these types of checks may not be collected for several weeks. Therefore, disbursing officers should be aware that they may receive and SF 5515 (Debit Voucher), if there are uncollectible checks or collection charges (also referred to as lifting fees) on these checks.

C. Instruments Drawn on Foreign Banks Payable in Foreign Currencies. When disposition cannot be made through a DoD DO or an MBF, instruments that are drawn on foreign banks and foreign branches of U.S. banks, which are payable only at the foreign bank or branch in foreign currency, shall be endorsed as prescribed in Chapter 5 of this volume and transmitted for deposit to Citibank (same address as shown in the preceding paragraph). However, a separate SF 215 shall accompany each foreign currency instrument forwarded to the Citibank. The SF 215 shall be completed as prescribed in Chapter 5 of this volume, except that Block 2 (Date Presented or Mailed to Bank) and Block 4 (U.S. dollar amount) shall be left blank. Enter the date mailed in Block 6 (Agency Use). To permit reconstruction in the event an instrument becomes lost, destroyed, mutilated or unfit, a description of each instrument shall be maintained by the DO. The front of the SF 215 or the back, if space is lacking on the front, shall be inscribed with: the name of the bank on which the instrument is drawn; the medium of exchange; the foreign currency amount; and the date of the instrument. If adequate records are available to provide identification through an audit trail, or if checks are photocopied or microfilmed, this additional record maintenance is not necessary. Upon collection of the instrument, Citibank will enter the date and U.S. dollar value on the SF 215 and return the confirmed copy to the DO.

D. Uncollected Checks and Collection Charges. The minimum U.S. dollar amount of each check that will be accepted for deposit by Citibank is $5 (U.S.) for Canadian bank checks and $15 (U.S.) for other foreign bank checks. All collection charges (lifting fees) incurred in connection with foreign checks (such as uncollectible check charges, exchange fees, and so forth), assessed after dollar credit has been given in the TGA, will be charged back to the depositor via an SF 5515 prepared by Citibank. These charges may be assessed some considerable period of time after the deposit is confirmed. Exchange fees and other collection charges (as distinguished from gains or losses as a result of differences between the rates of exchange used by the DO and Citibank) are collectible from the person or vendor who presented the instrument to the DO.

E. Deposit of Foreign Currency (Cash)

1. When disposition of foreign currency (cash) cannot be accomplished by any of the methods described above, the DO should contact the Bank of America's foreign currency trading desk at 1-800-387-1012. When answering, the foreign currency trader will ask for the 5-digit client number, 37539, as well as the 4-digit Agency Location Code (ALC), i.e., the DSSN. The client number is unique to the Department of the Treasury. The DoD DO will be identified as an extension of the 5-digit client number using the ALC (DSSN). After accessing the client number, the trader will create a sublist of branches/agencies using the ALC (DSSN) and ask the caller for information to update the ALC profile (address, direct phone number, contact name).

2. The foreign currency trader immediately will provide a foreign currency conversion rate and the U.S. dollar equivalent (USE). The Bank of America is able to provide the USE by contracting at that time to sell those foreign currencies for dollars. Therefore, if a DoD DO notices a difference in the amount or type of currency specified over the phone, or a delay in shipment, he/she immediately must contact the Bank of America and inform the trader of the correction/difference.

3. A separate SF 215, for each type of currency, prepared by the DO, will accompany all foreign currency transactions forwarded by the DO. The SF 215 will indicate the DO mailing date, the ALC, and, in Block 4, the amount of the net U.S. dollar proceeds. In the Agency Use block of the SF 215, indicate the name of the foreign country, type and amount of foreign currency, and the 5-digit client number. Bank of America, upon sale of the currency, will give dollar credit through Ca$h-Link, and return the confirmed copy of the SF 215 to the DO.

4. If the DO makes a deposit ticket error, the Bank of America will adjust the error by preparing an SF 5515, Debit Voucher, for a decrease or an additional SF 215 for an increase in the amount. The Bank of America will provide an explanation of the adjustment on the SF 5515 or SF 215, including the original SF 215. Copies of the SF 5515 or SF 215 will be sent to the DO.

5. For foreign currency found to be counterfeit, out of circulation, or outdated (having lesser value), the Bank of America will prepare an SF 5515 and note thereon the date of receipt, the currency note, and the serial number. A facsimile copy of the counterfeit will be sent on request.

6. Shipping procedures. DOs must comply with the requirements for shipment of public funds contained in section 0505 of this volume whenever shipping foreign currencies. In addition, DOs must comply with the following provisions:

a. For transactions under $100 (USE), the U.S. Postal Service should be used. A sturdy brown envelope should be reinforced with standard shipping tape and addressed to the P.O. Box listed below. Ship transactions under $100 via certified mail.

b. For transactions between $100 to $5,000 (USE), the envelopes should be packaged in the same manner as described above and addressed to the P.O. Box listed below, but shipped via registered mail. This type of shipment is covered by insurance provided by the Bank of America.

c. Address the above referenced currency shipments to:

Bank of America
FCS-LAOC No. 4658

P.O. Box 54529
Los Angeles, CA 90054-0529

Do not mark or otherwise outwardly identify the contents of these shipments.

d. For transactions over $5,000 (USE), the currency should be packaged and placed within a Brinks self-sealing shipping bag. Instructions for sealing the bags are on each bag. Should a bag be needed, the Bank of America will instruct Brinks to arrive for pick-up with a bag or forward bags via Federal Express. Where service is not available by Brinks, an alternate method may be arranged. Package the currency tightly, enclose in a Brinks shipping bag, and address to:

Bank of America
Foreign Currency Services
525 South Flower Street, B-Level
Los Angeles, CA 90071

7. Trading Hours. The Bank of America trading center is open 8:00 a.m. to 8:00 p.m. (Eastern Standard or Daylight Time (as appropriate)), Monday through Friday. The trading center is closed only when both Canadian and U.S. Holidays coincide; for example, New Year's and Christmas. Should Saturday access be required, prior arrangements can be made with Bank of America.

130307. Accounting for Deposits

A. Foreign Negotiable Instruments. Pending receipt of the confirmed copy of the SF 215 for the negotiable instruments, as described in paragraph 130306.C, above, the deposit shall be recorded on line 6.7 of the DD Form 2657 as Cash in Transit at the U.S. dollar value of the funds when the deposit was mailed. If the confirmed copy of the SF 215 is not received prior to the end of the month in which mailed, the item shall also be reported on line 6.7 of the SF 1219 as Cash in Transit. The depositary will enter the net U.S. dollar proceeds in Block 4 of the SF 215 and distribute the copies as for any regular deposit. Upon receipt of the confirmed copy, the DO shall enter the confirmed amount on line 4.2A of the DD Form 2657 as a Deposit Presented or Mailed to Bank and on line 6.7 as a decrease to Cash in Transit. Any difference in the amount of the confirmed SF 215 and the amount at which carried by the DO on line 6.7 (as distinguished from exchange fees and collection charges) shall be accounted for as either a gain or a loss by exchange transaction as prescribed in section 1304, below. Note that deposits of foreign negotiable instruments in accordance with this section are not reported as "Deposits Presented or Mailed to Bank" until the confirmed copy of the SF 215 is received. This requirement is because the U.S. dollar value to be reported as deposited is not known to the DO until the confirmed copy is received.

B. Foreign Currency (Cash). Since the U.S. dollar equivalent of the foreign currency deposit made as prescribed in paragraph 130305.E, above was provided by the Bank of

America's foreign currency trading desk and entered in Block 4 of the SF 215, account for the deposit as prescribed in Chapter 5, subparagraph 050301.C, of this volume.

130308. Dishonored Foreign Checks, Drafts, and Money Orders. Dishonored foreign instruments received by DoD DOs shall be subject to regular debt collection procedures as prescribed in Chapter 4 of this volume. When dishonored instruments received in providing accommodation exchange services prove to be uncollectible, the DO shall request removal of the dishonored check item deficiency from the supporting DFAS Center as prescribed in Chapter 4 of this volume.

★ 130309. Mutilated or Unfit Foreign Currency. Mutilated or unfit foreign currency shall be handled by a DO in the area in which the currency is legal tender. DOs in foreign areas shall contact local banks or fiscal authorities and arrange for the exchange of mutilated or unfit currency for fit currency. Unfit foreign currency held by a DO outside the area in which the currency is legal tender shall be forwarded to a DoD DO in the country where the currency is legal tender. The currency shall be shipped under a properly completed DD Form 165 and a letter of transmittal requesting a U.S. Treasury exchange-for-cash check. Any mutilated or unfit foreign currency which the DO cannot exchange for fit currency or a U.S. Treasury check shall be deposited with the Bank of America per instructions in paragraph 130306.E. Mutilated or unfit foreign currency shall be shipped to the Bank of America at the address in subparagraphs 130306.E.6.c or 130306.E.6.d.

130310. Counterfeit or Altered Foreign Currency. Counterfeit or altered foreign currency shall be disposed of in accordance with any applicable agreement which may exist between the United States and the foreign country. If no agreement exists, the currency shall be forwarded to the appropriate investigative agency or to the nearest military security agency. A receipt for the currency shall be obtained. The counterfeit currency shall be accounted for in the DO's records in the same manner prescribed in Chapter 5 of this volume for counterfeit U.S. currency. When the DO is considered at fault in acquiring counterfeit currency, the DO shall be held accountable for the value of the currency. Requests for relief may be submitted under the same guidelines that would be used for counterfeit U.S. currency.

★1304 FOREIGN CURRENCY EXCHANGE RATES

★ 130401. U.S. Treasury Prevailing Rate of Exchange

★ A. General

1. The prevailing rate of exchange (see Definitions) is the most favorable rate that is legally available to the U.S. Government for the acquisition of foreign currencies for its official disbursements and accommodation exchange transactions. If the currency of any one country is obtained from more than one of the following sources, separate accountability for exchange rate adjustments must be maintained. The following sources of obtaining foreign currency are presented in the desired order of acquisition:

a. DoD Contract Military Banking Facility (MBF), paragraph 130203 applies;

b. U.S. Government sources, paragraph 130204 applies; or

c. Commercial sources, paragraph 130205 applies.

2. Unless otherwise authorized by the Treasury Department, all foreign currency (including the limited depositary checking account) shall be carried in the DO's account at the Treasury Department prevailing rate. Disbursements for official expenditures or accommodation exchange transactions shall be computed to avoid gains or losses, due to fluctuations in rates of exchange, as much as possible. In countries where the rate of exchange is not established by agreement between the U. S. Government and the foreign country or where a DoD Contract Military Banking Facility (MBF) is not available, foreign currency transactions will be conducted at the Treasury Department prevailing rate using the average purchase rate of the currency on hand as determined by the average purchase rate method outlined in paragraph 130402, below.

★ B. Gain or Loss by Revaluation. Except when using the average purchase rate method outlined in paragraph 130402, any change in the Treasury Department prevailing rate will result in a gain or loss by revaluation since revaluation is a change in the U.S. dollar value of the foreign currency. Whenever possible, the revaluation of foreign currency on hand (including limited depositary checking accounts) shall be accomplished at the beginning of the business day in which a rate change occurs. The new U.S. dollar value shall be determined by dividing the total foreign currency on hand (including limited depositary checking accounts) by the new exchange rate. By comparing the U.S. dollar value at the old rate to the U.S. dollar value at the new rate, a determination can be made whether a gain or loss by revaluation has occurred. Because all foreign currency held by the DO is carried in the disbursing account at the U.S. dollar value, the U.S. dollar value must be adjusted by the amount of the gain or loss. This adjustment is accomplished by recording the gain or loss by revaluation as a collection or disbursement transaction in the DO's account.

★ C. Accounting for Gains and Losses by Revaluation. Except when using the average purchase rate method outlined in paragraph 130402, gains shall be credited using DD Form 1131 and losses shall be charged using SF 1034 citing the appropriation Gains and Deficiencies Exchange Transactions, **-6763. Show the computation of the revaluation gain or loss on the DD Form 1131 or SF 1034, as appropriate. For balance of payments purposes, credits and charges to appropriation **-6763 are coded as U.S. dollar transactions. Use appropriation **-6763 only for gains and losses due to foreign currency revaluations and as prescribed in Chapter 4 of this volume. This appropriation shall not be used for operational expenses in connection with the acquisition or disposition of foreign currency or any other purpose not specifically authorized by law. Appropriation **-6763 is not related to and has no relationship with the Foreign Currency Fluctuations, Defense (FCFD) or the Foreign Currency Fluctuations, Construction, Defense

(FCFCD) accounts that are used to account for the difference between the budgeted foreign currency rate and the exchange rate at which funds are obligated. The FCFD and the FCFCD portion of a foreign currency disbursement are treated separately on the disbursement voucher by the preparer as a charge to the appropriate foreign currency centrally managed allotment account set up for that purpose.

★ D. Gains or Losses on Security Deposits due to Foreign Currency Fluctuation

★ 1. Procedures. Military service members stationed in overseas areas are authorized to be paid advanced overseas housing allowance for security deposits to acquire leased housing. As authorized by the Joint Federal Travel Regulations, chapter 9, the supporting disbursing officer pays the necessary amount in the appropriate local currency and charges the appropriate military personnel appropriation for the U. S.-dollar equivalent. Service members must not be paid this allowance in U. S. dollars which they must then covert to local currency.

★ 2. Accounting. At lease termination, service members must return the total amount of deposit in local currency and are to be given a receipt. The U. S.-dollar equivalent is credited back to the appropriation that was charged when the deposit was advanced. The current rate of exchange will be compared with the rate in effect on the date the advance was made to secure the lease. Any loss/gain due to currency fluctuation is charged/credited to the current military personnel appropriation.

★ 130402. U.S. Treasury Prevailing Rate of Exchange - Average Purchase Rate Method. In countries where the rate of exchange is not established by agreement between the U.S. Government and the foreign country or a DoD Contract Military Banking Facility (MBF) is not available, the DO will disburse from his or her account using the average purchase rate method. When the amount of foreign currency on hand (including depositary checking accounts) is increased by purchase from a commercial source at a rate different from the DO's current holding rate, a new average purchase rate will be determined. No gain or loss will result.

★ A. The average purchase rate is determined by adding the U.S. dollar equivalent value of the foreign currency on hand prior to the new acquisitions to the U.S. dollar equivalent value of the additional foreign currency received and dividing the total into the new total of foreign currency units on hand. Round average rates to five decimal places. Due to this rounding, the ratio of foreign currency units to dollars may vary as the supply of currency is depleted. However, do not adjust the average rate until new foreign currency units are acquired. If possible, determine the average value of foreign currency on hand (including depositary checking accounts) at the beginning of the business day. A certificate of change in the average purchase rate similar to the example provided in figure 13-3 will be prepared and signed by the DO or deputy. Submit the certificate with the SF 1219. If it is necessary to recompute the average purchase of foreign currency on hand during a business day, the certificate of revaluation will include a citation of the voucher number of the last disbursement or collection voucher executed under the old rate of exchange. If none have been executed during the current business day, indicate none.

★ B. Adjustments Due to Rounding. Due to the rounding on individual transactions (disbursements/collections), a difference in the U. S. dollar value of foreign currency on hand may occur resulting in a minor gain or loss. (The balance of foreign currency divided by the current rate of exchange (carried to five decimal places) equals the exact U. S. dollar value of foreign currency on hand.) To compensate for any minor gains/losses, the disbursing officer must, as part of the daily balancing process, adjust the U. S. dollar value of foreign currency on hand.

For example: The following reflects transactions occurring on January 3, 19XX:

FOREIGN UNITS	U. S. DOLLAR VALUE	RATE OF EXCHANGE
107,275,503 (Balance)	$ 854,512.60	125.53999
751,883,562 (Purchased)	$6,000,000.00	
859,159,065 (Balance)	$6,854,512.60	125.34211*
- 9,396,641 (Disbursed)	- 74,967.95	
849,762,424	$6,779,544.65	

Actual U. S. Dollar Value

849,762,424 (# of foreign units) divided by rate of exchange 125.34211 = $6,779,544.59.

This results in a minor loss of $.06 ($6,779,544.65 less 6,779,544.59) due to rounding of individual vouchers.

*Note: When a new rate of exchange is computed due to the purchase of additional foreign currency, the number of foreign units divided by the rate of exchange will not always accurately reflect the U. S. dollar value.

1. Accounting for Gains and Losses Due to Rounding. All gains/losses due to rounding shall be credited or charged, as applicable, (using DD Form 1131 or SF 1034) to the appropriation Gains and Deficiencies on Exchange Transactions, **_6763. The Certificate of Adjustment prescribed below shall be attached to the voucher to support the transaction.

2. Certificate of Adjustment. A Certificate of Adjustment Due to Rounding, similar to the example provided in figure 13-4, will be prepared and signed by the disbursing officer when a minor gain/loss results.

1305 CONTRIBUTED CURRENCIES

130501. Policy. The policy for utilization of contributed currencies and the types of expenses which are authorized to be paid with the contributed currencies are prescribed in DoD Instruction 2110.31 (reference (ag)).

130502. Procurement. Designated DoD DOs shall purchase contributed currency from Department of State DOs with U.S. Treasury exchange-for-cash checks or U.S. currency. The amount of contributed currency on hand shall be limited to current cash requirements as prescribed in Chapter 3 of this volume.

130503. Utilization. Contributed currency shall be utilized to the maximum extent possible in lieu of U.S. currency or other purchased foreign currency for expenditures authorized to be paid in contributed currency.

130504. Accounting. Contributed currencies shall be recorded and reported in the DO's account in the same manner as other foreign currencies. The regularly prescribed foreign currency records and reports shall be maintained and submitted in the usual manner. In addition, appropriate internal controls shall be established as necessary to identify acquisitions and dispositions of contributed currencies and to provide a record of contributed currency transactions. Additional local records shall be maintained and reports made concerning utilization of contributed currency as may be prescribed by commanders responsible for administration of the Security Assistance Program.

REQUEST FOR BID *(Purchase/Sale)*

SECTION I – PURCHASE

1. DISBURSING ACTIVITY NAME AND LOCATION			2. DSSN
USS FAIRFAX COUNTY (LST-1193) FPO AE 09569-1814			8289
3. NAME AND ADDRESS OF BANK, FINANCIAL INSTITUTION, OR FOREIGN EXCHANGE DEALER			
BANCA COMMERCIALE ITALIANA BRINDISI, ITALY			
PLEASE INDICATE THE NUMBER OF CURRENCY UNITS DESCRIBED IN ITEM 4 YOU WILL FURNISH IN EXCHANGE FOR EITHER A CHECK DRAWN ON THE TREASURER OF THE UNITED STATES OR UNITED STATES DOLLARS IN THE AMOUNT INDICATED IN ITEM 5.	4. NAME OF FOREIGN CURRENCY REQUESTED ITALIAN LIRE		5. U. S. DOLLAR AMOUNT $10,000.00
6. DISBURSING OFFICER NAME, RANK OR GRADE WILLIAM B. ELLIS, ENS, SC, USNR	7. DISBURSING OFFICER'S SIGNATURE		8. DATE JUNE 22, 19XX
OFFER IS MADE TO FURNISH THE NUMBER AND TYPE OF FOREIGN CURRENCY UNITS INDICATED IN ITEM 9. THE FORM OF PAYMENT REQUESTED FOR THIS CURRENCY IS INDICATED IN ITEM 10.	9. UNITS AND TYPE OF FOREIGN CURRENCY OFFERED 19,830,000 ITALIAN LIRE		10. PAY BY *(Check one)* a. CHECK: XXX b. CASH:
11. NAME AND TITLE OF OFFERING OFFICIAL G. C. PAVALONI, VICE PRESIDENT	12. SIGNATURE OF OFFERING OFFICIAL		13. DATE JUNE 24, 19XX
14. CERTIFICATION			
a. CERTIFIED TO BE THE MOST BENEFICIAL BID.	b. NUMBER OF BIDS 3	c. COMMISSIONED OFFICER NAME AND SIGNATURE JOSEPH L. SMITH, LT, USN	d. DATE JUNE 25, 19XX
15. BID ACCEPTED		16. DISBURSING OFFICER NAME AND SIGNATURE WILLIAM B. ELLIS	17. DATE JUNE 25, 19XX

SECTION II – SALE

18. DISBURSING ACTIVITY NAME AND LOCATION			19. DSSN
20. NAME AND ADDRESS OF BANK, FINANCIAL INSTITUTION, OR FOREIGN EXCHANGE DEALER			
PLEASE INDICATE THE AMOUNT IN UNITED STATES DOLLARS YOU WILL FURNISH IN EXCHANGE FOR THE NUMBER OF FOREIGN CURRENCY UNITS INDICATED IN ITEM 21.		21. NUMBER AND NAME OF FOREIGN CURRENCY UNITS	
22. DISBURSING OFFICER NAME, RANK OR GRADE	23. DISBURSING OFFICER'S SIGNATURE		24. DATE
OFFER IS MADE TO FURNISH UNITED STATES DOLLARS IN THE AMOUNT INDICATED IN ITEM 25 FOR THE CURRENCY SPECIFIED ABOVE.		25. AMOUNT OF UNITED STATES DOLLARS OFFERED	
26. NAME AND TITLE OF OFFERING OFFICIAL	27. SIGNATURE OF OFFERING OFFICIAL		28. DATE
29. CERTIFICATION			
a. CERTIFIED TO BE THE MOST BENEFICIAL BID.	b. NUMBER OF BIDS	c. COMMISSIONED OFFICER NAME AND SIGNATURE	d. DATE
30. BID ACCEPTED	31. DISBURSING OFFICER NAME AND SIGNATURE		32. DATE
33. REMARKS			

DD Form 2668, AUG 93

Figure 13-1. Sample DD Form 2668 (Request for Bid (Purchase/Sale)) (Purchase of Currency)

REQUEST FOR BID *(Purchase/Sale)*			
SECTION I – PURCHASE			
1. DISBURSING ACTIVITY NAME AND LOCATION			2. DSSN
3. NAME AND ADDRESS OF BANK, FINANCIAL INSTITUTION, OR FOREIGN EXCHANGE DEALER			
PLEASE INDICATE THE NUMBER OF CURRENCY UNITS DESCRIBED IN ITEM 4 YOU WILL FURNISH IN EXCHANGE FOR EITHER A CHECK DRAWN ON THE TREASURER OF THE UNITED STATES OR UNITED STATES DOLLARS IN THE AMOUNT INDICATED IN ITEM 5.	4. NAME OF FOREIGN CURRENCY REQUESTED		5. U. S. DOLLAR AMOUNT
6. DISBURSING OFFICER NAME, RANK OR GRADE	7. DISBURSING OFFICER'S SIGNATURE		8. DATE
OFFER IS MADE TO FURNISH THE NUMBER AND TYPE OF FOREIGN CURRENCY UNITS INDICATED IN ITEM 9. THE FORM OF PAYMENT REQUESTED FOR THIS CURRENCY IS INDICATED IN ITEM 10.	9. UNITS AND TYPE OF FOREIGN CURRENCY OFFERED	10. PAY BY *(Check one)* a. CHECK	b. CASH
11. NAME AND TITLE OF OFFERING OFFICIAL	12. SIGNATURE OF OFFERING OFFICIAL		13. DATE
14. CERTIFICATION			
a. CERTIFIED TO BE THE MOST BENEFICIAL BID.	b. NUMBER OF BIDS	c. COMMISSIONED OFFICER NAME AND SIGNATURE	d. DATE
15. BID ACCEPTED	16. DISBURSING OFFICER NAME AND SIGNATURE		17. DATE
SECTION II – SALE			
18. DISBURSING ACTIVITY NAME AND LOCATION USS FAIRFAX COUNTY (LST-1193) FPO AE 09589-1814			19. DSSN 8289
20. NAME AND ADDRESS OF BANK, FINANCIAL INSTITUTION, OR FOREIGN EXCHANGE DEALER BANCA COMMERCIALE ITALIANA BRINDISI, ITALY			
PLEASE INDICATE THE AMOUNT IN UNITED STATES DOLLARS YOU WILL FURNISH IN EXCHANGE FOR THE NUMBER OF FOREIGN CURRENCY UNITS INDICATED IN ITEM 21.		21. NUMBER AND NAME OF FOREIGN CURRENCY UNITS 9,900,000 ITALIAN LIRE	
22. DISBURSING OFFICER NAME, RANK OR GRADE WILLIAM B. ELLIS, ENS, SC, USNR	23. DISBURSING OFFICER'S SIGNATURE		24. DATE JULY 12, 19XX
OFFER IS MADE TO FURNISH UNITED STATES DOLLARS IN THE AMOUNT INDICATED IN ITEM 25 FOR THE CURRENCY SPECIFIED ABOVE.		25. AMOUNT OF UNITED STATES DOLLARS OFFERED $5,000.00	
26. NAME AND TITLE OF OFFERING OFFICIAL G. C. PAVALONI, VICE PRESIDENT	27. SIGNATURE OF OFFERING OFFICIAL		28. DATE JULY 12, 19XX
29. CERTIFICATION			
a. CERTIFIED TO BE THE MOST BENEFICIAL BID.	b. NUMBER OF BIDS 3	c. COMMISSIONED OFFICER NAME AND SIGNATURE JOSEPH L. SMITH, LT, USN	d. DATE JULY 13, 19XX
30. BID ACCEPTED	31. DISBURSING OFFICER NAME AND SIGNATURE WILLIAM B. ELLIS		32. DATE JULY 13, 19XX
33. REMARKS			

DD Form 2668, AUG 93

Figure 13-2. Sample DD Form 2668 (Request for Bid (Purchase/Sale)) (Sale of Currency)

3RD FORCE SERVICE SUPPORT GROUP
FLEET MARINE FORCE
FPO SAN FRANCISCO

October 4, 19XX

CERTIFICATE OF CHANGE IN AVERAGE PURCHASE RATE

	Yen	U.S.Dollars
Total amount of Japanese Yen on hand at close of business October 3, 19XX	220,000 at 98/$1.00	$2,244.90
Japanese Yen received this date through sale of Treasury check No. 196,240 for $10,000	200,000 at 102/$1.00	$1,960.78
Totals	420,000	$4,205.68

420,000 Yen divided by $4,205.68 equals 100/$1.00, averaged new rate for on hand Japanese Yen, based on its prior purchase exchange rate and the new exchange purchase rate for the Yen purchased on October 4, 19XX.

No collection or disbursement vouchers processed this date prior to revaluation of Japanese Yen.

J. A. HANCOCK
DSSN 6870

Figure 13-3. Sample Certificate of Change in Average Purchase Rate

U.S. NAVAL STATION
ROTA SPAIN

January 3, 19XX

CERTIFICATE OF ADJUSTMENT DUE TO ROUNDING

PESATAS	US DOLLAR VALUE (based on individual cumulative transactions)	US DOLLAR VALUE (based on rate of exchange of $125.34211=$1)	DIFFERENCE (loss/gain)
849,762,424	$6,779,554.65	$6,779,544.59	$(-.06)

J. A. HANCOCK
Symbol 6870

★Figure 13.4. Sample Certificate of Adjustment Due to Rounding

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Figure 14-1. Sample SF 1149 (Statement of Designated Depositary Account)

Figure 14-2. Sample SF 1098 (Schedule of Canceled or Undelivered Checks)

CHAPTER 14

LIMITED DEPOSITARY CHECKING ACCOUNTS

1401 INTRODUCTION

140101. Authority. DOs outside the United States are authorized to maintain official limited depositary checking accounts (LDAs) in foreign currency with banks that have been designated by the Treasury Department as "Depositaries of Public Moneys of the United States." LDAs in U.S. dollars shall not be established unless specific authority is first obtained from the Director for Financial Commerce, OUSD(C), through the supporting DFAS Center.

★ 140102. Opening LDAs. All DOs requiring an LDA shall formally request approval and designation of the financial institution (if other than a contract MBF) as an authorized depositary from the Treasury Department through the servicing DFAS Center. The Treasury Department's policy in selecting the financial institutions that will maintain U.S. Government operating accounts per 31 U.S.C. 3303 (reference (e)) is predicated on the most beneficial banking arrangement available to the U.S. Government to transact essential business. After contract MBFs, preference will be given to American financial institutions unless a local bank's arrangement is more advantageous to the U.S. Government. When anticipating the establishment of a new LDA (in other than a contract MBF), the DO shall solicit all American-owned and leading local financial institutions in the area to determine which would offer the most beneficial arrangement. Unsolicited proposals from financial institutions to operate an existing LDA may be received at any time and the LDA shall be deemed open to all interested financial institutions if it is determined that a soliciting financial institution: (a) offers a more beneficial banking arrangement than currently received; or, (b) reflects a higher level of American ownership than the present limited depositary. For each account, the DO periodically should determine if it may be cost effective to solicit competitive proposals from all American-owned and leading financial institutions in the area to secure the most beneficial banking agreement. The solicitation process of the banks shall be competitive, with all banks submitting written information on identical questionnaires or requests for (banking) proposals. In determining the most beneficial banking arrangement, the DO shall consider the following three areas of service in descending order of importance: standard operating services minimally required; customary local banking practices; and other special services that may be deemed necessary in a particular country or circumstance. At a minimum, the required services shall be:

A. The capability to honor payments to payees in outlying areas.

B. The processing of checks and deposits.

C. The submission of a daily or a monthly bank statement as needed.

D. The acceptance of the DO's funding procedures.

In addition, any customary banking practices (payment of interest on the account, waiver of miscellaneous charges, etc.) peculiar to a particular country shall be considered for purposes of carrying out the provisions of 31 U.S.C. 3303 (reference (e)). Consideration also shall be given to any special services that a bank is willing to provide in addition to the minimum required and customary local banking services (e.g., telex cost or armored car service) if services offered above are equivalent in separate proposals. The checking account balances (or the forfeiture of potential interest earnings on the account) shall not be used to subsidize banking services that otherwise would be funded through the appropriation process. Daily balances in the LDA shall be as near zero as possible. Otherwise, the level of the balance to be maintained in the account shall be determined solely by disbursing requirements. The DO should formally convey the results of the competitive process and its recommendation for selection to the Treasury Department as a part of the request for approval and designation of the depositary. The letter request for approval and designation shall be addressed to the International Funds Branch, Financial Management Service, Department of the Treasury, 3700 East-West Highway, Prince Georges Metro Center-II, Room 5A19, Hyattsville, MD 20782 (Telephone: (202) 874-8943, fax number (202) 874-8023), through the supporting DFAS Center and should state the name and location of the financial institution recommended to be designated (regardless of possible previous designations).

140103. Interest on Deposits. In certain cases, Limited Depositaries (LDs) will pay interest on checking accounts. Whenever possible, the DO should obtain interest on the LDA. However, excessive balances shall not be maintained in order to receive interest. If the collection of foreign currency causes a non-interest bearing LDA to exceed a 30-day supply, and all attempts to sell the currencies to other DOs have been exhausted, an interest bearing account shall be established, if possible. In such cases, the DO immediately should place all funds in excess of estimated draw-downs against the non-interest bearing account for the ensuing 14-day period in a demand or short-term interest bearing account, if available. The deposit shall be placed with a bank that has been designated as a Depositary of Public Moneys by the Treasury Department. The DO shall place the excess funds in an interest bearing account with the bank that maintains the checking account, unless a more beneficial banking arrangement can be made promptly with another Treasury-authorized LD. The DO shall canvass the market to obtain the highest interest rates legally available commensurate with disbursing requirements. The DO is responsible for monitoring the interest bearing accounts to ensure that interest is being paid on a timely basis and per agreements reached between the DO and the banks. Upon notification that interest has been credited to the account, the DO shall prepare a DD Form 1131 crediting **1435, General Proprietary Interest, Not Otherwise Classified, for the U.S. dollar equivalent of the interest. The transaction shall be recorded as a collection and an increase of cash on deposit in the LDA.

1402 ESTABLISHMENT OF LIMITED DEPOSITARY CHECKING ACCOUNTS

140201. Establishment Procedure. LDAs shall be established in the name of the activity to which the DO is assigned. Authority to sign checks drawn on the LDA shall be limited to the DO and such other deputies or agents that the DO may appoint. Normally, only one LDA is authorized for one DO. However, a separate LDA may be established for each type of foreign currency used by the DO in official transactions.

140202. Letter of Authorization. The commander shall certify by letter the name and rank of the DO assigned to the activity and state that the DO is authorized to maintain accounts with official funds of the United States in the name of the activity. The letter shall certify that the account is to be subject to checks issued by the DO, his or her successors in office, and such other deputies as he or she may appoint. The letter shall contain a specimen of the DO's official signature and a certification that the signature is that of the DO. The letter shall also request the bank to acknowledge acceptance by endorsement of the letter in triplicate. The bank should retain the original letter and return 2 copies to the activity.

140203. Blank Limited Depositary Checks

A. Procurement. LDA checks are not available through the Treasury check contract. LDA checks should be ordered from the bank where the LDA is maintained.

B. Print Order Requirements. LDA checks should be requested in a continuous-form format for mechanized systems. LDA checks shall be overprinted to provide: the serial number of the check; name of the activity; any limited payability notices as may be applicable in the foreign nation; and information necessary for security, accounting for check issues, and other requirements as specified by the supporting DFAS Center.

C. Cost. The procurement cost of blank LDA checks shall be charged to the disbursing activity O&M fund.

D. Security. Blank LDA checks shall be controlled and safeguarded under the same guidelines prescribed for Treasury checks in Chapter 7 of this volume. In the event blank LDA checks are lost or stolen, the DO immediately shall notify the LD of the serial numbers of the checks involved. A stoppage of payment shall be placed against the checks and a copy of the stoppage of payment shall be submitted with the next original LDA reports.

E. Relief of DO. Unused LDA checks shall be transferred to and used by the relieving officer with no change in serial numbers.

F. Limited Depositary Account No Longer Required. When an LDA is no longer required or when a disbursing office is deactivated, all unused blank LDA checks shall be voided and destroyed using the guidelines prescribed in Chapter 8 of this volume.

1403 MAINTAINING A LIMITED DEPOSITARY CHECKING ACCOUNT

140301. Preparation of Limited Depositary Checks

A. General. LDA checks should be prepared by typewriter or by automated check writing equipment, if available.

B. Record of Check Issues. DOs shall maintain a record of every LDA check issued. The record shall contain at least the payee, the voucher number, the amount (in the currency of the check), the check serial number, the date of the check, and the activity name under which the account is established. Other information as to the purpose for which the check was issued and local identification codes are optional and subject to the discretion of the issuing DO. The record may be on paper or in a media designed for data processing use (paper tape, diskette, or magnetic tape). A separate record shall be kept for each LDA checking account. Records of check issues shall be included with retained disbursing records.

140302. Disbursement Vouchers. When a payment is made by check drawn on an LDA, the notation "LDA Check No. _____," shall be entered on the disbursement voucher. Although a receipt is not generally required for a payment made by check, certain LDs outside the United States are prohibited by local law from returning paid checks to the drawer. In these cases, the voucher on which such an LDA check payment appears shall evidence receipt of payment in one of the ways described in the following paragraphs.

A. Signature on Original Voucher. The original voucher shall be submitted as a part of the financial reports for the month of payment.

B. Periodic Statements From Depositary. Periodic statements from the LD listing the paid checks by number and amount, certified by an officer of the bank and by the DO shall be satisfactory evidence of payment. The certificate of the bank should be to the effect: "I certify that the above is a true and correct list of all checks paid by this bank and charged to the account shown in the heading during the period covered by this statement and that the originals of such checks are on file in this bank and are required to be held for ___ years." The certificate of the DO shall be to the effect that the bank statement has been reconciled with the disbursing records and found to be in agreement therewith.

★ 140303. Delivery of Checks. Delivery of LDA checks shall be as prescribed in Chapter 8 of this volume. However, prior to mailing any LDA checks outside the country in which the LDA is located, the disbursing officer shall verify that such action is not prohibited by the Status of Forces Agreements or the banking laws of the countries involved.

140304. Irregularity After Delivery of Checks. When an irregularity is discovered after a check has been delivered and the check is still outstanding, immediate action shall be taken to stop payment of the check. A complete report of the facts shall accompany the request for stoppage. If the irregularity is discovered after the check has been paid, the depositary shall be notified of the irregularity.

140305. Review of Limited Depositary Checking Accounts

A. Commander's Review. Commanders shall require a review of LDAs maintained by DOs to ensure compliance with the requirements set forth in this volume. This review should be accomplished by the quarterly cash verification team required by Chapter 3 of this volume. Reviews shall be performed quarterly, upon transfer of accountability to a successor DO, upon deactivation of the LDA, or upon a change in the designated settlement office. Quarterly reviews shall be unannounced. Reviews shall also be accomplished prior to the departure of the DO from the command.

B. DO's Review. DOs shall review the LDA on a continuing basis to ensure that: account balances are maintained at the minimum amount necessary to meet immediate disbursement needs (checks issued and in process) and are commensurate with the activity in the LDA, balances in excess of immediate needs are promptly withdrawn and deposited with the Treasury Department, and terms negotiated with the depositary are favorable to the government, including interest on the account at the highest possible rate.

1404 VOIDED AND SPOILED LIMITED DEPOSITARY CHECKS

140401. General. Original LDA checks that are not to be issued shall be treated as voided or spoiled checks. All LDA checks shall be accounted for by the DO who has been authorized to establish the LDA. Checks shall be voided or spoiled because of: errors in the writing of the check (wrong name, amount, etc.); withdrawal of the voucher by the applicable functional area; or, because the check is physically damaged during preparation. These checks shall be conspicuously marked so they may not be cashed, either in error or through fraud. Separate listings of voided and spoiled checks shall be prepared each month and attached to the SF 1149 (Statement of Designated Depositary Account).

140402. Voided Checks. The functional area authorizing the payment of a voucher shall determine when a check is to be voided. The determination shall be based on the payee's non-entitlement to the payment, or an error in the way the check is drawn. Voided checks are not reported as checks issued in the check report of the DO. They shall be rendered non-negotiable by stamping, marking or writing the words, "VOID - NOT NEGOTIABLE, NO CHECK ISSUED UNDER THIS NUMBER" on the face of the check in large prominent letters. The marking on the check shall be applied immediately after the determination is made to void the payment. No unmarked voided checks shall be stored in the safe or vault of the DO or any deputies or agents. At the end of each month a listing of voided checks shall be prepared and forwarded with the monthly SF 1149. The listing shall be in check number sequence of the checks, titled "Voided Checks", and show the accounting month; the name of the LD; and, the checking account number. The original of all voided checks shall be submitted with the listing.

★ 140403. Spoiled Checks. The DO issuing the check shall determine when a check is to be reported as spoiled. The determination shall be based on the physical appearance of the check (e.g., mutilated, torn, not whole, smudged or unreadable) or upon the discovery of an error

in the preparation of the check (i.e., voucher correct and the check data does not match the voucher). A separate listing (in check number sequence) of spoiled checks shall be prepared at the end of each month. The listing shall be titled "Spoiled Checks" and show the accounting month, the name of the LD, and, the checking account number. The listing and the original spoiled checks shall be attached to, and forwarded with, the monthly SF 1149. Spoiled checks shall be replaced by another serially numbered check.

★ A. Replacement by Another Serially Numbered Check. When it is necessary to issue another serially numbered check to replace a spoiled check, the next available numbered check shall be used. Except for the check serial number and the check issue date, the information on the check shall be identical to what appeared on the original check. The replacement check shall be dated on the date of issue. The original check shall be rendered non-negotiable by writing, marking or stamping the face of the check "SPOILED - NOT NEGOTIABLE, REPLACEMENT ISSUED UNDER CHECK NO. _____ DATED _____". The words "Issued to Replace Check No. _____" shall be inscribed on every replacement check in the lower left-hand corner of the face of the check. This same information shall also be shown on the detailed record of checks issued.

1405 TRANSFERRING THE PROCEEDS OF LIMITED DEPOSITARY CHECKS

140501. General. After an LDA check has been issued, events may occur that require transferring the proceeds of the check to the Treasury Department or to the original appropriation. The most frequent occurrence of transferring the proceeds of LDA checks is when outstanding check amounts are transferred to the Treasury Department as uncurrent. An uncurrent LDA check is one that has not been negotiated through the LD one full fiscal year after the fiscal year in which it was issued. The transfer of LDA check proceeds may also be caused by undeliverable checks and by checks due deceased or incompetent payees.

140502. Uncurrent Check Transfers. Proceeds of uncurrent checks shall be transferred to the Treasury Department in October of each fiscal year. The DO who issued the original check, the successor to that DO, or a settlement office designated by the supporting DFAS Center shall make the transfer. The procedures for the transfer are explained below. Note: If the laws of the nation in which the LDA is located provide that the negotiable period of a check is less than one full fiscal year after the date of issue, the DO shall comply with those laws in carrying out these procedures.

A. Open Limited Depositary Accounts

1. Preparation of Check Listing. Prepare a separate check listing in an original and 4 copies for each LDA with a heading showing the DO's name and location and the name and location of the LD. Each listing shall show the uncurrent LDA checks in ascending numerical order and provide for each check the: issue date, check number, name of the payee, amount of the check in foreign currency, and U.S. dollar equivalent of the check at the time it was issued (as shown on the payment voucher). The check listing shall also show the total

amount of foreign currency units and the total U.S. dollar equivalent of all checks on the listing. The total U.S. dollar equivalent at the time the checks were issued shall be the amount transferred to the Treasury Department account, 20X6045, Proceeds and Payment of Certain Unpaid Checks.

2. Stop Payment Notice to LD. The DO immediately shall give a copy of the uncurrent check listing to the LD and request the LD to place stop payments on all the checks on the listing. The LD shall be instructed to advise all payees presenting checks shown on the listing to submit the checks to the disbursing office for transmittal to, and settlement by the General Accounting Office, Transportation and Claims Division, Washington, DC 20548.

3. Method of Transfer. The DO shall prepare an OF 1017-G (Journal Voucher) which shall serve as the basis to purchase the amount of foreign currency units represented by the outstanding checks. The DO then shall complete the purchase by issuing a Treasury check payable to the U.S. Treasury for the U.S. dollar equivalent as shown on the check listing. A complete explanation of the transaction shall be written on the OF 1017-G giving the date, the check serial number, and the DSSN of the activity issuing the Treasury check. The OF 1017-G shall support the increase in the LDA checkbook balance, and the transaction shall be reported on line 6 of the SF 1149. A copy of the OF 1017-G shall be attached to the uncurrent check listing and forwarded with the Treasury check to Treasury Department as provided in subparagraph 140502.A.5, below.

4. Accounting for the Transfer. To maintain the DO's accountability, several actions shall be accomplished in the daily business at the close of the business day on which the transfer occurs. The Treasury check shall be reported in the daily business as "Checks Issued on U.S. Treasury". "Cash on Deposit in Designated Depositary" shall be increased in the same U.S. dollar amount as the Treasury check. The LDA checkbook balance shall be increased by the total amount of foreign currency units as shown on the check listing. The current U.S. dollar equivalent of the LDA checkbook balance (including the foreign currency units added above) shall be computed using the current rate of exchange. The computed total U.S. dollar equivalent of the LDA checkbook balance shall then be compared to the total U.S. dollar equivalent shown as "Cash on Deposit in Designated Depositary". Any difference in total U.S. dollar equivalents shall be vouchered as a gain or loss by exchange transaction on a DD Form 1131 or SF 1034 (as appropriate) against **-6763 and recorded in the day's business as either a collection, increasing "Cash on Deposit in a Designated Depositary", or a disbursement, decreasing "Cash on Deposit in Designated Depositary".

5. Distribution of Documents. Distribute the uncurrent check listing, OF 1017-G, and the DD Form 1131 or SF 1034 as follows:

a. The original and one copy of uncurrent check listing, a copy of the OF 1017-G, and the Treasury check shall be forwarded to: Department of the Treasury, Financial Management Service, Comptroller, Liberty Center, Washington , DC 20227.

b. One copy of the uncurrent check listing shall be given to the LD.

c. One copy of the listing, one copy of the OF 1017-G and one copy of the DD Form 1131 or SF 1034 shall be attached to the SF 1149.

d. One copy of the listing, one copy of the OF 1017-G and one copy of the DD Form 1131 or SF 1034 shall be filed in the DO's retained LDA records.

e. The original and appropriate number of copies of the OF 1017-G and DD Form 1131 or SF 1034 shall be included with other vouchers supporting the SF 1219.

B. Closed Limited Depositary Accounts. When outstanding (unpaid) checks become uncurrent in a closed LDA, and it is necessary to transfer the U.S. dollar equivalent to Treasury Department account 20X6045, the DO having jurisdiction over the closed account shall arrange with the LD for the necessary transfer of funds from the closed LDA to the DO's current LDA. After the LD completes the transfer to the current account, the DO shall follow the procedures prescribed in subparagraph 140502.A, above. If the closed account belonged to a predecessor DO, or is the settlement account for a closed disbursing station, prepare one additional copy of the uncurrent check listing for filing with the retained records of the closed station's disbursing records. On this copy of the listing, reference shall be made to the disbursing office accomplishing the transfer and the date the transfer was accomplished.

140503. Transferring the Proceeds of Undeliverable Checks

A. General. The procedures prescribed in this paragraph relate to undeliverable LDA checks, the proceeds of which are still due the payee or the payee's estate. LDA checks which are returned as undeliverable and are not due the payee (or payee's estate) shall be canceled as prescribed in section 1406 of this chapter.

B. Time Limit for Holding Undeliverable Checks. Undeliverable LDA checks shall be held only until it is determined that the DO cannot effect delivery with the information available. In no case shall undeliverable LDA checks be held longer than 60 days from the date of issue.

C. Record of Undeliverable Checks. The DO shall establish a record of undelivered LDA checks using DD Form 2658 (Returned and Undeliverable Check/Bond Record) which shall include complete identification of the check, the disbursement voucher number, the date the check was returned, disposition of the check, the disbursing official authorizing disposition, and the date of disposition. Disposition of undelivered checks may be authorized by the DO, the principal deputy, or a third individual authorized in writing by the DO to make such disposition.

D. Safekeeping Undeliverable Checks. While held in the disbursing office, undeliverable LDA checks shall be protected the same as cash. Undeliverable LDA checks shall be filed in an order best suited for ease of retrieval and ready identification.

E. Disposition of the Proceeds of Undeliverable Checks Drawn on Open Accounts. The proceeds of undeliverable LDA checks (current as to date of issue) drawn on open LDA shall be credited to the appropriation or fund charged for the original disbursement at the rate of exchange in effect on the date of issue as shown by the payment voucher. A payable shall be established to allow for future settlement. Undeliverable LDA checks shall be scheduled on an SF 1098 showing the check number, month and year of issue, name of payee, amount (U.S. dollar equivalent on date of issue), DSSN, and the appropriation or fund to be credited. Each SF 1098 shall be accounted for as a cash collection. To maintain the DO's accountability, "Cash on Deposit in Designated Depositary" shall be increased in the same U.S. dollar amount as the SF 1098. The LDA checkbook balance shall be increased by the total amount of foreign currency units as shown on the check. The current U.S. dollar equivalent of the LDA checkbook balance (including the foreign currency units added above) shall be computed using the current exchange rate. The total U.S. dollar equivalent of the LDA checkbook balance shall then be compared to the total U.S. dollar equivalent shown as "Cash on Deposit in Designated Depositary". Any difference in total U.S. dollar equivalents shall be vouchered as a gain or loss by exchange transaction on a DD Form 1131 or SF 1034 (as appropriate) against **-6763 and recorded in the day's business as either a collection, increasing "Cash on Deposit in a Designated Depositary", or a disbursement, decreasing "Cash on Deposit in Designated Depositary". The record of outstanding checks and undeliverable checks shall be updated to reflect the disposition. At the time of disposition, the undelivered checks shall be rendered non-negotiable by writing, typing, or stamping on the face of the check the words "NOT NEGOTIABLE, PROCEEDS CREDITED IN GOVERNMENT ACCOUNTS, D.O. SYMBOL _(DSSN)_" to prevent negotiation by unauthorized persons. The amount of the defaced checks shall be included on line 3 of the SF 1149. The canceled checks and one copy of the SF 1098 shall be forwarded with the SF 1149 in the same manner as voided and spoiled checks at the end of each month. Sufficient additional copies of the SF 1098 shall be reproduced to provide the functional area authorizing the original disbursement a copy so they may set up a payable to handle future claims for the proceeds of canceled undeliverable checks.

F. Disposition of the Proceeds of Undeliverable Checks Drawn on Closed Accounts. If the LDA on which the undeliverable checks were drawn has been closed, the successor DO, or DO responsible for settlement of the account, shall notify the LD that the checks are being canceled and request that the value of the checks be transferred to an open account (if the DO maintains an LDA) or that the depositary transmit the funds to the DO by check payable to the DO, by title. When the proceeds have been transferred to the open account, the DO shall proceed as prescribed in subparagarph 140503.E, above. for undeliverable checks drawn on an open account. If the LD provides the proceeds by check, the DO shall collect the check on a DD Form 1131 to the appropriation or fund charged when the undeliverable check was issued. No SF 1098 is prepared in this situation. The DD Form 1131 shall be prepared at

the rate of exchange in effect on the date the check was issued (as shown by the payment voucher). The DD Form 1131 shall be recorded in the DO's accounts as a cash collection. Any difference in the U.S. dollar value at the current rate of exchange and the rate of exchange at which the check is collected shall be accounted for as a gain or loss by exchange transaction. At the time of disposition, the undelivered checks shall be rendered non-negotiable by writing, typing, or stamping on the face of the check the words "NOT NEGOTIABLE, PROCEEDS CREDITED IN GOVERNMENT ACCOUNTS, D.O. SYMBOL _(DSSN)_" to prevent negotiation by unauthorized persons. The record of outstanding checks and undeliverable checks in the former DO's accounts shall be updated to reflect disposition of the checks. A copy of the DD Form 1131 and the defaced checks shall be forwarded with the SF 1149 to support the changes in the closed LDA account at the end of the month. A copy of the DD Form 1131 shall be forwarded to the applicable functional area to enable them to establish the payable in the event of future claims for the proceeds of the canceled undeliverable checks.

G. Undeliverable Checks Uncurrent as to Date of Issue. Any uncurrent undeliverable checks that come into the possession of the disbursing office, the proceeds of which have been transferred to Treasury Department account 20X6045 and for which no current claim has been presented, shall be forwarded directly to the General Accounting Office, Transportation and Claims Division, Washington, DC 20548. Uncurrent undeliverable checks that come into the possession of the disbursing office, the proceeds of which have not yet been transferred to the Treasury Department, shall be processed as prescribed in paragraph 140502, above. Under no circumstance shall an uncurrent undelivered check be scheduled on an SF 1098 or DD Form 1131 as a current undeliverable check.

140504. Limited Depositary Checks Due Deceased or Incompetent Payees

A. Checks Which Are Current as to Date of Issue. Unnegotiated LDA checks which are still current as to date of issue, returned to the disbursing office in connection with a claim for the proceeds which are still due a deceased or incompetent payee, shall be processed as prescribed in subparagraphs 140503.E and 140503.F, above for undelivered checks.

B. Checks Which Are Uncurrent as to Date of Issue. All unnegotiated LDA checks, which are uncurrent as to date of issue, and returned to the disbursing office in connection with a claim for the proceeds that still are due a deceased or incompetent payee, shall be handled as prescribed in this subparagraph. If the proceeds of these outstanding undeliverable checks previously were not transferred to Treasury Department account 20X6045, this action shall be accomplished as provided in paragraph 140502 above prior to forwarding the check and the claim to the General Accounting Office. If a previous transfer of the proceeds to Treasury Department account 20X6045 has taken place, the check shall be forwarded with the claim to the GAO for settlement.

140505. Claims for the Proceeds of Undeliverable Checks

A. Claims for Settlement by the DO. In processing claims for the proceeds of undeliverable checks that have been credited to the appropriation or fund originally charged, the payments shall be supported by a regular disbursement voucher using an SF 1034. Each voucher shall cite a reference to the original undeliverable check, showing the check serial number, amount and DSSN.

B. Claims for Settlement by GAO. Claims for the proceeds of undeliverable checks shall be forwarded for settlement by the General Accounting Office, Transportation and Claims Division, Washington, DC 20548 when there are doubtful questions of law or fact, or when the proceeds of the check have been transferred to Treasury Department account 20X6045 as prescribed in this section.

1406 CANCELING LIMITED DEPOSITARY CHECKS

140601. General. LDA checks shall be canceled when the proceeds of the check are not due a payee or the payee's estate but are for credit to an appropriation or fund account. The procedure for cancellation of these checks depends on whether: the account on which the check was written is an open account or a closed account, the check is "current" or "uncurrent", and the check is available or unavailable to the DO who maintains the LDA.

140602. Checks Not Due a Payee or Payee's Estate. The DO functional area submitting the certified payment voucher for issue of the check normally is the only office with authority to cancel checks not due a payee or the payee's estate. Except as provided in this paragraph, the SF 1098 shall be used to list and report all checks not due the payee or payee's estate which are being canceled. In all cases where practicable, the SF 1098 shall be prepared by the functional area authorizing the original payment. If the DO's disbursing division prepares the SF 1098, the functional area shall sign and date the form in the lower right-hand corner, in the spaces titled "Forwarded" and "By". The disbursing division shall mark the front of the check with the word "CANCELED" and the date of cancellation in prominent letters to prevent improper negotiation of the check.

A. Checks Which Are Current as to Issue Date. The DO shall cancel LDA checks not due a payee as quickly as possible. The U.S. dollar equivalent of the foreign currency amount of the check at the rate of exchange in effect on the date the check was issued (as shown on the payment voucher) shall be the amount credited to the original appropriation or fund charged for the payment.

1. Open Accounts. If the LDA is open (established and being used by the current DO), the SF 1098 shall be processed in the accounts to effect the credit to the fund or appropriation originally charged for the disbursement, to increase the LDA checkbook balance, and to remove the canceled check from the record of outstanding checks. Each SF 1098 shall be accounted for as a cash collection. To maintain the DO's accountability, "Cash on Deposit in Designated Depositary" shall be increased in the same U.S. dollar amount as the SF 1098. The LDA checkbook balance shall be increased by the total amount of foreign currency units as

shown on the check. The current U.S. dollar equivalent of the LDA checkbook balance (including the foreign currency units added above) shall be computed using the current rate of exchange. The total U.S. dollar equivalent of the LDA checkbook balance then shall be compared to the total U.S. dollar equivalent shown as "Cash on Deposit in Designated Depositary". Any difference in total U.S. dollar equivalents shall be vouchered as a gain or loss by exchange transaction on a DD Form 1131 or SF 1034 (as appropriate) against **-6763 and recorded in the day's business as either a collection, increasing "Cash on Deposit in a Designated Depositary", or a disbursement, decreasing "Cash on Deposit in Designated Depositary". The face of the canceled check shall be marked with the word "Canceled" and the date of cancellation. The canceled check and a copy of the SF 1098 shall be forwarded with the original SF 1149 at the end of the month.

2. Closed Accounts. If the LDA is closed or the account was maintained by a predecessor DO and closed upon change of DOs, it will be necessary to transfer funds between the closed and current (open) LDAs before processing the cancellation action. If the transfer can be accomplished by drawing a check against the closed account for deposit to the open account, this procedure should be followed. Otherwise, the procedures outlined below shall be followed in processing the necessary transfer.

a. Check to be Canceled Drawn on DO's Current Limited Depositary. If the DO cannot draw a check against the closed LDA and both the closed and open accounts (DO's current account) are with the same LD, advise the LD by letter that the check is in the possession of the DO and is being canceled. Request the bank to transfer the funds involved from the closed account to the open account. When the LD advises that the requested transfer has been made, proceed with the preparation of the SF 1098, as described in subparagraph 140602.A.1, above.

b. Check to be Canceled Drawn on Different Limited Depositary. If the closed LDA and the DO's current open LDA are in different LDs, request in writing that the LD on which the check was drawn charge the account for the check being officially canceled and transmit the funds to the DO, by title. Upon receipt, the funds shall be deposited in the current open LDA and treated as a cash collection using the DD Form 1131 for credit to the fund or appropriation originally charged for the check being canceled. Do not process an SF 1098 for this transaction. The U.S. dollar equivalent of the foreign currency amount of the check and the rate of exchange, effective on the date the check was issued as shown on the payment voucher, shall be shown on the DD Form 1131. State prominently on the DD Form 1131 that the transaction involves the proceeds of a canceled check. Any difference in the U.S. dollar value at the current rate of exchange and the rate of exchange at which the funds provided by the LD are collected on the DD Form 1131 shall be accounted for as a gain or loss by exchange transaction.

B. Unavailable Checks. LDA checks, the proceeds of which are not due the payee or the payee's estate, and not held by the disbursing office, shall be canceled even though

the check cannot be forwarded with the SF 1149 as a canceled check. The following procedures shall be used.

1. The applicable DO functional area shall prepare an SF 1098 and give an explanation on the schedule of the circumstances that make the check unavailable. The SF 1098 shall be approved by the functional area authorizing the issue of the original check and shall also be signed by the DO under the explanation of the unavailability of the check.

2. The DO shall request the LD on which the check was drawn to place a stop payment on the check and provide a written acknowledgement when the action has been accomplished.

3. When the LD's acknowledgement is received, the DO shall process the SF 1098 and credit the fund or appropriation originally charged, adjust the checkbook balance, and reduce the record of outstanding checks as prescribed in subparagraph 140602.A.1, above. A copy of the LD's acknowledgement and a copy of the SF 1098 shall be forwarded with the SF 1149 at the end of the month.

4. The original SF 1098 and the bank's acknowledgement shall be filed with the DO's monthly financial reports and the DO shall keep copies for the retained records file.

C. Checks Which Are Uncurrent as to Date of Issue. DOs cannot cancel uncurrent LDA checks. Only the GAO can cancel uncurrent LDA checks. The proceeds of uncurrent checks not due a payee or payee's estate shall be processed through Treasury Department account 20X6045. Uncurrent LDA checks (whether or not due the payee or payee's estate and whether or not available to the DO) will have been processed through Treasury Department account 20X6045 as prescribed in paragraph 140502, above in October of the fiscal year which is one full fiscal year after the fiscal year in which the check was issued. If the proceeds of the uncurrent check have not been transferred to 20X6045, the transfer shall be accomplished before asking the GAO to cancel an uncurrent check which is not due the payee or payee's estate.

1. The DO shall schedule the check on an SF 1098 prepared in original and six copies crediting the fund or appropriation originally charged for the payment. The amount to be credited shall be the U.S. dollar equivalent of the foreign currency at the rate of exchange in effect when the check was issued (as shown on the payment voucher. Modify the heading of the SF 1098 to read "Schedule of Limited Depositary Checks Canceled by GAO". A full explanation of the reason for cancellation of the check shall appear on the SF 1098. Do not process this SF 1098 in the accounts as a collection.

2. Forward the original and five copies of the SF 1098 and the check, if available, through the supporting DFAS Center to: Department of the Treasury, Financial Management Service, Finance Division, Office of the Comptroller, Liberty Center, Room 257,

Washington, DC 20227 with a covering letter or memorandum requesting cancellation of the check. A copy of the outstanding check listing and OF 1017-G prepared when the check was transferred to Treasury Department account 20X6045 should be attached to document the request. Retain one copy of the SF 1098 in a pending receivable file.

3. After cancellation of the check is approved, the GAO will authorize issuance of a Treasury check for the value of the canceled LDA check. Process the check and the SF 1080 upon receipt from GAO as a collection. Support the transaction with the retained copy of the SF 1098.

1407 REPLACEMENT OF MISSING, MUTILATED, AND FORGED LIMITED DEPOSITARY CHECKS

140701. General. Upon receipt of a claim for a check which is reported as not received, or as lost, stolen, destroyed, mutilated, forged or defaced, the DO shall determine from the LD or from retained records the status of the check. Checks which are outstanding and unpaid, reported before the end of the fiscal year following the fiscal year in which they were issued, and do not involve a doubtful question of law or fact shall be replaced by a substitute check. Checks which have been paid on a forged endorsement, reported before the end of the fiscal year following the fiscal year in which they were issued, and to which the payee is entitled, shall be replaced by a settlement check. Claims for replacement of checks submitted more than a full fiscal year after the fiscal year in which they were issued, or involving a doubtful question of law or fact, or on behalf of deceased or incompetent payees without a court appointed legal representative, or where the claimant's entitlement is in question shall referred to the GAO.

140702. Substitute Check Procedures. The following procedures apply to checks drawn on LDs in foreign countries.

A. Action by the Original Payee of the Check or Other Claimant. The payee or other claimant shall notify the DO, in writing, over his or her own handwritten signature, when a check has been lost, stolen, mutilated, or destroyed, and request payment on the check be stopped.

1. The notification shall provide all available information on the check. When furnished by the DO, the payee or other claimant shall complete a FMS Form 2244 (Undertaking of Indemnity - Substitute Checks) and return it to the DO before the end of the full fiscal year following the fiscal year in which the check was issued.

2. Claimants other than the original payee shall present a statement in support of their ownership of the check in addition to the FMS Form 2244. Representatives of deceased payees or owners who clearly are entitled to the proceeds of original checks as part of the estate, also shall complete and submit an SF 1055 (Claim Against the United States for Amounts Due a Deceased Creditor), or a statement of administration, if the claimant is serving under court appointment, to accompany the FMS Form 2244.

3. Claimants acting as guardians of incompetent payees or owners who are shown by the evidence to be entitled to the proceeds of the original check shall submit a short form court certificate showing their appointment and qualifications as guardians in addition to the FMS Form 2244.

4. If the payee or other claimant is a bank or other financial institution and the check was drawn for $15,000 or less; or, a corporation or business of recognized financial standing and the check was drawn for less than $5,000; or, a financially responsible individual and the check was drawn for less than $150 or is for a recurring payment, in any amount greater than $150, the DO may, at his or her discretion, accept an undertaking of indemnity in the form of a written statement or letter. The substance of the statement or letter shall be:

> "In consideration of the issuance of a substitute check in lieu of (check number of original check, date, amount, and payee) and the payment of the substitute check, the undersigned undertakes and agrees to save harmless and indemnify the United States of America, its officers and agents, of and from any and all liability, loss, expense, claim, and demand whatsoever, arising in any manner by reason of or on account of said original check(s) or the stoppage of payment thereof, or the issue of payment of the substitute check(s), to replace the same."

The statement shall be witnessed by a person with authority to so act and, if necessary, may be executed in a foreign language translation of the foregoing letter of indemnity. If the claim exceeds the amounts stated above and the DO still desires to use the letter form of the undertaking of indemnity, approval shall first be obtained from the Deputy Director for Finance, DFAS Headquarters, through the supporting DFAS Center.

B. Action by the DO. The DO shall first determine that the check reported as lost, stolen, destroyed, mutilated, or defaced is still outstanding. If it is, the LD shall be requested, in writing, to enter a stop payment against the check and to acknowledge, in writing, receipt of the request. Upon receipt of the acknowledgement, the DO shall forward a modified FMS Form 2244 to the claimant for completion and return to the disbursing office. The modifications by the DO required on the FMS Form 2244 are:

1. Enter the description of the check.

2. Enter the name of the bank on which the check was drawn

3. Insert a statement near the added bank name that reads, "This change made prior to execution of bond with full knowledge and consent of all parties concerned." This statement shall be signed by the claimant and by the surety/sureties.

Once the FMS Form 2244 is completed by the claimant and returned, the DO shall approve the claim for payment if it is determined the original check still is outstanding, the substitute check can be issued before the end of the full fiscal year following the fiscal year of issue, there is no doubtful question of law or fact concerning the payment, the written claim (FMS Form 2244 or written statement or letter) includes an undertaking of indemnity, and any necessary supporting documents have been received in proper form. The approval shall be noted on the reverse of FMS Form 2244, or letter undertaking indemnity, in the words "Claim approved by (Name, title, and disbursing station), Date (month, day, and year)". If the original check was drawn on a closed LDA,it will be necessary to transfer funds to an open LDA before a substitute check can be issued. Use the procedures described in subparagraph 140602.A.2, above to accomplish the transfer of funds. The DO then shall issue a substitute check with the current date and payable in the same currency as the original check. The substitute check shall contain information on its face in the lower left-hand corner identifying the original check as follows: "Issued in lieu of check number ____ dated (Mo, Day, Yr) drawn by (DO who issued original check) on (Name of LD)." The number of the substitute check, the date of issue, and the name of the LD on which drawn shall be recorded on the back of the FMS Form 2244 (or letter undertaking indemnity) by the DO when the substitute check is issued. At the end of the month, the DO shall include a copy of all substitute checks issued during that month with the SF 1149. If copies cannot be provided, a listing of substitute checks issued shall be submitted with the SF 1149. The listing shall show only the substitute check number and the number and date of the original check it replaces. Substitute checks do not increase the DO's accountability and are not reflected in the SF 1219. The FMS Form 2244 and all supporting documents shall be filed with the retained records of the DO.

C. Sureties. A surety assumes the status of a debtor under the original agreement and is primarily liable with the claimant for every default. Acceptable sureties in connection with FMS Form 2244 are either a corporate surety authorized by the Secretary of the Treasury, or two responsible individual sureties. In foreign countries, it is the claimant's responsibility to secure a certification as to the financial sufficiency of the individual sureties. The certification shall be executed by one of the persons listed on the face of the FMS Form 2244 under "Certificate as to Sureties" and in the manner prescribed by the instructions appearing on the FMS Form 2244. If the amount of the original check was equivalent to $200 or less in United States currency, only one financially responsible surety is required. Sureties shall not be required if:

1. The DO determines that the non-receipt, loss, theft, destruction or mutilation of the check was not the fault of the owner or holder and occurred while the check was in the custody or control of an agent of the United States performing services in connection with an official function of the United States.

2. The DO is satisfied that a substantial portion of the check is presented and is in fact the subject of the claim and that those missing portions are not sufficient to form a valid claim against the United States.

3. The claimant or holder is an officer or employee of the United States, a municipal corporation, or a political subdivision of the United States, a state, the District of Columbia, or a United States Territory or Possession.

4. The claimant is a corporation whose entire capital is owned by the United States, a foreign government or agency thereof, a foreign central bank, or a Federal Reserve Bank.

140703. Settlement Check Procedures. The procedures for claims on paid checks are applicable to all LDAs.

A. Action by the Payee of the Check. The payee immediately shall notify the DO, over his or her own handwritten signature, when a check has been paid on a forged endorsement. The notification shall provide all available information on the identification of the forged check. The payee shall complete the FMS Form 1133 (Claim Against the United States for the Proceeds of a Government Check) and return it to the DO issuing the original check within 90 days of the date appearing on the FMS Form 1133.

B. Action by the DO. Upon receipt of a written request for the proceeds of a check paid on a forged endorsement, the DO shall:

1. Request the LD to commence reclamation. The request to the LD shall be in writing. The LD shall be requested to acknowledge the request in writing and, if canceled checks are not returned to the account holder with the bank statement, to provide the forged check or a clear legible copy thereof to the DO.

2. Give the payee a copy of the forged check, a modified FMS Form 1133 with instructions on completion and return of the form within 90 days. Modifications that the DO shall make to the FMS Form 1133 are: substitute the address of the DO as the return address at the top of the form and in the second from the last paragraph in place of the Treasury Department address in those positions; insert the complete name and address of the claimant in the address area; insert the payee's name and complete address as shown on the forged check, the check number, the date of issue, and the amount of the check in the boxed space; delete the phrase "by the United States Secret Service" in the second line of the last paragraph; and substitute the title of the DO processing the claim for "Director, Division of Check Claims" appearing at the bottom of the form.

3. If the completed FMS Form 1133 is not returned within 90 days the DO shall consider the case closed. If the FMS Form 1133 is completed and returned by the payee within 90 days, the DO shall forward the form and a copy of the forged check to his or her Component's investigative service for examination by a handwriting expert.

4. The investigative service shall be requested to certify an opinion as to the authenticity of the endorsement. The opinion of the handwriting expert shall be the basis

for deciding whether or not a settlement check can be approved for the claimant. Approval for a settlement check shall be granted if the opinion of the handwriting expert states the endorsement was forged and not executed by the payee, the settlement check can be issued before the end of the full fiscal year following the fiscal year in which the forged check was issued, there is no doubtful question of fact or law concerning the payment, and the payee's claim, in writing, the FMS Form 1133, the certified opinion of the handwriting expert, and any other necessary supporting documents have been received in proper form.

5. When it has been determined that a settlement check is due the payee it shall be issued without waiting for reclamation to be accomplished by the LD. The approval shall be noted on the front of the FMS Form 1133 in the words "Settlement approved by (name, title, and disbursing station), Date (month, day, and year)." The DO then shall issue a settlement check with the current date and payable in the same currency as the original check. The settlement check shall contain information on its face in the lower left-hand corner identifying the original check as follows: "Issued in settlement of check number ____ dated (Mo, Day, Yr) drawn by (DO who issued original check) on (Name of Limited Depositary)." Settlement checks shall be reported as checks issued and accounted for in the regular manner when preparing the SF 1149.

6. Where the local currency disbursed for the forged check was purchased through an MBF, by an open market transaction, or by issuance of a Treasury check, the issuance of the settlement check shall be reported as a Receivable - Check Overdraft on line 7.2 of the DD Form 2657, Daily Statement of Accountability and the SF 1219. The receivable shall be established and cleared as a check issue overdraft discrepancy as prescribed in section 1408, below. Where the funds originally used to pay the forged check were obtained from U.S. owned foreign currencies, the DO shall charge the disbursement of the settlement check to the same foreign currency account.

C. Reclamation. In all cases where settlement checks have been issued, the DO responsible for the LDA shall be satisfied that reclamation action is timely, and every effort is made to recover the proceeds of forged LDA checks. The DO shall, at least twice within the 30 days immediately following the receipt of the LD's acknowledgement of the notification of a forgery, make a formal written request for completion of reclamation by the LD. If the LD advises that reclamation cannot be made because the LD can prove a point of local law that relieves it from responsibility, the DO shall request relief of liability for the illegal, incorrect, or improper payment as prescribed in Chapter 6 of this volume. If relief of liability is granted, the DO shall clear the check issue overdraft as prescribed in section 1408, below. Recoveries made through reclamation shall be credited to the appropriation to which the disbursement of the settlement check was charged. If the charge is still carried as a check issue overdraft, line 7.2 of both the DD Form 2657 and the SF 1219 shall be cleared. If line 7.2 has already been cleared by relief of liability, the account Miscellaneous Receipts, **3210, shall be credited.

140704. Recovery of Original Check. In the event that the original LDA check is recovered before issuance of a substitute check, suspend the substitute check action and request

the LD to remove the stop payment against the original check. The payee then may negotiate the original check. If the substitute check has been released, the original check shall be rendered non-negotiable by writing or stamping across the face of the check "Not Negotiable - Substitute Check Issued Under No. ___. " Such a check shall be submitted with the next SF 1149.

140705. Referral to the General Accounting Office

A. Entitlement or Legal Representation. All cases involving questions as to the payee or owner's entitlement to a substitute or settlement check, and cases where no legal representative has been appointed by the court for deceased/incompetent payees or owners, shall be forwarded for advice to the General Accounting Office, Claims Group, General Government Division, Washington, DC 20548.

B. Questions of Law or Fact. All cases involving a doubtful question of law or fact shall be forwarded to the GAO for settlement action.

C. Checks Outstanding More Than One Full Fiscal Year. All cases involving checks that have been outstanding more than one full fiscal year after the fiscal year in which they were issued shall be forwarded to the GAO for settlement action. Documentation for these cases shall include a properly executed FMS Form 2244 or other undertaking of indemnity for the proceeds of a lost, stolen, destroyed, mutilated, or defaced LDA check; the check in question, if available, or any identifiable portions thereof; and, any other supporting documentation.

140706. Files. Approved claims and supporting documentation, or copies of the same where the originals have been transferred to the supporting DFAS Center or OPLOC, shall be retained by the DO as part of the retained records.

1408 ADJUSTMENT OF CHECK ISSUE DISCREPANCIES

140801. General. This section sets forth the actions necessary to effect adjustments of LDA differences chargeable to DOs. These adjustments shall be made and recorded in the accounts of the DO immediately upon discovery. The procedures described herein do not apply to voided or spoiled LDA checks or to canceled LDA checks which were discussed in sections 1404 and 1406 of this chapter. LDA check issue discrepancies are disclosed in internal audit reports, by the GAO's audit, or by control measures initiated by the DO. These differences occur when the LD pays a check in an amount different from the disbursement voucher and the record of checks issued; the disbursing office draws a check to the wrong payee; the disbursing office issues a check in an amount different than the amount shown on the disbursement voucher; the disbursing office voids, spoils, or cancels a valid check in error while at the same time issuing the check that was the subject of the action to void, spoil, or cancel; or the payee advises of a possible overpayment or under-payment.

140802. Recording Limited Depositary Check Issue Overdrafts and Underdrafts. As soon as the DO is aware of a check issue difference (regardless of the U.S. dollar value) an

OF 1017-G shall be prepared in original and three copies to record the overdraft or underdraft. A complete explanation of the difference shall be shown on the form, including a description of the check (check number, date, amount, payee, account number, and LD name) and identification of the related disbursement voucher. The original OF 1017-G shall be attached to the DO's SF 1219, a copy shall be attached to the SF 1149, and the two remaining copies shall be placed in a file and used as the DO's official subsidiary record of the uncleared difference comprising the DO's accounts receivable and/or accounts payable.

140803. Adjustments During The Current Accounting Period. Documentation for adjustment of check issue discrepancies applying to the current accounting period, which are disclosed and adjusted in the current accounting period, shall not be furnished with the SF 1149. These documents are required for internal processing and shall be maintained with the other retained financial records. Differences disclosed during the current accounting period which cannot be adjusted until a subsequent accounting period shall be documented as prescribed in paragraphs 140804, 140805, and 140806, below.

140804. Adjustments of Check Issue Overdrafts of More Than $1. When it is determined that an LDA check has been issued for more than the amount shown on the disbursement voucher and the amount reported in the LDA reports, prepare an OF 1017-G as described in paragraph 140802, above and enter the amount as a decrease to the LDA on line 6.1 and an increase to accounts receivable on line 7.2A of the DD Form 2657. If the overdraft is an actual overpayment to the payee, the DO shall commence collection action. When recovery is made on the overpayment, the DO shall deposit the funds in the LDA and enter the amount as an increase on line 6.1 and a decrease on line 7.2A of the DD Form 2657. Prepare an OF 1017-G to document this transaction. Do not prepare a collection voucher. If the overdraft is due to not having charged the appropriation for the total amount of the check, prepare a one-sided SF 1081 to charge the overdraft to the appropriation cited on the original disbursement voucher. Include a complete explanation of the adjustment on the SF 1081 and process the voucher as a disbursement on line 4.1A and a decrease to accounts receivable on line 7.2 of the DD Form 2657.

140805. Adjustments of Check Issue Underdrafts of More Than $1. When it is determined that a check has been issued for less than the amount shown on the disbursement voucher and the amount shown on the depositary reports prepare an OF 1017-G as described in paragraph 140802, above and enter the amount of the underdraft as an increase to line 4.1E and an increase to line 6.1 of the DD Form 2657. Prepare a one-sided SF 1081 crediting deposit fund account, Accounts Payable - Check Issue Underdrafts, **X6999. If the underdraft is due to charging the appropriation cited on the disbursement voucher more than the amount of the check, prepare an SF 1081 charging deposit fund account **X6999 and crediting the appropriation charged on the original voucher. If the underdraft is due to issuing the check for less than the amount on the original voucher, prepare an SF 1049 charging deposit fund **X6999 and issue a check to the original payee for the amount of the underdraft. Record the check and the SF 1049 as a new transaction in the LDA and on the DD Form 2657.

140806. Clearing Overdrafts and Underdrafts of $1 or Less. When it is determined that an overdraft or underdraft of $1 or less exists, prepare an OF 1017-G as described above for overdrafts and underdrafts over $1. However, LDA check issue differences equal to $1.00 or less in U.S. currency, even though they shall be recorded in the DO's accounts, will not be liquidated by collection from overpaid payees, payment to underpaid payees, or adjustments to appropriation or fund accounts which were over- or under- charged in the original processing of the voucher and issuance of the check. Instead, the procedures in the following paragraphs shall be used.

A. Clearance of Overdrafts Equal to One U.S. Dollar or Less. At the close of each fiscal year the DO shall prepare a one-sided SF 1081 for the cumulative total of all outstanding check issue overdrafts with a U.S. dollar value of one dollar or less. The SF 1081 shall charge the O&M appropriation of the disbursing activity and credit accounts receivable. Show a complete description of the transaction including a listing of the OFs 1017-G being cleared.

B. Clearance of Underdrafts Equal to One U.S. Dollar or Less. At the close of each fiscal year the DO shall liquidate all outstanding underdrafts for check issue differences with a U.S. dollar value of one dollar or less by processing an SF 1081 to transfer the cumulative total of these accounts payable from deposit fund **X6999 to miscellaneous receipt account, Forfeiture of Unclaimed Money and Property, **1060. If a payee requests payment of the underpaid amount at any time after the DO has processed the OF 1017-G for the underdraft but before the end of the fiscal year, the DO shall validate the claim and, if necessary, issue a check charging the original appropriation for the disbursement. Claims received after the outstanding underdraft has been cleared as prescribed in this paragraph shall be referred to the supporting DFAS Center.

140807. Clearing the Subsidiary Account Files. When the adjustment action has been completed, collection made, or additional check issued, mark the two file copies of the OF 1017-G with the appropriate legend: See Deposit Ticket No. _____, dated _____; See Check No. _____, dated _____; or, See Adjustment Voucher No._____, dated _____. Submit one of the annotated copies with the SF 1149 at the close of the accounting period. File the remaining copy with the DO's retained records for the LDA.

1409 DOCUMENTATION OF LIMITED DEPOSITARY ACCOUNT TRANSACTIONS

140901. General. DOs are responsible for maintaining the controls and safeguards necessary to assure the drawing of LDA checks in strict conformity with disbursement vouchers as certified. LDAs are a part of the DO's accountability for public funds and are not recorded in agency accounting records until disbursements and collections are properly vouchered. For this reason, records maintained by the DO shall be complete, accurate, and auditable to insure the integrity of the LDAs.

140902. SF 1149 (Statement of Designated Depositary Account). Within 30 days following the close of each calendar month, an SF 1149 shall be prepared and submitted by the DO holding an open LDA and by accountable individuals charged with the settlement of closed accounts. The SF 1149 shall be prepared by the account holder closing an LDA on the last business day and submitted within 5 days after the LDA is closed. When an LDA is closed, the final SF 1149 shall be marked "FINAL" at the top of the form. The SF 1149 shall be prepared in an original and two copies if the LDA holder is the DO, and in an original and three copies if the account holder is an agent of the DO. The SF 1149 shall be supported by:

A. An LD bank statement for the period or a certified list of paid checks;

B. A record of checks issued;

C. A schedule of spoiled and voided checks and the checks themselves;

D. A copy of every SF 1098 issued during the reporting period canceling available checks and the checks themselves;

E. A copy of every SF 1098 issued during the reporting period canceling unavailable checks with the LD's letter acknowledging cancellation of the unavailable checks;

F. A copy of each OF 1017-G issued during the accounting period to transfer uncurrent checks or report/clear check issue discrepancies;

G. Original checks returned or recovered after a substitute check has been issued; any mutilated or defaced checks received from claimants;

H. A schedule of deposits made to the LDA during the accounting period, showing date and amount of each deposit;

I. A list of outstanding checks showing check number, date, and amount; and

J. A copy of the SF 1219.

140903. Preparation of SF 1149. Information necessary for the preparation of the SF 1149 is shown in the following paragraphs. See figure 14-1 for an example of a completed SF 1149.

A. Heading

1. Name (Disbursing official or cashier). Enter the name of the account holder.

2. Name (Funds advanced by). If the DO is the account holder, leave BLANK, otherwise enter the name of the DO who advanced the funds used to establish the LDA.

3. Station or Office. Enter the name and address of the activity to which the account holder is assigned.

4. Name of Depositary. Enter the name of the financial institution maintaining the LDA. A separate SF 1149 is required for each financial institution.

5. Location of Depositary. Enter the address of the financial institution maintaining the LDA.

6. Account Number. Enter the account number shown on the statements received from the LD. A separate SF 1149 is required for each LDA.

7. Accounting Period. Enter the from/to days of the calendar month being reported by the SF 1149.

8. The Monetary Unit of This Account Is. Enter the complete name of the monetary unit on deposit with the LD (i.e., French Francs, not merely FRANCS which may be Belgian, Nigerian, or Swiss to cite a few of the nations using that currency name).

B. Summary of Transactions. Enter the amounts in the applicable foreign currency on lines 1 through 12, as explained below, and on the reverse of the form.

1. Line 1 - Checkbook Balance at Close of Previous Period. Enter the amount shown on line 18 of the preceding month's SF 1149. The figure shall agree with the amount on line 6.1 of the preceding SF 1219 unless the DO has more than one LDA.

2. Line 2 - Deposits to Official Credit

a. Transfers. Enter amounts of wire transfers or similar transactions into the account.

b. Others. Enter the total of all deposits made by the DO or account holder during the month. Attach a listing showing the date and amount of each deposit.

3. Line 3 - Checks Canceled This Period. Enter the total of all checks canceled by SF 1098 (both available and unavailable checks shall be included). Attach a copy of each SF 1098, the checks that have been canceled, and copies of the bank's acknowledgement on unavailable check cancellations. Note: Disregard instructions for Line 3 on the reverse of the SF 1149 requiring submission of SF 1184.

4. Line 4 - Undeliverable Checks Credited This Period. LEAVE BLANK. No entry necessary. These amounts are included in Line 3. Note: Disregard instructions for Line 4 on the reverse of the SF 1149 requiring submission of SF 1185 schedules.

5. Line 5 - Adjustments. Enter the total adjustment increases during the month (i.e. check issue underdrafts or interest credited to the account) and attach a copy of the OFs 1017-G, a detailed explanation of each adjustment, or the depositary's credit memos for the increases.

6. Line 6 - Uncurrent Checks. Enter the amount of uncurrent LDA checks which were transferred to Treasury Department account 20X6045 during the month. Attach a copy of the uncurrent check listing and a copy of the OF 1017-G to the SF 1149.

7. Line 7 - Total To Be Accounted For. Add lines 1 through 6 and enter the total on this line.

8. Line 8 - Total Checks Drawn This Period. Enter the total of all LDA checks issued during the period. Voided checks are reported as zero dollar amount checks. Spoiled checks are reported as zero dollar amount checks when replaced by another serially numbered check. Replacement of spoiled checks by control checks does not change the check issue records because the check serial number of the original check is assigned to the control check. Attach carbon copies of the checks issued or, if the carbon copies are not available, attach a detailed listing of all checks issued showing location of the disbursing office, check number, check date, and check amount. Substitute checks are reported, but the amount of the check is omitted. If a listing is furnished instead of carbon copies of the checks, identify the substitute check as such on the listing, omit the amount and insert the number and date of the original check on the same line as the serial number of the substitute. The carbon copies of the checks or the detailed listing may be amended by a signed, handwritten, correction from the account holder for voided checks discovered before the submission of the SF 1149.

9. Line 9 - Uncollectible Checks Returned by the Depositary. Enter the total of all dishonored checks returned by the LD. Attach a schedule showing the check number, date, payee, and amount of each dishonored check and the date and amount of the deposit slips under which they were deposited.

10. Line 10 - Adjustments. Enter the total adjustment decreases during the month (i.e. check issue overdrafts or fees for returned checks) and attach a copy of the OFs 1017-G, a detailed explanation of each adjustment, or copies of the LD's debit memoranda supporting the decrease.

11. Line 11 - Total. Add lines 8 through 10 and enter the total on this line.

12. Line 12 - Checkbook Balance Close of Period. Subtract line 11 from line 7 and enter the result on this line.

C. Reconciliation. Prove the checkbook balance by completing lines 13 through 19 as explained below and on the reverse of the SF 1149.

1. Line 13 - Balance Per Bank Statement. Enter the balance from the LD bank statement and attach a copy of the statement to the SF 1149.

2. Line 14 - Add: Deposits in Transit. Enter the total of deposits included in the amount on line 2 that were not shown on the bank statement. Attach a listing of the date and amount of each deposit not shown on the bank statement.

3. Line 15 - Total. Add lines 13 and 14 and enter the total on this line.

4. Line 16 - Deduct: Outstanding Checks. Enter the total of any checks not shown as paid on the current and all preceding bank statements. Verify that checks shown on this line have been reported on line 8 of previous SFs 1149. Attach a listing showing the check number, date, and amount of each outstanding check.

5. Line 17 - Deduct: Deposits Not Credited By (Disbursing Officer or Cashier). Enter the amount of deposits listed on the bank statement and not reflected in the checkbook balance (Line 12). The only acceptable reason for an entry on this line is an LD bank error crediting the wrong account. A detailed list showing the amount and date of each deposit shall support an entry on this line.

6. Line 18 - Balance Per Checkbook. Subtract the sum of lines 16 and 17 from the amount entered on line 15 and enter the result here. The amount entered on this line shall equal the amount entered on line 12 or the LDA has not been properly reconciled. Recheck all entries on lines 1 through 18 to determine source of the error.

7. Line 19 - U.S. Dollar Equivalent. The amount shown on this line shall be the U.S. dollar equivalent of the monetary units shown on line 12 and as reported on the SF 1219. Convert the amount shown on line 12 to its U.S. dollar equivalent using the rate of exchange from line 20. When the account has been properly reconciled, the values of line 12 and line 18 are the same and the U.S. dollar equivalent shall be the same for the adjusted bank balance and the adjusted checkbook balance.

8. Line 20 - Rate of Exchange. Use the official rate of exchange expressed as the units of foreign currency equal to one U.S. dollar carried to at least two decimal points (100th of one foreign currency unit). This rate shall be the same rate used to determine the U.S. dollar value shown on the Line 6.1 of the SF 1219 for the month.

D. Checks Used This Period. Enter the check serial numbers in the blank spaces provided. The beginning check serial number should be one number greater than the ending check serial number from the preceding month's SF 1149. Check serial numbers should run in ascending order from one report to the next.

E. Date and Signature

1. Date. Enter the date the SF 1149 is prepared.

2. Signature of Disbursing Officer or Cashier. The account holder shall sign in the space provided. If the account holder is not the DO, the statement shall be countersigned by the DO above the signature of the account holder before the SF 1149 is forwarded to the servicing DFAS Center.

140904. SF 1098 (Schedule of Canceled or Undelivered Checks). LDA checks being canceled because the payee is not entitled to the proceeds of the check or because the check cannot be delivered to the payee shall be vouchered on an SF 1098. Procedures for processing undeliverable checks are in paragraph 140503, above, and procedures for processing canceled checks are in section 1406, above. In cases where an SF 1098 is required, a single form may be used if the checks being scheduled are all drawn on the same LDA and are all being canceled, or are all undeliverable. Multiple SFs 1098 are required if the checks were drawn on more than one LDA or if the checks being scheduled are a mix of canceled and undelivered checks. Do not include checks to be canceled on the same SF 1098 with checks which are undeliverable. LDA checks charged to different appropriations or funds and drawn on the same LDA do not need to be scheduled on separate SFs 1098. Prepare the SF 1098 as prescribed in the following paragraphs. See figure 14-2 for an example of a completed SF 1098.

A. Heading

1. Insert the phrase "Limited Depositary Account" at the top of the form.

2. Enter an "X" in the "Canceled" block for canceled checks.

3. Enter an "X" in the "Undelivered" block for undelivered checks. Only one block shall be marked. Both blocks are never marked on the same form.

B. Department or Establishment. Enter the appropriate Component title. For example: U.S. Army; U.S. Air Force; U.S. Navy; Defense Logistics Agency; or Defense Finance and Accounting Service.

C. Schedule Number. Enter the collection voucher number.

D. Bureau or Office. Enter the name and address of the disbursing activity.

E. Sheet Number. Enter the page number and total number of pages comprising the SF 1098 (1 of 2; 2 of 2; 1 of 4; etc.). If there is only one page leave blank.

F. Location. Enter the name of the limited depositary bank and the account number.

G. D.O. Symbol Number. Enter the DSSN of the account holder or the DSSN of the account holder's DO in the case of an agent account holder.

H. Accounting Period. Leave blank.

I. Agency Location Code. Leave blank.

J. Body. Record all information for each check listed on the SF 1098.

1. Date of Issue, Check Number, Payee. Enter the information shown on the check or on the bank confirmation for unavailable checks.

2. Voucher Number Applicable. Enter the disbursement voucher number supporting the original check issue.

3. Amount. Enter the U.S. dollar equivalent of the check at the rate of exchange in effect on the date the check was issued (as shown on the payment voucher).

4. Symbol of Appropriation or Fund to be Credited. Enter the accounting data to which the proceeds will be credited.

5. Total. Enter total of all checks listed on the SF 1098. If the SF 1098 consists of more than one page, ensure the total reflects the entire submission.

K. Signature Element

1. Date of Deposit Ticket. Leave blank.

2. Forwarded. Leave blank.

3. By (Name). Enter the name of the account holder.

4. Disbursing or Accountable Officer. Enter the name of the DO.

5. Date. Enter the date the SF 1098 data was entered in the DO's records. Do not use the date the SF 1098 was signed unless the signature date and the date entered in the DO's accounts are the same.

6. Title. Leave blank if the account holder is the DO, otherwise enter the title of the agent holding the account.

140905. OF 1017-G. Journal vouchers are prepared to document the DO's accountability when disbursement or collection vouchers from the functional areas are not appropriate. The transfer of the proceeds of uncurrent checks and adjustments of check issue discrepancies are transactions that shall be documented by the DO with an OF 1017-G. Prepare the form as indicated in the following paragraphs.

A. Heading. Type the month and year the transaction is recorded into the DO's accountability in the upper left hand corner of the form. Type the DSSN and name of the DO in the upper left hand corner of the form immediately below the month and year.

1. J.V. No. Enter the sequential journal voucher number assigned for this transaction.

2. Date. Enter the date the OF 1017-G is prepared.

B. Body of the Form

1. Reference. Enter the voucher number, date, and other identification for the disbursement of the uncurrent check or the check overdraft or underdraft.

2. Explanation. Provide a narrative explaining the purpose for the form and a description of the check containing the DSSN of the issuing activity. check serial number, check date, and payee. Also, supply the identification of any vouchers or other documents associated with the transaction.

3. Debit. Enter the amount to be charged (in U.S. dollar equivalent) and under it, enclosed in parentheses, show the appropriation classification data to be used to enter the disbursement in the financial records.

4. Credit. Enter the amount to be credited (in U.S. dollar equivalent) and under it enter the appropriation classification data to be used to enter the collection in the financial records.

5. Total. Enter the total debit and/or credit amount for all items listed in the body of the form.

C. Signature Element

1. Prepared By (Signature) and (Title). The account holder shall sign and enter his or her typewritten title.

2. Approved By (Signature) and Title). The DO shall sign and enter his or her typewritten title.

1410 TRANSFERRING AND CLOSING THE LIMITED DEPOSITARY ACCOUNT

141001. General. When the person authorized to maintain an LDA is transferred from the activity or reassigned to duties where an LDA is not required, the account shall be reconciled and closed. When an LDA is no longer required, the account holder shall reconcile the account, leave a balance in the account sufficient to cover all current outstanding checks, and turn the account over to a settlement office designated by the supporting DFAS Center. If it is necessary to continue an LDA and the account holder is an agent of the DO, the account shall be reconciled and the unexpended balance shall be transferred to the DO. If it is necessary to continue the LDA and the account holder is the DO, the account shall be reconciled and the unexpended balance transferred to the successor DO.

141002. Reconciliation of an LDA. Prior to attempting to reconcile the LDA, the account holder shall contact the LD and request an up-to-date statement of the account and, if available, all the paid LDA checks since the last bank statement. The account shall be reconciled by preparation of an SF 1149 as explained in paragraph 140902, above.

141003. Transfer of the LDA. When it is necessary to transfer the LDA to the DO or to a successor DO due to operational requirements or economic considerations, the actions in the following subparagraphs shall be taken.

A. By the Account Holder

1. Obtain an up-to-date bank statement from the LD.

2. Reconcile the LDA.

3. Prepare a list of the outstanding LDA checks and provide it to the individual charged with continuing the account.

4. Give the LD with the name, official title, and address of the individual charged with continuing the account and arrange for future bank statements and paid checks to be delivered to that individual.

5. Turn over all undelivered LDA checks to the individual charged with continuing the account.

6. Issue a check payable to the transferee for the unexpended reconciled balance of the account.

7. Report the check transaction on line 10 of the final SF 1149.

8. Forward the SF 1149 and a list of the outstanding checks to the supporting DFAS Center or OPLOC.

9. Enter the amount of the unexpended balance and give a complete description of the check issued to the individual continuing the account as an Other Cash Item on line 7.9 of the SF 1219.

10. Return any unused checks belonging to the LD to that institution for disposition. If the unused checks were purchased by the disbursing activity, deliver them to the individual continuing the account.

B. By the Person Continuing the Account

1. Verify the LDA is in balance before relieving the account holder and ensure that a balance sufficient to satisfy all outstanding checks remains in the LDA.

2. Notify the LD of the new check signing and account holder identities.

3. Deposit the check received from the previous account holder for the unexpended balance and show the check amount on line 2 of the SF 1149 in the first monthly report of the individual continuing the account.

4. Make all required reports and process all transactions as prescribed in the procedures for the maintenance of LDAs in this chapter.

141004. Closing the LDA. When an LDA is no longer required the procedures to close the account are explained in the following subparagraphs.

A. By the Account Holder

1. Notify the servicing DFAS Center and request designation of a settlement office for liquidation of the account.

2. Request an up-to-date statement of the account from the LD.

3. Prepare a list of outstanding checks showing the name of the LD, check number, date, payee name and SSN, payee address, voucher number under which the check was disbursed, amount in units of foreign currency, amount of the check in equivalent U.S. dollars at the time of issue, DSSN and name of the DO under whose authority the account was established.

4. Prepare a letter for the commander's signature, in triplicate, advising the LD that the account will be closed with the withdrawal of the unexpended balance and that an amount sufficient to cover all outstanding checks will remain in the account. Give the LD the name, official title, and address of the settlement officer and request that future statements and paid checks, if available, be forwarded until the account balance is depleted. Request the LD to acknowledge acceptance by signature and to retain the original and return two signed copies to the activity. One of the signed copies shall be retained by the account holder.

5. Prepare an LDA check, payable to the DO (by title) under whose authority the account was established, for the unexpended balance of the account. The DO shall cash the check and take it up in the SF 1219 by reducing line 6.1 and increasing line 6.2 by the amount of the check.

6. Reconcile the account and prepare a final SF 1149 as of the last day of business showing a zero checkbook balance on lines 12 and 18. The ending balance in the account shall be the total amount of the checks shown on the list of outstanding checks and on line 16.

7. Forward to the designated settlement office all undelivered checks; a copy of the final SF 1149; a copy of the up-to-date bank statement furnished by the LD; a signed copy of the letter advising the LD of closure of the account; a copy of the check issued for the unexpended balance of the account; and the list of outstanding checks.

8. Unused LDA checks belonging to the LD shall be returned to that institution for disposition. Unused LDA checks purchased by the disbursing activity shall be stored and disposed of in the same manner as Treasury checks. No certificate of destruction or notification to DFAS or to the Treasury Department is required when LDA checks are destroyed.

B. By the Designated Settlement Office

1. Verify the LDA is in balance before accepting accountability from the DO.

2. Use the documentation provided by the account holder to validate transactions in the LDA.

3. Render the monthly SF 1149 as prescribed in paragraph 140902, above using the documentation provided by the account holder and the statements furnished by the LD after the account is closed.

4. Transfer the proceeds of uncurrent checks to the Treasury Department as prescribed in paragraph 140502, above.

5. Issue replacement checks as prescribed in paragraph 140703, above.

6. When necessary, dispose of undeliverable checks as prescribed in paragraph 140503, above.

STANDARD FORM 1149
Revised March 1962
Dept. of the Treasury
1 TFM 4-8000

STATEMENT OF DESIGNATED DEPOSITARY ACCOUNT

NAME OF DISBURSING OFFICER OR CASHIER SMSGT Joe L. Smith	NAME *(Funds advanced by)* Maj Eugene L. Doe, USAF
STATION OR OFFICE USDAO, US Embassy, Brindisi, Italy	
NAME OF DEPOSITARY Banca Commerciale Italiana	LOCATION OF DEPOSITARY Brindisi, Italy
ACCOUNT NUMBER *(or other designation)* as shown on depositary statement 26,042/00	
ACCOUNTING PERIOD From 1 Jun 19XX	To 30 Jun 19XX
MONETARY UNIT OF THIS ACCOUNT Italian Lire	

(SEE REVERSE SIDE FOR LINE INSTRUCTIONS)

1. Check-book balance at close of previous period		97,564	
2. Deposits to official credit:			
Transfers	0		
Others	6,217,187	6,217,187	
3. Checks canceled this period		0	
4. Undeliverable checks credited this period		0	
5. Adjustments		0	
6. Uncurrent checks		0	
7. TOTAL TO BE ACCOUNTED FOR			6,314,751
8. Total checks drawn this period		6,305,639	
9. Uncollectible checks returned by depositary		0	
10. Adjustments		0	
11. TOTAL			6,305,639
12. Check-book balance close of period			9,112
RECONCILIATION			
13. Balance per bank statement			101,791
14. Add: Deposits in transit			0
15. TOTAL			101,791
16. Deduct: Outstanding checks			92,679
17. Deduct: Deposits not credited by			0
(Disbursing officer or cashier)			
18. Balance per check book			9,112
19. U.S. dollar equivalent			
20. Rate of exchange 1,983 per $1.00			

CHECKS USED THIS PERIOD

BEGINNING SERIAL NUMBER 24,009	ENDING SERIAL NUMBER 24,057

I certify that the above statements and supporting data are correct and in accordance with applicable regulations.

DATE 15 July 19XX	SIGNATURE OF DISBURSING OFFICER OR CASHIER

NSN 7540-00-682-6749 PREVIOUS EDITION USABLE 1149-105

Figure 14-1. Sample SF 1149 (Statement of Designated Depositary Account)

STANDARD FORM 1149 (REV. 3-82) BACK

LINE INSTRUCTIONS

1. Report the balance in checking account carried forward from previous statement.
2. Enter the totals of all deposits, segregating transfers, made to the checking account during the month and submit a list showing date and amount of each deposit.
3. Show the total of all checks canceled during the report period, to be supported by corresponding Schedules of Canceled Checks, Standard Form 1098, and Unavailable Check Cancellation, Standard Form 1184.
4. Show on this line the total of credits to the checking account for undeliverable checks which have been credited to appropriation or fund accounts as supported by Standard Form 1185 schedules.
5. Report the total of all adjustments increasing the accountability during the report period. A detailed explanation should support each adjustment.
6. Add the total of checks that became uncurrent at the close of the fiscal year. A complete detailed listing of each uncurrent check should support the y on this line.
7. Show the total of lines 1 through 6, reflecting total accountability for the report period.
8. The grand total of all checks drawn for the period will be shown here. A complete detailed list or check carbon copies should be submitted.
9. The total of uncollectible checks returned by the depositary during the report period will be shown here with supporting schedules showing the date and amount of the original certificate of deposit or deposit slip.
10. Enter the total of all no-check adjustments processed during the period which reduces the accountability, and submit a supporting detailed explanation of each adjustment.
11. Show the total of lines 8 through 10. This amount represents the total decrease in the checking account accountability for the report period.
12. The figure shown here will be the difference between the totals on lines 7 and 11.
13. Show on this line the balance of funds in the checking account as shown on the bank statement. Support with bank statement.
14. Show the total of all deposits in transit to the checking account, the amounts of which have been included in line 2. A detailed list showing the amount and date of each deposit must support this line amount.
15. Show here a total of lines 13 and 14.
16. Report here the total of outstanding checks in the account. Support this figure with a detailed listing of each check.
17. Report here the total of outstanding checks in the account. Support this figure with a detailed listing of each check.
18. The amount on this line should be the same as the total shown on line 12. If not, explain in detail.
19. The amount shown on this line will be the U.S. dollar equivalent of the monetary units shown on line 12 and as reported on the Statement of Accountability.
20. Show here the rate of exchange used in the conversion shown on line 19.

*U.S. GOVERNMENT PRINTING OFFICE : 1982 0 - 361-526 (8010)

Figure 14-1. Sample SF 1149 (Statement of Designated Depositary Account) (Back)

STANDARD FORM 1098
Revised July 1980
Department of the Treasury
1 TFM 4-7000
1098-110

"Limited Depositary Account"

SCHEDULE OF CANCELED OR UNDELIVERED CHECKS

CANCELED ⌫ UNDELIVERED ⌦

DEPARTMENT OR ESTABLISHMENT	SCHEDULE NUMBER
USAF	CF000001
BUREAU OR OFFICE 487 CSG/ACF Banco Di Sicilia Acct #572654	SHEET NUMBER
LOCATION Comiso ASIT APO AE 09694	D.O. SYMBOL NO. 8479
ACCOUNTING PERIOD	AGENCY LOCATION CODE (ALC)

DATE OF ISSUE	CHECK NUMBER	PAYEE	VOUCHER NUMBER APPLICABLE	AMOUNT	SYMBOL OF APPROPRIATION OR FUND TO BE CREDITED
10/12/XX	00,011,921	Ruth Savage 375,000L@.00800	F000001	300.00	57*3500
10/13/XX	00,012,001	Tom Grant 686,400L@.000758	F000002	520.00	57*3400
TOTAL				820.00	

The amount of the above check(s) was deposited for credit in the account of the U.S. Treasury, on deposit ticket no.	DATE OF DEPOSIT TICKET	FORWARDED *(Date)*
DISBURSING OR ACCOUNTABLE OFFICER Jonathon Andrews	DATE 10/15/XX	BY *(Name)* TITLE Deputy Disbursing Officer

NSN 7540-00-634-4287 PREVIOUS EDITION NOT USABLE

Figure 14-2. Sample SF 1098 (Schedule of Canceled or Undelivered Checks)

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CHAPTER 15

FOREIGN CURRENCY ACQUIRED WITHOUT PURCHASE

1501 SCOPE AND APPLICABILITY

150101. General. This chapter identifies policies relating to the acquisition and handling of foreign currencies obtained by DOs without purchase for dollars and not carried in their dollar accountability. These currencies are acquired under the provisions of foreign assistance or foreign agricultural development programs. They are lodged in special accounts reserved for foreign transactions not involving foreign currency purchased with U.S. dollars and are called "FT" accounts. The requirements of this chapter are derived from Part 2, chapter 3200 and Part 4, chapter 9000 of the Department of the Treasury Financial Manual for Guidance of Departments and Agencies (reference (m)).

150102. Legal Authority. FT accounts are established by the Treasury Department to provide local foreign currency for program expenditures in-country and delay draw downs on the Treasury's General Account. These funds are most often received for the sale of surplus U.S. agricultural commodities under the Agriculture Trade Development Act of 1954, Public Law 83-480 (P.L. 83-480), as codified in 7 U.S.C. 1704 (reference (bo)). Funds may be made available from this source to satisfy DoD requirements for foreign currency in countries having Currency Use Payments (CUP) agreements under P.L. 83-480.

150103. Collections. For the purposes of this chapter, collections are defined as all acquisition of foreign exchange, including refunds or returns of payments, made in foreign currency not purchased with U.S. dollars.

★ 150104. Availability. When FT funds become available, the United States Disbursing Officer (USDO) controlling those funds will determine the DoD foreign currency requirements by contacting the American Embassy in-country. DOs shall keep the American Embassy in-country advised of their foreign currency requirements at least once each calendar year. When the DOs are advised of the availability of FT funds, they shall address a written request for foreign currency to the Deputy Director for Finance, DFAS Headquarters, through the supporting DFAS Center. The request shall identify the DO to receive the funds, the activity to which the DO is attached, and the amount in foreign currency units of funds requested. DFAS Headquarters will forward a written request to the USDO for transfer of funds. The transfer and receipt of foreign currency obtained in this manner must be recorded in the financial records of the USDO and the DO in the same calendar month.

150105. Records. FT funds shall be recorded in a separate subsidiary record and reported separately from foreign currency purchased with U.S. currency. FT funds shall not be co-mingled with foreign currency purchased with U.S. currency or refunds and returns of U.S. funded foreign currency payments. FT funds shall not be included with U.S. currency and

foreign funds purchased with U.S. currency reported on the SF 1219. FT funds subsidiary records shall be maintained in units of the foreign currency involved. Subsidiary records shall be maintained in such a way as to readily disclose the balance of foreign currency available for the DO's use.

1502 FOREIGN EXCHANGE STANDARDS

150201. Uniform Reporting. The requirements in this section are established to achieve comparability and consistency among DoD Components in the reports they submit on foreign exchange transactions. These procedures are not intended to place prohibitive limitations on the content of individual DFAS Center reports. Modifications of prescribed reporting formats are permitted as long as they are restricted to special columns, explanatory notes, or other devices that do not destroy the integrity of the basic data and the nature, extent and purpose of the modifications are fully disclosed. Material modification must be cleared, in advance, through DFAS Headquarters before being incorporated in any report.

150202. Consistency Between Reports. Foreign currency reports shall be consistent with regularly published Treasury Department foreign currency reports as to foreign currency units used by other nations and as to their U.S. dollar equivalent.

150203. Monthly Statement of DOs. Transactions and balances of foreign currency held outside dollar accountability (i.e., not shown on the SF 1219 by DOs) shall be submitted monthly on the DD Form 1363 (Statement of Transactions and Accountability (FT Accounts)). A separate DD Form 1363 must be submitted for each FT account. Amounts shall be stated in foreign currency units. Transactions shall be classified to provide for separate identification of receipts, disbursements, sales for dollars, transfers, conversion to third country currency, and other types of activity, if needed.

150204. Semiannual Statement of Balances. The Treasury Department will extract the information in this report from its central accounts. The report shall show the foreign currency balances held by DOs, in units of the foreign currency and their U.S. dollar equivalent. Foreign currencies held under U.S. dollar accountability shall not be included in this report. The Treasury Department will furnish two copies of the initial statement to DFAS Headquarters at the end of each semiannual period during which DOs have held foreign currency balances outside their U.S. dollar accountability. DFAS Headquarters will review the statement for agreement with its records and reconcile any discrepancies with the cognizant DO within seven working days of receipt from the Treasury Department. One copy of the accepted or adjusted statement, which will be the final statement, will be returned to the Treasury Department under a cover letter stating that the statement: has been reviewed and adjusted if necessary; is in agreement with the records and reports of DFAS; and is a complete statement of the foreign currency balances held by DOs. DFAS Headquarters review and return of the statement should be accomplished within ten days of receipt from the Treasury Department. The Treasury Department will prepare the statement as of March 31 and September 30 each fiscal year.

1503 ADMINISTRATION OF FOREIGN EXCHANGE

150301. Collections. (See definition at paragraph 150103, above). Foreign exchange received by DOs shall be deposited no later than the next regular business day to the credit of the Treasury Department in FT receipt accounts designated by the collecting agency or activity. DOs shall maintain records showing collections by source, Treasury Department receipt accounts to be credited with the dollar proceeds of the collection, and any restrictions on the use of the foreign exchange collected.

150302. Depositaries. Foreign exchange held for the account of the Treasury Department shall be deposited only in depositaries designated by the Treasury Department. Foreign exchange shall be deposited in an interest bearing account whenever practicable. Foreign exchange held for the account of the Treasury Department, or any other agency of the U.S. Government, shall be deposited in a separate account and not co-mingled with funds held by DOs for their own official limited depositary account.

150303. Documentation of Foreign Exchange Transactions. Forms normally used for U.S. currency disbursements and collections shall be used for foreign exchange transactions. However, FT funds received by transfer from a USDO and interest earned on FT fund deposits must be reported on separate vouchers and not co-mingled with other collection transactions. The summary record of FT transactions is the DD Form 1363 prepared monthly and submitted to the servicing DFAS Center in the original and two copies along with the original and one copy of each voucher for FT transactions. Copies of the DD Form 1363 and related vouchers shall be retained for the DOs records. DFAS Centers shall forward a copy of the DD Form 1363 as soon as possible after the close of the reporting month, but no later than the 20th calendar day of the next month, to: Department of the Treasury, Financial Management Service, Budget Reports Branch, Financial Reporting Division, Liberty Center, Attn: GAO Building. Room 1731, Washington, DC 20227. Telephone (202) 566-6841.

150304. Withdrawals From Treasury Department Accounts. DOs reporting foreign exchange on DD Form 1363 shall make no withdrawals from the accounts in which those funds are held without authorization from the Treasury Department. The Treasury Department will authorize withdrawals only for sale for U.S. dollars or transfer to agencies for authorized purposes, without reimbursement to the Treasury Department, as provided by law. DOs requiring foreign exchange for authorized purposes shall submit their request to the Treasury Department through the supporting DFAS Center and DFAS Headquarters. Requests shall identify the DO requiring the foreign exchange by name and location and specify the number of foreign currency units needed.

150305. Exchange Rates. The Treasury Department reporting rate shall be used to establish the U.S. dollar value of FT foreign currency. These rates are published on the first day of each quarter by the Treasury Department. The rates published at the beginning of a quarter shall be used to value the FT currency at the close of the preceding quarter and for all FT transactions and balances in the current quarter, except for the closing balance of the current

quarter. For example, the rate published on April 1 would be applicable to the balance as of March 31, to the transactions for April, May, and June, to the balances of April 30 and May 31. The rate published for July 1 would apply to the balance of June 30. Amendments to the published quarterly rate will be made during a quarter if the rate changes by 10 percent or more, or a new currency unit is established. The published rate will usually be rounded to four significant digits.

150306. Transaction Valuations

A. Refunds and Reverse Transaction Items. For reporting purposes these items are valued at the Treasury Department reporting rate on the date they occur, not at the rate used for the original transaction. Adjustments shall be made to financial records to reflect exchange rate fluctuations.

B. Sale of FT Currency for U.S. Dollars. The sales transactions of FT currency are recorded at the Treasury Department reporting rate in effect on the date of the sale. The value of the FT currency sold and the U.S. dollar proceeds of the sale shall always be equal and no gain or loss by exchange occurs.

C. Sale of FT Currency for Another Foreign Currency. The Treasury Department reporting rate shall be applied to the FT currency disposed of and the equivalent U.S. dollar value shall be assigned to the foreign currency acquired. This creates a "wash" transaction. However, if the Treasury Department reporting rate for the currency acquired is different from the U.S. dollar value assigned as a result of the sale, an accounting adjustment must be made to record the difference.

★ 150307. Conversion of Currencies. DOs shall report the amount of currency available for conversion to another foreign currency or to U.S. dollars held in FT accounts each time the available FT balance reaches the equivalent of $10,000 in U.S. dollars. FT balances available for conversion are limited to loan repayments under 7 U.S.C. 1704 (reference (bo)) where the parties have entered into an agreement stipulating 2 percent convertibility. These reports shall be submitted in original and one copy to the address in paragraph 150303, above.

1504 CAPTURED FOREIGN CURRENCY

The guidance contained in this section is consistent with Treasury Department procedures concerning the handling of captured foreign currency, both when there is a current market for the funds and when there is not. USDOs are the primary accountable officers responsible for accounting and reporting foreign currency not acquired by purchase with dollars. Captured foreign currencies are treated as FT funds. Captured foreign currency, both when there is a current market for the funds and when there is not, shall be delivered promptly into the custody of the USDO servicing the particular country involved. Whether there is, or is not, a current market for the funds, is a separate issue that should be dealt with after the funds have been safeguarded and accounted for by the USDO. Should any DoD DO initiate the collection of captured foreign currency, the

currency shall be safeguarded and delivered to the USDO serving that particular country as soon as possible. The DO shall not collect the funds into U.S. dollar accountability or into the DO's FT accounts, if any.

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Figure 16-1. Sample DD Form 2663 (Foreign Currency Control Record) (Back)

CHAPTER 16

FOREIGN CURRENCY RECORDS AND REPORTS

1601 SUBSIDIARY RECORDS

160101. General. All transactions involving foreign currency are treated as cash transactions and basically follow the same principles and guidelines established for controlling U.S. currency. All DOs, agents, and cashiers who engage in foreign currency transactions (collections, disbursements, and accommodation exchanges) shall maintain a record of such transactions on DD Form 2663 (Foreign Currency Control Record). The DD Form 2663 shows current balances of foreign currency on hand (all foreign currency held by cashiers, in the vault, or by other agents of the DO) and in LDAs and the detailed transactions that increase or decrease these balances. Foreign exchange (FT) account foreign currency transactions (see Chapter 15 of this volume) are not included on DD Form 2663.

160102. Requirement for Separate DD Forms 2663. Separate DD Forms 2663 shall be maintained for each type of foreign currency used (for example, Italian lira, French francs, or Japanese yen). Also, a separate DD Form 2663 shall be maintained for accommodation exchange foreign currency if it is carried at a different exchange rate than that used for disbursements. At the DO's discretion, separate DD Forms 2663 may be maintained for foreign currency on hand and foreign currency in LDAs.

160103. Preparation of DD Form 2663. The DD Form 2663 is designed for notebook-style usage. Both sections (sides) of the form must be completed to make a complete record of each line entry. An example of DD Form 2663 is shown as figure 16-1. Complete the form as follows:

A. Item 1: Date. Enter the applicable transaction date.

B. Item 2: Transaction Reference. Enter data that will enable reference to transaction source documents (e.g., voucher number, revaluation and LDA check number).

C. Item 3: Exchange Rate. Enter the foreign currency to U.S. dollar exchange rate applicable to the transaction.

D. Item 4: Collections

1. Subitem a: Miscellaneous Receipts. Enter the number of foreign currency units in the units column and the U.S. dollar equivalent of those units in the dollars column for any foreign currency collected into a Treasury Department miscellaneous receipt account.

2. Subitem b: Reimbursement/Refund. Enter the number of foreign currency units in the units column and the U.S. dollar equivalent of those units in the dollars column for any foreign currency reimbursement or refund transactions. At the DO's option, these columns may be used only for reimbursements with refunds being netted out in Item 8. Line through the word "refund" in the item heading if this option is exercised.

E. Item 5: Purchases

1. Subitem a: Government Sources. Enter the number of foreign currency units in the units column and the U.S. dollar equivalent of those units in the dollars column for any foreign currency purchases from government sources including other DOs, the Treasury Department, State Department, etc. Include foreign currency acquired from government sources that will be used for accommodation exchange purposes. However, do not include foreign currency acquired in accommodation exchange transactions.

2. Subitem b: Non-Government Sources. Enter the number of foreign currency units in the units column and the U.S. dollar equivalent of those units in the dollars column for any foreign currency purchases from non-government sources including military banking facilities and nonappropriated fund activities. Include foreign currency acquired from non-government sources for purposes of making accommodation exchanges and foreign currency acquired in accommodation exchanges.

3. Subitem c: Outlay for Accommodation Exchange. This subitem is for memorandum entry only since any foreign currency acquired in accommodation exchange transactions is included in subitem 5b, above. Enter the U.S. dollar equivalent of those units in subitem 5b associated with accommodation exchange purchases. These amounts are required for foreign currency reporting. This subitem may be left blank when a separate DD Form 2663 is maintained exclusively for accommodation exchange transactions.

F. Item 6: Country. Enter the name of the country whose currency is reported on the DD Form 2663 (e.g., France, Italy or Japan).

G. Item 7: Currency Unit Type. Enter the name of the foreign currency reported on the DD Form 2663 (e.g., Franc, Lira or Yen).

H. Item 8: Disbursements. Enter the number of foreign currency units in the units column and the U.S. dollar equivalent of those units in the dollars column for any foreign currency disbursements. If foreign currency refunds are included in subitem 4b, disbursements entered in this item should be gross disbursements. If only reimbursements are entered in subitem 4b, disbursements entered in this item should be net of refunds.

I. Item 9: Deposits/Sales/Transfers. Enter the number of units of foreign currency in the units column and the U.S. dollar equivalent of those units in the dollars column represented by accommodation exchange sales, deposits to a general depositary, or transfers to

other DOs or agents outside the DO's accountability. Do not show deposits to an LDA in this item.

J. Item 10: Gain or Loss. Enter gains or losses resulting from revaluation of foreign currency on hand and in an LDA. Include any gains or losses recognized on the basis of individual disbursement or accommodation exchange transactions. Also enter the amount of any physical losses of foreign currency. (Overages of foreign currency should be processed as a reimbursement to **F3875 or eventually as a receipt account collection. See Chapter 6 of this volume.)

K. Item 11: Sub Balance

1. Subitem a: On Hand. Enter the cumulative number of units of foreign currency in the units column and the U.S. dollar equivalent of those units in the dollars column representing the balance of foreign currency on hand (not including currency on deposit in an LDA). Entries in this subitem should be balanced (offset) by entries in other items of the DD Form 2663. The only exception is when foreign currency being carried as cash on hand is deposited to an LDA or when an LDA check is written to obtain cash on hand. Such transactions are entered as a decrease (or increase, as appropriate) in the units and dollars columns of this subitem and as an increase (or decrease, as appropriate) in the units and dollars columns of subitem 11b. Appropriate reference to such a transaction must be entered in items 1 and 2.

2. Subitem b: LDA. Enter the cumulative number of units of foreign currency in the units column and the United States dollar equivalent of those units in the dollars column representing the balance on deposit in an LDA. Entries in this subitem should be balanced (offset) by entries in other items of the DD Form 2663 except for transactions involving transfers between cash on hand and cash in an LDA as explained in the preceding subparagraph.

L. Item 12: Combined Balance. Enter the total of the units columns of subitems 11a and b in the units column. Enter the total of the dollars columns of subitems 11a and b in the dollars column.

160104. Totalling the DD Form 2663. Compute and enter column totals of items 4 through 10 at the end of each month, at the end of each quarter, and at the end of each year.

1602 FOREIGN CURRENCY REPORTS

160201. Monthly DD Form 1363 (Statement of Transactions and Accountability (FT Accounts)). This monthly report is not submitted unless DOs hold funds outside their dollar accountability. Currently, no DOs in the DoD hold such funds. Instructions for its use and disposition shall be issued by the supporting DFAS Centers when necessary.

160202. Quarterly Reports of DOs

A. Cumulative Report of Foreign Currency Purchased With U.S. Dollars from Sources Outside the U.S. Government. This report shall be submitted at the end of each quarter and is cumulative for the fiscal year. The report shall include amounts acquired through accommodation exchange transactions as well as purchases from banks and other dealers in currency exchange. The report shall be in the form of a listing under the following headings: Country of Currency; Monetary Unit; Number of Units Purchased; Total Dollar Outlay; and Memorandum - Dollar Outlay for Accommodation Exchanges. Reports shall be submitted to the supporting DFAS Center within 15 calendar days after the close of each quarter.

B. Report of the Balance of Foreign Currency Held Under Dollar Accountability. This report shall be in the form of a listing under the following headings: Country of Currency; Monetary Unit; Number of Units; Dollar Equivalent; and Rate of Exchange. The report shall be submitted at the end of each quarter to the same activity as the cumulative report on outside purchases above and may be combined with that report.

C. Report of Foreign Exchange Received by DOs and Credited Immediately to Miscellaneous Receipt Accounts of the Treasury Department. These funds are received for such things as fees and services and are immediately purchased by DOs with appropriated funds for their operating needs. Repayments to appropriations and receipts to FT accounts are excluded. The report shall be in the form of a listing under the following headings: Country of Currency; Monetary Unit; Number of Units; Dollar Equivalent; and Rate of Exchange. This report shall be submitted at the end of each quarter to the same activity as the cumulative report of outside purchases and quarterly report of balances of foreign currency on hand and may be combined with those reports.

160203. Consolidated Quarterly Reports of DOs. The DFAS Centers shall consolidate the quarterly reports of DOs detailed above and forward them as directed by DFAS Headquarters in time to be delivered to the Treasury Department 45 calendar days after the close of each quarter. Simultaneously, a copy of the combined consolidated quarterly reports of DOs or a consolidated quarterly report of foreign currency on hand only shall be submitted to the Department of Commerce.

1603 SF 1219 (STATEMENT OF ACCOUNTABILITY)

160301. General. All foreign currency balances held under a DO's dollar accountability, including limited depositary checking account balances, shall be reported on the SF 1219. All entries in the amounts column shall be expressed in their U.S. dollar equivalent. Refer to Chapter 19 of this volume for complete details on preparation of the SF 1219.

160302. Specific Entries

A. Line 1.00 - Total Accountability Beginning of Period. The amount reported here shall be the total U.S. dollar accountability of all currencies, both U.S. and foreign, and include any balances from limited depositary checking accounts expressed as a U.S. dollar

equivalent. The monetary unit/units of foreign currency holdings shall be spelled out and enclosed by parentheses immediately after the caption "1.00" in the blank space between the caption and the amount column.

B. Lines 2.00 through 4.9 - Transactions. The amounts entered on these lines shall be reported at the U.S. dollar equivalent of all transactions in all currencies, both U.S. and foreign. However, note that Line 2.1 - Checks Issued on the U.S. Treasury, refers only to U.S. Treasury checks. Limited depositary checks shall not be reported on this line. Also, note that Line 4.2 - Deposits Presented or Mailed to Bank refers only to deposits made for credit to the Treasury Department General Account. Deposits made to a limited depositary checking account in the name of the activity or the DO shall not be reported on this line.

C. Line 5.00 - Total Accountability Close of Period. The amount reported here shall be the total U.S. dollar accountability of all currencies, both U.S. and foreign, and include any balances in limited depositary checking accounts expressed as a U.S. dollar equivalent. The monetary unit/units of foreign currency holdings shall be spelled out and enclosed by parentheses immediately after the caption "5.00" in the blank space between the caption and the amount column.

D. Line 6.1 - Cash on Deposit in Designated Depositary. The name of the limited depositary bank, the U.S. dollar equivalent of foreign currency, and the monetary unit of foreign currency held in limited depositary checking accounts shall be shown on this line in the blank space provided. If more than one limited depositary checking account is maintained, a separate schedule shall be attached to the SF 1219 showing the name of each bank, location, monetary unit of currency carried, and U.S. dollar value for each limited depositary checking account.

E. Lines 6.2 through 7.9 - Analysis of Accountability. The entries in the amount columns of lines 6.2 through 7.9 shall include the U.S. dollar equivalent of any foreign currency appropriate to the line caption. The monetary units of foreign currency and the U.S. dollar equivalent shall be shown enclosed in parentheses in the blank space between the line caption and the amount column.

F. Line 8.0 - Total of My Accountability. The entry in the amount column shall equal the sum of the entries in the amount columns for lines 6.1 through 7.9. The sum of the U.S. dollar values for each of the foreign currencies shown in parentheses on lines 6.1 through 7.9 shall be shown along with the respective monetary unit enclosed in parentheses in the blank space between the caption "8.0" and the amounts column. The totals in the blank space between the caption and the amount column shall equal the entry in the amount column. The entry in the amount column for line 8.0 shall equal the entry in the amount column for line 5.00 unless the DO is acting as settlement officer for former DOs at that station and entries are required on lines 9.2 through 10.0.

G. Lines 9.2 through 10.0 - Analysis of Predecessor's Accountability. Entries on lines 9.2 through 10.0 shall follow the same guidelines used for lines 6.1 through 8.0 if foreign currency holdings are included in the U.S. dollar figure in the amount column.

H. Line 11.0 - Total Disbursing Office Accountability. The entry in the amount column shall equal the sum of the entries in the amount column for lines 8.0 and 10.0 and shall also equal the entry in the amount column for line 5.00. Any foreign currency monetary units and their U.S. dollar equivalents shall be shown in the blank space between the caption "11.0" and the amount column.

FOREIGN CURRENCY CONTROL RECORD (Section I)											
			4. COLLECTIONS				5. PURCHASES				
1. DATE	2. TRANSACTION REFERENCE	3. EXCH RATE	a. MISC RECEIPT		b. REIMBURSEMENT/ REFUND		a. GOVERNMENT SOURCES		b. NON-GOVERNMENT SOURCES		c. OUTLAY FOR ACCOM. EXCHANGE
			UNITS	DOLLARS	UNITS	DOLLARS	UNITS	DOLLARS	UNITS	DOLLARS	DOLLARS
4/6/XX	CV-1111	1.10									
4/9/XX	Purch by Accom Ex	1.10							10	11.00	11.00
4/12/XX	Vend Pay Vouch S12	1.10									
4/16/XX	Sale by Accom Ex	1.10									

FOREIGN CURRENCY CONTROL RECORD (Section II)									6. COUNTRY France 7. CURRENCY UNIT TYPE Fr Franc	
8. DISBURSEMENTS		9. DEPOSITS / SALES/ TRANSFERS		10. GAIN OR LOSS	11. SUB BALANCE				2. COMBINED BALANCE	
					a. ON HAND		b. LDA			
UNITS	DOLLARS	UNITS	DOLLARS	DOLLARS	UNITS	DOLLARS	UNITS	DOLLARS	UNITS	DOLLARS
				10.00	100	110.00			100	100.00
					110	121.00			110	121.00
60	66.00				50	55.00			50	55.00
		40	44.00		10	11.00			10	11.00
60	66.00	40	44.00	10.00						

DD Form 2663, AUG 93 (Back)

Figure 16-1. Sample DD Form 2663 (Foreign Currency Control Record) (Back)

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CHAPTER 17

MILITARY PAYMENT CERTIFICATES

1701 INTRODUCTION

170101. Conditions for Use. Military payment certificates (MPC) are available for use in overseas areas when their use is requested by the host country and such use is deemed by the State Department to be in the best interest of the U.S. Government. In this case, and other specified below, MPC shall be used instead of U.S. currency for payment of pay and allowances to DoD military and civilian personnel and to conduct transactions on overseas facilities operated or controlled by U.S. Forces. MPC can be used only with the approval of the USD(C). MPC may be authorized for use in an overseas area when one or more of the following conditions exist.

A. U.S. forces are engaged in active military or occupation operations in a location where the use of U.S. dollars may result in sizable amounts falling into enemy hands.

B. A foreign government allied with the United States in an active military operation uses its sovereign right to prohibit the use of U.S. dollars, but will permit the use of MPC by U.S. Forces and agrees to police the prohibition of its citizens from holding such instruments.

C. U.S. Forces are present in a foreign country at the invitation of the host government whose foreign exchange regulations prohibit the use of U.S. dollars within its borders.

D. The introduction of sizable amounts of U.S. dollars into a foreign area having a weak unstable economy will cause devaluation of the local currency or black market activity in U.S. dollars.

E. The duration of active military or occupation operations is anticipated to last more than 180 days.

170102. Acquisition. The Director, DFAS, shall budget and fund for the design, printing, storage, transportation, and distribution of MPC; maintain at least two reserve MPC series in sufficient quantities and denominations to meet realistic contingency requirements as determined in coordination with respective unified commands; and, maintain contingency plans and procedures to implement the MPC system on short notice, if required.

170103. Responsibilities

A. USD(C). The USD(C), or designee, shall, in coordination with DoD Components, the cognizant combatant commander, and other U.S. Government agencies, authorize the implementation, conversion or withdrawal of MPC from overseas areas and take final action on requests for exceptions to this policy.

B. Heads of DoD Components. The Heads of DoD Components with overseas responsibilities shall: maintain standby procedures that implement both the guidance contained herein and, for the MPC system, those procedures established by the Director, DFAS; ensure the coordination of any theater-specific plans and standby procedures with the proper unified commander and other affected DoD Components; and, direct Component commands to submit requests for establishment of an MPC area through the cognizant combatant commander.

C. Commanders of Overseas Unified Commands. The commanders-in-chief of the combatant commands shall: forward to the USD(C) all requests received through military or diplomatic channels, together with the unified command recommendation for implementation, conversion, or withdrawal of MPC in a country or other geographic or geopolitical area within respective theaters; and, monitor and coordinate the application of the provisions contained in this chapter within respective command areas.

D. Bureau of Engraving and Printing. The Bureau of Engraving and Printing, Department of the Treasury, shall design, engrave, and print (or contract for printing) all MPC as authorized by 31 U.S.C. 5114 (reference (e)).

1702 PROCEDURES

170201. Establishment of MPC Area. When implemented as legal tender, MPC shall be the only medium of exchange used by DoD Components in MPC areas for pay and allowances of personnel and to conduct transactions in U.S. operated or U.S. controlled facilities. When an MPC series is declared to be legal tender, all notes of that series, regardless of whether placed in circulation or held in bulk storage by DOs, shall be treated and accounted for as cash held at personal risk. DOs, MBFs, Defense credit unions, military postal units, and non-appropriated fund activities operating in MPC areas shall not exchange or engage in MPC transactions with unauthorized personnel. MPC may be exchanged by authorized personnel in MPC areas for local currency at designated foreign exchange facilities. Authorized personnel in MPC areas shall not accept, transfer, or exchange MPC with individuals not authorized to possess them. Combatant commanders may establish limits on conversions, when necessary to minimize black market activity in MPC.

170202. MPC Administration. The U.S. dollar equivalent of the face value of each MPC series declared legal tender shall be established by the Director, DFAS as a cash collection to the unique deposit fund account "Reserve for Redemption of MPC, Army," 21A8815 (by limitation). Conversely, the dollar equivalent of the face value of each MPC series withdrawn from use or destroyed under approved destruction procedures shall be removed from the respective deposit fund account. These actions shall ensure that there is dollar backing and

accountability for all MPC in use as legal tender, thereby removing the possibility of MPC being considered as inconvertible and that MPC are not used to supplement appropriated funds. The Director, DFAS, or designee, shall inspect and test the effectiveness and integrity of the MPC system. Such inspections and tests are intended to prevent possible losses from fraud, counterfeiting, or mismanagement. In addition to the MPC series in circulation as legal tender, a reserve series shall be held in each area in sufficient quantity to replace the series in use should a conversion become necessary. The MPC reserve series shall be maintained and secured as accountable public property.

170203. MPC Conversion Program

A. Program Initiation. Upon establishment of an MPC area, the Director, DFAS, or designee, shall monitor and evaluate local black market, economic, and foreign exchange conditions to determine if the MPC series in circulation should be replaced with an MPC reserve series. An MPC conversion program shall be initiated: when a majority of the notes in circulation becomes unserviceable; when a significant degree of counterfeiting activity is detected; or, from time to time to test the integrity of the MPC system and discourage unauthorized MPC holders from participating in MPC transactions.

B. Program Administration. MPC conversion programs shall: be administered with a minimum of disruption to normal operations, afford all authorized holders of MPC the opportunity to convert legally acquired holdings without loss of funds, and provide adequate safeguards to prevent unauthorized holders of MPC from participating in the conversion program.

C. Authorized Personnel. Authorized personnel who have MPC that were acquired legitimately may exchange those certificates for U.S. currency and coin or dollar instruments (including Treasury checks) under the following conditions: upon departure for the United States, when traveling under competent orders to areas where MPC are not designated, or when traveling under competent orders to MPC areas where DOs, agents, or exchange facilities are not readily available to the traveler. The provisions of this paragraph shall not be construed as authorizing DOs or their agents in areas outside of MPC areas to convert MPC for authorized personnel returning from MPC areas. Such exchange must be made prior to departure from the MPC area.

D. Suspected Certificates. MPC suspected of being acquired illegitimately shall not be converted for any holder under circumstances where there are reasonable grounds to believe that the holder was not an authorized person at the time of acquisition or that the certificates were acquired by the holder, or by another with the holder's knowledge, from a person not authorized to possess or use them. Amounts of certificates exceeding those which the holder normally would acquire or hold under applicable circumstances per local regulations shall not be approved for conversion unless the holder shows by a preponderance of evidence that they legitimately were acquired.. Where there are reasonable grounds to believe the MPC were not acquired legitimately, they shall be impounded and kept pending an administrative determination

as to the source of acquisition. If it is determined that the individual concerned was not an authorized person at the time of acquisition, the certificates shall be confiscated and the dollar proceeds deposited to general fund (miscellaneous) receipt account "Fines, Penalties and Forfeitures Not Otherwise Classified," **R1099. If it is found that the individual concerned was an authorized person at the time of acquisition, or that the certificates belong to an authorized person, the certificates (or their dollar value) shall be returned to the owner. If it is determined that the certificates were acquired from an unauthorized person, the certificates shall be confiscated and the dollar proceeds deposited to receipt account **R1099. Collection vouchers effecting these credits shall cite claimants' names and sufficient information to permit ready identification of the credits in order to facilitate the processing of any subsequent claims for amounts deposited.

170204. MPC Withdrawal. Periodically, but not before 1 year has elapsed since the date that a particular MPC series has been withdrawn from circulation, the unredeemed balance in the deposit fund account for that series, less an estimated amount to cover possible claims, shall be transferred to the account "Miscellaneous Receipts of the U.S. Treasury." The amount to cover estimated claims shall be transferred to a deposit fund account established for paying valid claims against withdrawn MPC series. If a legitimate claim originates after funds have been transferred to "Miscellaneous Receipts of the U.S. Treasury," and the claim is approved for payment by the Director, DFAS, or designee, the claim shall be honored from the deposit fund account with proper notation made as to the applicable MPC series.

1703 CLAIMS

Claims for conversion of MPC, as well as claims arising out of the refusal of the command to convert MPC, shall be referred to the Director, DFAS, or designee, for adjudication and final determination. The time limit for filing claims for invalidated MPC (all MPC issued prior to 1974) expired on 30 September 1980. A time limit for filing of claims for any MPC issued after 1974 shall be established by the Director, DFAS.

1704 COUNTERFEIT CERTIFICATES

Most counterfeit certificates shall be detected readily by their general appearance. More specifically, the ink may be off-color, lines present in genuine certificates may be missing, or there may be a lack of uniformity in color and width of lines. Counterfeits often can be detected by the appearance and feel of the paper. Genuine paper has a distinctive feature in the form of red and blue colored paper disks. Any certificates believed to be counterfeit shall be handled in accordance with the procedures used for counterfeit U.S. currency. In addition, a message report shall be made to the nearest U.S. military investigative service and the Director, DFAS, giving a brief description of the difference between the genuine and the counterfeit certificates and the amount of counterfeit MPC recovered.

1705 DESTRUCTION OF MILITARY PAYMENT CERTIFICATES

170501. Destruction Schedules

A. Preparation. When MPC are returned from area DOs and from authorized area banks, a designated central DO shall prepare a destruction schedule in five copies for each series of certificates to be destroyed. See figure 18-1 for an example certificate of destruction. Separate destruction schedules shall be prepared for circulated and uncirculated MPC. Citation to authority for destruction shall be shown on the schedule.

B. Submission to Destruction Committee. The original and three copies of the schedule shall be submitted with the certificates to be destroyed to the destruction committee.

170502. Authority for Destruction

A. Authority. The Director, DFAS, or designee, shall issue all instructions pertaining to the destruction of MPC.

B. Valid Series of MPC. The commander of each overseas command is delegated the authority to destroy mutilated and/or decomposed MPC of the series currently valid.

C. Invalidated MPC. Invalidated MPC withdrawn from circulation and received by the command accountable officer shall be destroyed only after reconciliation with the accountable officer and specific authorization by the Director, DFAS, or designee.

D. Reserve Series. Under emergency conditions, reserve series of MPC held by the command accountable officer shall be destroyed in the manner described below.

170503. Destruction Committee

A. Appointment. The authority to appoint a destruction committee to accomplish the destruction of certificates within the command area is delegated by the Director, DFAS to the commander of each major overseas command.

B. Personnel. The committee shall be composed of not less than five officers under the jurisdiction of the commander. Personnel of the disbursing office shall not be appointed to serve on the committee.

C. Jurisdiction. The committee shall act under the jurisdiction of the Director, DFAS, or designee, in all activities pertaining to the destruction of MPC.

170504. Verification of Certificates. The total of MPC presented for destruction as indicated on the destruction schedule shall be verified by the destruction committee. Should discrepancies occur between the number of pieces and/or the amount verified and the number of pieces and/or the amount shown on the destruction schedule, a new schedule containing the

verified figures shall be submitted by the accountable officer. The original schedule must be destroyed.

170505. Methods of Destruction

A. Burning. The total amount of the MPC received for destruction shall be verified with the amount shown on the schedule. Immediately after verification, all certificates shall be destroyed by burning to ashes under the supervision of and in the presence of not less than three members of the committee. When all certificates have been completely destroyed, each member witnessing the destruction shall sign the certification on each copy of the destruction schedule.

B. Alternate Methods for Destruction. Three alternate methods for destroying certificates (shredding, maceration, and heating in the presence of caustic soda) are approved when facilities for burning are not adequate or available. Not less than two members of the committee shall be present during the entire operation or until it can be determined that the certificates are completely unrecognizable as currency when any of the alternate methods are used. Upon completion of the operation, destruction schedules shall be certified as stipulated above.

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Figure 18-1. Sample DD Form 2669 (Destruction Schedule)

CHAPTER 18

EMERGENCY DISPOSITION OF CURRENCY, COIN, AND NEGOTIABLE INSTRUMENTS

1801 POLICY

180101. Disposition. Under emergency conditions or in anticipation of enemy action, negotiable instruments, currency, and coin held at personal risk by DOs shall be evacuated if possible. If time and circumstances make it appear that capture of these funds is inevitable (in the opinion of the DO or the commander), the funds shall be destroyed in a manner that is absolute. The destruction shall be witnessed as prescribed in this chapter. In high threat areas, most bases have a Threatcon system to indicate the level of the threat. Upon initial notification of a threat that may require the destruction of currency and negotiable instruments, the DO should determine cash requirements, recall or purchase excess funds, and evacuate these funds to a designated safe haven.

A. Combustible Materials. Paper currency, checks, bonds, MPC, and other burnable documents shall be burned completely to ashes.

B. Solid Substances. Coin and other valuable non-burnable items shall be disposed of by scattering in deep bodies of water when possible. When no suitable bodies of water are present, these items shall be secretly buried in the ground.

C. Alternatives. Currency and other paper-type negotiable instruments may be shredded, pulped, or eaten by caustic substances when it is impossible to burn them completely. However, such alternative methods of destruction must completely destroy the original character and appearance of currency and other negotiable instruments so as to make them non-negotiable. Coins may be fused or mutilated in such a manner as to make them unrecognizable as U.S. or foreign coins. Bars, ingots, and other units of precious or valuable substances shall be fragmented and scattered so as to make their recovery impossible or at least uneconomical.

180102. Destruction Precedence. Because sufficient time may not be available to document and perform the destruction of funds held by the DO, funds shall be readied for destruction in the following priority: U.S. and foreign currency and negotiable instruments carried as cash in the DOs' accounts; blank Treasury checks, blank limited depository checks, blank U.S. savings bonds, and reserve series of MPC; currency, negotiable instruments, and valuables held for safekeeping; coins; and other valuables (e.g., signature dies and seals) in the custody of the DO. DOs in areas of elevated tension should anticipate the possibility of emergency destruction and maintain a means to rapidly inventory and destroy their funds.

180103. Sudden Destruction. When currency and coin are destroyed without previous warning, such as by explosion, fire, sinking of a vessel, or aircraft accident, the DO accountable for the funds shall prepare a written statement about the circumstances under which the funds were destroyed and forward it with a request for relief to the supporting DFAS Center. In the event the DO does not survive the disaster that destroyed the funds, the officer designated to settle the account shall act in the DO's behalf. The designated officer shall reconstruct the accountability of the DO and initiate the appropriate requests for relief.

1802 PREPARATION FOR EMERGENCY DESTRUCTION OF CURRENCY

180201. DOs and Their Agents

A. U.S. Currency and MPC. If time permits, the DO shall prepare DD Form 2669 (Destruction Schedule) in an original and 3 copies for all U.S. currency destroyed. See figure 18-1. A separate DD Form 2669 shall be prepared for MPC. The reason for destruction of the currency shall be annotated in the space provided. For full or partial packages of new currency, the beginning and ending serial numbers of each denomination of the currency shall be annotated in the spaces provided. The destruction shall be witnessed by three disinterested commissioned officers, at least one of whom should be senior in rank to the DO. The name, rank, and signature of the witnesses shall be entered in the spaces provided. Destruction shall not be delayed pending arrival of the DO's superior. If no officer senior to the DO is available, any disinterested commissioned officer may serve as the third witness to the destruction. The method of destruction shall be indicated in the space provided in the witnesses' certification.

B. U.S. Coins. If time permits, the DO shall prepare a DD Form 2669 as described above for all U.S. coins destroyed. The DD Form 2669 shall contain the same type of information required for U.S. currency except that it shall list the denominations and value of each denomination of coin destroyed and shall be witnessed by two disinterested commissioned officers, or by two disinterested non-commissioned officers, or by two reliable U.S. citizens, or any combination of such individuals. The preprinted denominations of paper currency shall be struck out and the denomination of the coins entered. The word "currency" shall be struck out and "U.S. Coins" entered immediately above in both the DO's and the witnesses' certification blocks.

C. Foreign Currency and Coin. If time permits, a DD Form 2669 shall be prepared and witnessed for destruction of foreign currency and coin. The appropriate areas of the DD Form 2669 shall be modified to identify the denomination of the foreign currency and coin. Separate DD Forms 2669 are required for foreign currency held for safekeeping and that held as public funds and for foreign coin held for safekeeping and that held as public funds when both types of funds are held by the DO. The destruction shall be witnessed as prescribed above for U.S. currency and coin.

★ D. Check Stock. If time permits, the DO shall prepare a list in an original and 3 copies of all U.S. Treasury and LDA check stock destroyed. The list shall indicate the range

(from and through) of check numbers destroyed for each series of checks maintained by the DO. The destruction shall be witnessed as prescribed in paragraph 180201.A, above.

E. Savings Bond Stock. If the DO has U.S. Savings Bond stock, it should be destroyed in the same manner as check stock. A list shall be prepared in an original and 3 copies indicating the range (from and through) of bond serial numbers for each denomination of bonds. The destruction shall be witnessed as prescribed in paragraph 180201.A, above.

F. Signature Plates. Signature plates shall be crushed, disposed of in deep water or, as a last resort, buried.

180202. Non-appropriated Fund (NAF) Custodians

A. U.S. Currency, Coin, and MPC. When ordered by competent authority, NAF activities shall turn in their U.S. currency, coin, and MPC to the nearest DO in exchange for a Treasury check in the appropriate amount. These funds then become public funds for which the DO is accountable. If destruction becomes necessary, these funds shall be included on the DD Form 2669, as required above.

B. Foreign Currency and Coin. When ordered by competent authority, NAF activities shall turn in their foreign currency and coin to the nearest DO in exchange for a receipt stated in units of the foreign currency. The receipt shall state plainly that the foreign currency is being accepted for safekeeping and that neither the DO nor the U.S. Government is accountable for loss or destruction as a result of the existing emergency. See Chapter 27 of this volume. However, if after accepting foreign currency and coin for safekeeping, the DO discovers a requirement for its use, the DO shall issue a Treasury check for the U.S. dollar equivalent of the foreign funds used. If destruction becomes necessary, the DO shall prepare DD Form 2669 if time permits.

180203. MBFs. The earliest possible notice shall be given to MBFs when the commander believes it is prudent for the MBFs to liquidate their coin and currency holdings. Bank managers in critical areas shall be authorized periodically to exchange currency that is in excess of day-to-day requirements for a Treasury check. This practice will reduce, to a manageable level, outstanding currency susceptible to loss.

A. U.S. Currency and Coin. When it becomes necessary to destroy U.S. currency and coin it shall be transported by the MBF to the nearest DO and exchanged for a Treasury check. As with U.S. currency and coin received from non-appropriated fund activities, this currency and coin becomes public funds for which the DO is accountable and shall be included on the DD Form 2669 prepared by the DO. When such delivery cannot be made, the bank manager should prepare a destruction schedule, similar to the DD Form 2669, then verify and burn the currency into unidentifiable ashes in the presence of at least one representative from the MBF and two commissioned officers of the Armed Forces. U.S. coins shall be disposed of by the MBF as prescribed in subparagraph 180101.B, above.

B. Foreign Currency and Coin. MBF managers may turn in to the nearest DO their holdings of foreign currency and coin for safekeeping in exchange for a receipt stated in units of the foreign currency. The receipt shall specify that neither the DO nor the U.S. Government assumes accountability for loss or destruction of the foreign currency and coin as a result of the existing emergency. See Chapter 27 of this volume. If the DO has need for the foreign currency for operational purposes, a Treasury check shall be issued for the U.S. dollar equivalent of the foreign funds used. If destruction becomes necessary, the DO shall prepare DD Form 2669 if time permits.

180204. Other DoD Sponsored Activities

A. U.S. Currency and Coin. Managers of these activities shall deliver U.S. currency and coin to the nearest DO in exchange for a Treasury check or for a receipt for the value of the currency. A Treasury check shall be issued at a later time in exchange for the receipt previously given. As with U.S. currency and coin received from non-appropriated fund activities, when a Treasury check is issued in exchange for the value of the funds, the funds become public funds for which the DO is accountable and shall be included on the DD Form 2669 prepared by the DO.

B. Foreign Currency and Coin. Managers of these activities shall deliver foreign currency and coin to the nearest DO to be held for safekeeping. The DO shall issue a receipt stated in units of the foreign currency. The receipt shall specify that neither the DO nor the U.S. Government shall be accountable for loss or destruction of the foreign currency arising out of the existing emergency. See Chapter 27 of this volume. DOs may use the foreign currency held for safekeeping to meet operational requirements by issuing a Treasury check for the U.S. dollar equivalent of the foreign currency used. If destruction becomes necessary, the DO shall prepare DD Form 2669 if time permits.

180205. Accounting for Destroyed Currency, Coin, and Negotiable Instruments. The DO shall account for destroyed currency, coin, and negotiable instruments which were held as public funds on line 7.7 of the DD Form 2657 and the SF 1219. A copy of each DD Form 2669 shall support the entries on the DD Form 2657 and SF 1219.

DESTRUCTION SCHEDULE

SECTION I - SCHEDULE OF CURRENCY TO BE DESTROYED

1. LOCATION	2. DSSN	3. REASON FOR DESTRUCTION
NAS Troublespot, APO	1234	Enemy attack

4. INCLUSIVE SERIAL NUMBERS *(New Notes Only)*	$1	$5	$10	$20	$50	$100	TOTAL
	250	500	1000	300			2050
TOTAL	250	500	1000	300			2050

SECTION II – CERTIFICATIONS

I hereby certify that the above described currency in the amount of $2,050.00 dollars has been counted, verified, and found correct, and delivered this day for destruction at NAS Troublespot.

5. DISBURSING OFFICER NAME AND RANK OR GRADE	6. SIGNATURE	7. DATE
James M. Jonas, CDR, SC, USN		11/13/XX

We hereby certify that the currency specified and described in the foregoing schedule was received and verified by us and was totally destroyed in our presence by burning on this date.

8. WITNESSES

a. NAME, RANK OR GRADE, SIGNATURE	b. NAME, RANK OR GRADE, SIGNATURE	c. NAME, RANK OR GRADE, SIGNATURE
D.C. Hewes, CDR, USN	S.C. Gorman, CDR, USN	A.F. Doyle, CAPT, USN

9. LOCATION	10. DATE
NAS Troublespot, APO	11/13/XX

DD Form 2669, AUG 93

Figure 18-1. Sample DD Form 2669 (Destruction Schedule)

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Figure 19-4. Sample DD Form 1081 (Statement of Agent Officer's Account) (Return of Funds/Vouchers)

Figure 19-5. Sample SF 1219 (Statement of Accountability)

CHAPTER 19

DISBURSING OFFICER ACCOUNTABILITY REPORTS

1901 DO ACCOUNTABILITY

190101. Concept. All DOs are considered to be agents of the Treasury Department. Each DO is accountable to the Treasury Department for the cash items (including receivables) in his or her possession. The SF 1219 (Statement of Accountability) is the DO's official monthly recording and reporting of this accountability. The DO's daily accountability is maintained on DD Form 2657 (Daily Statement of Accountability). The DD Form 2657 is similar and subsidiary to the SF 1219. Disbursement and collection transactions are reported on both the DD Form 2657 and the SF 1219. On the SF 1219, collections are netted against disbursements.

190102. Balancing

★ A. General. Cash in the possession of all DOs shall be balanced daily using DD Form 2657 as the permanent written record. Documents representing cash for which the DO remains accountable, but which are not physically in the DO's custody (such as receipts for advances to agent officers), shall be kept in the DO's vault or safe and shall be accounted for daily on the DD Form 2657 and monthly on the SF 1219. When accounts are inspected, the DD Form 2657 shall be presented to the inspecting officer(s) for examination. Most DO cash transactions are performed by deputies, agents, and cashiers. The DD Form 2665 (Daily Agent Accountability Summary) is the prescribed daily accountability document to the DO for deputies, agents, and cashiers. Preparation of the DD Form 2665 includes an actual cash count of all cash and negotiable instruments performed by the deputy, agent, or cashier who has custody of the cash and negotiable instruments. All deputies, agents, and cashiers shall use the DD Form 1081 (Statement of Agent Officer's Account) as a summary of cash transactions and receipt for cash and vouchers on hand for submission at turn-in or settlement with the DD Form 2665 to the DO. Except as provided in subparagraphs 190102.B and 190102.C, below, the DO or primary deputy shall balance all deputies, agents, and cashiers daily, using the DD Form 2665. The DO may rely on the daily cash count performed by a deputy, agent, or cashier at a remote location, as verified by the signature of the deputy, agent, or cashier on the daily DD Form 2665.

B. Navy Vessels. DOs aboard Navy vessels shall balance their cash using the DD Form 2657 and shall balance their deputies, agents, and cashiers using DD Form 2665 no less frequently than: once each week; immediately before and after each payday; the last day of each month; and at any other time when the DO suspects that an irregularity has occurred. Whenever workload and staffing conditions permit, DOs aboard Navy vessels are encouraged to balance all deputies, agents, and cashiers daily as prescribed above.

★ C. Deputies, Agents, and Cashiers at Remote Locations. Deputies, agents and cashiers who are remotely located from the disbursing officer (e.g., DO in Colorado and

agent in Australia) are not required to submit the DD Form 2665 to the DO daily. However, to maintain a daily record of transactions, they must prepare a DD Form 2665 daily. The DD Form 2665 along with all supporting documentation (e.g., all collection and disbursement vouchers and deposit tickets) and the DD Form 1081 will be submitted to the DO whenever a turn-in is effected.

190103. Overview of DD Form 2657 (Daily Statement of Accountability). The DD Form 2657 is to one day what the SF 1219 is to one month. The DD Form 2657 summarizes the amounts the Treasury Department would look to recover from the DO if the DO ceased operations on that day. Amounts on the DD Form 2657 are at summary level only, including a summary of all disbursements and collections made during the business day by the DO and all deputies, agents, and cashiers. Detailed transactions are reported in the DO's subsidiary records. Section I of the DD Form 2657 computes the total DO accountability to the Treasury Department at the end of each business day. Accumulated DD Form 2657 accountability on the last day of the accounting period (Month-to-Date Column) is the accountability reported on the SF 1219. Section II (for the current DO) and section III (for all prior DOs of that DSSN) summarizes the elements making up total DO accountability. Sections II and III are totaled in section IV. Section I totals (except for line 1.0) start with a zero balance at the beginning of each new accounting period (month) and when there is a change of DOs prior to the end of an accounting period. The Month-to-Date totals are cumulative for the entire accounting period. Sections II, III, and IV Month-to-Date totals are cumulative from month-to-month. The total of section IV must agree with the total of section I or the DD Form 2657 is out of balance. The DO should not begin a DD Form 2657 for a new business day until the DD Form 2657 for the prior business day is in balance. The properly balanced DD Form 2657 ensures agreement between the DO's cash accountability to the Treasury Department and disbursement and collection transactions recorded in the accounting system. The daily DD Form 2657 shall be signed by the DO as an official attestation of accountability to the Treasury Department. See section 1902 of this chapter for detailed preparation instructions.

★ 190104. Overview of DD Form 2665 (Daily Agent Accountability Summary). Each deputy, agent, and cashier shall prepare a DD Form 2665 for each day during which they transact business. The DD Form 2665 summarizes transactions for each business day. In order for the DD Form 2665 to depict a continuous picture of the transactions affecting the accountability of a deputy, agent, or cashier, the first DD Form 2665 prepared after receipt of an advance from the DO (or other principal authorized to provide advances) shall show the advance, and the last DD Form 2665 prepared up to the time of turn-in (submission of financial reports to the DO or other principal) shall show the turn-in. In this manner, the DD Form 2665 is a stand-alone document that provides a complete picture of the deputy, agent, or cashier's accountability transactions from day to day. When possible, a turn-in should not be accomplished as of the middle of a business day. However, if a turn-in is made in the middle of the business day, a DD Form 2665 shall be prepared up to the time of the turn-in and properly include the turn-in, and another DD Form 2665 prepared for the portion of the business day following the turn-in. See section 1903 of this chapter for detailed preparation instructions.

★ 190105. Overview of DD Form 1081 (Statement of Agent Officer's Account). Deputies, agents, and cashiers shall prepare a DD Form 1081 as a summary of cash transactions and receipt for cash and vouchers on hand each time turn-in or settlement of the account occurs. The DD Form 1081 summarizes cash transactions for the period of duty covered by the turn-in. The DO or primary deputy shall: verify the DD Form 1081 when the deputy, agent, or cashier's account is settled, sign the original and copy of the form, retain the original and supporting documents to support the DD Form 2665, and return the signed copy to the deputy, agent or cashier. The verification at turn-in or settlement includes an actual cash count by the DO or primary deputy. The cashier shall retain the signed copy as a record of the opening cash balance for the next period of duty or for record purposes if the account is balanced to zero. See section 1904 of this chapter for detailed preparation instructions.

190106. Overview of DD Form 2659 (Voucher Control Log). The DD Form 2659 summarizes daily disbursement and collection transactions by voucher number; identifies the mode of payment (i.e., check, cash, travelers check, electronic funds transfer, or a no-pay adjustment) and the check/EFT trace number; assures that all voucher numbers are accounted for; assures that all payment and collection vouchers are entered in accountability records; functions as a double-check against the DD Form 2657 and DD Form 2665, which summarize disbursement and collection transactions; enables comparison of vouchers paid by check to total checks written by check writers; enables comparison of vouchers paid by cash or travelers checks to cashier-paid vouchers; associates returned and undeliverable checks with applicable vouchers; and functions as a transmittal for vouchers showing voucher numbers used, not used, or voided. The DO should require DD Form 2659 to be prepared daily by each functional area and/or branch disbursing office when these areas or offices are assigned a separate series of voucher numbers. An example of DD Form 2659 is provided in figure 11-1.

190107. Overview of SF 1219 (Statement of Accountability). The SF 1219 shows summary totals of all receipts and expenditures of public funds occurring during the accounting period and the status of the DO's account at the close of that period. Normally, the accounting period begins on the first day of each calendar month and ends on the last day of each calendar month. An accounting period never extends beyond the last day of a calendar month. Exceptions to the calendar month accounting period depend on situations such as when a DO is relieved from disbursing duty prior to the last day of a month, or a DO commences disbursing duty other than on the first day of a month. See section 1905 of this chapter for detailed preparation instructions.

1902 PREPARATION OF DD FORM 2657

190201. General. Every DO shall prepare a DD Form 2657 for each day business is transacted. Except as provided in Chapter 20 of this volume, the DD Form 2657 shall be prepared in an original only and shall be a permanent record (i.e., typed or printed in ink). The DD Form 2657 may be provided to other functional areas for reconciliation of cumulative disbursement and collection totals with the daily accounting records. The DD Form 2657 shall

be returned for filing. Figure 19-1 is provided as an example of a properly prepared DD Form 2657.

190202. Item 1: DSSN. Enter the DO's DSSN.

190203. Item 2: Date. Enter the business-day date for which the form is being prepared.

190204. Section I: Transactions Affecting Accountability

A. Line 1.0: Accountability - Beginning of Day. Enter the end-of-day accountability from line 5.0 of the DD Form 2657 for the previous business day in the Today column. Enter the Month-to-Date amount from line 5.00 of the SF 1219 for the previous month. The amount entered in the Month-to-Date column shall remain the same on each DD Form 2657 prepared during the month.

B. Line 2.1A: Checks Issued in Payment of Vouchers. In the Today column, enter the total value of Treasury checks issued during the business day in payment of vouchers, including regular and special payrolls and the value of any check-issue adjustments. Check-issue adjustments are always supported by FMS Form 5206 or OF 1017-G. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column.

C. Line 2.1B: Checks Issued - All Others. In the Today column, enter the total value of Treasury checks issued during the business day for purposes other than voucher payments, including check-issue adjustments affecting such checks. Examples are checks written to obtain operating cash, for purchase of foreign currency, or for providing funds to agents. Check-issue adjustments shall be properly supported by FMS Form 5206 or OF 1017-G. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column.

D. Line 2.3: Other Transactions. Enter any unexplained overages during the business day which will be vouchered on the next business day. Do not enter any overages occurring on the last day of the month on this line. Amounts entered on this line cannot be reported on line 2.3 of the SF 1219. Upon preparation of the voucher on the next business day, decrease the amount on this line and increase line 4.1E (4.1D if collected to a receipt account). In some instances such as collections from dining facilities, only one collection voucher number is assigned for the entire accounting period (month) and the formal collection voucher is prepared as of the last business day of the month. Daily receipts of this nature shall be recorded on this line and as U.S. Currency/Coinage on Hand (Line 6.2A). At the end of the accounting period when the formal collection voucher is processed, the accumulated collections are removed

from this line and included as Reimbursements on Line 4.1E. Also, use this line to record accumulated small exchange gains for which a net gain and loss voucher is prepared on the last day of the month (rather than daily).

E. Line 2.34: Discrepancies in DO's Account - Credit. This is a Treasury Department suspense account. Do not use this line.

F. Line 2.36: Payments by Other DOs. Do not use this line.

G. Line 2.37: Transfer from Other DOs. Use this line to record the final accountability of a deactivated DSSN that is being assumed by the DO. The same accountability figure must be reported on line 4.37 of the deactivated DSSN's DD Form 2657. Also use this line to record a transfer of funds from another DO. The same amount must be recorded on line 4.37 of the DD Form 2657 applicable to the transferring DO. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column. Both DOs making such a transfer shall record the transaction on their SF 1219 for the same accounting period.

★ H. Line 2.8: OPAC Payments and Collections. Designated DOs participating in Treasury Department's On-Line Payment and Collection System (OPAC) shall use this line as described herein. Refer to Chapters 10, 11, and 24 of this volume for detailed information regarding the use of OPAC. In the Today column, enter the net daily OPAC interagency payments and collections for certain supplies and services rendered, including any adjustments for the current business day. When collections exceed disbursements, the amount is recorded as a negative. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column.

★ 1. If an OPAC transaction is processed in the Treasury Department's system at the end of a prior month but vouchered for the agency's accountability in the current month, a second line 2.8 is required. Annotate month and year on each of the description lines to differentiate between accounting months. For example, an amount reported in the Treasury Department's OPAC system with a processed date of January 30th is not vouchered and reported in daily accountability until the February 2nd business date. The February DD Form 2657 and SF 1219 will have two 2.8 lines: one for the net total of OPAC transactions processed by the Treasury Department in February and one for the January amount.

★ 2. Additional 2.8 lines also are required if an erroneous amount is reported in a prior month. The Treasury Department notifies the agency on FMS Form 6652 (Statement of Differences - Disbursing Office Transactions). A separate line is then reported for the month in which the error occurred.

I. Line 2.9: Total Accountability Increases. Enter the total of lines 2.1A though 2.8 in both the Today and Month-to-Date columns. Prove Month-to-Date column by adding the total in the Today column to the Month-to-Date total from line 2.9 of the previous day's DD Form 2657. If preparing the DD Form 2657 on the first business day of the month, the amounts shall be the same.

J. Line 3.0: Gross Accountability. Enter the total of lines 1.0 and 2.9 in both the Today and Month-to-Date columns. Prove the amount in the Month-to-Date column by adding the amount in the Today column on line 2.9 to the Month-to-Date amount from line 3.0 of the previous day's DD Form 2657. If the DD Form 2657 is being prepared for the first business day of the month, the amounts shall be the same.

K. Line 4.1A: Gross Disbursements. Disbursements are payments from (or charged to) an appropriation or fund and shall be supported by formal disbursement vouchers. Collection of payments made in error which are processed as bracketed (negative) amounts on disbursement vouchers are negative disbursements. Enter total gross disbursements (including OPAC payments), before refunds and negative reimbursements, from the disbursement vouchers paid on the business day being reported. The amount entered includes negative disbursements occurring on disbursement vouchers, but does not include refunds occurring on collection vouchers (which are reported on line 4.1B) and negative reimbursements occurring on disbursement or collection vouchers (which are reported on line 4.1E). If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column.

L. Line 4.1B: Less Refunds. Refunds are a recoupment (collection) of payments made in error and are usually supported by formal collection vouchers. On rare occasions, a refund must be reversed. When this situation occurs, the transaction is processed on a collection voucher with the amount bracketed and is treated as a negative refund. Refunds also occur on disbursement vouchers and are considered to be negative disbursements. Negative disbursements are included on Line 4.1A as a reduction of gross disbursements. Enter the total of refunds from collection vouchers. Do not include refunds from disbursement vouchers (negative disbursements) on this line. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column.

M. Line 4.1C: Net Disbursements. The term net disbursements as associated with the DD Form 2657 is defined as gross disbursements less refunds. In both the Today and Month-to-Date columns, subtract line 4.1B from line 4.1A and enter the respective differences on line 4.1C. Prove the Month-to-Date total by adding the Today column amount to the Month-to-Date column amount from 4.1C of the previous day's DD Form 2657. If the DD Form 2657 is being prepared for the first day of the month, the amounts shall be the same.

N. Line 4.1D: Less Receipts. Receipts are collections credited to the Treasury Department miscellaneous receipt accounts and are supported by formal collection vouchers. In the Today column, enter the total of collections credited to the Treasury Department miscellaneous receipt accounts. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column.

O. Line 4.1E: Less Reimbursements. Reimbursements are amounts collected for property sold or services furnished and are credited to appropriations on formal collection vouchers. Over-collection of reimbursements must be returned to the remitter and may be vouchered as bracketed (negative) amounts on collection vouchers or positive amounts on disbursement vouchers. In either event, the transactions are treated as negative reimbursements and reduce the amount reported as reimbursements. In the Today column, enter the total of collections classified as appropriation reimbursements (including OPAC collections) less any negative reimbursements whether from collection or disbursement vouchers. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column.

P. Line 4.1F: Net Expenditures. In both the Today and Month-to-Date columns, subtract lines 4.1D and 4.1E from line 4.1C and enter the respective differences on line 4.1F. Prove the Month-to-Date total by adding the Today column total to the Month-to-Date column total from line 4.1F of the previous day's DD Form 2657. If the DD Form 2657 is being prepared for the first day of the month, the amounts will be the same. Report the Month-to-Date amount from the final DD Form 2657 for the accounting period on line 4.1 of the SF 1219. Note: NET EXPENDITURES as shown on the DD Form 2657 is the same as NET DISBURSEMENTS found on line 4.1 of the SF 1219.

Q. Line 4.2A: Deposits Presented or Mailed to Bank. In the Today column, enter the total of all deposits mailed or presented to a Federal Reserve Bank or general depositary (for credit to the Treasury's Department General Account) during the business day. This is a total of all SFs 215 (including deposited canceled checks, mutilated or decomposed currencies, food stamps, and credit card collections). Do not include deposits to limited depositary checking accounts on this line. The total entered shall be reduced by the value of any SFs 5515 processed during the day, except for those SFs 5515 for electronic fund transfer payments to the bank (which are recorded on line 4.2B). If a deposit is prepared, verified, SF 215 attached, dated, and removed from an agent's or cashier's possession but still is on hand by close of the business day, it shall be reported as an undeposited collection on line 6.3A. On the DD Form 2657 for the next business day (or the day when the deposit is actually presented or mailed to the bank), remove the amount from line 6.3A and include on line 4.2A. This will be a regular routine if DOs make deposits of collections received on the business day being reported during the next business day. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column

amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column.

R. Line 4.2B: EFT Debit Vouchers. Use this line to record the SFs 5515 used for EFT payroll or vendor payments. Enter this debit voucher amount in brackets to denote a reduction of total deposits.

S. Line 4.3: Other Transactions. Use this line to record small exchange losses resulting from accommodation exchanges or limited depositary account transactions for which a net gain or loss voucher is prepared on the last day of the accounting period.

T. Line 4.34: Discrepancies in DO's Account - Debits. This is a Treasury Deoartment suspense account. Do not use this line.

U. Line 4.36: Payments for Other DOs. Do not use this line.

V. Line 4.37: Transfer to Other DOs. Use this line when the DSSN is being deactivated and final accountability is being transferred to another DO. The gaining DO shall assume accountability for this balance by recording an increase on line 2.37. Also, use this line to record a transfer of funds to another DO. The same amount shall be recorded on line 2.37 of the DD Form 2657 applicable to the gaining DO. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column. Both DOs making such a transfer shall record the transaction on their SF 1219 for the same accounting period.

W. Line 4.9: Total Accountability Decreases. In both the Today and Month-to-Date columns, enter the total of lines 4.1F through 4.37. Do not include amounts from lines 4.1A through 4.1E. Prove the Month-to-Date column total by adding the Today column total to the Month-to-Date total for line 4.9 of the previous day's DD Form 2657. If the DD Form 2657 is being prepared for the first day of the month, the amounts shall be the same.

X. Line 5.0: Accountability - End of Day. In both the Today and Month-to-Date columns, subtract line 4.9 from line 3.0 and enter the difference on this line. The amounts in both columns must agree (both columns reflect end-of-day accountability). This amount represents the DO's accountability to the Treasury Department at the close of that particular business day. The amount in the Today column is carried forward as the beginning accountability (line 1.0) on the DD Form 2657 for the next business day. As stated above, the Month-to-Date beginning accountability amount (line 1.0) remains the same from the first through the last day of the month.

190205. Section II: Distribution of Accountability - Incumbent DO

A. Line 6.1: Designated Depositary. Limited depositary accounts almost always are foreign currency checking accounts held in the DO's own name, much the same as an individual's personal checking account. Unless scheduling on the back or on an attachment, show the name and location of the LD and the foreign currency unit (for example, pesos) in the blank space under the Description column for line 6.1. All entries in the amount columns shall be in U.S. dollars. Amounts reported on this line almost always represent the U.S. dollar equivalent of a particular foreign currency LDA because the OUSD(C) and the Treasury Department rarely approve a U.S. dollar LDA. If, however, the amount on this line does include U.S. dollars and U.S. dollar equivalents of foreign currency, show the U.S. dollar equivalent of foreign currency as a memo entry in the Description column. If the line amount is totally made up of U.S. dollar equivalents of foreign currency, the memo entry in the Description column is not required. Complete line 6.1 as explained in the following subparagraphs.

1. Enter the U.S. dollar equivalent amount of all LDA deposits made during the business day in the Daily Increase column. Include any earned interest credited by the bank on that day. Offset interest earnings with an appropriate Treasury Department miscellaneous receipt account collection voucher reported on line 4.1D. Also include any gain resulting from a beginning-of-day revaluation of the foreign currency on deposit. Offset such gains with a collection voucher reported on line 4.1E.

2. Enter the U.S. dollar equivalent total of LDA checks issued during the business day in the Daily Decrease column. Include any service charges made by the bank on that day. Offset the service charges with a disbursement voucher charging the Operations and Maintenance funds available for support of the disbursing activity and reported on line 4.1A. Also include any loss resulting from a beginning-of-day revaluation of the foreign currency on deposit. Offset revaluation losses with a negative collection voucher reported on line 4.1E.

3. Compute and enter the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total from the previous day's DD Form 2657. Do this even if the previous day is the last day of the preceding month since the Month-to-Date column totals for this line (and all lines throughout section II) are cumulative from month-to-month. The Month-to-Date total shall agree with the DO's computed checkbook balance.

B. Line 6.2A: U.S. Currency/Coinage on Hand. Include only U.S. currency and coins on hand in the disbursing office safe or vault and with deputies, agents, and cashiers located in the main disbursing office. DOs on Navy vessels with an Automated Teller Machine (ATM) system shall include funds in the possession of ATM custodians on this line. Do not include currency and coins identified on lines 6.3 through 6.9 below (for example, currency and coins held by deputies, agents, and cashiers at other locations other than the main disbursing office, or cash held for payrolls).

1. If the amount of U.S. currency and coinage on hand at end of day exceeds the amount of cash on hand from the Month-to-Date column of the previous day's

DD Form 2657, enter the amount of the increase in the Daily Increase column. The Daily Decrease column will be left blank.

2. If the amount of U.S. currency and coinage on hand at end of day is less than the amount of cash on hand from the Month-to-Date column of the previous day's DD Form 2657, enter the amount of the decrease in the Daily Decrease column. The Daily Increase column will be left blank.

3. Compute the amount to be entered in the Month-to-Date column by adding the Daily Increase column amount to, or deducting the Daily Decrease column amount from, the Month-to-Date column total from the previous business day's DD Form 2657.

C. Line 6.2B: Foreign Currency and Coinage on Hand. Include only foreign currency and coins on hand in the disbursing office safe or vault and with deputies, agents, and cashiers located in the main disbursing office. Do not include foreign currency and coins identified on lines 6.3A through 6.9 below (for example, foreign currency and coins held by deputies, agents, and cashiers at locations other than the main disbursing office or cash held for payrolls). If more than one type of foreign currency is maintained, schedule each type of currency on the back of the DD Form 2657 (or on a separate attachment). Add "See Attached" in the Description column. Unless scheduling on the back or in an attachment, show the foreign currency unit (for example, pesos) in the blank space in the Description column. Enter the U.S. dollar equivalent of the particular foreign currency in all three columns. Complete line 6.2B as explained in the following subparagraphs.

1. If the amount of foreign currency and coinage on hand at end-of-day exceeds the amount of foreign cash on hand from the Month-to-Date column of the previous day's DD Form 2657, enter the U.S. dollar equivalent amount of the increase in the Daily Increase column. The Daily Decrease column will be left blank.

2. If the amount of foreign currency and coinage on hand at end-of-day is less than the amount of foreign cash on hand from the Month-to-Date column of the previous day's DD Form 2657, enter the U.S. dollar equivalent amount of the decrease in the Daily Decrease column. The Daily Increase column will be left blank.

3. Compute the amount to be entered in the Month-to-Date column by adding the Daily Increase column amount to, or deducting the Daily Decrease column amount from, the Month-to-Date total from the previous business day's DD Form 2657.

D. Line 6.3A: Undeposited Collections - General. Undeposited collections are created most often when an SF 215 is prepared, dated, verified to the items to be deposited, and removed from a deputy's, agent's or cashier's possession, but is still on hand (not yet mailed or presented to the bank) at the close of the business day. These deposits cannot be reported on line 4.2A. If a deposit is not presented or mailed to the bank by the close of the business day, it shall be reported on line 6.3A. Amounts reported on this line are not considered a part of the

DO's cash authority. Do not delay preparation of the DD Form 2657 for the specific purpose of recording a prepared deposit on line 4.2A instead of line 6.3A.

1. Enter the amount of such a deposit in the Daily Increase column of line 6.3A.

2. In the Daily Decrease column, enter the amount of deposits presented or mailed to the bank that were recorded in the Daily Increase column of the DD Form 2657 for the previous business day.

3. Compute the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total from the previous day's DD Form 2657. The amount entered in the Month-to-Date column should normally coincide with the amount shown in the Daily Increase column.

E. Line 6.3B: Other Undeposited Instruments on Hand. Normally, there would be no reason for undeposited negotiable instruments to be carried over beyond the current or next business day. However, exceptions can occur. For example, a check received by the DO may not have been signed (or may contain other errors) and the person presenting (or mailing) the check is unavailable to correct the document in the same business day the collection is recorded.

1. Enter the amount of negotiable instruments that cannot be deposited in the Daily Increase column.

2. When finally deposited, enter the amount of negotiable instruments deposited in the Daily Decrease column.

3. Compute the amount to be entered in the Month-to-Date column by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total from the previous business day's DD Form 2657. The computed Month-to-Date column total shall agree with the value of negotiable instruments carried over to the next business day.

F. Line 6.4: Custody or Contingency Cash. The amount reported on this line includes cash held under custody account agreements in overseas contract MBFs or cash held for approved contingency requirements (as approved by the Treasury Department).

1. If the amount of custody or contingency cash on hand at end of day exceeds the amount on hand from the Month-to-Date column total of the previous day's DD Form 2657, enter the amount of the increase in the Daily Increase column. The Daily Decrease column will be left blank.

2. If the amount on hand at end of day is less than the amount on hand from the Month-to-Date column total of the previous day's DD Form 2657, enter the amount of the decrease in the Daily Decrease column. The Daily Increase column will be left blank.

3. Compute the amount to be entered in the Month-to-Date column by adding the Daily Increase column amount to, or deducting the Daily Decrease column amount from, the Month-to-Date column total from the previous business day's DD Form 2657.

G. Line 6.5: Funds with Agents. Enter the total amount of funds in the hands of deputies, disbursing agents, cashiers, paying agents, collection agents, imprest fund cashiers, and change fund custodians at locations other than the main disbursing office. Do not include amounts held by deputies, agents, and cashiers in the main disbursing office or amounts held by ATM custodians on Navy vessels. Amounts entered are taken from the latest DD Forms 1081 submitted by the deputies, agents, and cashiers. Show a detailed schedule on the back of the DD Form 2657 or on a separate attachment adding the words "See Attached" in the Description column on the face of the DD Form 2657. Include the particular foreign currency denomination (e.g., German Marks), the rate of exchange at which the currency is valued, the number of foreign currency units, and the U.S. dollar equivalent on the schedule. Note that if the DO's rate of exchange is different from the rate used on the DD Form 1081 prepared by the deputies, agents, or cashiers, the DO shall prepare a gain or loss DD Form 1131 to account for the difference.

1. If the amount shown on the latest DD Forms 1081 is greater than the amount shown in the Month-to-Date column of the DD Form 2657 for the previous day, enter the amount of the increase in the Daily Increase column.

2. If the amount shown on the latest DD Forms 1081 is less than the amount shown in the Month-to-Date column of the DD Form 2657 for the previous day, enter the amount of the decrease in the Daily Decrease column.

3. Compute the amount to be entered in the Month-to-Date column by adding the Daily Increase column amount to, or deducting the Daily Decrease column amount from, the Month-to-Date column total of the DD Form 2657 for the previous day. The computed Month-to-Date column total shall agree with the combined total of all the individual DD Forms 1081.

H. Line 6.6: Advances to Contractors. Enter cash advanced to contractors under advance pool agreements. Compute the amounts to be entered in the Daily Increase, Daily Decrease, and Month-to-Date columns in the same manner as for line 6.5.

I. Line 6.7: Cash in Transit. Enter the amount of all cash in transit. Foreign currency funds in transit may or may not be involved.

1. In the Daily Increase column, enter: cash not yet received for which Treasury exchange-for-cash checks already have been drawn; mutilated or decomposed currency forwarded to the FRB or (in the case of foreign currencies) to designated DOs, for which reimbursement has not yet been received; cash transferred to other DOs for which a Treasury check has not yet been received; and, unconfirmed credit card collection deposits reported to Mellon Bank and supported by DD Forms 1131.

2. In the Daily Decrease column, enter: the total cash and Treasury checks received which were included in the amounts entered in the Daily Increase column of a previous DD Form 2657; and the amount of confirmed bank credit card deposits that were included in the Daily Increase column of a previous DD Form 2657 and which are now reported in the Daily Increase column of line 4.2A (Deposits Presented or Mailed to Bank). If a charge-back is received from the bank, the appropriate functional area shall be notified and a negative DD Form 1131 prepared for the amount of the charge-back.

3. Compute the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total of the DD Form 2657 for the previous day. The computed amount entered in the current Month-to-Date column shall equal the total of all unsettled cash-in-transit transactions.

J. Line 6.8: Payroll Cash. Enter the value of cash held for payday requirements. Do not report funds held by ATM custodians on Navy vessels on this line. Compute the amounts to be entered in the Daily Increase, Daily Decrease, and Month-to-Date columns in the same manner as for line 6.2A.

K. Line 6.9: Other. Enter the amount of Treasury exchange-for-cash checks prepared in advance and prepositioned Treasury checks awaiting pickup by a deputy, agent, or cashier. Any other category of cash or cash items to be reported on this line must be approved by the servicing DFAS Center. Compute the amounts to be entered in the Daily Increase, Daily Decrease, and Month-to-Date columns in the same manner as for line 6.2A. Whenever possible, clear the items on this line before preparation of the SF 1219.

L. Line 7.1: Deferred Vouchers. A deferred voucher is any paid voucher that has not been recorded in the accounting system. The usual cause is a paid voucher that must be returned to the paying deputy, agent, or cashier for correction. In addition, vouchers paid by deputies, agents, or cashiers that have not yet been examined by the DO may be deferred until this review is complete.

1. Enter the amount of any paid vouchers that must be recorded as deferred during the business day in the Daily Increase column. These vouchers are not reported as gross disbursements on line 4.1A.

2. Enter the amount of any vouchers reported on line 4.1A that were deferred on a previous DD Form 2657 in the Daily Decrease column.

3. Compute the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total reported on the DD Form 2657 for the previous business day. The computed amount entered in the current Month-to-Date column must agree with the total of deferred vouchers outstanding.

M. Line 7.2A: Accounts Receivable - Check Overdrafts

1. In the Daily Increase column, enter any new check issue overdraft increases supported by FMS Forms 5206 or OFs 1017-G.

2. In the Daily Decrease column, enter any collections or disbursements against an undercharged appropriation reducing the check-issue overdraft amount reported on a previous DD Form 2657.

3. Compute the amount to be entered in the Month-to-Date column by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total of the DD Form 2657 for the previous business day.

4. The DO or primary deputy shall review accounts receivable for check overdrafts at least once each month to assure all necessary actions are being taken to clear the amount of the check issue overdrafts.

N. Line 7.2B: Accounts Receivable - Other

1. Enter any accounts receivable increases not included on line 7.2A in the Daily Increase column.

2. Enter any accounts receivable reductions not included on line 7.2A in the Daily Decrease column.

3. Compute the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total for the DD Form 2657 of the previous business day.

4. The DO or primary deputy shall review accounts receivable at least once each month to assure all necessary actions are being taken to clear the receivable.

O. Line 7.3: Loss of Funds

1. In the Daily Increase column, enter any physical losses of cash, food stamps, negotiable instruments, and uncollected dishonored check amounts that will be reported to the supporting DFAS Center.

2. Enter any recoveries of losses, or reimbursements by the supporting DFAS Center, in the Daily Decrease column.

3. Compute the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total of the DD Form 2657 of the previous business day. This amount shall agree with the total of all outstanding loss cases.

P. Line 7.4: Dishonored Checks Receivable

1. In the Daily Increase column, enter the amount of any dishonored checks received during the business day via an SF 5515 that are to be retained in DO accountability (i.e., not returned to the activity who originally accepted them).

2. In the Daily Decrease column, enter the amount of any dishonored checks collected or for which relief has been granted that are currently carried in DO accountability.

3. Compute the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total of the DD Form 2657 for the previous business day. The computed amount must agree with total of all dishonored checks on hand at the close of the business day.

Q. Lines 7.5 through 7.7. On the final DD Form 2657 for the accounting period, use these lines to summarize U.S. dollar equivalents of foreign currency amounts reported in section II. Enter in the Description column by country and type of currency, the total foreign currency units and U.S. dollar equivalent. Lines 6.1 and 6.2B always involve foreign currency. Line 6.5 could involve foreign currency. Leave the Daily Increase, Daily Decrease, and Month-to-Date columns blank.

R. Line 8.0: Total Incumbent DO Accountability. Enter the totals of lines 6.1 through 7.4 in each of the respective columns. Prove the Month-to-Date total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total of the DD Form 2657 for the previous business day. The figures must be the same.

190206. Section III: Distribution of Accountability - Predecessor DOs

A. General. This section of the DD Form 2657 shall be used by DOs charged with responsibility to settle the accounts of predecessor DOs as prescribed in Chapter 22 of this volume.

B. Line 9.2A: Accounts Receivable - Check Overdrafts. Compute all three column amounts for check overdrafts applicable to previous DOs in the same manner as prescribed for line 7.2A above. The DO or primary deputy shall review accounts receivable for check overdrafts at least once each month to assure all necessary actions are being taken to clear the amount of the check issue overdrafts.

C. Line 9.2B: Accounts Receivable - Other. Compute other accounts receivable amounts applicable to previous DOs in the same manner as prescribed for line 7.2B, above. The DO or primary deputy shall review accounts receivable at least once each month to assure all necessary actions are being taken to clear the amount of the receivable.

D. Line 9.3: Loss of Funds. Compute loss of funds amounts incurred by previous DOs in the same manner as prescribed for line 7.3, above.

E. Line 9.4: Other. Compute the amounts for other accountable items for previous DOs in the same manner as prescribed for line 7.4, above.

F. Line 10.0: Total Predecessor DO's Accountability. Enter the total of lines 9.2A through 9.4 in each of the respective columns. Prove the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total of the DD Form 2657 for the previous business day. The figures must be the same.

190207. Section IV: Distribution of Accountability - Combined

A. Line 11.0: Total DSSN Accountability. Enter the total of lines 8.0 and 10.0 in each of the respective columns. Prove the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total of the DD Form 2657 for the previous day. The amounts must be the same. The computed Month-to-Date column total must also agree with the Month-to-Date column total of line 5.0, or the DD Form 2657 is out-of-balance. Resolve any out-of-balance condition before preparing the DD Form 2657 for the next business day.

190208. Item 3: Disbursing Officer Name, Rank or Grade, Title. Type or print the name, rank or grade, and title of the DO.

190209. Item 4: Disbursing Officer or Deputy Signature. The DO or a designated deputy shall sign the DD Form 2657 as an attestation of the accurate representation of accountability to the Treasury Department.

190210. Item 5: Date. Enter the date the DD Form 2657 is signed.

190211. Section V: Distribution of Cash on Hand. This section of the DD Form 2657 shows the physical location of all U.S. and foreign cash on hand, including custody or contingency cash and payroll cash. It includes cash held by both on-site and off-site deputy DOs, agents, and cashiers (including mobility-line cashiers). This section does not include: funds in designated depositaries (from line 6.1); undeposited collections (from line 6.3A); funds with contractors (from line 6.6); or cash in transit (from line 6.7).

1903 PREPARATION OF DD FORM 2665

★ 190301. General. Except as provided in paragraph 190102.B, above, all disbursing officer deputies, agents, and cashiers shall prepare a DD Form 2665 for each day business is transacted. The DD Form 2665 is prepared in an original only and shall be a permanent record (i.e., typed or printed in ink). Figure 19-2 is provided as an example of a properly prepared DD Form 2665.

190302. Item 1: Date. Enter the business date for which the DD Form 2665 is prepared.

190303. Section I - Summary of Daily Accountability Transactions. This section summarizes all transactions affecting cash accountability since the last turn-in to the principal. Record daily and cumulative balances to-date since the last turn-in unless otherwise indicated in these instructions. Note that cumulative totals in this section represent cumulative amounts since the last turn-in and are not cumulative for an accounting period unless turn-ins are only made as of the end of a calendar month.

A. Line 1: Accountability - Beginning. In subitem "c" (Today column), enter the ending accountability balance shown on line 15 of subitem "c" from the previous business day. In subitem "d" (Cumulative column), enter the ending accountability shown on line 15 of subitem "d" of the DD Form 2665 prepared immediately following the last turn-in to the principal. Note that the beginning accountability balance in subitem "d" does not change until preparation of the DD Form 2665 immediately following the next turn-in to the principal.

B. Line 2: Advances. In subitem "b", enter the amount of advances received during the business day by cash, prepositioned checks, or other in the appropriate blocks. Do not enter memorandum accountability advances on this line. In subitem "c", enter the total of the amounts entered in subitem "b". In subitem "d", enter the sum of the amount entered in subitem "c" and the amount in subitem "d" of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem "d" must be the same as the amount entered in subitem "c".

C. Line 3: Vouchered Collections. In subitem "c", enter the total of all vouchered collections made during the business day. Do not enter memorandum or

nonvouchered collections on this line. In subitem "d", enter the sum of the amount entered in subitem "c" and the amount in subitem "d" of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem "d" must be the same as the amount entered in subitem "c".

D. Line 4: Treasury Check Issues. In subitem "b", enter the value of vouchered Treasury check issues in the Vouchered block, and the value of non-vouchered check issues in the Other block. In subitem "c", enter the total of all Treasury checks issued from subitem "b". The amount entered in subitem "c" must equal the sum of the amounts entered in subitem "b". In subitem "d", enter the sum of the amount entered in subitem "c" and the amount in subitem "d" of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem "d" must be the same as the amount entered in subitem "c". Note that this line is for use only by agent officers authorized by the principal to issue Treasury checks.

E. Line 5: Transfers from Other Disbursing Officers. In subitem "c", enter the total of cash or other cash accountability items received from another disbursing officer during the business day. In subitem "d", enter the sum of the amount entered in subitem "c" and the amount in subitem "d" of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem "d" must be the same as the amount entered in subitem "c".

F. Line 6: Exchange Gain Accumulations. In subitem "c", enter the value of any minor gains from revaluation of foreign currency on hand, or rounding gains involved in exchange transactions, that are not vouchered immediately (that is, not included on line 3, above). In subitem "d", enter the sum of the amount entered in subitem "c" and the amount in subitem "d" of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem "d" must be the same as the amount entered in subitem "c". Accumulated exchange gains must be vouchered before any turn-in to the principal.

G. Line 7: Other. In subitem "c", enter the value of any other increases in accountability (such as a cash overage that will not be vouchered until the next business day). Explain what the increases are. In subitem "d", enter the sum of the amount entered in subitem "c" and the amount in subitem "d" of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem "d" must be the same as the amount entered in subitem "c".

H. Line 8: Total Increases. In both subitems "c" and "d", enter the respective total of lines 2 through 7.

I. Line 9: Gross Accountability. In subitem "c", enter the sum of subitem "c" amounts on line 1 and line 8. In subitem "d," enter the sum of subitem "d" amounts on line 1 and line 8.

J. Line 10: Transfers to Other Disbursing Officers. In subitem "c", enter the total of cash or other cash accountability items transferred to another DO during the business day. In subitem "d", enter the sum of the amount entered in subitem "c" and the amount in subitem "d" of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem "d" must be the same as the amount entered in subitem "c".

K. Line 11: Exchange Loss Accumulations. In subitem "c", enter the value of any minor losses incurred during the business day as a result of revaluation of foreign currency on hand, or rounding losses involved in exchange transactions, that are not vouchered immediately. In subitem "d", enter the sum of the amount entered in subitem "c" and the amount in subitem "d" of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem "d" must be the same as the amount entered in subitem "c". Accumulated exchange losses must be vouchered before any turn-in to the principal.

L. Line 12: Other. In subitem "c", enter the value of valid decreases in accountability during the business day not covered on lines 10 and 11 (such as a cash shortage that will not be vouchered until the next business day). Explain the decreases. In subitem "d", enter the sum of the amount entered in subitem "c" and the amount in subitem "d" of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem "d" must be the same as the amount entered in subitem "c".

M. Line 13: Returns to Principal. Complete this line only on the first DD Form 2665 prepared following a turn-in. Enter the total value of accountability items turned in to the principal in both subitems "c" and "d". In the blocks provided, break-out the value of paid vouchers, deposit tickets, and other items turned in.

N. Line 14: Total Decreases. In both subitems "c" and "d", enter the respective total of amounts entered on lines 10 through 13.

O. Line 15: Accountability - Ending. In both subitems "c" and "d", enter the difference derived by subtracting the amount on line 14 from the amount on line 9. The resulting amounts (ending accountability) in subitems "c" and "d" must be the same.

190304. Section II - Distribution of Agent Accountability. This section shows the make-up of all items for which the deputy, agent, or cashier is accountable to the principal. The items are entered on the appropriate line (lines 16 through 31) that describes the accountable item in subitem "c", Accountability Before Transfers. When the DD Form 2665 is the first being prepared after an agent turn-in, enter the amount of the turn-in on the appropriate lines in subitem "d", Returns to Principal. Otherwise, leave subitem "d" blank. If no agent turn-in is entered in subitem "d", then subitem "e", Accountability After Transfers also may be left blank. The

amount in subitem "c" is then considered to be the final accountability for the day. Note, however, that if an amount is entered in subitem "d" for any of the lines in this section, subitem "e" must be completed. Compute the amount to be entered on each line of subitem "e" by subtracting the amount in subitem "d" from the amount in subitem "c". Add the amounts in each of the three subitems and enter the respective totals on line 32. To prove the computations and totals entered on line 32, subtract the total in subitem "d" from the total in subitem "c". The result must equal the total entered on line 32 in subitem "e". The following subparagraphs describe entries for subitem "c"; however, if an agent turn-in is recorded for the day, subitems "d" and "e" must also be completed as described in this paragraph.

A. Line 16: Limited Depositary. Enter the U.S. dollar value of the current LDA balance. In the spaces provided, enter the number of foreign currency units and the exchange rate at which the foreign currency units are valued.

B. Line 17: Cash on Hand (U.S.). Enter the amount of U.S. currency and coin on hand.

C. Line 18: Cash on Hand (Foreign). Enter the U.S. dollar value of foreign currency and coin on hand. In the spaces provided, enter the number of foreign currency units and the exchange rate at which the foreign units are valued for both accommodation exchange cash and operating cash.

D. Line 19: Prepositioned Treasury Checks. Enter the total value of prepositioned Treasury checks on hand. Note that these checks are inscribed Treasury checks issued as advances to the agent by the principal that have not been negotiated by the agent. Do not enter Treasury checks issued by the agent (if the agent has authority to issue Treasury checks) that have not been delivered to the payee.

E. Line 20: Negotiable Instruments (U.S.). Enter the value of all U.S. dollar undeposited negotiable instruments on hand in the agent office. Include all negotiable instruments (e.g., personal checks, Treasury checks, money orders and food stamps) accepted for debts owed the U.S. Government and in accommodation exchange transactions.

F. Line 21: Negotiable Instruments (Foreign). Enter the U.S. dollar value of undeposited negotiable foreign instruments on hand in the agent office. In the spaces provided, enter the number of foreign currency units represented by the negotiable instruments and the exchange rate at which the foreign instruments are valued.

G. Line 22: Military Payment Certificates. Enter the value of MPC on hand in the agent office.

H. Line 23: Paid Vouchers. Enter the value of paid disbursement vouchers on hand in the agent office. Do not include memorandum or journal vouchers on this line.

I. Line 24: Funds in Transit. Enter the value of funds in transit to or from another DO (not the agent's principal). Funds in transit increases include: cash not yet received for which Treasury checks have been issued; mutilated or decomposed currency forwarded to the FRB (or in the case of foreign currency, to the central DO) for which reimbursement has not yet been received; and cash transferred to other DOs for which a Treasury check has not yet been received. Funds in transit decreases are reported when the above expected cash or Treasury check is received. Note: Increases are entered as positive amounts; decreases are entered as negative amounts.

J. Line 25: Funds with Subagents. Generally, primary agent advancement of funds to any type of subagent (for example, a paying agent) does not change overall primary agent accountability. For example, an increase on this line representing a cash advance to a subagent would be offset by a decrease to lines 17 or 18, as appropriate. However, if the primary agent is authorized to issue Treasury checks, and the advance to the subagent is provided by a Treasury check issued by the agent, the advance is recorded in line 4 of section I as a Treasury check issue and is recorded as an increase on this line. When funds or paid vouchers are returned by the subagent, the return is recorded as a decrease to this line. The decrease is offset by an increase to the appropriate line in this section (for example, cash on hand or paid vouchers).

K. Line 26: Deposit Tickets. Unlike deposits by a DO, agent deposits to an FRB or TGA do not officially reduce the agent's accountability. The agent's accountability is reduced when the applicable confirmed deposit tickets are received by the principal. Enter the value of all SFs 215 on hand for deposits made to an FRB or TGA during the business day. Do not enter deposits to an LDA on this line.

L. Line 27: Dishonored Checks Receivable. Enter the value of dishonored checks received from the principal that are or were retained in the agent's accountability. Agents deposit checks for credit to the DSSN of the DO. Any dishonored checks will be returned to the DO by the depositary on an SF 5515. The DO will reduce DD Form 2657 line 4.2A (Deposits Presented or Mailed to Bank) and increase line 6.5 for the agent to whom the dishonored check is returned. The agent will record the dishonored check as an increase to this line and either retain it until recoupment is made for a dishonored check accepted in an accommodation transaction or remove it from accountability by processing a reverse DD Form 1131 and returning it to the functional area or collection activity from which received. A decrease to this line is applicable when the amount of the dishonored check is recouped, when the receivable is cleared by a reverse DD Form 1131, or when an uncollectible receivable is processed for removal from accountability as provided in Chapter 6 of this volume.

M. Line 28: Check Overdrafts Receivable. Generally, if authorized to issue Treasury checks, agents will also be responsible for collection of the amount of any check issue overdrafts. The amount of a check issue overdraft will be received as an advance from the DO, with a copy of the FMS Form 5206, and will be recorded on this line. Enter the value of check overdrafts being carried by the agent. As a matter of expediency, the DO may choose to adjust FMS Forms 5206 attributable to agent Treasury check overdrafts without transfer of

accountability back to the agent. Such adjustments will be made directly to the DO's DD Form 2657.

N. Line 29: Loss of Funds. Enter the value of agent losses of funds. Generally, the agent shall follow loss of funds procedures in Chapter 6 of this volume, with reporting to the DO instead of the supporting DFAS Center. If a loss is not immediately recouped by the agent, the loss will be transferred to the DO for recording on the DD Form 2657. When a loss is transferred to the DO, the transfer will be recorded in subitem "d". Note that transfer of a loss as described herein does not relieve the agent of liability for the loss. The transfer is for recording purposes only.

O. Line 30: Deferred Vouchers. Enter the value of agent deferred vouchers on hand. An agent deferred voucher can occur when the agent makes a payment but cannot include the voucher in the next scheduled agent turn-in. Normally, this situation occurs because of an error noted on the voucher that can only be corrected through contact with the payee. The deferred voucher is established as an increase to this line and an offsetting decrease to line 23 (Paid Vouchers). When the deferred voucher is corrected, it may either be transferred back to line 23 pending turn-in to the principal, or it may be retained on this line until the next scheduled turn-in. Note that this line is not used to record vouchers returned to the agent for correction. Agents shall record vouchers returned for correction as a memorandum entry in section IV, line 41. DOs will record vouchers returned for correction as deferred vouchers on the DD Form 2657.

P. Line 31: Other. Enter the value of other agent accountability items not covered by lines 16 through 30. Describe the items in the space provided. in subitem "b".

Q. Line 32: Total Agent Accountability. Enter the total of the values entered on lines 16 through 31. This total must equal the total entered in section I, subitem "c", line 15. If a turn-in to the DO is recorded in section I, line 13, the turn-in must also be entered on the applicable lines in section II, subitem "d" and the amounts for each line in subitem "e" computed and entered. Enter the total of the values entered on lines 16 through 31 of subitems "d" and "e". The total entered in subitem "d" must equal the total entered in section I, subitem "c", line 13. The total entered in subitem "e" must equal the total entered in section I, subitem "c", line 15.

190305. Section III - Location of Cash/Negotiable Instruments. The location and value of agent accountable items (including both U.S. and foreign currency (and coin)) is recorded in this section.

A. Line 33: Agent. Enter the value of accountable items located in the agent's safe in the applicable subitems.

B. Line 34: Deputy Agent. Enter the value of accountable items located in the deputy agent's (or subagent's) safe in the applicable subitems.

C. Line 35: Cashier. Enter the value of accountable items located in the cashier's safe in the applicable subitems.

D. Line 36: Other. Enter other locations where accountable items are stored in the space provided in subitem "b". Enter the value of accountable items located at these other locations in the applicable subitems.

★ E. Line 37: Totals. Enter the totals of subitems "c" through "g". Also, ensure the totals reconcile to section II, lines 17 through 22 and 25.

190306. Item 2 - Name of Agent. The agent shall type or print his or her name in the space provided.

190307. Item 3 - Address of Agent. The agent shall type or print his or her duty location in the space provided.

190308. Item 4 - Signature of Agent. The agent shall sign the DD Form 2665 as attestation of the accurate representation of his or her accountability.

190309. Section IV - Memorandum Agent Accountability. This section includes memorandum-type information not officially a part of agent accountability data. Agent completion of section IV is at the DO's option. If the DO has no preferences, completion of section IV is at the agent's option.

A. Line 38: Deposit Tickets on Hand. Enter each SF 215 number and amount on hand since the last turn-in to the principal.

B. Line 39: Paid Vouchers on Hand. Paid agent vouchers do not decrease agent accountability until they are turned in to the principal. This subsection tracks the voucher numbers of paid agent vouchers on hand at the close of the business day. Also enter disbursement voucher numbers not used, duplicated, and voided, in the spaces provided.

C. Line 40: Collection Vouchers on Hand. This subsection tracks the voucher numbers of agent collection vouchers on hand at the close of the business day. Note that, unlike disbursement vouchers, collection vouchers are not an official part of agent accountability. Rather, the instruments collected (cash, checks, etc.) constitute a part of the agent's accountability. Nonetheless, the agent is responsible for preparing collection vouchers to document all collections received and is also responsible to ensure that the original and required copies of the collection vouchers are turned in to the principal for eventual forwarding to the servicing DFAS Center with the DO's financial reports. Also, enter collection voucher numbers not used, duplicated, and voided, in the space provided.

D. Line 41: Vouchers Returned for Correction. Vouchers returned by the DO for correction do not officially increase the agent's accountability. However, such vouchers

eventually must be returned to the DO for recording in the accounting system. Record the applicable disbursement and collection voucher numbers of vouchers not yet corrected and returned to the DO.

★ E. Line 42: Treasury Check Stock on Hand. If the agent is authorized to issue Treasury checks, complete this section for each series of blank checks on hand. Enter the inclusive check numbers of all blank Treasury check stock on hand at the end of the business day.

F. Line 43: Agent Remarks. Enter any necessary remarks at the agent's discretion or at the direction of the principal.

1904 PREPARATION OF DD FORM 1081

190401. General. The DD Form 1081 shall be prepared as a summary of cash transactions and receipt for cash and vouchers on hand between DOs and their agent officers (deputies, agents, cashiers, paying agents, and collection agents). The DD Form 1081 shall also be initiated by the DO when funds are advanced to an agent officer. The agent officer shall initiate the DD Form 1081 when funds and/or cash vouchers are turned in to the DO. Cash transactions that increase the accountability of the agent officer shall be shown in the Increase column. Cash transactions that decrease the accountability of the agent officer shall be shown in the Decrease column.

190402. Preparation of DD Form 1081 by DO. The DO shall prepare a DD Form 1081 in an original and 2 copies to account for an advance of funds to an agent officer. The identification of the DO and that of the agent officer shall be entered in the blocks provided for this purpose. Figure 19-3 is provided as an example of a properly prepared DD Form 1081 for advancing funds to an agent officer.

A. Line 1. In the Beginning Balance column, enter the balance in the agent officer's account before the current advance of funds. This amount should be the same as the amount shown on line 17 of the last DD Form 2665 submitted by the agent and line 12 of the last DD Form 1081 submitted by the agent.

B. Lines 2 through 4. In the Increase column, enter on the appropriate line the amount of currency included in the current advance.

C. Lines 5 and 6. Leave blank. These lines are not used on an advance of funds.

D. Line 7A, 7B, and 7C. In the Increase column, enter the amount of Treasury checks and/or any other negotiable instruments included in the advance. If space permits, enter the check number(s) on the corresponding line. If more space is required, list the check numbers on the reverse of the form.

E. Line 8. Leave blank. This line is not used on an advance of funds.

F. Line 9. In the Increase column, enter the dollar value of incorrect vouchers returned to the agent officer. The return of incorrect vouchers to an agent officer shall be considered as funds advanced.

G. Lines 10 and 11. In the Transactions column, enter an appropriate identification of items other than those described above that are included in the advance of funds. Enter the amount of such items in the Increase column.

H. Line 12. In the Beginning Balance column, enter the grand total of the amount entered on line 1 plus the total of the amounts entered in the Increase column on lines 2 through 11. This grand total represents the balance in the agent officer's account as a result of the advance.

I. Statements

1. Disbursing Officer. The DO shall place an "X" in the box provided opposite the "On Advance" statement to indicate that the form is to account for an advance of funds to the agent officer and shall complete the Date and Signature blocks to authenticate the statement opposite the box checked. The signed original and duplicate of the form, together with the funds, shall be delivered to the agent officer. The triplicate copy shall be retained by the DO pending return of the signed original by the agent officer.

2. Agent Officer. The agent officer shall verify that the items received are in agreement with the amounts stated on DD Form 1081. The agent officer shall then place an "X" in the box provided opposite the agent officer's "On Advance" statement and shall complete the Date and Signature blocks to authenticate the statement shown opposite the box checked. The original DD Form 1081 shall be returned to the DO as a receipt for the funds. The duplicate copy shall be retained by the agent officer.

190403. Preparation of DD Form 1081 by Agent Officer. The agent officer shall prepare a DD Form 1081 in an original and 2 copies to account for a return of funds and/or cash vouchers to the DO. The identification of the DO and that of the agent officer shall be entered in the blocks provided for this purpose. Figure 19-4 is provided as an example of a properly prepared DD Form 1081 to return funds and/or cash vouchers to the DO.

A. Line 1. In the Beginning Balance column, enter the balance in the agent officer's account before the current return of funds and/or cash vouchers. This amount should be the same as the amount shown on line 17 of the last DD Form 2665 submitted by the agent and line 12 of the last DD Form 1081 submitted by the agent.

B. Lines 2 through 4. In the Decrease column, enter on the appropriate line the amount of currency included in the return.

C. Line 5. In the Increase column, enter the amount of collections made by the agent officer in the form of cash or negotiable instruments.

D. Line 6. In the Decrease column, enter the amount of deposits (SF 215) made by the agent officer to the credit of the Treasury Department over the DSSN of the DO.

E. Line 7A, 7B, and 7C. In the Decrease column, enter the amount of Treasury checks and/or any other negotiable instruments being returned to the DO. (Items previously advanced by the DO, but not used).

F. Line 8. In the Decrease column, enter the amount of vouchers paid in cash by the agent officer and included in the return.

G. Line 9. Leave blank. This line is not used by agent officers on return of funds and/or cash vouchers to the DO.

H. Lines 10 and 11. In the Transactions column, enter an appropriate identification of items other than those described above that are included in the return. Enter the amount of such items in the Decrease column.

I. Line 12. In the Beginning Balance column, enter the total of the amount entered on line 1 plus the total of the amounts entered in the Increase column on lines 2 through 11. In the Ending Balance column, enter the grand total of the amount entered in the Increase column of this line minus the total of the amounts entered in the Decrease column on lines 2 through 11. This grand total represents the balance in the agent officer's account as a result of the return.

J. Statements

1. Agent Officer. The agent officer shall place an "X" in the box provided opposite the agent officer's "On Return" statement to indicate that the form is prepared to account for the return of funds and/or cash vouchers to the DO and shall complete the Date and Signature blocks to authenticate the statement shown opposite the box checked. The signed original and duplicate of the DD Form 1081, with the funds and/or cash vouchers, shall be delivered to the DO. The triplicate copy shall be retained by the agent officer pending return of the signed duplicate by the DO.

2. Disbursing Officer. The DO shall verify that the amounts reported on the DD Form 1081 are in agreement with the items received and shall then place an "X" in the box provided opposite the "On Return" statement. The DO shall complete the Date and Signature blocks to authenticate the statement opposite the box checked. The signed duplicate of

the form shall be returned to the agent officer as a receipt for the items turned in. The original of the form shall be retained by the DO.

1905 PREPARATION OF SF 1219

190501. General. Every DO shall submit an SF 1219 each month for each DSSN assigned whether or not any transactions occur or any accountable balance is involved. A final SF 1219 shall be prepared and submitted by the DO being relieved irrespective of the fact that the last day of the accounting period may be other than the last day of the month. The final SF 1219 shall be plainly marked "FINAL" in the blank space directly above the name line. Erasures, strikeovers, or marks of any description other than legitimate entries are not permitted on the SF 1219. Use cumulative month-to-date totals from the final DD Form 2657 for the accounting period (or month) to complete the similarly-numbered lines of the SF 1219. Certain alpha-suffixed cumulative line totals on the DD Form 2657 must be combined for entering on the SF 1219.

190502. Heading

A. Name of Disbursing Officer. Enter the full name and rank or grade of the DO.

B. Location of Disbursing Officer. Enter the unit identification code, name, and location of the disbursing activity.

C. Name of Agency. Enter "Army", "Navy", "Air Force", "Marine Corps", as applicable. Defense Agencies shall enter the appropriate name based on the Military Service from which the DSSN was obtained.

D. Agency Location Code. Enter the four-digit DSSN under which the DO is operating. A separate SF 1219 shall be prepared for each DSSN.

E. Period of Account. Enter the first and last days of the reporting period. Normally, the reporting period begins on the first day of each calendar month and ends on the last day. A reporting period never extends beyond the last day of a calendar month. Exceptions to the calendar month as the reporting period will depend on situations such as when a DO is relieved from disbursing duties prior to the last day of the month, or when a DO commences disbursing duties on a day other than the first day of the month.

190503. Section I - General Statement of Account

A. Part A - Transactions During Period Affecting Accountability

1. Line 1.00: Total Accountability Beginning of Period. Enter the Month-to-Date column total from line 1.00 of the final DD Form 2657 for the reporting period.

This amount must be the same amount reported as the Accountability Close of Period (line 5.00) of the SF 1219 for the previous reporting period. In the case of relieving DOs, the amount shown must be the same as the amount shown on line 11.0 of the relieved DO's final SF 1219. Note: Relieving DOs assigned to tactical units and Naval vessels shall follow the instructions in Chapter 2 of this volume for this line. DOs reporting foreign currency shall enter the amount of foreign currency (including limited depositary checking accounts) held at the beginning of the reporting period in the blank space opposite the caption for line 1.00.

2. Line 2.1: Checks Issued on U.S. Treasury. Enter the combined Month-to-Date column totals of lines 2.1A and 2.1B of the final DD Form 2657 for the reporting period. This amount must agree with the amount in column (5), Part A, Section II, on the reverse of the SF 1219 and with the net total of checks issued as reported on the SF 1179. The total of checks issued (including adjustments) entered refers only to checks drawn on the U.S. Treasury and shall not include limited depositary account checks. Limited depositary account checks shall be treated as cash transactions and shall be reflected on line 6.1.

3. Line 2.34: Discrepancies in D.O. Accounts - Credits. Do not use.

4. Line 2.36: Payments By Another D.O. Do not use.

5. Line 2.37: Transfers From Other DOs. Use this line to record the final accountability of a deactivated DSSN that is being assumed by the DO. The same accountability figure must be shown on line 4.37 of the deactivated DSSN's SF 1219. Also use this line to record a transfer of funds from another DO. The transferring DO shall have a corresponding entry on line 4.37 of his or her SF 1219. The amount entered shall be the same amount as shown in the Month-to-Date column on line 2.37 of the final DD Form 2657 for the reporting period.

★ 6. Line 2.39. Designated DOs participating in Treasury Department's On-Line Payment and Collection System (OPAC) shall use this line as described in this subparagraph. Refer to Chapters 10, 11, and 24 of this volume for detailed information regarding the use of OPAC. The paper version of the SF 1219 has not yet been revised by the Treasury Department to include Line 2.8 - OPAC Payments and Collections. However, the Treasury Department has revised the requirements for disbursing offices that electronically prepare and submit the SF 1219. The electronic format includes Line 2.8 specifically for OPAC Payments and Collections. If the SF 1219 is prepared manually, strike out the caption 2.39 and insert 2.8 - OPAC Payments and Collections. Enter the net monthly OPAC interagency payments and collections, including any adjustments for the current month. The amount entered shall be the same as shown in the Month-to-Date column of line 2.8 of the final DD Form 2657 for the reporting period. The Treasury Department's Financial Management Service (FMS), will compare customer and billing agencies' SF 1219 OPAC transactions with the OPAC data. If there is a difference in the comparison, a TFS Form 6652 (Statement of Differences - Disbursing Office Transactions) will be generated. The differences must be investigated and necessary corrections reported on the next month's SF 1219 as a separate line 2.8. Annotate month and year on each of

the description lines to differentiate between the accounting months. Separate lines also are required if an OPAC transaction is processed in the Treasury Department's system at the end of a prior month but vouchered for agency's accountability in the current month.

7. Line 2.9: Total Increases in Accountability. Enter the sum of lines 2.1 through 2.39. The amount must agree with the Month-to-Date column total on line 2.9 of the final DD Form 2657 for the reporting period.

8. Line 3.0: Subtotal. Enter the sum of lines 1.00 and 2.9. The amount must agree with the Month-to-Date column total on line 3.0 of the final DD Form 2657 for the reporting period.

9. Line 4.1: Net Disbursements. Enter the Month-to-Date column total from line 4.1F of the final DD Form 2657 for the reporting period.

10. Line 4.2: Deposits Presented or Mailed to Bank. Enter the combined Month-to-Date column totals from lines 4.2A and 4.2B of the final DD Form 2657 for the reporting period. The amount entered shall agree with the amount in column (5), Part B, Section II on the reverse of the SF 1219.

11. Line 4.34: Discrepancies in D.O. Accounts - Debits. Do not use.

12. Line 4.36: Payments for Another D.O. Do not use.

13. Line 4.37: Transfers to Other DOs. Use this line when the DSSN is being deactivated and final accountability is being transferred to another DO. The gaining DO shall assume accountability for this balance by recording an increase on line 2.37 of his or her SF 1219 for the same reporting period. Also use this line to record a transfer of funds to another DO. The receiving DO shall have a corresponding entry on line 2.37 of his or her SF 1219 for the same reporting period. The amount entered must be the same as shown in the Month-to-Date column on line 4.37 of the final DD Form 2657 for the reporting period.

14. Line 4.39. Do not use.

15. Line 4.9: Total Decreases in Accountability. Enter the sum of lines 4.1 through 4.39. The amount must agree with the Month-to-Date column total on line 4.9 of the final DD Form 2657 for the reporting period.

16. Line 5.00: Total Accountability Close of Period. Subtract the amount on line 4.9 from the amount on line 3.0 and enter the result. This amount must agree with the Month-to-Date column total on line 5.0 of the final DD Form 2657 for the reporting period.

B. Part B - Analysis of Incumbent Officer's Accountability

1. Line 6.1: Cash on Deposit in Designated Depositary. Enter the Month-to-Date column total from line 6.1 of the final DD Form 2657 for the reporting period. If there is only one LDA, show the name and location on the Name and Location of Depositary line of the description column. If more than one LDA is maintained, attach a schedule to each copy of the SF 1219 showing the name, location, foreign currency unit, and U.S. dollar equivalent for each LDA and show the total of all LDAs on line 6.1. Enter "See Attached" on the Name and Location of Depositary line. Amounts on this line shall always be reported in U.S. dollars and agree with the DO's computed limited depositary checkbook balance.

2. Line 6.2: Cash on Hand. Enter the combined Month-to-Date column totals of lines 6.2A and 6.2B of the final DD Form 2657 for the reporting period. Show a parenthetical U.S. dollar equivalent of foreign currencies on hand (from line 6.2B of the DD Form 2657) after the description. DOs on Navy vessels with an Automated Teller Machine (ATM) system shall include funds in the possession of ATM custodians on this line. Do not include currency and coins held by deputies, agents, and cashiers at locations other than the main disbursing office or cash held for payrolls on this line. Cash held by deputies, agents, and cashiers at locations other than the main disbursing office shall be reported on line 6.5. Cash held for payrolls shall be reported on line 6.8.

3. Line 6.3: Cash - Undeposited Collections. Enter the combined Month-to-Date column totals of lines 6.3A and 6.3B of the final DD Form 2657 for the reporting period. Include all undeposited cash and cash items (e.g. checks and money orders) on hand at the close of the reporting period that are for deposit to the TGA. Do not include deposits already mailed or presented for credit to the TGA.

4. Line 6.4. Enter the caption "Custody or Contingency Cash" in the description column. The amount entered on this line includes cash held under custody account agreements in overseas contract MBFs or, when separately approved by the Treasury Department, cash held as cash reserves for contingency requirements. Enter the Month-to-Date column total from line 6.4 of the final DD Form 2657 for the reporting period.

5. Line 6.5: Cash in Custody of Government Cashiers. Amounts entered on this line include coin and currency in the hands of deputies, agents, cashiers, imprest fund cashiers, collection agents, paying agents, and change fund custodians at locations other than the main disbursing office. Do not include amounts held by deputies, agents, and cashiers in the main disbursing office or amounts held by ATM custodians on Navy vessels. Enter the Month-to-Date column total from line 6.5 of the final DD Form 2657 for the reporting period. Also, enter in parentheses (in the space between the caption and the amount column) the dollar equivalent of foreign currencies included in the amount reported.

6. Line 6.6. Enter the caption "Advances to Contractors" in the description column. Enter the Month-to-Date column total from line 6.6 of the final DD Form 2657 for the reporting period.

7. Line 6.7. Enter the caption "Cash in Transit" in the description column. Enter the Month-to-Date column total from line 6.7 of the final DD Form 2657 for the reporting period.

8. Line 6.8. Enter the caption "Payroll Cash" in the description column. Do not report amounts held by ATM custodians on Navy vessels on this line. Enter the Month-to-Date column total from line 6.8 of the final DD Form 2657 for the reporting period.

9. Line 6.9. Enter the caption "Other Cash Items" in the description column. Enter the Month-to-Date column total from line 6.9 of the final DD Form 2657 for the reporting period.

10. Line 7.1: Deferred Charges - Vouchered Items. Enter the Month-to-Date column total from line 7.1 of the final DD Form 2657 for the reporting period.

11. Line 7.2: Receivables - Check Overdrafts. Enter the combined Month-to-Date column totals from lines 7.2A and 7.2B of the final DD Form 2657 for the reporting period.

12. Line 7.3: Losses of Funds. Enter the Month-to-Date column total from line 7.3 of the final DD Form 2657 for the reporting period.

13. Line 7.4: Receivables - Dishonored Checks. Enter the Month-to-Date column total from line 7.4 of the final DD Form 2657 for the reporting period.

14. Lines 7.5 Through 7.9. Do not use.

15. Line 8.0: Total of My Accountability. Enter the total of lines 6.1 through 7.4. This amount must agree with the Month-to-Date column total from line 8.0 of the final DD Form 2657 for the reporting period.

C. Part C - Analysis of Predecessor Officers' Accountability

1. Line 9.2: Receivables - Check Overdrafts. This line shall be used by DOs charged with responsibility to settle the accounts of predecessor DOs as prescribed in Chapter 22 of this volume. Enter the combined Month-to-Date column totals from lines 9.2A and 9.2B of the final DD Form 2657 for the reporting period.

2. Line 9.3: Losses of Funds. This line shall be used by DOs charged with responsibility to settle the accounts of predecessor DOs as prescribed in Chapter 22 of this volume. Enter the Month-to-Date column total from line 9.3 of the final DD Form 2657 for the reporting period.

3. Line 9.4: Other Accountability. This line shall be used by DOs charged with responsibility to settle the accounts of predecessor DOs as prescribed in Chapter 22 of this volume. Enter Month-to-Date column total from line 9.4 of the final DD Form 2657 for the reporting period.

4. Line 10.0: Total Predecessor Officers' Accountability. This line shall be used by DOs charged with responsibility to settle the accounts of predecessor DOs as prescribed in Chapter 22 of this volume. Enter the total of lines 9.2 through 9.4. This total shall agree with the Month-to-Date column total from line 10.0 of the final DD Form 2657 for the reporting period.

5. Line 11.0: Total Disbursing Office Accountability. Enter the total of lines 8.0 and 10.0. This total must be equal to the amount entered in Part A on line 5.0, and must also equal the Month-to-Date column total from line 11 of the final DD Form 2657 for the reporting period.

190504. Certification. Type the name and telephone number (both commercial (including area code) and DSN) of the person to be contacted should any questions arise regarding the SF 1219. The DO or, during periods of authorized absence of the DO, the authorized deputy DO, shall sign the certification in the space provided. The signature of the DO or deputy shall be in the same form as used for signing Treasury checks. The date of submission shall be typed in the space provided. In the case of a DO being relieved from disbursing duty, the relieving DO shall certify the receipt of accountability at the bottom of the SF 1219 as prescribed in Chapter 2 of this volume. Figure 19-5 is provided as an example of a properly prepared SF 1219.

190505. Air Force Merged Accountability and Fund Reporting System (MAFR) Balancing. Air Force DOs are required to add the following lines in the bottom margin of the SF 1219 to facilitate balancing of the MAFR system.

A. Line 4.11 - Gross Disbursements. Enter the cumulative amount from line 4.1A of the last DD Form 2657 prepared for the accounting period (month). If line 4.1A is not used, enter the amount from line 4.1C of the DD Form 2657.

B. Line 4.12 - Refunds. Enter the cumulative amount from line 4.1B of the last DD Form 2657 prepared for the accounting period (month). If line 4.1B is not used, enter zero.

C. Line 4.13 - Receipts. Enter the cumulative amount from line 4.1D of the last DD Form 2657 prepared for the accounting period (month).

D. Line 4.14 - Reimbursements. Enter the cumulative amount from line 4.1E of the last DD Form 2657 prepared for the accounting period (month).

E. Line 4.15 - Total Collections. Enter the total of the amounts included in lines 4.12, 4.13, and 4.14 above.

190506. Section II - Summary by Symbol of Check and Deposit Transactions with U.S. Treasury

A. Part A - Checks Issued and Adjustments for Prior Periods. The detailed information required to be reported in this part is indicated by the columnar headings. The information shall be shown for the DSSN under which there were checks issued or check issue adjustment transactions in the current reporting period. The amounts reported in the respective columns must agree with amounts reported on the SF 1179 for the same reporting period.

1. Column (1) - Check Symbol. Enter the DSSN covered by the SF 1219.

2. Column (2) - Amount of Checks Issued this Period. Enter the total amount of all Treasury checks issued during the current reporting period. Check issue adjustments accomplished using OFs 1017-G applicable to checks issued during the current reporting period (after such checks have been reported as check issues to the Treasury Department) shall be included in the total shown in this column. If overdrafts or underdrafts are discovered before level 8 check issue reporting for those same checks is made, the level 8 report is changed (i.e., without a check issue adjustment). In the case of an overdraft, an accountability-balancing increase to line 7.2A of the DD Form 2657 would be made. In the case of an underdraft, another check would be issued and recorded in the normal manner, and both check numbers cited on the disbursement voucher. The amount entered in this column must agree with the amount reported on line 1 of the summary portion of the SF 1179. Do not enter limited depositary account check issues in this column.

3. Column (3) - Adjustments for Prior Months' Issues by FMS Form 5206. Enter the issue month and year and the amount of each adjustment applicable to checks issued in prior periods and documented by FMS Forms 5206. Entries in this column can include check issue adjustments for checks issued and reported under level 8 check issue reporting in the same reporting period (month). The total of this column must equal the amount shown on line 2(a) in the summary portion of the SF 1179.

4. Column (4) - Adjustments for Prior Months' Issues by Other than FMS Form 5206. Enter the issue month and year and the amount of each adjustment applicable to checks issued in prior periods initiated locally by the DO on OFs 1071-G to correct a difference for which a FMS Form 5206 has not been received. Entries in this column can include check issue adjustments for checks issued and reported under level 8 check issue reporting in the same reporting period (month). The total of this column must equal the amount shown on line 2(b) in the summary portion of the SF 1179.

5. Column (5) - Total Checks Issued. Enter the amount of column (2), plus or minus the amounts entered in columns (3) and (4). The total reported in column (5) must be the amount reported in on line 2.1 of Section I, Part A on the face of the SF 1219. This amount must also be the same amount reported on line 3 in the summary portion of the SF 1179.

B. Part B - Summary of Deposits Presented or Mailed to Bank. In this part, an analysis shall be shown by DSSN of the deposits (SF 215) and debit vouchers (SF 5515) that have been taken up in the accounts of the DO during the current reporting period. The information required to be reported is indicated by the columnar headings.

1. Column (1) - Deposit Symbol. Enter the DSSN under which deposits were made.

2. Column (2) - Deposits Presented or Mailed to Bank This Month. Enter the total of all SFs 215 presented or mailed to the FRB or general depositary during the current reporting period (month) regardless of whether the deposits have been confirmed by the depositary. Include any SFs 5515 that are accounted for by the depositary (block 2 of the SF 5515) during the same period for which the SF 1219 is being prepared. An SF 5515 reduces total deposits. Note that if deposits presented or mailed to a depositary during the first few days of the month are physically dated in the previous month, they shall be excluded from this column and included in columns (3) and (4).

3. Columns (3) and (4) - Deposits Presented or Mailed to Bank in Prior Months but Recorded in Accounts this Month. Enter in column (3) the month and year of presentation or mailing of all SFs 215 and SFs 5515 taken into the accounts during the current month with a presentation or mailing date (block 2 of the forms) in any prior month. Enter in column (4) the total amount of the deposits less the debit vouchers. If more than 1 prior month is involved in the total of such deposits reported, each month and year shall be shown in column (3) and separate totals for each month shown in column (4).

4. Column (5) - Total Deposits Presented or Mailed to Bank. Enter the total of columns (2) and (4). This amount must agree with the amount shown on line 4.2 in Section I, Part A on the face of the SF 1219.

190507. Erroneous Statements of Accountability. DOs shall not submit corrected or amended SFs 1219 under any circumstances. If adjustment action is necessary, the adjustment shall be made on the succeeding month's SF 1219. In instances when a final SF 1219 has been submitted because of deactivation of a disbursing office and subsequent adjustments are found to be necessary, a supplemental SF 1219 shall be submitted showing such adjustments. The adjustment entries shall be explained in detail by supporting documentation attached to SF 1219.

★1906 CASH FORECASTING REQUIREMENTS

In order for the Treasury Department's FMS to manage the Government's daily cash position, DoD disbursing officers are required to provide notice to FMS regarding large deposits, large disbursements by check or EFT, payments of military pay and military retired pay EFT, and payments to vendors by EFT in advance of the transaction settlement date. Reporting of cash forecasting information is critical for the maintenance of accurate, up-to-date cash flow projections, and for the daily management of the Treasury Department's operating cash balances. Likewise, reporting of cash forecasting information for EFT payments of military pay and military retired pay and EFT payments to vendors is essential to the effective and efficient management of the Treasury Department's operating cash balances. Reporting procedures prescribed in Chapters 5, 7, 11, and 24 of this volume will standardize the information being provided by the DFAS Centers and other DoD Component installations.

DAILY STATEMENT OF ACCOUNTABILITY			1. DSSN 6432	2. DATE 9/01/XX
SECTION I - TRANSACTIONS AFFECTING ACCOUNTABILITY				
a. LINE		b. DESCRIPTION	c. TODAY	d. MONTH-TO-DATE
1.0		ACCOUNTABILITY - Beginning of Day	68,350.00	68,350.00
2.1A	I	CHECKS ISSUED IN PAYMENT OF VOUCHERS		
2.1B	N	CHECKS ISSUED - ALL OTHERS		
2.3	C	OTHER TRANSACTIONS (Do not report on SF 1219)		
2.34	R	DISCREPANCIES IN DO ACCOUNT - CREDITS (Do not use this line)		
2.36	E	PAYMENTS BY ANOTHER DO (Do not use this line)		
2.37	A	TRANSFERS FROM OTHER DOs		
2.8	S	OPAC PAYMENTS AND COLLECTIONS		
2.9	E	TOTAL ACCOUNTABILITY INCREASES	68,350.00	68,350.00
3.0		GROSS ACCOUNTABILITY		
4.1A		Gross Disbursements		
4.1B		Less - Refunds		
4.1C		Net Disbursements		
4.1D		Less - Receipts		
4.1E		Less - Reimbursements		
4.1F	D	NET EXPENDITURES		
4.2A	E	DEPOSITS PRESENTED OR MAILED TO BANK		
4.2B	C	EFT DEBIT VOUCHERS		
4.3	R	OTHER TRANSACTIONS (Do not report on SF 1219)		
4.34	E	DISCREPANCIES IN DO ACCOUNT - DEBITS (Do not use this line)		
4.36	A	PAYMENTS FOR OTHER DOs (Do not use this line)		
4.37	S	TRANSFERS TO OTHER DOs		
4.9	E	TOTAL ACCOUNTABILITY DECREASES		
5.0		ACCOUNTABILITY - End of Day	68,350.00	68,350.00

SECTION II - DISTRIBUTION OF ACCOUNTABILITY - INCUMBENT DO				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
6.1	DESIGNATED DEPOSITARY Bk of London (Pounds)			8,000.00
6.2A	U.S. CURRENCY/COINAGE ON HAND			37,850.00
6.2B	FOREIGN CURRENCY/COINAGE ON HAND (Pounds)			
6.3A	UNDEPOSITED COLLECTIONS - GENERAL			
6.3B	OTHER UNDEPOSITED INSTRUMENTS ON HAND			
6.4	CUSTODY OR CONTINGENCY CASH			
6.5	FUNDS WITH AGENTS			20,000.00
6.6	ADVANCES TO CONTRACTORS			
6.7	CASH IN TRANSIT			
6.8	PAYROLL CASH			2,500.00
6.9	OTHER			
7.1	DEFERRED VOUCHERS			
7.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
7.2B	ACCOUNTS RECEIVABLE - OTHER			
7.3	LOSS OF FUNDS			
7.4	DISHONORED CHECKS RECEIVABLE			
7.5				
7.6				
7.7				
8.0	TOTAL INCUMBENT DO ACCOUNTABILITY			68,350.00

SECTION III - DISTRIBUTION OF ACCOUNTABILITY - PREDECESSOR DOs				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
9.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
9.2B	ACCOUNTS RECEIVABLE - OTHER			
9.3	LOSS OF FUNDS			
9.4	OTHER			
10.0	TOTAL PREDECESSOR DO's ACCOUNTABILITY			

SECTION IV - DISTRIBUTION OF ACCOUNTABILITY – COMBINED				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
11.0	TOTAL DSSN ACCOUNTABILITY			68,350.00

3. DISBURSING OFFICER NAME, RANK OR GRADE, TITLE (Type or Print)	4. DISBURSING OFFICER OR DEPUTY	5. DATE

DD Form 2657, AUG 93

Figure 19-1. Sample DD Form 2657 (Daily Statement of Accountability)
1st Day of Month

SECTION V - DISTRIBUTION OF CASH ON HAND				
LOCATION	FOREIGN CURRENCY - RATE: 2.50		U.S.CURRENCY	OTHER
	UNITS	U.S. EQUIVALENT		
VAULT CASH			30,000.00	
DISBURSING OFFICER			5,950.00	2,500.00
DEPUTY DO - A	3,200	8,000.00	1,500.00	
DEPUTY DO - B				
DEPUTY DO - C			10,000.00	
DEPUTY DO - D				
CASHIER - A			400.00	
CASHIER - B				
CASHIER - C			10,000.00	
OTHERImprest Fund				
TOTAL	3,200	8,000.00	57,850.00	2,500.00

DD Form 2657, AUG 93 (Back)

Figure 19-1. Sample DD Form 2657 (Daily Statement of Accountability)
1st Day of Month (Back)

DAILY STATEMENT OF ACCOUNTABILITY			1. DSSN 6432	2. DATE 9/02/XX
SECTION I - TRANSACTIONS AFFECTING ACCOUNTABILITY				
a. LINE		b. DESCRIPTION	c. TODAY	d. MONTH-TO-DATE
1.0		ACCOUNTABILITY - Beginning of Day	68,350.00	68,350.00
2.1A	I	CHECKS ISSUED IN PAYMENT OF VOUCHERS	6,000.00	6,000.00
2.1B	N	CHECKS ISSUED - ALL OTHERS		
2.3	C	OTHER TRANSACTIONS (Do not report on SF 1219)		
2.34	R	DISCREPANCIES IN DO ACCOUNT - CREDITS (Do not use this line)		
2.36	E	PAYMENTS BY ANOTHER DO (Do not use this line)		
2.37	A	TRANSFERS FROM OTHER DOs		
2.8	S	OPAC PAYMENTS AND COLLECTIONS		
2.9	E	TOTAL ACCOUNTABILITY INCREASES	6,000.00	6,000.00
3.0		GROSS ACCOUNTABILITY	74,350.00	74,350.00
4.1A		Gross Disbursements	6,000.00	6,000.00
4.1B		Less – Refunds		
4.1C		Net Disbursements	6,000.00	6,000.00
4.1D		Less – Receipts		
4.1E		Less – Reimbursements	2,000.00	2,000.00
4.1F	D	NET EXPENDITURES	4,000.00	4,000.00
4.2A	E	DEPOSITS PRESENTED OR MAILED TO BANK		
4.2B	C	EFT DEBIT VOUCHERS		
4.3	R	OTHER TRANSACTIONS (Do not report on SF 1219)		
4.34	E	DISCREPANCIES IN DO ACCOUNT - DEBITS (Do not use this line)		
4.36	A	PAYMENTS FOR OTHER DOs (Do not use this line)		
4.37	S	TRANSFERS TO OTHER DOs		
4.9	E	TOTAL ACCOUNTABILITY DECREASES	4,000.00	4,000.00
5.0		ACCOUNTABILITY - End of Day	70,350.00	70,350.00

SECTION II - DISTRIBUTION OF ACCOUNTABILITY - INCUMBENT DO

a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
6.1	DESIGNATED DEPOSITARY Bk of London (Pounds)			8,000.00
6.2A	U.S. CURRENCY/COINAGE ON HAND	1,900.00		39,750.00
6.2B	FOREIGN CURRENCY/COINAGE ON HAND (Pounds)			
6.3A	UNDEPOSITED COLLECTIONS – GENERAL			
6.3B	OTHER UNDEPOSITED INSTRUMENTS ON HAND			
6.4	CUSTODY OR CONTINGENCY CASH			
6.5	FUNDS WITH AGENTS			20,000.00
6.6	ADVANCES TO CONTRACTORS			
6.7	CASH IN TRANSIT			
6.8	PAYROLL CASH			2,500.00
6.9	OTHER			
7.1	DEFERRED VOUCHERS			
7.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
7.2B	ACCOUNTS RECEIVABLE – OTHER			
7.3	LOSS OF FUNDS	100.00		100.00
7.4	DISHONORED CHECKS RECEIVABLE			
7.5				
7.6				
7.7				
8.0	TOTAL INCUMBENT DO ACCOUNTABILITY	2,000.00		70,350.00

SECTION III - DISTRIBUTION OF ACCOUNTABILITY - PREDECESSOR DOs

a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
9.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
9.2B	ACCOUNTS RECEIVABLE – OTHER			
9.3	LOSS OF FUNDS			
9.4	OTHER			
10.0	TOTAL PREDECESSOR DO's ACCOUNTABILITY			

SECTION IV - DISTRIBUTION OF ACCOUNTABILITY – COMBINED

a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
11.0	TOTAL DSSN ACCOUNTABILITY	2,000.00		70,350.00

3. DISBURSING OFFICER NAME, RANK OR GRADE, TITLE (Type or Print)	4. DISBURSING OFFICER OR DEPUTY	5. DATE

DD Form 2657, AUG 93

Figure 19-1. Sample DD Form 2657 (Daily Statement of Accountability)
2nd Day of Month

SECTION V - DISTRIBUTION OF CASH ON HAND				
LOCATION	FOREIGN CURRENCY - RATE: 2.50		U.S.CURRENCY	OTHER
	UNITS	U.S. EQUIVALENT		
VAULT CASH			30,000.00	
DISBURSING OFFICER			7,850.00	2,500.00
DEPUTY DO - A	3,200	8,000.00	1,500.00	
DEPUTY DO - B				
DEPUTY DO - C			10,000.00	
DEPUTY DO - D				
CASHIER - A			400.00	
CASHIER - B				
CASHIER - C			10,000.00	
OTHER Imprest Fund				
TOTAL	3,200	8,000.00	59,750.00	2,500.00

DD Form 2657, AUG 93 (Back)

Figure 19-1. Sample DD Form 2657 (Daily Statement of Accountability) 2nd Day of Month (Back)

DAILY STATEMENT OF ACCOUNTABILITY			1. DSSN 6432	2. DATE 9/15/XX
SECTION I - TRANSACTIONS AFFECTING ACCOUNTABILITY				
a. LINE		b. DESCRIPTION	c. TODAY	d. MONTH-TO-DATE
1.0		ACCOUNTABILITY - Beginning of Day	70,350.00	68,350.00
2.1A	I	CHECKS ISSUED IN PAYMENT OF VOUCHERS	35,000.00	41,000.00
2.1B	N	CHECKS ISSUED - ALL OTHERS	5,000.00	5,000.00
2.3	C	OTHER TRANSACTIONS (Do not report on SF 1219)		
2.34	R	DISCREPANCIES IN DO ACCOUNT - CREDITS (Do not use this line)		
2.36	E	PAYMENTS BY ANOTHER DO (Do not use this line)		
2.37	A	TRANSFERS FROM OTHER DOs		
2.8	S	OPAC PAYMENTS AND COLLECTIONS		
2.9	E	TOTAL ACCOUNTABILITY INCREASES	40,000.00	46,000.00
3.0		GROSS ACCOUNTABILITY	110,350.00	114,350.00
4.1A		Gross Disbursements	45,000.00	51,000.00
4.1B		Less - Refunds		
4.1C		Net Disbursements	45,000.00	51,000.00
4.1D		Less - Receipts		
4.1E		Less - Reimbursements		2,000.00
4.1F	D	NET EXPENDITURES	45,000.00	49,000.00
4.2A	E	DEPOSITS PRESENTED OR MAILED TO BANK		
4.2B	C	EFT DEBIT VOUCHERS		
4.3	R	OTHER TRANSACTIONS (Do not report on SF 1219)		
4.34	E	DISCREPANCIES IN DO ACCOUNT - DEBITS (Do not use this line)		
4.36	A	PAYMENTS FOR OTHER DOs (Do not use this line)		
4.37	S	TRANSFERS TO OTHER DOs		
4.9	E	TOTAL ACCOUNTABILITY DECREASES	45,000.00	49,000.00
5.0		ACCOUNTABILITY - End of Day	65,350.00	65,350.00

SECTION II - DISTRIBUTION OF ACCOUNTABILITY - INCUMBENT DO

a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
6.1	DESIGNATED DEPOSITARY Bk of London (Pounds)			8,000.00
6.2A	U.S. CURRENCY/COINAGE ON HAND		19,750.00	20,000.00
6.2B	FOREIGN CURRENCY/COINAGE ON HAND (Pounds)			
6.3A	UNDEPOSITED COLLECTIONS - GENERAL			
6.3B	OTHER UNDEPOSITED INSTRUMENTS ON HAND	9,750.00		9,750.00
6.4	CUSTODY OR CONTINGENCY CASH			
6.5	FUNDS WITH AGENTS	5,000.00		25,000.00
6.6	ADVANCES TO CONTRACTORS			
6.7	CASH IN TRANSIT			
6.8	PAYROLL CASH			2,500.00
6.9	OTHER			
7.1	DEFERRED VOUCHERS			
7.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
7.2B	ACCOUNTS RECEIVABLE - OTHER			
7.3	LOSS OF FUNDS			100.00
7.4	DISHONORED CHECKS RECEIVABLE			
7.5				
7.6				
7.7				
8.0	TOTAL INCUMBENT DO ACCOUNTABILITY	14,750.00	19,750.00	65,350.00

SECTION III - DISTRIBUTION OF ACCOUNTABILITY - PREDECESSOR DOs

a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
9.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
9.2B	ACCOUNTS RECEIVABLE - OTHER			
9.3	LOSS OF FUNDS			
9.4	OTHER			
10.0	TOTAL PREDECESSOR DO's ACCOUNTABILITY			

SECTION IV - DISTRIBUTION OF ACCOUNTABILITY – COMBINED

a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
11.0	TOTAL DSSN ACCOUNTABILITY	14,750.00	19,750.00	65,350.00

3. DISBURSING OFFICER NAME, RANK OR GRADE, TITLE (Type or Print)	4. DISBURSING OFFICER OR DEPUTY	5. DATE

DD Form 2657, AUG 93

Figure 19-1. Sample DD Form 2657 (Daily Statement of Accountability)
15th Day of Month

SECTION V - DISTRIBUTION OF CASH ON HAND				
LOCATION	FOREIGN CURRENCY - RATE: 2.50		U.S.CURRENCY	OTHER
	UNITS	U.S. EQUIVALENT		
VAULT CASH			10,000.00	
DISBURSING OFFICER			8,100.00	12,250.00
DEPUTY DO - A	3,200	8,000.00	1,500.00	
DEPUTY DO - B				
DEPUTY DO - C			10,000.00	
DEPUTY DO - D				
CASHIER - A			400.00	
CASHIER - B			5,000.00	
CASHIER - C			10,000.00	
OTHERImprest Fund				
TOTAL	3,200	8,000.00	45,000.00	12,250.00

DD Form 2657, AUG 93 (Back)

**Figure 19-1. Sample DD Form 2657 (Daily Statement of Accountability)
15th Day of Month (Back)**

DAILY STATEMENT OF ACCOUNTABILITY			1. DSSN 6432	2. DATE 9/30/XX
SECTION I - TRANSACTIONS AFFECTING ACCOUNTABILITY				
a. LINE		b. DESCRIPTION	c. TODAY	d. MONTH-TO-DATE
1.0		ACCOUNTABILITY - Beginning of Day	65,350.00	68,350.00
2.1A	I	CHECKS ISSUED IN PAYMENT OF VOUCHERS	15,500.00	56,500.00
2.1B	N	CHECKS ISSUED - ALL OTHERS		
2.3	C	OTHER TRANSACTIONS (Do not report on SF 1219)		
2.34	R	DISCREPANCIES IN DO ACCOUNT - CREDITS (Do not use this line)		
2.36	E	PAYMENTS BY ANOTHER DO (Do not use this line)		
2.37	A	TRANSFERS FROM OTHER DOs		
2.8	S	OPAC PAYMENTS AND COLLECTIONS	10,000.00	10,000.00
2.9	E	TOTAL ACCOUNTABILITY INCREASES	25,500.00	71,500.00
3.0		GROSS ACCOUNTABILITY	90,850.00	139,850.00
4.1A		Gross Disbursements	25,500.00	76,500.00
4.1B		Less – Refunds		
4.1C		Net Disbursements	25,500.00	74,500.00
4.1D		Less – Receipts		
4.1E		Less – Reimbursements		2,000.00
4.1F	D	NET EXPENDITURES	25,500.00	74,500.00
4.2A	E	DEPOSITS PRESENTED OR MAILED TO BANK	9,750.00750.00	9,750.00
4.2B	C	EFT DEBIT VOUCHERS		
4.3	R	OTHER TRANSACTIONS (Do not report on SF 1219)		
4.34	E	DISCREPANCIES IN DO ACCOUNT - DEBITS (Do not use this line)		
4.36	A	PAYMENTS FOR OTHER DOs (Do not use this line)		
4.37	S	TRANSFERS TO OTHER DOs		
4.9	E	TOTAL ACCOUNTABILITY DECREASES	35,250.00	84,250.00
5.0		ACCOUNTABILITY - End of Day	55,600.00	55,600.00

SECTION II - DISTRIBUTION OF ACCOUNTABILITY - INCUMBENT DO				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
6.1	DESIGNATED DEPOSITARY Bk of London (Pounds)			8,000.00
6.2A	U.S. CURRENCY/COINAGE ON HAND	100.00		20,100.00
6.2B	FOREIGN CURRENCY/COINAGE ON HAND (Pounds)			
6.3A	UNDEPOSITED COLLECTIONS – GENERAL			
6.3B	OTHER UNDEPOSITED INSTRUMENTS ON HAND		9,750.00	
6.4	CUSTODY OR CONTINGENCY CASH			
6.5	FUNDS WITH AGENTS			25,000.00
6.6	ADVANCES TO CONTRACTORS			
6.7	CASH IN TRANSIT			
6.8	PAYROLL CASH			2,500.00
6.9	OTHER			
7.1	DEFERRED VOUCHERS			
7.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
7.2B	ACCOUNTS RECEIVABLE – OTHER			
7.3	LOSS OF FUNDS		100.00	
7.4	DISHONORED CHECKS RECEIVABLE			
7.5				
7.6				
7.7				
8.0	TOTAL INCUMBENT DO ACCOUNTABILITY	100.00	9,850.00	55,600.00

SECTION III - DISTRIBUTION OF ACCOUNTABILITY - PREDECESSOR DOs				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
9.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
9.2B	ACCOUNTS RECEIVABLE – OTHER			
9.3	LOSS OF FUNDS			
9.4	OTHER			
10.0	TOTAL PREDECESSOR DO's ACCOUNTABILITY			

SECTION IV - DISTRIBUTION OF ACCOUNTABILITY – COMBINED				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
11.0	TOTAL DSSN ACCOUNTABILITY	100.00	9,850.00	55,600.00

3. DISBURSING OFFICER NAME, RANK OR GRADE, TITLE (Type or Print)	4. DISBURSING OFFICER OR DEPUTY	5. DATE

DD Form 2657, AUG 93

**Figure 19-1. Sample DD Form 2657 (Daily Statement of Accountability)
Last Day of Month**

SECTION V - DISTRIBUTION OF CASH ON HAND				
LOCATION	FOREIGN CURRENCY - RATE: 2.50		U.S.CURRENCY	OTHER
	UNITS	U.S. EQUIVALENT		
VAULT CASH			10,000.00	
DISBURSING OFFICER			8,200.00	2,500.00
DEPUTY DO - A	3,200	8,000.00	1,500.00	
DEPUTY DO - B				
DEPUTY DO - C			10,000.00	
DEPUTY DO - D				
CASHIER - A			400.00	
CASHIER - B			5,000.00	
CASHIER - C			10,000.00	
OTHERImprest Fund				
TOTAL	3,200	8,000.00	45,100.00	2,500.00

DD Form 2657, AUG 93 (Back)

Figure 19-1. Sample DD Form 2657 (Daily Statement of Accountability) Last Day of Month (Back)

DAILY AGENT ACCOUNTABILITY SUMMARY — 1. DATE: 6/1/XX

SECTION I - SUMMARY OF DAILY ACCOUNTABILITY TRANSACTIONS

a. LINE NO.		b. DESCRIPTION				c. TODAY	d. CUMULATIVE
1.		ACCOUNTABILITY – BEGINNING				0	0
2.	I N	ADVANCES	a. Cash 10,000.00	b. Prepositioned Checks	c. Other	10,000.00	10,000.00
3.	C	VOUCHERED COLLECTIONS				500.00	500.00
4.	R	TREASURY CHECK ISSUES		a. Vouchered 1,000.00	b. Other	1,000.00	1,000.00
5.	E	TRANSFERS FROM OTHER DISBURSING OFFICERS					
6.	A	EXCHANGE GAIN ACCUMULATIONS					
7.	S	OTHER (Explain)					
8.	E	TOTAL INCREASES				11,500.00	11,500.00
9.		GROSS ACCOUNTABILITY				11,500.00	11,500.00
10.	D E	TRANSFERS TO OTHER DISBURSING OFFICERS					
11.	C	EXCHANGE LOSS ACCUMULATIONS					
12.	R	OTHER (Explain)					
13.	E S	RETURNS TO PRINCIPAL	a. Paid Vouchers	b. Deposit Tickets			
			c. Other Returns (Explain)				
14.	E	TOTAL DECREASES				0	0
15.		ACCOUNTABILITY – ENDING				11,500.00	11,500.00

SECTION II - DISTRIBUTION OF AGENT ACCOUNTABILITY

a. LINE NO.	b. ELEMENT OF ACCOUNTABILITY				c. ACCOUNTABILITY BEFORE TRANSFERS	d. RETURNS TO PRINCIPAL	e. ACCOUNTABILITY AFTER TRANSFERS
16.	LIMITED DEPOSITARY		UNITS	RATE			
17.	CASH ON HAND (U.S.)				6,000.00		
18.	CASH ON HAND (Foreign)	a. ACCOMMODATION	UNITS	RATE			
		b. OPERATING	UNITS	RATE			
19.	PREPOSITIONED TREASURY CHECKS						
20.	NEGOTIABLE INSTRUMENTS (U.S.)						
21.	NEGOTIABLE INSTRUMENTS (Foreign)		UNITS	RATE			
22.	MILITARY PAYMENT CERTIFICATES						
23.	PAID VOUCHERS				5,000.00		
24.	FUNDS IN TRANSIT						
25.	FUNDS WITH SUBAGENTS						
26.	DEPOSIT TICKETS (not LDA)				500.00		
27.	DISHONORED CHECKS RECEIVABLE						
28.	CHECK OVERDRAFTS RECEIVABLE						
29.	LOSS OF FUNDS						
30.	DEFERRED VOUCHERS						
31.	OTHER (Explain)						
32.	TOTAL AGENT ACCOUNTABILITY				11,500.00		

SECTION III - LOCATION OF CASH/NEGOTIABLE INSTRUMENTS

a. LINE NO.	b. LOCATION	c. CASH (Foreign Units)	d. CASH (U.S.)	e. PREPOSITIONED CHECKS	f. MILITARY PAYMENT CERTIFICATES	g. OTHER
33.	AGENT		6,000.00			
34.	DEPUTY AGENT					
35.	CASHIER					
36.	OTHER (Specify)					
37.	TOTALS		8,000.00			

2. NAME OF AGENT (Type or Print)	3. ADDRESS OF AGENT (Type or Print)
William J. Ellis, SSGT	DFAS-DE
4. SIGNATURE OF AGENT	

DD Form 2665, AUG 93

Figure 19-2. Sample DD Form 2665 (Daily Agent Accountability Summary)
1st Day of Month

SECTION IV - MEMORANDUM AGENT ACCOUNTABILITY

38. DEPOSIT TICKETS ON HAND

NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
123456	500.00						

39. PAID VOUCHERS ON HAND

400001	THRU	400005	THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	NOT USED		DUPLICATED	VOIDED

40. COLLECTION VOUCHERS ON HAND

200001	THRU		THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	NOT USED		DUPLICATED	VOIDED

41. VOUCHERS RETURNED FOR CORRECTION (ON HAND)

PAID VOUCHERS	COLLECTION VOUCHERS

42. TREASURY CHECK STOCK ON HAND

SERIES A			SERIES B	CONTROL
70,000,001	THRU	70,000,999	THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU

43. AGENT REMARKS

$4,000 paid in cash on DOV 400001 – 400004
$1,000 paid by check on DOV 400005
$500 check collected on COV 200001 (SF 215 # 123456)

DD Form 2665, AUG 93 (Back)

**Figure 19-2. Sample DD Form 2665 (Daily Agent Accountability Summary)
1st Day of Month (Back)**

DAILY AGENT ACCOUNTABILITY SUMMARY — 1. DATE: 6/2/XX

SECTION I - SUMMARY OF DAILY ACCOUNTABILITY TRANSACTIONS

a. LINE NO.		b. DESCRIPTION				c. TODAY	d. CUMULATIVE
1.		ACCOUNTABILITY – BEGINNING				11,500.00	0
2.	I N C R E A S E	ADVANCES	a. Cash	b. Prepositioned Checks	c. Other		10,000.00
3.		VOUCHERED COLLECTIONS					500.00
4.		TREASURY CHECK ISSUES	a. Vouchered 1,000.00		b. Other	1,000.00	2,000.00
5.		TRANSFERS FROM OTHER DISBURSING OFFICERS					
6.		EXCHANGE GAIN ACCUMULATIONS					
7.		OTHER (Explain)					
8.		TOTAL INCREASES				1,000.00	12,500.00
9.		GROSS ACCOUNTABILITY				12,500.00	12,500.00
10.	O E C R E A S E	TRANSFERS TO OTHER DISBURSING OFFICERS					
11.		EXCHANGE LOSS ACCUMULATIONS					
12.		OTHER (Explain)					
13.		RETURNS TO PRINCIPAL	a. Paid Vouchers 6,000.00	b. Deposit Tickets 500.00		6,500.00	6,500.00
			c. Other Returns (Explain)				
14.		TOTAL DECREASES				6,500.00	6,500.00
15.		ACCOUNTABILITY – ENDING				6,000.00	6,000.00

SECTION II - DISTRIBUTION OF AGENT ACCOUNTABILITY

a. LINE NO.	b. ELEMENT OF ACCOUNTABILITY				c. ACCOUNTABILITY BEFORE TRANSFERS	d. RETURNS TO PRINCIPAL	e. ACCOUNTABILITY AFTER TRANSFERS
16.	LIMITED DEPOSITARY		UNITS	RATE			
17.	CASH ON HAND (U.S.)				6,000.00		6,000.00
18.	CASH ON HAND (Foreign)	a. ACCOMMODATION	UNITS	RATE			
		b. OPERATING	UNITS	RATE			
19.	PREPOSITIONED TREASURY CHECKS						
20.	NEGOTIABLE INSTRUMENTS (U.S.)						
21.	NEGOTIABLE INSTRUMENTS (Foreign)		UNITS	RATE			
22.	MILITARY PAYMENT CERTIFICATES						
23.	PAID VOUCHERS				6,000.00	6,000.00	0
24.	FUNDS IN TRANSIT						
25.	FUNDS WITH SUBAGENTS						
26.	DEPOSIT TICKETS (not LDA)				500.00	500.00	0
27.	DISHONORED CHECKS RECEIVABLE						
28.	CHECK OVERDRAFTS RECEIVABLE						
29.	LOSS OF FUNDS						
30.	DEFERRED VOUCHERS						
31.	OTHER (Explain)						
32.	TOTAL AGENT ACCOUNTABILITY				12,500.00	6,500.00	6,000.00

SECTION III - LOCATION OF CASH/NEGOTIABLE INSTRUMENTS

a. LINE NO.	b. LOCATION	c. CASH (Foreign Units)	d. CASH (U.S.)	e. PREPOSITIONED CHECKS	f. MILITARY PAYMENT CERTIFICATES	g. OTHER
33.	AGENT		6,000.00			
34.	DEPUTY AGENT					
35.	CASHIER					
36.	OTHER (Specify)					
37.	TOTALS		6,000.00			

12. NAME OF AGENT (Type or Print): William J. Ellis, SSGT
3. ADDRESS OF AGENT (Type or Print): DFAS-DE
14. SIGNATURE OF AGENT

DD Form 2665, AUG 93

Figure 19-2. Sample DD Form 2665 (Daily Agent Accountability Summary) 2nd Day of Month

SECTION IV - MEMORANDUM AGENT ACCOUNTABILITY

38. DEPOSIT TICKETS ON HAND

NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT

39. PAID VOUCHERS ON HAND

THRU	THRU	THRU
THRU	THRU	THRU
THRU	THRU	THRU
THRU	THRU	THRU
THRU	THRU	THRU
NOT USED	DUPLICATED	VOIDED

40. COLLECTION VOUCHERS ON HAND

THRU	THRU	THRU
THRU	THRU	THRU
THRU	THRU	THRU
THRU	THRU	THRU
THRU	THRU	THRU
NOT USED	DUPLICATED	VOIDED

41. VOUCHERS RETURNED FOR CORRECTION (ON HAND)

PAID VOUCHERS	COLLECTION VOUCHERS

42. TREASURY CHECK STOCK ON HAND

SERIES A	SERIES B	CONTROL
70,000,002 THRU 70,000,999	THRU	THRU
THRU	THRU	THRU
THRU	THRU	THRU
THRU	THRU	THRU
THRU	THRU	THRU

43. AGENT REMARKS

$1,000 paid by check on DOV 400006
Turn-in as of close of business 6/2/XX $6,500.00
(DOV 400001 - 400006; COV 200001; SF 215 123456)

DD Form 2665, AUG 93 (Back)

Figure 19-2. Sample DD Form 2665 (Daily Agent Accountability Summary) 2nd Day of Month (Back)

DAILY AGENT ACCOUNTABILITY SUMMARY — 1. DATE: 6/3/XX

SECTION I - SUMMARY OF DAILY ACCOUNTABILITY TRANSACTIONS

a. LINE NO.		b. DESCRIPTION				c. TODAY	d. CUMULATIVE
1.		ACCOUNTABILITY – BEGINNING				6,000.00	6,000.00
2.	I N C R E A S E	ADVANCES	a. Cash 2,000.00	b. Prepositioned Checks 2,000.00	c. Other	4,000.00	4,000.00
3.		VOUCHERED COLLECTIONS					
4.		TREASURY CHECK ISSUES	a. Vouchered 3,000.00		b. Other	3,000.00	3,000.00
5.		TRANSFERS FROM OTHER DISBURSING OFFICERS					
6.		EXCHANGE GAIN ACCUMULATIONS					
7.		OTHER (Explain)					
8.		TOTAL INCREASES				7,000.00	7,000.00
9.		GROSS ACCOUNTABILITY				13,000.00	13,000.00
10.	O E C R E A S E	TRANSFERS TO OTHER DISBURSING OFFICERS					
11.		EXCHANGE LOSS ACCUMULATIONS					
12.		OTHER (Explain)					
13.		RETURNS TO PRINCIPAL	a. Paid Vouchers	b. Deposit Tickets			
			c. Other Returns (Explain)				
14.		TOTAL DECREASES				0	0
15.		ACCOUNTABILITY – ENDING				13,000.00	13,000.00

SECTION II - DISTRIBUTION OF AGENT ACCOUNTABILITY

a. LINE NO.	b. ELEMENT OF ACCOUNTABILITY				c. ACCOUNTABILITY BEFORE TRANSFERS	d. RETURNS TO PRINCIPAL	e. ACCOUNTABILITY AFTER TRANSFERS
16.	LIMITED DEPOSITARY		UNITS	RATE			
17.	CASH ON HAND (U.S.)				6,500.00		
18.	CASH ON HAND (Foreign)	a. ACCOMMODATION	UNITS	RATE			
		b. OPERATING	UNITS	RATE			
19.	PREPOSITIONED TREASURY CHECKS				2,000.00		
20.	NEGOTIABLE INSTRUMENTS (U.S.)						
21.	NEGOTIABLE INSTRUMENTS (Foreign)		UNITS	RATE			
22.	MILITARY PAYMENT CERTIFICATES						
23.	PAID VOUCHERS				4,500.00		
24.	FUNDS IN TRANSIT						
25.	FUNDS WITH SUBAGENTS						
26.	DEPOSIT TICKETS (not LDA)						
27.	DISHONORED CHECKS RECEIVABLE						
28.	CHECK OVERDRAFTS RECEIVABLE						
29.	LOSS OF FUNDS						
30.	DEFERRED VOUCHERS						
31.	OTHER (Explain)						
32.	TOTAL AGENT ACCOUNTABILITY				13,000.00		

SECTION III - LOCATION OF CASH/NEGOTIABLE INSTRUMENTS

a. LINE NO.	b. LOCATION	c. CASH (Foreign Units)	d. CASH (U.S.)	e. PREPOSITIONED CHECKS	f. MILITARY PAYMENT CERTIFICATES	g. OTHER
33.	AGENT		6,500.00	2,000.00		
34.	DEPUTY AGENT					
35.	CASHIER					
36.	OTHER (Specify)					
37.	TOTALS		6,500.00	2,000.00		

2. NAME OF AGENT (Type or Print)	3. ADDRESS OF AGENT (Type or Print)
William J. Ellis, SSGT	DFAS-DE
4. SIGNATURE OF AGENT	

DD Form 2665, AUG 93

Figure 19-2. Sample DD Form 2665 (Daily Agent Accountability Summary)
3rd Day of Month

SECTION IV - MEMORANDUM AGENT ACCOUNTABILITY

38. DEPOSIT TICKETS ON HAND

NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT

39. PAID VOUCHERS ON HAND

400007	THRU	400008	THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	NOT USED		DUPLICATED	VOIDED

40. COLLECTION VOUCHERS ON HAND

	THRU		THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	NOT USED		DUPLICATED	VOIDED

41. VOUCHERS RETURNED FOR CORRECTION (ON HAND)

PAID VOUCHERS	COLLECTION VOUCHERS

42. TREASURY CHECK STOCK ON HAND

SERIES A			SERIES B	CONTROL
70,000,003	THRU	70,000,999	THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU

43. AGENT REMARKS

$3,000 paid by check on DOV 400007
$1,500 paid by cash on DOV 400008

DD Form 2665, AUG 93 (Back)

Figure 19-2. Sample DD Form 2665 (Daily Agent Accountability Summary) 3rd Day of Month (Back)

DAILY AGENT ACCOUNTABILITY SUMMARY — 1. DATE: 6/4/XX

SECTION I - SUMMARY OF DAILY ACCOUNTABILITY TRANSACTIONS

a. LINE NO.		b. DESCRIPTION				c. TODAY	d. CUMULATIVE
1.		ACCOUNTABILITY – BEGINNING				13,000.00	6,000.00
2.	I N	ADVANCES	a. Cash	b. Prepositioned Checks	c. Other		4,000.00
3.	C	VOUCHERED COLLECTIONS				100.00	100.00
4.	R	TREASURY CHECK ISSUES		a. Vouchered 10,000.00	b. Other	10,000.00	13,000.00
5.	E	TRANSFERS FROM OTHER DISBURSING OFFICERS					
6.	A	EXCHANGE GAIN ACCUMULATIONS					
7.	S	OTHER (Explain)					
8.	E	TOTAL INCREASES				10,100.00	17,100.00
9.		GROSS ACCOUNTABILITY				23,100.00	23,100.00
10.	D E	TRANSFERS TO OTHER DISBURSING OFFICERS					
11.	C	EXCHANGE LOSS ACCUMULATIONS					
12.	R	OTHER (Explain)					
13.	E A S	RETURNS TO PRINCIPAL	a. Paid Vouchers 14,500.00	b. Deposit Tickets		14,500.00	14,500.00
			c. Other Returns (Explain)				
14.	E	TOTAL DECREASES				14,500.00	14,500.00
15.		ACCOUNTABILITY – ENDING				6,600.00	6,600.00

SECTION II - DISTRIBUTION OF AGENT ACCOUNTABILITY

a. LINE NO.	b. ELEMENT OF ACCOUNTABILITY				c. ACCOUNTABILITY BEFORE TRANSFERS	d. RETURNS TO PRINCIPAL	e. ACCOUNTABILITY AFTER TRANSFERS
16.	LIMITED DEPOSITARY		UNITS	RATE			
17.	CASH ON HAND (U.S.)				6,600.00		6,600.00
18.	CASH ON HAND (Foreign)	a. ACCOMMODATION	UNITS	RATE			
		b. OPERATING	UNITS	RATE			
19.	PREPOSITIONED TREASURY CHECKS				2,000.00		2,000.00
20.	NEGOTIABLE INSTRUMENTS (U.S.)						
21.	NEGOTIABLE INSTRUMENTS (Foreign)		UNITS	RATE			
22.	MILITARY PAYMENT CERTIFICATES						
23.	PAID VOUCHERS				14,500.00	14,500.00	0
24.	FUNDS IN TRANSIT						
25.	FUNDS WITH SUBAGENTS						
26.	DEPOSIT TICKETS (not LDA)						
27.	DISHONORED CHECKS RECEIVABLE						
28.	CHECK OVERDRAFTS RECEIVABLE						
29.	LOSS OF FUNDS						
30.	DEFERRED VOUCHERS						
31.	OTHER (Explain)						
32.	TOTAL AGENT ACCOUNTABILITY				23,100.00	14,500.00	6,600.00

SECTION III - LOCATION OF CASH/NEGOTIABLE INSTRUMENTS

a. LINE NO.	b. LOCATION	c. CASH (Foreign Units)	d. CASH (U.S.)	e. PREPOSITIONED CHECKS	f. MILITARY PAYMENT CERTIFICATES	g. OTHER
33.	AGENT		6,600.00	2,000.00		
34.	DEPUTY AGENT					
35.	CASHIER					
36.	OTHER (Specify)					
37.	TOTALS		6,600.00	2,000.00		

2. NAME OF AGENT (Type or Print)	3. ADDRESS OF AGENT (Type or Print)
William J. Ellis, SSGT	DFAS-DE
4. SIGNATURE OF AGENT	

DD Form 2665, AUG 93

Figure 19-2. Sample DD Form 2665 (Daily Agent Accountability Summary)
4th Day of Month

SECTION IV - MEMORANDUM AGENT ACCOUNTABILITY

38. DEPOSIT TICKETS ON HAND

NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT

39. PAID VOUCHERS ON HAND

THRU	THRU	THRU
THRU	THRU	THRU
THRU	THRU	THRU
THRU	THRU	THRU
THRU	THRU	THRU
NOT USED	DUPLICATED	VOIDED

40. COLLECTION VOUCHERS ON HAND

THRU	THRU	THRU
THRU	THRU	THRU
THRU	THRU	THRU
THRU	THRU	THRU
THRU	THRU	THRU
NOT USED	DUPLICATED	VOIDED

41. VOUCHERS RETURNED FOR CORRECTION (ON HAND)

PAID VOUCHERS	COLLECTION VOUCHERS

42. TREASURY CHECK STOCK ON HAND

SERIES A			SERIES B	CONTROL
70,000,005	THRU	70,000,999	THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU
	THRU		THRU	THRU

43. AGENT REMARKS

$10,000 paid by check on DOV 400009 – 400010
$100.00 cash collected on COV 200002
Turn-in as of close of business 6/4/XX $14,500.00
(DOV 400007 - 400010; COV 200002)

DD Form 2665, AUG 93 (Back)

Figure 19-2. Sample DD Form 2665 (Daily Agent Accountability Summary) 4th Day of Month (Back)

STATEMENT OF AGENT OFFICER'S ACCOUNT

DISBURSING OFFICER'S NAME, ADDRESS, DISBURSING STATION SYMBOL NO.	AGENT OFFICER'S NAME, GRADE, SSN, UNIT ADDRESS *(Include ZIP Code/APO number and Telephone number.)*
K. S. ALEX, LTC, FC FORT FINANCE, IN 46216 C0001	K. D. ANDREA, CPT, FC AGENT CAMP DOLLAR, IN 46032

TRANSACTIONS AFFECTING AGENT OFFICER'S ACCOUNT

TRANSACTIONS *a*	INCREASE *(Received by Agent)* *b*	BEGINNING BALANCE *(In Agent's Account)* *c*	DECREASE *(Turned in by Agent)* *d*	ENDING BALANCE *(In Agent's Account)* *e*
1. BALANCE FORWARD		0.00		
2. U.S. DOLLARS	2562.00			
3. FOREIGN CURRENCY				
4. MILITARY PAYMENT CERTIFICATES				
5. COLLECTIONS				
6. DEPOSITS				
7. NEGOTIABLE INSTRUMENTS:				
A. TREASURY CHECKS	15,000.00			
B. MILITARY PAYMENT ORDERS				
C. OTHER *(Specify)*				
8. PAID VOUCHERS				
9. INCORRECT VOUCHERS RETURNED				
10.				
11.				
12. TOTAL FUNDS IN HANDS OF AGENT OFFICER		17,562.00		

STATEMENTS

DISBURSING OFFICER	AGENT OFFICER
[XX] ON ADVANCE: I HAVE INTRUSTED FUNDS AND/OR OTHER ITEMS AS INDICATED IN THIS STATEMENT TO THE ABOVE NAMED AS MY AGENT OFFICER.	[XX] ON ADVANCE: I, AS AGENT OFFICER, HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ABOVE. I HAVE ASSUMED PECUNIARY RESPONSIBILITY THEREFOR. I WILL NOTIFY THE DISBURSING OFFICER IMMEDIATELY UPON DISCOVERY OF ANY LOSS OR SHORTAGE, AND I HAVE RECEIVED AND UNDERSTAND WRITTEN INSTRUCTIONS CONCERNING MY DUTIES AND RESPONSIBILITIES AS AN AGENT OFFICER.
DATE 12/19/XX — SIGNATURE OF DISBURSING OFFICER: K.S. ALEX, LTC, FC	DATE 12/19/XX — SIGNATURE OF AGENT OFFICER: K.D. ANDREA, CPT, FC
[ ] ON RETURN: I HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ON THIS STATEMENT FROM THE ABOVE NAMED AGENT OFFICER.	[ ] ON RETURN: THE ABOVE STATEMENT OF ACCOUNT IS CORRECT.
DATE — SIGNATURE OF DISBURSING OFFICER	DATE — SIGNATURE OF AGENT OFFICER

DD Form 1081, MAY 75 PREVIOUS EDITION IS OBSOLETE 225/149

Figure 19-3. Sample DD Form 1081 (Statement of Agent Officer's Account) (Advance of Funds)

STATEMENT OF AGENT OFFICER'S ACCOUNT

DISBURSING OFFICER'S NAME, ADDRESS, DISBURSING STATION SYMBOL NO.	AGENT OFFICER'S NAME, GRADE, SSN, UNIT ADDRESS *(Include ZIP Code/APO number and Telephone number.)*
K. S. ALEX, LTC, FC FORT FINANCE, IN 46216 C0001	K. D. ANDREA, CPT, FC AGENT CAMP DOLLAR, IN 46032

TRANSACTIONS AFFECTING AGENT OFFICER'S ACCOUNT

TRANSACTIONS *a*	INCREASE *(Received by Agent)* *b*	BEGINNING BALANCE *(In Agent's Account)* *c*	DECREASE *(Turned in by Agent)* *d*	ENDING BALANCE *(In Agent's Account)* *e*
1. BALANCE FORWARD		17,562.00		
2. U.S. DOLLARS				
3. FOREIGN CURRENCY				
4. MILITARY PAYMENT CERTIFICATES				
5. COLLECTIONS	1,200.00			
6. DEPOSITS			702.00	
7. NEGOTIABLE INSTRUMENTS:				
A. TREASURY CHECKS				
B. MILITARY PAYMENT ORDERS				
C. OTHER *(Specify)*				
8. PAID VOUCHERS			3,960.00	
9. INCORRECT VOUCHERS RETURNED				
10.				
11.				
12. TOTAL FUNDS IN HANDS OF AGENT OFFICER		18,762.00		14,100.00

STATEMENTS

DISBURSING OFFICER	AGENT OFFICER
[ ] ON ADVANCE: I HAVE INTRUSTED FUNDS AND/OR OTHER ITEMS AS INDICATED IN THIS STATEMENT TO THE ABOVE NAMED AS MY AGENT OFFICER.	[ ] ON ADVANCE: I, AS AGENT OFFICER, HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ABOVE. I HAVE ASSUMED PECUNIARY RESPONSIBILITY THEREFOR. I WILL NOTIFY THE DISBURSING OFFICER IMMEDIATELY UPON DISCOVERY OF ANY LOSS OR SHORTAGE, AND I HAVE RECEIVED AND UNDERSTAND WRITTEN INSTRUCTIONS CONCERNING MY DUTIES AND RESPONSIBILITIES AS AN AGENT OFFICER.
DATE / SIGNATURE OF DISBURSING OFFICER	DATE / SIGNATURE OF AGENT OFFICER
[XX] ON RETURN: I HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ON THIS STATEMENT FROM THE ABOVE NAMED AGENT OFFICER.	[XX] ON RETURN: THE ABOVE STATEMENT OF ACCOUNT IS CORRECT.
DATE 12/21/XX / SIGNATURE OF DISBURSING OFFICER K.S. ALEX, LTC, FC	DATE 12/21/XX / SIGNATURE OF AGENT OFFICER K.D. ANDREA, CPT, FC

DD Form 1081, MAY 75 PREVIOUS EDITION IS OBSOLETE 225/149

Figure 19-4. Sample DD Form 1081 (Statement of Agent Officer's Account) (Return of Funds/Vouchers)

STANDARD FORM 1219
Revised April 1982
Department of the Treasury
1-TFM 2-3100

STATEMENT OF ACCOUNTABILITY

NAME OF DISBURSING OFFICER	LOCATION OF DISBURSING OFFICER *(Mailing Address)*
John R. Doe, Major, USAF	5090 Support Wing/ACF APO AE 09106
NAME OF AGENCY Air Force	
PERIOD OF ACCOUNT FROM 1 Jun XX THROUGH 30 Jun XX	AGENCY LOCATION CODE (ALC) *(Show main check symbol number)* 6700

SECTION I. - GENERAL STATEMENT OF ACCOUNT

PART A. – TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY

1.00		TOTAL ACCOUNTABILITY BEGINNING OF PERIOD		46,770.07
		INCREASES IN ACCOUNTABILITY		
2.1		CHECKS ISSUED ON U.S. TREASURY	138,000.00	
2.3		OTHER TRANSACTIONS		
	2.34	DISCREPANCIES IN D.O. ACCOUNTS – CREDITS		
	2.36	PAYMENTS BY ANOTHER D.O.		
	2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS		
	2.39			
2.9		TOTAL INCREASES IN ACCOUNTABILITY		138,000.00
3.0		SUBTOTAL		184,770.07
4.0		DECREASES IN ACCOUNTABILITY		
4.1		NET DISBURSEMENTS	162,914.39	
4.2		DEPOSITS PRESENTED OR MAILED TO BANK	2,000.00	
4.3		OTHER TRANSACTIONS		
	4.34	DISCREPANCIES IN D.O. ACCOUNTS - DEBITS		
	4.36	PAYMENTS FOR ANOTHER D.O.		
	4.37	TRANSFERS TO OTHER DISBURSING OFFICERS		
	4.39			
4.9		TOTAL DECREASES IN ACCOUNTABILITY		164,914.39
5.00		TOTAL ACCOUNTABILITY CLOSE OF PERIOD		19,855.68

PART B. - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY

	CASH ON DEPOSIT IN DESIGNATED DEPOSITARY *(Name and location of depositary)*	1417.00
6.2	CASH ON HAND (Pounds 40.80)	6,643.27
6.3	CASH - UNDEPOSITED COLLECTIONS	775.00
6.4		
6.5	CASH IN CUSTODY OF GOVERNMENT CASHIERS	1,900.00
6.6	Advances to Contractors	500.00
6.7		
6.8	Payroll Cash	8,000.00
6.9		
7.1	DEFERRED CHARGES – VOUCHERED ITEMS	300.00
7.2	RECEIVABLES - CHECK OVERDRAFTS	60.00
7.3	LOSSES OF FUNDS	80.00
7.4	RECEIVABLES – DISHONORED CHECKS	30.41
7.5		
7.6		
7.7		
7.8		
7.9		
8.0	TOTAL OF MY ACCOUNTABILITY	19,705.68

PART C. - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY

9.2	RECEIVABLES - CHECK OVERDRAFTS	50.00
9.3	LOSSES OF FUNDS	100.00
9.4	OTHER ACCOUNTABILITY	
10.0	TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY	150.00
11.0	TOTAL DISBURSING OFFICER ACCOUNTABILITY *(Same as line 5.00 above)*	19,855.68

4.11 Gross Disbursements 177,531.25 4.14 Reimbursements 12,420.00
4.12 Refunds 196.86 4.15 Total Collections 14,616.86
4.13 Receipts 2,000.00

I certify that this is e true and correct statement of eccountablity for the period stated et the office referred to ebove.

NAME AND TELEPHONE NUMBER OF CONTACT	SIGNATURE AND TITLE OF CERTIFIER	DATE
D. M. JACKSON DSN 123-4321		1 Jul XX

NSN 7540-00-634-4245 (OVER) PREVIOUS EDITION NOT USABLE 1219-106

Figure 19-5. Sample SF 1219 (Statement of Accountability)

SECTION II - SUMMARY BY SYMBOL OF CHECK AND DEPOSIT TRANSACTIONS WITH U.S. TREASURY

PART A. - CHECKS ISSUED AND ADJUSTMENTS FOR PRIOR PERIODS *

CHECK SYMBOL	AMOUNT OF ISSUED THIS	ADJUSTMENTS FOR PRIOR MONTH'S ISSUES (+ or -)				TOTAL CHECKS (Columns 2 + 3 and + 4)
		BY TFS FORM 5206		OTHER		
		ISSUE (Month and year)	AMOUNT	ISSUE (Month and year)	AMOUNT	
(1)	(2)	(3)		(4)		(5)
	TC 210		TC 211		TC 212	
6700	137,660.00	12/XX	50.00	2/XX	400.00	
		1/XX	(10.00)	4/XX	(100.00)	136,000.00
TOTALS!						

PART B. – SUMMARY OF DEPOSITS PRESENTED OR MAILED TO BANK (Line 4.2)

DEPOSIT SYMBOL	DEPOSITS OR MAILED TO BANK THIS MONTH	DEPOSITS PRESENTED OR MAILED TO BANK IN PRIOR MONTHS BUT RECORDED IN ACCOUNTS THIS MONTH		TOTAL DEPOSITS PRESENTED OR TO BANK ^ (Column 2 + 4)
		MONTH MAILED TO BANK	AMOUNT	
(1)	(2)	(3)	(4)	(5)
	TC 420		TC 420	
6700	1,800.00	3/XX	.03	
		4/XX	74.97	
		5/XX	225.00	
		5/XX	(100.00)	2,000.00
TOTALS !				

* The totals reported in these columns must be in egreement with the corresponding amounts reported on the SF 1179.
\+ The total reported in this column must be in agreement with the total shown on Line 2.1 on the face of this statement.
! For use only if more than one (1) symbol is listed.
^ The total reported in this column must be in agreement with the total shown on Line 4.2 on the face of this statement.

Figure 19-5. Sample SF 1219 (Statement of Accountability) (Reverse)

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2001 General

2002 Submission to DFAS-Indianapolis Center

2003 Submission to DFAS-Denver Center

2004 Submission to DFAS-Kansas City Center

2005 Submission to DFAS-Cleveland Center through a Designated DFAS Operating Location

Table 20-1. Distribution of Documents (Marine Corps)

Table 20-2. Distribution of Documents for Navy DO Daily Reporting

Table 20-3. Distribution of Documents for Navy DO Monthly Reporting

Figure 20-1. Sample DD Form 2666, "Transmittal of Statements and Vouchers"

Figure 20-2. Sample Message Report Statement of Accountability, Disbursements and Collections

CHAPTER 20
ASSEMBLY AND TRANSMITTAL OF FINANCIAL REPORTS

2001 GENERAL

200101. Purpose. Every disbursing officer (DO) is required to submit several financial reports. These reports make up the formal accounting to the United States for all public funds received and spent. They are the basis for the official audit and settlement of accounts by the General Accounting Office. The DO financial reports provide the data by which the Department of Defense (DoD) maintains administrative accounting controls. All documents comprising the financial accounts shall be shipped through the United States Postal Service (U.S.P.S.) mail system (but the use of registered or certified mail is not required). When the U.S.P.S. is unable to ensure timely delivery of financial reports to the supporting Defense Finance and Accounting Service (DFAS) Center (or Operating Location (OPLOC)), directors of supporting DFAS Centers or DFAS OPLOCs may direct or authorize specific DOs to use alternate private express or air express carriers. Regardless of the method of shipment, the financial accounts shall be shipped under cover of a Transmittal of Statements and Vouchers (DD Form 2666). The Vouchers section of the DD Form 2666 is designed to accommodate both a disbursing office that uses a single series of voucher numbers for all transactions and a disbursing office that uses a separate series of voucher numbers for each type of transaction. An example of DD Form 2666 is shown as Figure 20-1.

200102. Accounting Period. DO financial reports shall be submitted on a calendar month basis (i.e., the first through the last day of a month) except for months during which accountability begins or ends on other than the first or last day of the month. For a new disbursing office, the accounting period shall begin on the first day official business is transacted. When one DO relieves another, the accounting period for the relieved officer shall end on the date of relief. The accounting period for the relieving officer normally shall begin on the date of relief; however, if the relieving officer effects no disbursing transactions on the date of relief, (other than receipt of funds from the officer relieved), the beginning of the accounting period may be shown as the day following the date of relief. For the above exceptions, the first day of the accounting period shall coincide with the date of commencement of disbursing duty notification forwarded as required by Chapter 2 of this volume. For any month during which accountability ends because of deactivation of a disbursing office, the financial reports shall be submitted from the first day of the month through the date of deactivation. No accounting period ever shall extend beyond the end of a calendar month. Whenever possible, relief or deactivation should be effected on the last day of a month to prevent the necessity for submission of an additional set of financial reports for that month.

200103. Distribution of Transportation Vouchers

A. Government Travel System (GTS). Transportation services purchased with contractor issued charge cards are not subject to the General Services Administration (GSA) postpayment audit requirements of 1 C.F.R. 101-47.807. Passenger ticketing information is furnished directly by the GTS contractor to the GSA. Original GTS contractor payment vouchers

and supporting documents are submitted to the supporting DFAS Center (or OPLOC) as prescribed in the following sections.

B. Non GTS Payments for Transportation Services. Payments to contract carrier airline ticket office or commercial travel offices (CTO) are subject to the requirements of 41 C.F.R. 101-41.807. Submit one copy of the voucher marked "Original to GSA" in the original voucher package to the supporting DFAS Center (or OPLOC) and attach a copy of the voucher to the DD Form 2666 for inclusion with the voucher package.

C. Original Vouchers for Transportation Furnished by Foreign Carriers within Overseas Areas. Send original transportation vouchers, supported by international English-language bills, to the GSA. Submit one copy of each voucher forwarded to the GSA in the original voucher submission to the supporting DFAS Center (or OPLOC). Mark each copy "Original to GSA." Original transportation vouchers other than those supported by international English-language bills are retained for onsite audit by authority of the GSA. Submit one copy, of each voucher retained, in the original voucher submission to the supporting DFAS Center (or OPLOC). Mark each copy "Original Retained for Audit."

★ 200104. Use and Distribution of Financial Reports by the DFAS Centers. The applicable DFAS Center (or OPLOC) shall make an administrative examination of the financial reports. Upon completion of the examination, the DFAS Center (or OPLOC) shall distribute and retain the documents as required. Original financial reports (e.g., Standard Form (SF) 1219, "Statement of Accountability" and disbursement or collection vouchers) shall be maintained for the statutory 6-year 3-month period required by General Records Schedule 6 established by the National Archives and Records Administration. These original records shall be used as needed for audit and reconciliation purposes. The original records may be retained at the applicable DFAS Center (or OPLOC) or forwarded to the nearest federal records center for retention as appropriate based on storage availability at the DFAS Center (or OPLOC). After the 6-year 3-month retention period, the original records shall be destroyed. See Chapter 9, Volume 1 of this Regulation for retention periods for Foreign Military Sales financial reports

★ 200105. Additional Requirement for Quarterly Submission of the SF 1219. Quarterly, and upon relief of a DO, an additional copy of the SF 1219 shall be forwarded to the DFAS Disbursing and Cash Management Office (DCMO) (Code DB).

2002 SUBMISSION TO DFAS-INDIANAPOLIS CENTER

200201. General. All DOs assigned to activities using DSSNs obtained from the Army or the DFAS-Indianapolis Center shall submit their financial reports to the DFAS-Indianapolis Center as prescribed in this section.

200202. Daily

A. Integrated Disbursing and Accounting Offices. The DO's disbursing division shall route the original and appropriate number of copies of all collection and disbursement vouchers, together with the DD Form 2657, to the accounting division (accounting and reconciliation branch) for subsequent processing. To avoid the preparation of several additional copies, it is advisable to prepare separate vouchers for each fiscal station when charges and credits to allotments maintained by other fiscal stations are involved. DOs shall take extra precaution to ensure that all copies prepared for distribution are completely legible.

B. Nonintegrated Disbursing and Accounting Offices. The original collection and disbursement vouchers shall be forwarded with the DD Form 2657 to the appropriate accounting office as soon as possible after the close of the business day. The duplicate copy shall be kept by the disbursing office. To avoid the preparation of several additional copies, it is advisable to prepare separate vouchers for each fiscal station when charges and credits to allotments maintained by other fiscal stations are involved. DOs shall take extra precaution to ensure that all copies prepared for distribution are completely legible.

200203. Monthly. The following documents shall be submitted to support the SF 1219: a copy of the SF 1179 for the reporting period; a copy of each FMS Form 5206 reported in Section II, Part A of the SF 1219; the original of each OF 1017-G reported in Section II, Part A of the SF 1219; the memorandum copy of all SF 215 presented or mailed to the depositary during the reporting period and included in the amount reported on line 4.2 in Section I, Part A and in Section II, Part B of the SF 1219; the confirmed copy of all SF 5515 included in the amount reported on line 4.2 in Section I, Part A and in Section II, Part B of the SF 1219; the original of all collection, disbursement, or adjustment vouchers, including SF 1098, 1080, and 1081; the original SF 1149 for those DOs who draw checks on Local Depositary Accounts (LDAs); and, the original and one copy of the schedule of foreign currency holdings, and U.S. dollars. NOTE: If the confirmed copy of a SF 215 is received from the depositary in the same month in which presented, the confirmed copy shall be used to support the SF 1219. The data on the SF 1219 shall be transmitted to the DFAS-Indianapolis Center not later than 3 calendar days after the close of the accounting period. The SF 1219 and all supporting documents for an accounting period shall be forwarded to the DFAS-Indianapolis Center within 10 calendar days after the end of the month, or within 10 calendar days after the date a DO is relieved from disbursing duty. It also is mandatory that the SF 1219 and supporting documents are forwarded on the date shown opposite the signature of the submitting DO on the face of the SF 1219. Dates shown on Post Office cancellation stamps, or on carriers' receipts for private express or air express shipments, shall be considered prima facie evidence of compliance or noncompliance with the shipping requirements. A DO who is delinquent in submitting accounts shall send a letter with the delayed accounts stating the specific reasons for the delay.

200204. Shipment of Accounts. Documents comprising the accounts of disbursing officers shall be shipped under a cover Transmittal of Statements and Vouchers (DD Form 2666). Shipments should be made through the U.S.P.S. unless otherwise directed/authorized in accordance with paragraph 200101, above. The use of registered or certified mail for the shipment of financial reports and records is not required. All shipments shall bear outside

markings attesting to the number of packages in the shipment. Documents shall be packed in such a manner as to assure arrival in good condition and the size of each package should be limited to accommodate proper and convenient handling. The outside of each package shall show the first and last voucher number contained therein. Each series of vouchers is to be bundled separately in sequential order with each bundle including all vouchers for the accounting period. Documents submitted as part of the financial accounts, which are not included specifically in the Forms or Vouchers section of the transmittal, shall be listed in the spaces provided in the Forms section. In the Vouchers section, the specific types of vouchers (e.g., Reserve Component payrolls, contract and other commercial payments, civilian payrolls and travel advances) shall be listed under the Type of Transaction column and shall be keyed to the voucher number series assigned.

200205. Delayed Submission of Voucher Supporting Documents. In instances when voucher attachments are to be forwarded to the DFAS-Indianapolis Center for association with original vouchers previously submitted, a rubber stamp (or typed legend) shall be affixed to each attachment in the upper right corner of the document and any pertinent data properly shown. The following information shall be shown in the legend: "Attach to Voucher No. _____, Account of _____, Month of _____, Disbursing Station Symbol Number (DSSN) _____."

2003 SUBMISSION TO DFAS-DENVER CENTER

200301. General. All DOs assigned to activities using Defense SSNs obtained from the Air Force or the DFAS-Denver Center shall submit their financial reports to the DFAS-Denver Center as prescribed in this section. Those DSSNs assigned to a multi-Service operating location shall submit vouchers as directed by the host DFAS Center.

200302. Daily. Original collection and disbursement vouchers are used to prepare DD Form 2657. Sort the vouchers by appropriation or fund within the following categories for preparing DD Form 2657: receipts (collections and decrease adjustments to general, special, and trust fund receipt accounts); reimbursements (collections and repayments of appropriation reimbursements, and collections of deposit fund accounts, including adjustments which increase or decrease collections); and net disbursements (disbursements and appropriation refunds). After verification, send the duplicate DD Form 2657 to accounts control. Resort the original vouchers into numerical sequence by functional area. All collection vouchers shall precede disbursement vouchers. Do not intermingle disbursement and collection vouchers. Place the original vouchers in sequence in vaults or safes if space permits. While the vouchers are stored, they may be removed to make corrections or add supporting documents. Do not change the accounting classification or amount on any original for-others vouchers if the accountable station copy has been mailed. If a correction is made on a voucher, correct or adjust all voucher copies and all records affected. To ensure this is done, reverify all posting for the date of the voucher. The reverification may be confined to the appropriations involved; however, recheck all transactions for those appropriations in all funds and cash records. Since a lost original voucher could result in a DO loss of funds, access to these vouchers shall be controlled. The DO is responsible for adopting receipt-type controls that shall assure no vouchers are lost and that all vouchers are returned in time for shipment to the DFAS-Denver Center or other designated locations. Vouchers shall be prepared in the number of copies needed for distribution prescribed for the

type of transaction. At a minimum, prepare two copies of each voucher. A duplicate copy of each voucher shall be returned to the applicable functional area to record and support entries in the appropriate accounting records. The functional area shall retain the duplicate copy of all disbursement and collection vouchers for the current and one prior fiscal year. Additional copies are furnished to other functional areas when the type of voucher transaction involves those areas.

200303. Monthly

A. SF 1219 (Statement of Accountability). Each DO shall prepare an SF 1219 in an original and two copies for each accounting period. The SF 1219 is submitted as an integral part of the Air Force RCS: HAF-ACF(M)7113 Report. The original and duplicate are forwarded to the accounts control element for transmission to the DFAS-Denver Center. The original SF 1219 and supporting schedules and papers are forwarded to DFAS-Denver Center on the date shown opposite the signature of the DO in the certificate on the face of the SF 1219. Do not hold documents for shipment on a later date unless the SF 1219 is a final report. Reports for DOs relieved before the end of month are submitted at the end of the month with the reports of the successor. Failure to comply with submission requirements causes the DO to be declared delinquent in the submission of accounts. The above submission requirements pertain to all DOs, govern without exception and apply whether the end of the accounting period falls on or before the last day of the month. In addition to the certification date of the SF 1219, the DFAS-Denver Center considers dates shown in post office cancellation stamps and in carrier's receipts for railway express and air express shipments, as prima facie evidence of compliance or noncompliance with the forwarding requirements. Each DO delinquent in rendering accounts shall send a letter with the belated account stating specifically the reasons for the delay in submission.

★ B. Vouchers. Financial Services Offices (FSOs), and Air National Guard activities shall remove all original vouchers from storage at the end of each month for submission to the DFAS-Denver Center (DFAS-DE/PMLR). The OPLOCs and regional accounting and finance offices (RAFOs) shall keep their original vouchers for two years (current year plus one prior year) and, at the end of second year, remove the vouchers from storage for submission to the supporting federal records center. Before packaging, all activities shall inventory the vouchers to ensure: (1) no vouchers are missing, (2) there is an accounting for unused and duplicate voucher numbers, (3) agent vouchers are cross-referenced, and (4) vouchers are in numerical sequence by functional area. When the documents are shipped, all collection vouchers shall precede disbursement vouchers. Foreign Military Sales (FMS) vouchers shall be segregated from other vouchers. All activities shall send a copy of the DD Form 2666 or system generated letter of transmittal to DFAS-DE/PMLR by the sixth workday following the month being reported.

★ C. Shipment of Documents. Original vouchers required to be sent to the DFAS-DE shall be shipped by the sixth workday following the month being reported. Records sent to DFAS-Denver Center are held 1 year and then sent to the Denver Federal Records Center (DFRC) for storage and eventual destruction. The records shall be sent for storage in boxes that comply with the DFRC requirement (i.e., GSA stock number NSN 8115-00-117-8249). The white boxes are storage boxes; they are not shipping boxes. Shipment shall be made by a method

that does not destroy the storage box and maintains accountability. An accountable method of shipment is traceable, takes less than three weeks to arrive, and considers cost and safety factors. All documents comprising the financial accounts shall be shipped under a covering DD Form 2666. Documents that are not included specifically in the Forms or Vouchers sections of the transmittal shall be listed in the spaces provided in the Forms section. In the Vouchers section, list the specific type of vouchers (e.g., military pay, commercial services, material or travel) by functional area in the Type of Transaction column.

D. Delayed Submission of Supporting Documents. This section applies to FSOs, and National Guard activities only. Mail to the DFAS-Denver Center any documents (e.g., certificates, advice of collections, purchase orders) that support vouchers or SF 1219 previously shipped to DFAS-Denver Center. Place a rubber stamp imprint and annotate date forwarded to the DFAS-Denver Center on the face of each document and on the face of the retained copy. Prepare a separate cover sheet for each, showing the following information: "Attach to voucher no: (voucher number); Month: _____; DSSN _____; Date Forwarded to DFAS-Denver Center: _____." (Note: If a document is to support the SF 1219 instead of a voucher, modify the voucher number to read "SF 1219").

2004 SUBMISSION TO THE DFAS-KANSAS CITY CENTER

200401. General. All DOs assigned to activities using DSSNs obtained from the Marine Corps or the DFAS-Kansas City Center shall submit their financial reports to the DFAS-Kansas City Center as prescribed in this section.

200402. Daily. At the end of each business day, the DD Form 2657 is prepared using the collection and disbursement vouchers processed that day. After completion and balancing of DD Form 2657, the financial information is electronically transmitted to the DFAS-Kansas City Center. The original vouchers and documents are stored in the vault or safe until the end of the month.

200403. Monthly. The DFAS-Kansas City Center shall receive all financial reports by the close of business on the second working day of each month. Consolidated financial reports for the Marine Corps shall be forwarded to the DFAS-Kansas City Center for incorporation into the Department of the Navy reports. In an effort to accelerate transmission of data to the DFAS-Kansas City Center, the Marine Corps Data Network (MCDN) shall be used for transmitting financial data by bulk transfer. Closeouts shall be conducted on the last business day of the month. This requires close coordination between the disbursing office, data processing offices, and commanders to ensure the timely transmission of DO financial reports within established timeframes. The distribution of original documents and required copies comprising the financial reports is shown in table 20-1. In addition, deployed DOs shall submit a message report on the first workday following the end of the reporting period to summarize the disbursement and collection transactions for the month. If operation MINIMIZE on message traffic is in effect, the report shall take precedence over MINIMIZE and shall be transmitted, as required.

A. Relief of DO. When a change in DO is effected on other than the last day of a month, the message report shall be submitted as prescribed in the following subparagraphs.

1. The relieved DO shall render the message report no later than the first workday following the date of relief. The report shall include all transactions for which the relieved DO is accountable, from the first day of the reporting period through the date of relief. The report also shall contain a statement identifying the relieving DO and that the relieving DO shall submit a further report at the end of the reporting period.

2. The relieving DO shall render the message report on the first workday following the end of the reporting period. The report shall include only the transactions from the date disbursing duty commenced through the end of the reporting period. The report shall contain a statement identifying the DO relieved and that the relieved DO reported partial month transactions that are not included in the instant report.

B. Preparation of Message Report

1. Disbursements and Collections. The message report is entitled "DISBURSEMENTS AND COLLECTIONS" and is the basis for reporting to the Treasury Department the net of disbursements by appropriation and subhead (if any). Transactions shall be reported by category code, appropriation and subhead (if any) and, if appropriate, by program element, budget project, reimbursement source code, and amount (do not round off). Category codes for this purpose are shown below. The net total of category codes 1 through 4 shall equal the total net disbursements reported for line 4.1 of the message and the amount reported on line 4.1 of Section I, Part A, of the original SF 1219.

Code	Category
1	travel vouchers
2	civilian payrolls
3	military payrolls
4	all other vouchers

C. Report Format. At least three spaces shall separate each column (or sub-column) in the body of the message. The report shall be submitted in a format similar to that shown by Figure 20-2.

D. Assembly of Advance Reports. Copies of collection and disbursement vouchers and military payrolls required to be submitted with the advance financial reports shall be filed in separate folders (annotated to indicate contents) by groups, as follows: Army and Air Force disbursement vouchers and military payrolls; Navy appropriations, transaction type codes for stores or plant property; collection vouchers; and all other types of vouchers.

E. Assembly of Original Documents. DOs shall submit original vouchers and payrolls in numerical sequence by groups as follows: collection vouchers, travel vouchers, civilian payrolls, military payrolls, and all other vouchers.

F. Packaging. Place copies of documents and vouchers in separate folders from the originals when packaging the original and advance returns. The SF 1219 and supporting schedules and reports shall be attached securely and placed in separate folders from the vouchers, payrolls and pay receipts. Individual cash receipts shall not be fastened to payrolls but shall be placed in envelopes that are annotated to reflect the contents with appropriate identifying information. Each folder shall be annotated to show a descriptive notation as to the type of vouchers, the name and rate/rank of the DO, DSSN, and the accounting period.

G. Mailing. Mail advance reports by the second workday of the month following the end of the accounting period. Mail the original reports as soon as possible, but no later than the fifth workday of the month following the accounting period. All documents that comprise the financial accounts shall be shipped under a cover DD Form 2666 through the U.S.P.S. unless otherwise directed or authorized in accordance with paragraph 200101, above. The use of registered or certified mail for the shipment of financial reports or records is not required. Documents submitted as a part of the financial accounts that are not included specifically in the Forms or Vouchers section of the transmittal (e.g., schedule of deposit activity, foreign currency report, civilian payroll certification sheets or payrolls) shall be listed in the spaces provided in the Forms section. In the Vouchers section, list the inclusive disbursement and collection vouchers numbers.

200404. Transmittal of Subsequent Information and Outstanding Vouchers. Vouchers or explanations (in voucher form) required to complete an account, which were not available when original reports were forwarded, shall be forwarded as soon as possible. Each voucher or explanation shall be forwarded with a cover sheet containing a brief description of the document or explanation. The voucher number, date, DO name, DSSN, and accounting period to which it pertains shall be identified on each document or explanation forwarded.

2005 SUBMISSION TO DFAS-CLEVELAND CENTER THROUGH A DESIGNATED DFAS OPERATING LOCATION

200501. General. DOs assigned to activities using DSSNs obtained from the Navy or the DFAS-Cleveland Center shall submit their financial reports directly to DFAS-Cleveland Center or through a designated OPLOC as prescribed in the following paragraphs.

200502. Submission of Vouchers on a Daily Basis. Nontactical DOs in the continental United States and in Hawaii shall submit financial reports daily to the Central Reporting Office, DFAS-Cleveland Center, through the Defense Financial Reporting and Reconciliation System (DFRRS).

200503. Reports Rendered Daily. The DD Form 2657 shall be prepared in duplicate, as a summary of all daily transactions and a report of balances at the end of each business day, as prescribed in Chapter 19 of this volume. The original shall be certified by the DO. The DD Form 2657 and original vouchers with supporting documents (e.g., public vouchers, military and civilian payrolls or collection vouchers) shall be delivered to the OPLOC by hand, or placed in the mail, not later than the first working day following the date on which the transactions occurred. The DD Form 2657 and supporting documents shall not be

accumulated for several days for forwarding at one time. It is not necessary, however, to prepare the DD Form 2657 for days in which there are no transactions. On the first DD Form 2657 prepared following the day(s) in which no transactions occurred, the notation "No business on (dates)" shall be indicated at the top of the form. On the last business day of an accounting period, a complete DD Form 2657 shall be prepared and submitted. The last DD Form 2657 for the month shall be marked "FINAL DD Form 2657 FOR MONTH OF (insert month)." Table 20-2 is provided to show the daily distribution and transmittal of documents to the OPLOC. Each daily DD Form 2657 and all supporting documents shall be shipped under a covering DD Form 2666. Documents submitted as a part of the daily financial reports which are not specifically included in the Forms or Vouchers section of the transmittal (e.g., the DD Form 2657, payroll numbers, or payroll certification sheets) shall be listed in the spaces provided in the Forms section. In the Vouchers section, list the inclusive disbursement and collection vouchers numbers.

200504. Reports Rendered Monthly. All DOs shall forward monthly financial reports on the first workday following the close of the accounting period. Reports that have been completed on the first workday after the close of the accounting period shall not be considered late or delinquent if a delay is caused by the lack, or inadequacy, of postal or shipping facilities. If the reports are not completed on the first workday after the close of the period, a written explanation of the delay shall be furnished with the reports.

A. By DOs Required to Submit Daily Reports. All reports and supporting documents required to be rendered monthly as indicated in Table 20-2 shall be delivered by hand, or placed in the mail, not later than the first working day following the close of the accounting period. If the end of the month reports are mailed, they shall be postmarked not later than the first working day of the succeeding month rather than merely placed in station mail channels by that date. If the DO encounters any delay in transmitting month-end reports, the DO shall telephone the OPLOC to advise of the delay. Arrangements then should be made to ensure inclusion of the DO's transactions in the OPLOC's reports. All documents comprising the month-end reports shall be shipped under a covering DD Form 2666. Documents that are not included specifically in the Forms or Vouchers section of the transmittal (e.g., the DD Form 2657 for the last business day of the month, payroll numbers report, schedule of deposit activity, foreign currency report or civilian payroll certification sheet) shall be listed in the spaces provided in the Forms section. In the Vouchers section, list the disbursement and collection voucher numbers.

1. SF 1219, Statement of Accountability. Except as provided herein, the DO shall prepare and certify the SF 1219 in the manner prescribed in Chapter 19 of this volume. The SF 1219 shall be prepared in triplicate. The words, "For inclusion in the consolidated account of (insert name of OPLOC and OPLOC DSSN)," shall be inserted in the upper right corner. The original and one copy shall be forwarded to the OPLOC and one copy shall be retained by the DO.

2. Check Issue Reports. DO check issue reports shall be submitted as prescribed in Chapter 9 of this volume based on the type of submission capabilities available to the DO.

3. Navy Working Capital Fund Summary Schedules. DOs at industrial-commercial activities shall prepare a summary schedule of disbursements and a summary schedule of collections for the Navy Working Capital Fund account of the activity. The summary schedules shall be prepared on letterhead. In preparing the summary schedules, show only the beginning and ending Navy Working Capital Fund voucher or collection document numbers and total amount. There is no need to list individual vouchers and names of payees and remitters. The summary schedule of collections shall include all collection documents covering credits to the Navy Working Capital Fund account of the activity including SFs 1096 and 1098. A recapitulation shall be made on the summary schedule of collections to show amounts received by voucher deductions, canceled checks, and other collections. The original and one copy of each consolidated schedule shall be forwarded to the OPLOC with the SF 1219 and disbursement and collection vouchers.

B. By DOs Assigned to Naval Vessels and Tactical Units

1. General. All DOs assigned to Naval vessels and tactical units shall submit financial reports on a monthly basis to the DFAS OPLOCs at Norfolk, VA or San Diego, CA (based on home port of the vessel or unit). The distribution and packaging of required documents comprising the monthly financial reports of DOs (except those DOs required to submit financial reports on a daily basis) are shown in Table 20-3. All documents comprising the financial accounts shall be shipped under a covering DD Form 2666. Documents submitted that are not specifically included in the Forms or Vouchers section of the transmittal (e.g., schedule of deposit activity, foreign currency report, civilian payroll certification sheets or payroll numbers) shall be listed in the spaces provided in the Forms section. In the Vouchers section, list the disbursement and collection voucher numbers.

2. Assembly

a. General. Separate and package the documents as prescribed in the distribution directions shown in Table 20-3. In preparing the reports for transmittal, documents shall be grouped (unfolded and flat) and arranged in packages as indicated below. Each package shall be numbered serially and appropriately labeled as to contents. Packaging material may be any of the following or their equivalent, dependent on the number of documents to be included in each package: heavy envelopes; folders (envelopes or wallet type); or cardboard backings with the package tied together with cord or tape.

b. Original Documents (Package No. 1). This package shall contain the original and 1 copy of the SF 1219 and supporting documents (but separately packaged pay receipts). The SF 1219 and supporting documents shall be grouped in the following sequence: SF 1219, SFs 215 and 5515, collection vouchers, Navy payrolls and money lists, Marine Corps payrolls and money lists, disbursement vouchers, SF 1179, foreign currency certificates (see Chapter 13 of this volume), civilian payroll certification sheets, and civilian labor roll summary. All collection and disbursement vouchers shall be grouped by each type with separate adding machine tapes. Within each group, arrange vouchers in numerical

sequence. Tapes for collections and disbursements shall be prepared and the totals shall be verified with the SF 1219 to ensure the completeness of the package. The tapes shall be marked and attached to the original SF 1219.

c. Copies (Package No. 2). A separate package shall be used for copies of documents as shown in Table 20-3.

d. Civilian Pay Receipt Packages. Pay receipts shall be arranged in order of their appearance on the civilian payroll and shall be packed in a separate package appropriately identified for each civilian payroll.

3. Packing. The DO financial reports shall be packed in a manner consistent with their bulk and the conditions under which shipment is made. When practicable, the reports shall be forwarded in one parcel or box. Heavy cardboard boxes provide ample protection and shall be used except when the additional protection of hard-sided boxes may be required on shipments from overseas or if rough handling of the boxes in transit may be expected. If reports are forwarded in several boxes, each shall be assigned a number and marked to indicate the number of boxes shipped and the number of the box, such as "No. 1 of 3." Each parcel or box shall be marked in the upper left corner with the name of the DO, DSSN, station, and department concerned. Under this information shall be shown "Financial reports for (insert month and year)."

4. Shipment. When not in excess of weight and size limitations imposed by the U.S.P.S., reports may be forwarded by mail. DOs submitting reports to an OPLOC shall forward reports by this method unless it has been proven unreliable or unduly slow in the past. In the upper left corner, under the return address, all mailing covers shall bear the printed statement "Official Business." To avoid customs inspection delays, reports from overseas and deployed DOs shall have the following information prominently displayed on the outer wrapper of the reports: "Government Financial Reports Due in (insert city, state) by (insert date). Please Expedite." The use of registered or certified mail for the transmittal of financial reports is not required. When the U.S.P.S. cannot be used due to size or weight limitations imposed, other transportation media may be employed as prescribed in the Naval Supply Systems Command Manual.

5. Submission of Financial Reports to the Navy Supply Corps School. Annually, DOs assigned to Naval vessels shall submit a copy of the SF 1219 and SF 1179 prepared to cover the accounting period ending 30 September to the Navy Supply Corps School (424), Athens, GA 30601.

200505. Transmittal of Subsequent Information and Outstanding Vouchers. Vouchers or explanations (in voucher form) required to complete an account, which were not available when original reports were forwarded, shall be forwarded as soon as possible. Each voucher or explanation shall be forwarded with a cover sheet containing a brief description of the document or explanation. The voucher number, date, DO's name, DSSN and accounting period to which it pertains shall be identified on each document or explanation forwarded.

200506. Special Accountability Reports

A. General. All DOs assigned to Naval vessels, tactical units, and, overseas nontactical disbursing offices who submit financial reports to the DFAS-Cleveland Center through DFAS OPLOCs Norfolk or San Diego shall submit a message report SF 1219 and schedule of disbursements and collections as prescribed herein. Negative reports are required. The message report shall be submitted on the first workday following the end of the reporting period. If operation MINIMIZE on message traffic is in effect, the report shall take precedence over MINIMIZE and shall be transmitted as required.

B. Relief of DO. When a change in DOs is effected on other than the last day of a month, the message report shall be submitted as prescribed in the following subparagraphs.

1. The relieved DO shall render the message report no later than the first workday following the date of relief. The report shall include all transactions for which the relieved DO is accountable from the first day of the reporting period through the date of relief. The report also shall contain a statement identifying the relieving DO and that the relieving DO shall submit a further report at the end of the reporting period.

2. The relieving DO shall render the message report on the first workday following the end of the reporting period. The report shall include only the accountability assumed from the relieved DO and the transactions from the date disbursing duty commenced through the end of the reporting period. The report shall contain a statement identifying the DO relieved and that the relieved DO reported partial month transactions that are not included in the instant report.

C. DO Temporarily Ceases to Transact Business. Under certain circumstances, such as overhaul or emergency repairs, DOs assigned to Naval vessels may be required to discontinue temporarily the processing of disbursement and collection transactions. Generally, the DO shall make arrangements for a nearby nontactical DO to process these transactions (including payrolls) during the overhaul or repair period. Such events do not close the DSSN and the DO shall continue to prepare and submit all required reports including the message report. When a DO temporarily ceases to transact business, but does not close the disbursing account, the message report shall be submitted as prescribed in the following subparagraphs.

1. Immediately upon transfer of disbursement and collection transaction responsibility to a nontactical DO, the transferring DO shall submit the disbursements and collections portion of the message to report all disbursement and collection transactions performed from the first day of the reporting period through the date of transfer. The report shall identify the period for which the report is made. The report also shall identify the DSSN of the disbursing office to which the work is transferred and include an estimate as to when processing of disbursement and collection transactions is anticipated to resume.

2. On the first workday following the end of the reporting period during which the responsibility for disbursement and collection transactions is transferred, the DO shall prepare the Statement of Accountability portion of the report in the usual manner. The disbursements and collections portion of the report shall be negative and shall contain a statement referencing the message report submitted in compliance with the preceding subparagraph.

3. For each succeeding month until disbursing operations are resumed, the DO shall continue to submit the message report. The Statement of Accountability portion shall report the DO's accountability to the Treasury Department and the disbursement and collection portion shall be negative.

4. Immediately upon resuming disbursing operations, the DO shall notify the appropriate OPLOC by message of the date operations are resumed and the DSSN of the disbursing office from which the responsibility was retrieved (if different from the initial DSSN to which transferred).

5. Nontactical DOs who receive or transfer disbursement and collection transaction responsibility, as described in the preceding subparagraphs, immediately shall notify the appropriate OPLOC by message of the date and DSSN of the disbursing office from or to which the responsibility is received or transferred.

D. Preparation of Message Report SF 1219

1. Statement of Accountability. The portion of the message entitled "STATEMENT OF ACCOUNTABILITY" reports the DO's accountability for the month. After DD Form 173/2 (Joint Message Form) is typed and again immediately after the message has been transmitted, the DO shall review and balance the report to ensure there are no errors and that it agrees with the original SF 1219. Normally, the message report is used by the OPLOC as the basis for subsequent reporting to the Treasury Department; therefore, once a properly balanced message report has been transmitted, no subsequent changes to the message report are permissible unless specifically authorized by the appropriate OPLOC. The original SF 1219 submitted for the reporting period shall agree with the message report transmitted. If any change (e.g., another deposit, disbursement or collection voucher) is discovered after a balanced message report has been transmitted, the DO shall not include that change in the original SF 1219, but shall report that change in the financial report for the following month. Any lines with zero dollar values shall be omitted. Do not round off any figures.

a. Transactions During Period Affecting Accountability. Normally, only lines 1.00, 2.1, 4.1, 4.2, and 5.00 (including ending foreign currency balances, if any) from Section I, Part A of the original SF 1219 shall be reported. Lines 2.37 and 4.37 of the original SF 1219, however, shall be included in the report in all cases where DOs at nontactical overseas disbursing offices are authorized to use lines 2.37 and 4.37 on the original SF 1219.

b. Analysis of Incumbent Officer's Accountability. From Section I, Part B of the original SF 1219, report each line number used (including foreign currencies held, if any).

c. Analysis of Predecessor Officer's Accountability. From the original SF 1219, Section I, Part C, DOs at nontactical overseas disbursing offices shall report each line number used. DOs assigned to tactical units and Naval vessels shall report only line 11.0 from this section of the SF 1219.

d. Checks Issued and Adjustments for Prior Periods. From the original SF 1219, Section II, Part A, report detailed data by column number. Adjustment month and year of issue shall be shown as YYMMDD (e.g., issue of May 2000 shall be shown as 000500). Negative amounts of adjustments shall be shown in parentheses (e.g., negative adjustment of $2.00 shall be shown as (2.00)). The total reported for Column 5 shall equal the amount reported for line 2.1 of the message and the amount reported on line 2.1 of Section I, Part A of the original SF 1219.

e. Deposits Presented or Mailed to Bank. The message portion of Section II, Part B shall be in columnar form with headings for: deposit ticket or debit voucher (DT/DV), document number (NUMBER), date presented or mailed to bank (DATE PRESENTED/MAILED TO BANK) and amount (AMOUNT). The SF 215 and SF 5515 shall be listed without regard to prior month or current month. Each SF 215 shall be listed by identity (DT), document number (block 1 of SF 215), date presented or mailed (block 2 of SF 215) and amount (block 4 of SF 215). Each SF 5515 shall be listed by identity (DV), document number (block 1 of SF 5515), document date (block 2 of SF 5515) and amount (block 4 of SF 5515). Dates shall be shown as YYMMDD (e.g., a deposit presented on January 18, 1993, shall be shown as 930118). Debit amounts shall be shown in parentheses (e.g., a debit voucher for $250.00 shall be shown as (250.00)). The total of all deposits presented or mailed, minus all debit vouchers shall equal the amount reported for line 4.2 of the message and the amount reported on line 4.2 of Section I, Part A, of the hard copy SF 1219.

2. Disbursements and Collections. The message report portion entitled "DISBURSEMENTS AND COLLECTIONS" is the basis for reporting to the Treasury Department the net of disbursements by appropriation and subhead (if any). Transactions shall be reported by category code, appropriation and subhead (if any) and, if appropriate, by program element/budget project and/or reimbursement source code, and amount. (Note: Do not round off). Category codes for this purpose are shown below. The total of category codes 1, 4, and 6 minus the total of category codes 7 and 8 shall equal the total net disbursements reported for line 4.1 of the message and the amount reported on line 4.1 of Section I, Part A, of the original SF 1219.

Code	Category
1	public vouchers
4	military payrolls
6	civilian payrolls (list UIC number on reference line of message report
7	collections not covered under code 8
8	collections from ships' stores deployed in foreign waters (applicable to Naval vessels that have visited or shall visit at a foreign port during a tour).

E. Report Format. At least three spaces shall separate each column (or sub-column) in the body of the message. The report shall be submitted using the format shown in Figure 20-2.

Document or Voucher	Original Reports	Advance Reports	Retain
SF 1219	Original	1 copy	1 copy
SF 215	Confirmed copy	None	1 copy
SF 1184	None	Copy D	1 copy
SF 5515	None	Confirmed copy	1 copy
Schedule of Deposit Activity	Original	1 copy	1 copy
SF 1179	1 copy	1 copy	1 copy
Schedule of Collections	Original	None	1 copy
Collection Vouchers			
Army	Original	1 copy	1 copy
Air Force	Original	2 copies	1 copy
Coast Guard	Original	1 copy	1 copy
DoD	Original	1 copy	1 copy
Marine Corps	Original	1 copy for: 17X6001; 20X6133; 24X8135; 97X4930.NC2; 97X4930.NA1G; 97X4930.NA3J; 97X4930.NH3A; 17X4913	1 copy
Navy	Original	None	1 copy
Schedule of Disbursements	Original	None	1 copy
Certification of Revaluation of Foreign Currency	Original	1 copy	1 copy
Military Pay Vouchers			
Army	Original	1 copy	1 copy
Air Force	Original	2 copies	1 copy
Navy	Original	None	1 copy
Marine Corps	Original	None	1 copy
Coast Guard	Original	1 copy	1 copy
Military Payroll Money List (Army, Navy, Air Force, Marine Corps, Coast Guard)	Original	None	1 copy
Disbursement Vouchers			
Army	Original	1 copy	1 copy
Air Force	Original	2 copies	1 copy
DoD	Original	1 copy	1 copy
Marine Corps	Original	1 copy (M account)	1 copy
Navy	Original	1 copy (M1804)	1 copy
Coast Guard	Original	1 copy	1 copy
Civilian Payroll Certification Sheet	Original	None	1 copy
Civilian Labor Roll/Material Charges and Credits	Original	None	1 copy

Table 20-1. Distribution of Documents (Marine Corps)

Document or Voucher	Number Prepared or Received	Daily to CDO	First of Month to CDO	Retain
DD Form 1149	4 copies	3 copies		1 copy
Labor Roll/Material Charges and Credits	Original + 2		Original + 1	1 copy
Navy Bill (for collections)	4 copies	3 copies		1 copy
DD Form 2657	Original + 1	Original		1 copy
Payroll for Personal Services	Original + 1	1 copy		Original
DD Form 397	Original + copies required by Vol. 7 of this Regulation	Original + copies as required by CDO; 1 copy to payee		1 copy
Military Pay Voucher	As required by Vol. 7 of this Regulation	As required by COD and Military Pay Center		1 copy
Military Payroll Money List	As required by Vol. 7 of this Regulation	As required by COD and Military Pay Center		1 copy
SF 215	Original + 4		Memorandum and/or confirmed copies	Agency copy
SF 5515	2		Confirmed copy	Memorandum copy
Schedule of Deposit Activity	Original + 2		Original + 1	1 copy
Summary Schedule of NIF Charges				
Disbursement Vouchers	Original + 2		Original + 1	1 copy
Civilian Rolls	Original + 2		Original + 1	1 copy
SF 1034	Original + 4	Original + 2 1 copy to payee		1 copy
SF 1164	Original + 4	Original + 2 1 copy to payee		1 copy
DD Form 1131 (or other collection vouchers)				
Navy appropriations	Original + 4	Original + 3		1 copy
Army and Air Force appropriations	Original + 4 or more	Original + 2 or more		1 copy
SF 1080				
Disbursements	Original + 4	Original + 2 1 copy to payee		1 copy
Collections	4 copies	3 copies		1 copy
SF 1098	Original + 4	Original + 3		1 copy
SF 1075	Original			Original

Table 20-2. Distribution of Documents for Navy DO Daily Reporting

Document or Voucher	Number Prepared or Received	Daily to CDO	First of Month to CDO	Retain
SF 1096	Original + 5	Original + 4		1 copy
DD Form 592	Original + 3	Original + 2		1 copy
SF 2812 and supporting SF 2812A	3 copies	2 copies		1 copy
SF 1219	Original + 2		Original + 1	1 copy
SF 1179	Original + 2		Original to Treasury 1 copy to CDO	1 copy
Record of Checks Issued	Original + 1		Original to Treasury	1 copy
IRS Form 941	Original + 1		Original to IRS quarterly	1 copy
Report of Collections Crediting Army or Air Force Appropriations	Original + 3	Original + 2		1 copy
Report of Status of Suspense Account	Original + 2		Original + 1	1 copy
DD Form 1351 series	Original + 4	Original + 2 1 to payee		1 copy
Rations and Sales Report	4 copies	3 copies		1 copy
Active Duty for Training Pay Voucher			As required by Vol. 7 of this Regulation	1 copy
Active Duty for Training Money List			As required by Vol. 7 of this Regulation	1 copy

Table 20-2. Distribution of Documents for Navy DO Daily Reporting (Continued)

Document or Voucher	Package No. 1	Package No. 2	Retain
SF 1219	Original + 1 copy	none	1 copy
SF 215	Memorandum or confirmed copy	none	Agency copy
SF 5515	Confirmed copy	none	Memorandum copy
Schedule of Deposit Activity	Original + 1	none	1 copy
SF 1080	1 copy	none	1 copy
DD Form 1149	1 copy	none	1 copy
SF 1098	Original	1 copy	1 copy
DD Form 1131	Original	1 copy	1 copy
SF 1034	Original	1 copy	1 copy
Rations and Sales Report	1 copy	1 copy	1 copy
DD Form 592	Original	1 copy	1 copy
SF 2812 and supporting SF 2812A	2 copies	1 copy	1 copy
Labor Roll/Material Charges and Credits	Original	none	1 copy
Certificate of Revaluation of Foreign Currency	Original	none	1 copy
Certified Accepted Bid (procurement of foreign currency)	1 copy	none	Original
Military Pay Voucher	Original	none	1 copy
Military Payroll Money List	Original	none	1 copy
Civilian Payroll Certification Sheets	Original	none	1 copy
DD Form 1351 series disbursement vouchers	Original	2 copies	1 copy
Collection Vouchers crediting Army, Air Force, or Coast Guard appropriations	Original	3 copies	1 copy
Disbursement Vouchers charging Army, Air Force, or Coast Guard appropriations	Original	2 copies	1 copy
All other collection and disbursement vouchers	Original	2 copies	1 copy
SF 1179	1 copy	none	1 copy

Table 20-3. Distribution of Documents for Navy DO Monthly Reporting

TRANSMITTAL OF STATEMENTS AND VOUCHERS
(Use reverse if more space is needed)

1. PERIOD COVERED		2. DSSN
a. FROM 1 Nov XX	b. TO 30 Nov XX	0001

3. TO	4. FROM
DFAS-INDIANAPOLIS CENTER ATTN: DFAS-IN/____ INDIANAPOLIS, IN 46249-1036	COMMANDER, FT. FINANCE ATTN: ATSG-F FT. FINANCE, IN 46216

5. STATEMENTS AND VOUCHERS ARE TRANSMITTED AS INDICATED BELOW

a. NUMBER OF PACKAGES IN THIS SHIPMENT

NUMBER OF ENCLOSURES		FORM TITLE AND NUMBER
ORIGINAL	COPIES	
X	X	STATEMENT OF ACCOUNTABILITY (SF 1219)
	X	MONTH END CHECK ISSUE SUMMARY (SF 1179)
X		JOURNAL VOUCHERS (OF 1017-G) (SUPPORTING ADJUSTMENTS)
	X	COPIES OF DOCUMENTS SUPPORTING LINE 4.2 OF SF 1219 (SF 215 AND 5515)
X		STATEMENT OF DESIGNATED DEPOSITARY ACCOUNT (SF 1149)
X		CERTIFICATE OF REVALUATION OF FOREIGN CURRENCY
X		REQUEST FOR BID (PURCHASE/SALE) (DD Form 2668) *(Procurement of Foreign Currency)*

b. VOUCHERS

TYPE OF TRANSACTION	DISBURSEMENTS			COLLECTIONS		
	NUMBER OF VOUCHERS	VOUCHER NUMBERS		NUMBER OF VOUCHERS	VOUCHER NUMBERS	
		FROM	THROUGH		FROM	THROUGH
Commercial Payments	1941	251040	252980	217	100309	100525
Travel Payments	95	500087	500181			
Miscellaneous Payments	281	700011	700291			

6. DISBURSEMENT VOUCHER NUMBERS NOT USED OR VOIDED	7. COLLECTION VOUCHER NUMBERS NOT USED OR VOIDED
8. DUPLICATED DISBURSEMENT VOUCHER NUMBERS	9. DUPLICATED COLLECTION VOUCHER NUMBERS
10. SUB-VOUCHER NUMBERS	11. DEFERRED VOUCHER NUMBERS

12. REMARKS

13. FOR INFORMATION CONTACT	14. TELEPHONE
K. S. ALEX	(111) 123-4567

15. TYPED NAME AND GRADE	16. SIGNATURE	17. DATE FORWARDED
K. S. ALEX, LTC, FC, USA		3 Dec 20XX

DD Form 2666, AUG 93

Figure 20-1. Sample DD Form 2666 (Transmittal of Statements and Vouchers)

TYPE OF TRANSACTION *(Disbursement, Collection, etc.)*	VOUCHER NUMBERS		VOIDED NUMBERS
	FROM	THROUGH	

FROM: PERSUPPDET LIVERPOOL UK
TO: FIPC NORFOLK VA (OR FIPC SAN DIEGO CA)

UNCLAS //N07250//

SUBJ: STATEMENT OF ACCOUNTABILITY AND DISBURSEMENTS AND COLLECTIONS

SYMBOL 7007, DISBOFF E. DELACRUZ
PASS TO CODE FF 32 (OR CODE PS 3)
PERIOD OF ACCOUNT 1 MAR XX THRU 31 MAR XX

1. STATEMENT OF ACCOUNTABILITY:

SECTION I, PART A

1.0			10,000.00
2.1		8,000.00	
4.1		7,500.00	
4.2		3,000.00	
5.0	(2,550.00 FOREIGN FUNDS)		7,500.00

SECTION I, PART B

6.1	BANK OF SCOTLAND (U.K. POUNDS)	900.00
6.2		700.00
6.3		500.00
6.5		1,200.00
6.7	FUNDS IN TRANSIT	850.00
6.8	CASH HELD FOR PAYMENT (500.00 FOREIGN FUNDS)	2,100.00
7.1		100.00
7.4		200.00
7.9	FOREIGN CURRENCY DEPOSIT	950.00
8.0		7,500.00

SECTION I, PART C

11.0	7,500.00

SECTION II, PART A

(1)	(2)	(3)	(4)	(5)
7007	8,010.00	XX0600	(10.00)	8,000.00

SECTION II, PART B

DT/DV	NUMBER	DOC. DATE	DATE PRESENTED/ MAILED TO BANK	AMOUNT
DT	123456	XX0304	XX0305	825.00
DT	123457	XX0308	XX0309	285.00
DT	123458	XX0310	XX0311	750.00
DV	64532	XX0211		(50.00)
DT	123459	XX0322	XX0323	675.00
DT	123460	XX0329	XX0330	795.00
DV	43572	XX0224		(280.00)
				3,000.00

2. DISBURSEMENTS AND COLLECTIONS

CODE	APPN/SUB	PROG ELE/ BUD PROJ	REIM SOURCE	AMOUNT
1	1751453.2201			500.00
1	1751319.2456	39		550.16
1	1751804.602B			2,580.23
4	1751453.2201			3,260.00
1	1751453.2202			3,850.00
6	1751804.1190			124.77
6	1751319.2458	39		2319.84
	DISBURSEMENTS TOTAL			13,185.00
7	1751319.2241			684.91
8	17X4911.2310			5000.09
	COLLECTIONS TOTAL			5,685.00

Figure 20-2. Sample Message Report Statement of Accountability, Disbursements and Collections

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2101 Retention of Records

CHAPTER 21

DISBURSING OFFICE RECORDS

★2101 Retention of Records

★ 210101. General. Original Disbursing Officer (DO) records and associated papers shall be retained as government property, readily accessible to the DO or the designated settlement office, for a 6-year 3-month period as provided in the National Archives and Records Administration General Records Schedule 6 (reference (bp)).

A. The requirement for retention of original records applies to disbursing officers who receive payment or collection transactions, or who transmit financial reports, without regard to whether such records are paper or electronic copies. When such records are electronic, these requirements apply, regardless of whether the original supporting documents are maintained at the source (preparing) office or at the disbursing office.

B. Unclassified records do not require special security or storage precautions and may be stored in open files or cabinets. However, records shall be adequately maintained with controls in place to readily identify records that have been removed from the files, who removed them, and when they were removed them as well as such other information needed to facilitate follow up to ensure records are timely returned.

C. Duplicate copies of disbursement and collection vouchers and associated supporting documents may be destroyed after 1 year.

D. Original disbursing officer records include, but are not limited to, the following items:

1. Disbursement and collection vouchers, including supporting documents (e.g., invoices, receiving reports, purchase orders or contracts, and lodging receipts)

2. Voucher control logs

3. Daily Statement of Accountability (DD Form 2657)

4. Statement of Accountability (SF 1219)

5. Daily Agent Accountability Summary (DD Form 2665)

6. Check issue records and reports

7. Limited depositary account (LDA) records and reports

8. Records of deposits of negotiable instruments

9. Deposit Tickets (SF 215) and Debit Vouchers (SF 5515)

10. Appointments and revocations of accountable individuals

11. Any other document, record, log or electronic file that supports disbursing transactions or affects the accountability of the disbursing officer or accountable individual(s), including disbursing officer records showing deposit transactions for payroll distributions to individual service members' local pay accounts accessed by shipboard cash dispensers (automated teller machines).

★ 210102. Tactical Units and Naval Vessels. To facilitate shipment of retained records, DOs of tactical units and Naval vessels shall file retained records in groups as specified below:

A. All public vouchers, other than payrolls, with supporting documents

★ B. All payroll vouchers with supporting documents, to include military pay money lists and Navy automated teller machine deposit transaction reports

C. All collection vouchers with supporting documents

D. Checking accounts records, to include records of all checks drawn. These records include "Month End Check Issue Summary" (SF 1179), "Advice of Check Issue Discrepancy" (FMS Form 5206) with related correspondence, and "Journal Voucher" (OF 1017-G) with related correspondence

E. Daily Statement of Accountability (DD Form 2657)

F. Statement of Designated Depositary Account (SF 1149)

G. Statement of Accountability (SF 1219)

H. Listing of instruments deposited with the quintuplicate (Agency) copy of Deposit Tickets (SF 215)

I. Unavailable Check Cancellation (SF 1184)

J. Debit Vouchers (SF 5515)

K. Certificate of revaluation of foreign currency

L. Quarterly reports on the status of suspense accounts

M. Other miscellaneous retained disbursing documents

210103. Foreign Military Sales (FMS). FMS records and associated papers shall be retained for 10 years from the date of case closure.

★ 210104. Disposition of Retained Records

A. Nontactical Disbursing Offices. As prescribed in Chapter 2 of this volume, all disbursing office records shall be transferred to the incoming DO as a part of the relief process. When a disbursing office is being deactivated, all disbursing office records shall be packaged and mailed to the office designated to settle the accounts.

B. Tactical Units and Naval Vessels

1. Detachment With Relief. When a DO of a tactical unit or Naval vessel is relieved from disbursing duty by another DO, the relieving DO shall retain the relieved DO's disbursing records for a period of 90 days from the date of relief. After the 90-day period, the records of the relieved officer shall be packaged and forwarded to the supporting Defense Finance and Accounting Service (DFAS) Center (or operating location (OPLOC)) for retention until the expiration of the 6-year 3-month retention period. If deployed, the records shall not be forwarded until the unit or vessel returns to homeport and the 90-day retention requirement is met.

2. Detachment Without Relief. When a DO of a tactical unit or Naval vessel is relieved from disbursing duty due to deactivation of the disbursing office (or when a vessel or unit is decommissioned), all disbursing records shall be packaged and forwarded to the supporting DFAS Center (or OPLOC).

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CHAPTER 22

SETTLEMENT OF DISBURSING OFFICER ACCOUNTS

★2201 OVERVIEW

220101. General. The responsibility for clearing outstanding items in the accounts of a DO who has been relieved from disbursing duty is normally assigned to a designated settlement office. The DO of the designated settlement office (referred to in this chapter as the settlement officer) shall take actions necessary as prescribed in this Volume to resolve discrepancies in a relieved DO's accountability. All correspondence and vouchers initiated by an officer, designated as a settlement officer, shall show the name and DSSN of the accountable officer as well as the date and number of the voucher or account, and shall be signed "By (name of settlement officer), settlement officer for (name and DSSN of accountable officer)." Normally, the settlement officer is also responsible for other residual disbursing functions such as issuance of stop payment requests and required records research pursuant to claims against the government and clearing of all suspense accounts. In all instances, the relieved DO is responsible for resolving all deficiencies before relief, if possible. If a deficiency exists in the account of a relieved DO and it appears that no action was taken to remove it from the accountability and no relief request is pending, the settlement officer shall initiate collection action against the accountable DO.

A. Non-tactical Disbursing Stations. At non-tactical disbursing stations, settlement duties are normally the responsibility of the relieving DO. When a non-tactical disbursing station is deactivated the supporting DFAS Center will designate another non-tactical disbursing station within the center's cognizance to perform the settlement function if the disbursing operations of the deactivated station are assumed by another disbursing station within that Center's cognizance. When a non-tactical disbursing station under the cognizance of one DFAS Center is deactivated and the disbursing function is assumed by a disbursing station under the cognizance of a different DFAS Center, the settlement function is a shared responsibility of the gaining disbursing station and the losing DFAS Center. This shared responsibility is necessary in order to avoid creating transactions for and by others or cross disbursements. In this case, the losing DFAS Center shall request the gaining DFAS Center to designate the disbursing station assuming the disbursing functions with responsibility for residual disbursing functions such as issuance of stop payment requests, required records research and processing of transactions pursuant to clearing of suspense accounts, requests for recertified payments, and processing claims against the government. Close coordination between the gaining disbursing station and the former DFAS Center will be necessary. This coordination shall include the use of electronic mechanisms such as OPAC to transfer funds between the center and the disbursing station. For example, a request for stop payment of a treasury check issued by the deactivated disbursing station will result in a credit to the former DFAS Center in the **F3880 account. Upon receipt, the DFAS Center shall prepare a disbursement voucher charging the **F3880 account and transfer the credit to the gaining disbursing station (via OPAC). Upon receipt of the

OPAC transfer, the gaining disbursing station shall accept the transfer of funds as a collection with credit to the appropriation charged when the check was issued. As another example, when records research determines the proper appropriation to be credited with a collection that was originally placed in a suspense account, the disbursing station shall contact the servicing DFAS Center of the deactivated disbursing station and request the dollar amount be transferred via OPAC. The DFAS Center shall prepare a disbursement voucher charging the appropriate suspense account and transfer the funds to the requesting disbursing station via OPAC. Upon receipt of the OPAC transfer, the disbursing station shall prepare a collection voucher with credit to the proper appropriation for the dollar amount. The transactions described in the above examples are all transactions for self. Following the guidance in this paragraph will not create cross disbursements or transactions for others. Responsibility for transactions which directly affect the SF 1219 of the former disbursing officer(s) of the deactivated disbursing station, such as those described in paragraph 220402 of this chapter, remains with the DFAS Center under whose cognizance the disbursing station operated prior to deactivation.

B. Tactical Disbursing Stations. For naval vessels and tactical units, the servicing DFAS Center (or designated OPLOC) shall perform the duties of settlement officer for relieved DOs whether or not the disbursing function of the naval vessel or unit is deactivated.

2202 STORAGE OF RECORDS

Disbursing records on which settlement action is not completed may be transferred by the settlement officer to the Federal Records Center serving the settlement office for temporary storage. This action should only be taken when necessary or appropriate because of space or equipment limitations or is in accordance with regular plans for transfer of records.

2203 RESPONSIBILITY OF RELIEVED OFFICER

Despite the appointment of a settlement officer, the relieved DO is responsible for accounting for all funds expended while performing disbursing duties. Transfer of disbursing records under the authority of this chapter only relieves the DO of the paperwork incident to settlement of the account. Accountability for illegal, incorrect, or improper payments which cannot be adjusted despite the diligence of the settlement officer remains with the DO who made the payments. The relieved DO shall keep the settlement officer informed of his or her current mailing address at all times. The relieved officer shall also answer inquiries related to settlement of outstanding items and shall furnish any advice or suggestions which may be of assistance in the prompt and complete clearance thereof.

2204 SETTLEMENT OFFICER PROCEDURES

220401. Settlement Officer Is Incumbent DO. The procedures in this paragraph apply only to non-tactical DOs (within and outside the continental United States) performing settlement functions for previous DOs of the same disbursing activity and DSSN to which the DO performing the settlement functions is assigned. In addition to accounting for and taking

settlement action on deficiencies which occurred during the incumbency of a former DO that were unresolved on the date of relief, the settlement officer may be required to establish or increase deficiencies in the account of a former DO. Most of the transactions processed to establish, increase, reduce, or remove deficiencies in the account of the former DO will be similar to the routine transactions of a DO and will be reported on the daily DD Form 2657 and the monthly SF 1219. The transactions described in the following subparagraphs are the most common types of transactions that will be encountered. On some occasions, the servicing DFAS Center may direct accomplishment of specific transactions and will provide detailed instructions for those transactions. To have a complete history of the settlement process, a record of actions taken to clear deficiencies shall be maintained in separate settlement folders for each former DO. Copies of all documents and correspondence pertaining to settlement of the former DOs' accounts shall be filed in the folders. The settlement folders shall be made available for examination and shall be turned over to the next relieving DO as a part of the relief process.

A. Check Overdraft Receivables. Procedures for recording, reporting and clearing a check overdraft deficiency are prescribed in Chapter 7 of this volume. The procedures are the same for both current and former DOs except that in the case of a former DO, the current DO (settlement officer) shall report the item daily on line 9.2A of the DD Form 2657 and monthly on line 9.2 of the SF 1219 until resolved.

B. Losses of Funds. Losses of funds in the account of a former DO that were unresolved on the date of relief are recorded and reported until resolved on line 9.3 of the current DO's (settlement officer's) DD Form 2657 and SF 1219. Increases in the value of existing losses of funds are generally accomplished only upon the specific direction of the servicing DFAS Center. Decreases in the value of existing losses of funds are accomplished by collection (full or partial) of the losses from the accountable individual or by relief of liability for the losses.

C. Other Accountability. Other accountability items are unresolved deficiencies in the account of a former DO which cannot be classified as check issue overdrafts or losses of funds. These items are reported on line 9.4 of the DD Form 2657 and the SF 1219 until resolved. The value of other accountability may be increased by the settlement officer. For SFs 5515 received by the settlement officer after the date of relief of a DO (which are chargeable to the former DO), the settlement officer shall record and process the SF 5515. The value of the SF 5515 shall be reported on line 9.3 of the DD Form 2657 and SF 1219. For overpayments caused by the negotiation of both the original and recertified check which the settlement officer determines to be uncollectible, the procedures prescribed in Chapter 8 of this volume shall be followed. The settlement officer shall request removal of the deficiency on behalf of the former DO. Decreases to the value of other accountability items may be effected by: collection from the responsible individual, replacement of lost checks by the drawers of the lost checks, confirmation of a deposit previously presumed and treated as lost in transit, reversal of an SF 5515 by a general depositary or the Treasury Department, correction of an erroneous collection voucher, or relief of liability. Specific instructions for removal of an accountability item by correction of an erroneous collection voucher or relief of liability shall be provided by the servicing DFAS Center.

D. Processing Negotiable Instruments. Negotiable instruments received by a settlement officer to offset a deficiency in the account of a former DO shall be entered on the DD Form 2657 as either an increase to Deposits Presented or Mailed to Bank (line 4.2A) or to Other Undeposited Instruments on Hand (line 6.3B), and as a decrease to the applicable receivable (e.g., 9.2A, 9.2B, 9.3, 9.4). The instrument received shall be documented on an OF 1017-G and deposited under the same guidelines as other negotiable instruments.

220402. Settlement Officer Is Not Incumbent DO. The procedures in this paragraph are applicable only to DOs designated to settle the accounts of DOs of tactical units or Naval vessels relieved from disbursing duty and the accounts of former DOs of deactivated disbursing stations. These settlement officers perform settlement functions for a DSSN other than the one to which assigned as DO. Any transaction which affects the accountability of a relieved DO, including the initial establishment of the settlement account, will require submission of monthly financial reports by the settlement officer for the relieved DO. The financial reports are submitted to the servicing DFAS Center (or OPLOC) in the same manner as other financial reports. To have a complete history of the settlement process, a record of actions taken to clear deficiencies shall be maintained in separate settlement folders for each former DO and DSSN for which settlement action is performed. Copies of all documents and correspondence related to the settlement of accounts shall be filed in the folders. The folders shall be made available for examination as necessary.

A. Initial Establishment of the Settlement Account. Upon receipt of the final SF 1219 of the relieved DO the Naval vessel, tactical unit, or the deactivated disbursing station, the settlement officer shall review the SF 1219 to determine if any deficiencies existed on the date of relief. In the case of a deactivated disbursing station where the DO is transferred without a relief, the settlement officer shall establish the settlement account by establishment and preparation of the necessary files to resolve the deficiencies. In the case of Naval vessels and tactical units, if there is a deficiency in the account of the relieved DO, the settlement officer shall establish the settlement account as of the month following the receipt of the relieved DO's final SF 1219. This action is accomplished by preparation of a supplemental SF 1219. Upon establishment of the settlement account for the relieved DO, the designated settlement officer shall recompute the actual accountability of the relieving DO on the date of relief by subtracting the amount established in the settlement account from the amount reported on line 11.0 of the relieved DO's final SF 1219. The settlement officer shall then notify the relieving DO of the Naval vessel or tactical unit by message that the settlement account is established and direct that DO to record the dollar value of the deficiency on line 4.37 of the next SF 1219 and remove the amount from lines 9.2, 9.3, and/or 9.4 (as appropriate). The relieving DO shall attach a copy of the message to each copy of the SF 1219 to support the transfer of accountability shown on line 4.37. Figure 22-1 is an example of a final SF 1219 from a Naval vessel indicating relief and transfer of accountability. Figure 22-2 is an example of the first SF 1219 of the incumbent DO. Figure 22-3 is an example of the supplemental SF 1219 prepared by the settlement officer to establish the settlement account of the relieved DO. Figure 22-4 is an example of the SF 1219 of the incumbent DO transferring the predecessor's deficiency to the settlement officer.

B. Recording Increases to a Settlement Account. After the date of relief, it may become necessary to record a deficiency into the account of a relieved DO. This type of transaction can be caused by an SF 5515, FMS Form 5206, notice of an out-of-balance payroll, or various other discrepancies discovered in subsequent audit of accounts. Figure 22-5 shows processing of an SF 5515 to increase a relieved DO's accountability due to a dishonored check.

C. Removal of Deficiencies. Removal of deficiencies from the accounts of former DOs can be accomplished by collection from the responsible individual, correction of erroneous documents, or relief of liability. If the deficiency is recovered by collection from the responsible individual, the settlement officer shall prepare an OF 1017-G to document the collection and deposit the funds on an SF 215. Block 3 of the SF 215 shall show the DSSN of the DO whose account is being settled. The deposit transaction shall be recorded on the supplemental SF 1219 prepared for the month in which the transaction is processed. If the deficiency is removed by correction of erroneous documents, the corrected documents shall be reported on the supplemental SF 1219 prepared for the month in which the transaction is processed. If a deficiency is removed by relief of liability, the servicing DFAS Center will direct the preparation of an SF 1049 and will provide a complete fund cite to be charged for the transaction. The voucher shall be reported on the supplemental SF 1219 for the month in which the transaction is processed. Figure 22-6 shows removal of a deficiency by collection from the accountable individual.

D. Preparation of Disbursement and Collection Vouchers. Normally, the preparation and processing of vouchers to settle the accounts of former DOs will not affect the disbursing account of the settlement officer. Collection and disbursement voucher numbers assigned to vouchers prepared to process settlement transactions shall not be taken from the voucher number logs of the DO at the settlement activity. The settlement officer shall maintain a separate series of locally assigned voucher numbers (for example, COOO1 for collections and DOOO1 for disbursements) for use in settlement transactions. In addition, the DD Form 2657 is not maintained by the settlement officer for the former DO.

E. Financial Reports. The settlement officer shall submit financial reports for a former DO every month until the former DO's accountability is cleared. Normally, the documents required to be submitted are: supplemental SF 1219; appropriate copies of SF 215 or SF 5515 if these forms are involved in the transaction; and any supporting disbursement or collection vouchers prepared. The general requirements in Chapter 20 of this volume for preparation and submission of financial reports apply. In addition to the normal distribution requirements, one additional copy of each document prepared shall be forwarded to the servicing DFAS Center. In all cases, each document shall clearly identify the name and DSSN of the former DO and the name and address of the settlement officer preparing the reports. Documents requiring signature shall be signed "By (name of settlement officer), settlement officer for (name and DSSN of accountable officer)."

2205 SETTLEMENT PROCEDURES FOR NAVAL VESSELS

220501. General. Even though the DO assigned to Naval vessels does not perform settlement functions, certain actions are required to be performed to assist the designated settlement officer. The incumbent DO shall take the actions prescribed in this section for each of the transactions described which are received after the date of relief and which affect the accountability of the relieved DO.

220502. SF 5515 (Debit Voucher). SFs 5515 issued by a general depositary or the Treasury Department for dishonored personal checks, forged Treasury checks, or dual negotiation of both the original and substitute Treasury checks, shall not be recorded in the current DO's accountability unless the accounts of the DO who is accountable for the deficiency are subject to the 90-day retention period described in Chapter 21 of this volume or the maker or endorser of the dishonored check is locally available for collection action. If neither of the foregoing conditions apply, the current DO shall forward the SF 5515 and copies of all related documents by cover letter to the cognizant OPLOC. If follow-up action previously initiated by the relieved officer results in recovery of funds, the relieving officer shall forward the funds in the form of an exchange-for-cash Treasury check to the cognizant OPLOC.

220503. Unconfirmed Deposits. For unconfirmed deposits that are later confirmed by follow-up action after the date of relief, forward the confirmed copy of the SF 215 by cover letter to the cognizant OPLOC for processing.

220504. FMS Form 5206, Advice of Check Issue Discrepancy. If an FMS Form 5206 is received during the 90-day retention period subsequent to relief, a copy of the applicable check issue record and disbursement voucher shall be reproduced from the relieved DO's retained records and attached to the form. The documents shall then be forwarded by cover letter to the cognizant OPLOC for processing. If an FMS Form 5206 is received after the former DO's records have been forwarded to the OPLOC as prescribed in Chapter 21 of this volume, the document shall be forwarded by cover letter to the cognizant OPLOC for processing.

220505. Daily Advice of Status (DAS). Upon receipt of a DAS from the Treasury Department indicating the original and recertified Treasury check issued by the previous DO were both negotiated and previous credit given by the Treasury Department for the canceled original check is being reversed, the current DO shall take the same actions as prescribed above for debit vouchers.

STANDARD FORM 1219
Revised April 1982
Department of the Treasury
1-TFM 2-3100

STATEMENT OF ACCOUNTABILITY

RCS:

NAME OF DISBURSING OFFICER WILLIAM ALLEN PRINGLE	LOCATION OF DISBURSING OFFICER *(Mailing Address)* (01234) USS AFLOAT (DD-001) FPO AP 96601
NAME OF AGENCY NAVY	
PERIOD OF ACCOUNT FROM 1 OCT 19XX THROUGH 31 OCT 19XX	AGENCY LOCATION CODE (ALC) *(Show main check symbol number)* 0002

SECTION I. - GENERAL STATEMENT OF ACCOUNT

PART A. - TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY

1.00		TOTAL ACCOUNTABILITY BEGINNING OF PERIOD		60,000.00
		INCREASES IN ACCOUNTABILITY		
2.1		CHECKS ISSUED ON U.S. TREASURY	8,000.00	
2.3		OTHER TRANSACTIONS		
	2.34	DISCREPANCIES IN D.O. ACCOUNTS - CREDITS		
	2.36	PAYMENTS BY ANOTHER D.O.		
	2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS		
	2.39			
2.9		TOTAL INCREASES IN ACCOUNTABILITY		8,000.00
3.0			SUBTOTAL	68,000.00
4.0		DECREASES IN ACCOUNTABILITY		
4.1		NET DISBURSEMENTS	7,500.00	
4.2		DEPOSITS PRESENTED OR MAILED TO BANK	3,000.00	
4.3		OTHER TRANSACTIONS		
	4.34	DISCREPANCIES IN D.O. ACCOUNTS - DEBITS		
	4.36	PAYMENTS FOR ANOTHER D.O.		
	4.37	TRANSFERS TO OTHER DISBURSING OFFICERS		
	4.39			
4.9		TOTAL DECREASES IN ACCOUNTABILITY		10,500.00
5.00		TOTAL ACCOUNTABILITY CLOSE OF PERIOD		57,500.00

PART B. - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY

6.1	CASH ON DEPOSIT IN DESIGNATED DEPOSITARY *(Name and location of depositary)*	
6.2	CASH ON HAND	6,000.00
6.3	CASH - UNDEPOSITED COLLECTIONS	
6.4		
6.5	CASH IN CUSTODY OF GOVERNMENT CASHIERS	500.00
6.6		
6.7		
6.8	PAYROLL CASH	50,000.00
6.9		
7.1	DEFERRED CHARGES - VOUCHERED ITEMS	
7.2	RECEIVABLES - CHECK OVERDRAFTS	
7.3	LOSSES OF FUNDS	1,000.00
7.4	RECEIVABLES - DISHONORED CHECKS	
7.5		
7.6		
7.7		
7.8		
7.9		
8.0	TOTAL OF MY ACCOUNTABILITY	57,500.00

PART C. - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY

9.2	RECEIVABLES - CHECK OVERDRAFTS	
9.3	LOSSES OF FUNDS	
9.4	OTHER ACCOUNTABILITY	
10.0	TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY	0.00
11.0	TOTAL DISBURSING OFFICER ACCOUNTABILITY *(Same as line 5.00 above)*	57,500.00

I have received on 31 OCT 19XX by transfer from ENS William A. Pringle, SC, USN $57,500.00, an analysis of which is included in Sections I-B and I-C above.

John Wesley Adams, ENS, SC, USN

I certify that this is a true and correct statement of accountability for the period stated at the office referred to above.

NAME AND TELEPHONE NUMBER OF CONTACT	SIGNATURE AND TITLE OF CERTIFIER	DATE
W. A. PRINGLE, (219) 496-5555		31 oct 19XX

NSN 7540-00-634-4245 (OVER) PREVIOUS EDITION NOT USABLE 1219-106

Figure 22-1. Sample SF 1219 (Statement of Accountability) (Relieving)

STANDARD FORM 1219
Revised April 1982
Department of the Treasury
1-TFM 2-3100

STATEMENT OF ACCOUNTABILITY

NAME OF DISBURSING OFFICER JOHN WESLEY ADAMS	LOCATION OF DISBURSING OFFICER *(Mailing Address)* (01234) USS AFLOAT (DD - 001) FPO AP 96601
NAME OF AGENCY NAVY	
PERIOD OF ACCOUNT FROM 1 NOV 19XX THROUGH 30 NOV 19XX	AGENCY LOCATION CODE (ALC) *(Show main check symbol number)* 0002

SECTION I. - GENERAL STATEMENT OF ACCOUNT

PART A. - TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY

1.00		TOTAL ACCOUNTABILITY BEGINNING OF PERIOD		57,500.00
		INCREASES IN ACCOUNTABILITY		
2.1		CHECKS ISSUED ON U.S. TREASURY	9,550.00	
2.3		OTHER TRANSACTIONS		
	2.34	DISCREPANCIES IN D.O. ACCOUNTS – CREDITS		
	2.36	PAYMENTS BY ANOTHER D.O.		
	2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS		
	2.39			
2.9		TOTAL INCREASES IN ACCOUNTABILITY		9,550.00
3.0			SUBTOTAL	67,050.00
4.0		DECREASES IN ACCOUNTABILITY		
4.1		NET DISBURSEMENTS	6,550.00	
4.2		DEPOSITS PRESENTED OR MAILED TO BANK	2,000.00	
4.3		OTHER TRANSACTIONS		
	4.34	DISCREPANCIES IN D.O. ACCOUNTS – DEBITS		
	4.36	PAYMENTS FOR ANOTHER D.O.		
	4.37	TRANSFERS TO OTHER DISBURSING OFFICERS		
	4.39			
4.9		TOTAL DECREASES IN ACCOUNTABILITY		8,550.00
5.00		TOTAL ACCOUNTABILITY CLOSE OF PERIOD		58,500.00

PART B. - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY

6.1	CASH ON DEPOSIT IN DESIGNATED DEPOSITARY *(Name and location of depositary)*	
6.2	CASH ON HAND	7,000.00
6.3	CASH - UNDEPDSITED COLLECTIONS	
6.4		
6.5	CASH IN CUSTODY OF GDVERNMENT CASHIERS	500.00
6.6		
6.7		
6.8	PAYROLL CASH	50,000.00
6.9		
7.1	DEFERRED CHARGES - VDUCHERED ITEMS	
7.2	RECEIVABLES - CHECK OVERDRAFTS	
7.3	LOSSES OF FUNDS	
7.4	RECEIVABLES - DISHONORED CHECKS	
7.5		
7.6		
7.7		
7.8		
7.9		
8.0	TOTAL OF MY ACCOUNTABILITY	57,500.00

PART C. - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY

9.2	RECEIVABLES - CHECK OVERDRAFTS	
9.3	LOSSES OF FUNDS	1,000.00
9.4	OTHER ACCOUNTABILITY	
10.0	TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY	1,000.00
11.0	TOTAL DISBURSING OFFICER ACCOUNTABILITY *(Same as line 5.00 above)*	58,500.00

I certify that this is a true and correct statement of accountability for the period stated at the office referred to above.

NAME AND TELEPHONE NUMBER OF CONTACT	SIGNATURE AND TITLE OF CERTIFIER	DATE
J. W. ADAMS (219) 496-2222		30 NOV 19XX

NSN 7540-00-634-4245 (OVER) PREVIOUS EDITION NOT USABLE 1219-106

Figure 22-2. Sample SF 1219 (Statement of Accountability)
(Initial After Relief)

STANDARD FORM 1219
Revised April 1982
Department of the Treasury
1-TFM 2-3100

SUPPLEMENTAL
STATEMENT OF ACCOUNTABILITY

NAME OF DISBURSING OFFICER WILLIAM ALLEN PRINGLE	LOCATION OF DISBURSING OFFICER *(Mailing Address)* (01234) USS AFLOAT (DD – 001) FPO AP 96601
NAME OF AGENCY NAVY	
PERIOD OF ACCOUNT FROM 1 DEC 19XX THROUGH 31 DEC 19XX	AGENCY LOCATION CODE (ALC) *(Show main check symbol number)* 0002

SECTION I - GENERAL STATEMENT OF ACCOUNT

PART A. - TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY

1.00		TOTAL ACCOUNTABILITY BEGINNING OF PERIOD		0.00
		INCREASES IN ACCOUNTABILITY		
2.1		CHECKS ISSUED ON U.S. TREASURY		
2.3		OTHER TRANSACTIONS		
	2.34	DISCREPANCIES IN D.O. ACCOUNTS – CREDITS		
	2.36	PAYMENTS BY ANOTHER D.O.		
	2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS	1,000.00	
	2.39			
2.9		TOTAL INCREASES IN ACCOUNTABILITY		1,000.00
3.0			SUBTOTAL	1,000.00
4.0		DECREASES IN ACCOUNTABILITY		
4.1		NET DISBURSEMENTS		
4.2		DEPOSITS PRESENTED OR MAILED TO BANK		
4.3		OTHER TRANSACTIONS		
	4.34	DISCREPANCIES IN D.O. ACCOUNTS – DEBITS		
	4.36	PAYMENTS FOR ANOTHER D.O.		
	4.37	TRANSFERS TO OTHER DISBURSING OFFICERS		
	4.39			
4.9		TOTAL DECREASES IN ACCOUNTABILITY		0.00
5.00		TOTAL ACCOUNTABILITY CLOSE OF PERIOD		1,000.00

PART B. - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY

6.1	CASH ON DEPOSIT IN DESIGNATED DEPOSITARY *(Name and location of depositary)*	
6.2	CASH ON HAND	
6.3	CASH - UNDEPOSITED COLLECTIONS	
6.4		
6.5	CASH IN CUSTODY OF GOVERNMENT CASHIERS	
6.6		
6.7		
6.8		
6.9		
7.1	DEFERRED CHARGES - VOUCHERED ITEMS	
7.2	RECEIVABLES - CHECK OVERDRAFTS	
7.3	LOSSES OF FUNDS	
7.4	RECEIVABLES - DISHONORED CHECKS	
7.5		
7.6		
7.7		
7.8		
7.9		
8.0	TOTAL OF MY ACCOUNTABILITY	0.00

PART C. - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY

9.2	RECEIVABLES - CHECK OVERDRAFTS	
9.3	LOSSES OF FUNDS	1,000.00
9.4	OTHER ACCOUNTABILITY	
10.0	TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY	1,000.00
11.0	TOTAL DISBURSING OFFICER ACCOUNTABILITY *(Same as line 5.00 above)*	1,000.00

I certify that this is a true and correct statement of accountability for the period stated at the office referred to above.

NAME AND TELEPHONE NUMBER OF CONTACT	SIGNATURE AND TITLE OF CERTIFIER	DATE
WALTER R. GOOD, SETTLEMENT OFFICER FOR WILLAIM A. PRINGLE, DSSN 0002 (619) 952-1234	WALTER R. GOOD	31 DEC 19XX

NSN 7540-00-634-4245 (OVER) PREVIOUS EDITION NOT USABLE 1219-106

Figure 22-3. Sample SF 1219 (Statement of Accountability) (Supplemental to Establish Accountability)

STANDARD FORM 1219
Revised April 1982
Department of the Treasury
1-TFM 2-3100

STATEMENT OF ACCOUNTABILITY

NAME OF DISBURSING OFFICER JOHN WESLEY ADAMS	LOCATION OF DISBURSING OFFICER *(Mailing Address)* (01234) USS AFLOAT (DD - 001) FPO AP 96601
NAME OF AGENCY NAVY	
PERIOD OF ACCOUNT FROM 1 DEC 19XX THROUGH 31 DEC 19XX	AGENCY LOCATION CODE (ALC) *(Show main check symbol number)* 0002

SECTION I - GENERAL STATEMENT OF ACCOUNT

PART A. - TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY

1.00		TOTAL ACCOUNTABILITY BEGINNING OF PERIOD		58,500.00
		INCREASES IN ACCOUNTABILITY		
2.1		CHECKS ISSUED ON U.S. TREASURY	24,550.00	
2.3		OTHER TRANSACTIONS		
	2.34	DISCREPANCIES IN D.O. ACCOUNTS - CREDITS		
	2.36	PAYMENTS BY ANOTHER D.O.		
	2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS		
	2.39			
2.9		TOTAL INCREASES IN ACCOUNTABILITY		24,550.00
3.0		SUBTOTAL		83,050.00
4.0		DECREASES IN ACCOUNTABILITY		
4.1		NET DISBURSEMENTS	21,550.00	
4.2		DEPOSITS PRESENTED OR MAILED TO BANK	6,550.00	
4.3		OTHER TRANSACTIONS		
	4.34	DISCREPANCIES IN D.O. ACCOUNTS - DEBITS		
	4.36	PAYMENTS FOR ANOTHER D.O.		
	4.37	TRANSFERS TO OTHER DISBURSING OFFICERS	1,000.00	
	4.39			
4.9		TOTAL DECREASES IN ACCOUNTABILITY		29,100.00
5.00		TOTAL ACCOUNTABILITY CLOSE OF PERIOD		53,950.00

PART B. - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY

6.1	CASH ON DEPOSIT IN DESIGNATED DEPOSITARY *(Name and location of depositary)*	
6.2	CASH ON HAND	3,450.00
6.3	CASH - UNDEPOSITED COLLECTIONS	
6.4		
8.5	CASH IN CUSTODY OF GOVERNMENT CASHIERS	500.00
6.6		
8.7		
6.8	PAYROLL CASH	50,000.00
6.9		
7.1	DEFERRED CHARGES – VOUCHERED ITEMS	
7.2	RECEIVABLES - CHECK OVERDRAFTS	
7.3	LOSSES OF FUNDS	
7.4	RECEIVABLES – DISHONORED CHECKS	
7.5		
7.6		
7.7		
7.6		
7.9		
8.0	TOTAL OF MY ACCOUNTABILITY	53,950.00

PART C. - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY

9.2	RECEIVABLES - CHECK OVERDRAFTS	
9.3	LOSSES OF FUNDS	
9.4	OTHER ACCOUNTABILITY	
10.0	TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY	0.00
11.0	TOTAL DISBURSING OFFICER ACCOUNTABILITY *(Same as line 5.00 above)*	53,950.00

I certify that this is a true and correct statement of accountability for the period stated at the office referred to above.

NAME AND TELEPHONE NUMBER OF CONTACT	SIGNATURE AND TITLE OF CERTIFIER	DATE
J. W. ADAMS (219) 496-2222		31 DEC 19XX

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Figure 22-4. Sample SF 1219 (Statement of Accountability) (Transfer to Settlement Account)

STANDARD FORM 1219
Revised April 1982
Department of the Treasury
1-TFM 2-3100

SUPPLEMENTAL
STATEMENT OF ACCOUNTABILITY

NAME OF DISBURSING OFFICER WILLIAM ALLEN PRINGLE	LOCATION OF DISBURSING OFFICER *(Mailing Address)* (01234) USS AFLOAT (DD - 001) FPO AP 96601
NAME OF AGENCY NAVY	
PERIOD OF ACCOUNT FROM 1 JAN 19XX THROUGH 31 JAN 19XX	AGENCY LOCATION CODE (ALC) *(Show main check symbol number)* 0002

	SECTION I - GENERAL STATEMENT OF ACCOUNT			
	PART A. - TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY			
1.00		TOTAL ACCOUNTABILITY BEGINNING OF PERIOD		1,000.00
	INCREASES IN ACCOUNTABILITY			
2.1	CHECKS ISSUED ON U.S. TREASURY			
2.3	OTHER TRANSACTIONS			
2.34	DISCREPANCIES IN D.O. ACCOUNTS -- CREDITS			
2.36	PAYMENTS BY ANOTHER D.O.			
2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS			
2.39				
2.9		TOTAL INCREASES IN ACCOUNTABILITY		0.00
3.0			SUBTOTAL	1,000.00
4.0	DECREASES IN ACCOUNTABILITY			
4.1	NET DISBURSEMENTS			
4.2	DEPOSITS PRESENTED OR MAILED TO BANK		(500.00)	
4.3	OTHER TRANSACTIONS			
4.34	DISCREPANCIES IN D.O. ACCOUNTS -- DEBITS			
4.36	PAYMENTS FOR ANOTHER D.O.			
4.37	TRANSFERS TO OTHER DISBURSING OFFICERS			
4.39				
4.9		TOTAL DECREASES IN ACCOUNTABILITY		(500.00)
5.00		TOTAL ACCOUNTABILITY CLOSE OF PERIOD		1,500.00
	PART B. - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY			
6.1	CASH ON DEPOSIT IN DESIGNATED DEPOSITARY *(Name and location of depositary)*			
6.2	CASH ON HAND			
6.3	CASH - UNDEPOSITED COLLECTIONS			
6.4				
6.5	CASH IN CUSTODY OF GOVERNMENT CASHIERS			
6.6				
6.7				
6.8				
6.9				
7.1	DEFERRED CHARGES -- VOUCHERED ITEMS			
7.2	RECEIVABLES - CHECK OVERDRAFTS			
7.3	LOSSES OF FUNDS			
7.4	RECEIVABLES -- DISHONORED CHECKS			
7.5				
7.6				
7.7				
7.8				
7.9				
8.0		TOTAL OF MY ACCOUNTABILITY		0.00
	PART C. - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY			
9.2	RECEIVABLES - CHECK OVERDRAFTS			
9.3	LOSSES OF FUNDS			1,000.00
9.4	OTHER ACCOUNTABILITY			500.00
10.0		TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY		1,500.00
11.0		TOTAL DISBURSING OFFICER ACCOUNTABILITY *(Same as line 5.00 above)*		1,500.00

I certify that this is e true and correct statement of accountability for the period stated at the office referred to above.

NAME AND TELEPHONE NUMBER OF CONTACT	SIGNATURE AND TITLE OF CERTIFIER	DATE
WALTER R. GOOD, SETTLEMENT OFFICER FOR WILLAIM A. PRINGLE, DSSN 0002 (619) 952-1234	WALTER R. GOOD	31 JAN 19XX

NSN 7540-00-634-4245 (OVER) PREVIOUS EDITION NOT USABLE 1219-108

Figure 22-5. Sample SF 1219 (Statement of Accountability) (Supplemental to Increase Accountability)

STANDARD FORM 1219
Revised April 1982
Department of the Treasury
1-TFM 2-3100

SUPPLEMENTAL
STATEMENT OF ACCOUNTABILITY

NAME OF DISBURSING OFFICER WILLIAM ALLEN PRINGLE	LOCATION OF DISBURSING OFFICER *(Mailing Address)* (01234) USS AFLOAT (DD - 001) FPO AP 96601
NAME OF AGENCY NAVY	
PERIOD OF ACCOUNT FROM 1 FEB 19XX THROUGH 28 FEB 19XX	AGENCY LOCATION CODE (ALC) *(Show main check symbol number)* 0002

SECTION I. - GENERAL STATEMENT OF ACCOUNT

PART A. - TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY

1.00		TOTAL ACCOUNTABILITY BEGINNING OF PERIOD		1,500.00
		INCREASES IN ACCOUNTABILITY		
2.1		CHECKS ISSUED ON U.S. TREASURY		
2.3		OTHER TRANSACTIONS		
	2.34	DISCREPANCIES IN D.O. ACCOUNTS – CREDITS		
	2.36	PAYMENTS BY ANOTHER D.O.		
	2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS		
	2.39			
2.9		TOTAL INCREASES IN ACCOUNTABILITY		0.00
3.0		SUBTOTAL		1,500.00
4.0		DECREASES IN ACCOUNTABILITY		
4.1		NET DISBURSEMENTS		
4.2		DEPOSITS PRESENTED OR MAILED TO BANK	1,000.00	
4.3		OTHER TRANSACTIONS		
	4.34	DISCREPANCIES IN D.O. ACCOUNTS – DEBITS		
	4.36	PAYMENTS FOR ANOTHER D.O.		
	4.37	TRANSFERS TO OTHER DISBURSING OFFICERS		
	4.39			
4.9		TOTAL DECREASES IN ACCOUNTABILITY		1,000.00
5.00		TOTAL ACCOUNTABILITY CLOSE OF PERIOD		500.00

PART B. - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY

6.1	CASH ON DEPOSIT IN DESIGNATED DEPOSITARY *(Name and location of depositary)*	
6.2	CASH ON HAND	
6.3	CASH - UNDEPOSITED COLLECTIONS	
6.4		
6.5	CASH IN CUSTODY OF GOVERNMENT CASHIERS	
6.6		
6.7		
6.8		
6.9		
7.1	DEFERRED CHARGES – VOUCHERED ITEMS	
7.2	RECEIVABLES - CHECK OVERDRAFTS	
7.3	LOSSES OF FUNDS	
7.4	RECEIVABLES – DISHONORED CHECKS	
7.5		
7.6		
7.7		
7.8		
7.9		
8.0	TOTAL OF MY ACCOUNTABILITY	0.00

PART C. - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY

9.2	RECEIVABLES - CHECK OVERDRAFTS	
9.3	LOSSES OF FUNDS	
9.4	OTHER ACCOUNTABILITY	500.00
10.0	TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY	500.00
11.0	TOTAL DISBURSING OFFICER ACCOUNTABILITY *(Same as line 5.00 above)*	500.00

I certify that this is a true and correct statement of accountability for the period stated at the office referred to above.

NAME AND TELEPHONE NUMBER OF CONTACT	SIGNATURE AND TITLE OF CERTIFIER	DATE
WALTER R. GOOD, SETTLEMENT OFFICER FOR WILLAIM A. PRINGLE, DSSN 0002 (619) 952-1234	WALTER R. GOOD	28 FEB 19XX

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Figure 22-6. Sample SF 1219 (Statement of Accountability) (Supplemental to Decrease Accountability)

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CHAPTER 23

UNITED STATES SAVINGS BONDS

2301 OVERVIEW

This chapter prescribes procedures and forms to be used for the Voluntary Payroll Savings Plan when purchasing U.S. Savings Bonds, Series EE by payroll allotments. The plan provides a means by which civilian employees and military personnel of the U.S. Government may regularly save a part of their earnings through a voluntary system of payroll allotments under the terms and conditions described in this chapter. This chapter also covers procedures for undeliverable, lost, and canceled savings bonds. Purchase of U.S. Savings Bonds by military members through allotment deduction is covered in Volume 7 of this Regulation. Purchase of U.S. Savings Bonds by civilian employees under the payroll savings plan is covered in Volume 8 of this Regulation.. Due to Treasury Department requirements to automate the sales of savings bonds, cash sales of savings bonds within DoD are not authorized. The Bureau of Public Debt, Department of the Treasury, is responsible for administering the savings bond program. The Treasury Department's U.S. Savings Bond Division is responsible for promoting and selling savings bonds.

2302 BOND ISSUING AGENTS

230201. Eligibility for Designation as Bond Issuing Agent. A DO or disbursing agent whose duties require the issuance of U.S. Savings Bonds shall be designated as a bond issuing agent. Generally, any DO or disbursing agent located in the United States, the Republic of Panama, Puerto Rico, or the Virgin Islands who is responsible for payment of civilian payrolls shall be designated as a bond issuing agent. The bond issuing agent for overseas areas outside those listed above may be the central bond issuing agent assigned to the supporting DFAS Center, or when authorized, an overseas banking facility. The central bond issuing agent assigned to the supporting DFAS Center issues all bonds purchased by military members through allotment deduction. DOs and disbursing agents assigned to tactical units and Naval vessels are not eligible for designation as bond issuing agents.

230202. Request for Designation. An initial request for designation of a DO or disbursing agent as a bond issuing agent shall be forwarded through command channels to the supporting DFAS Center. Normally, the commander will originate the request for designation.

230203. Bond Issuing Agent Certification. The supporting DFAS Center shall certify each designated bond issuing agent, by name, to the FRB which will service the bond issuing agent. The supporting DFAS Center also shall provide certified specimen signatures of the bond issuing agent to the FRB concerned.

230204. Bonds Issued by Bond Issuing Agent

A. General. Bond issuing agents shall be governed by the regulations of the servicing FRB in all matters concerning the requisition, issuance, and accounting for savings bonds. FRBs are governed by Treasury Department regulations concerning savings bonds. However, accounting procedures, forms, and instructions are not uniform in all Federal Reserve districts, therefore, bond issuing agents shall have in their possession and follow the latest instructions of the servicing FRB.

B. Bond Issuing Agent - DFAS Center. The central bond issuing agent at the supporting DFAS Center shall issue U.S. Savings Bonds, Series EE, as indicated in the following subparagraphs.

1. Bonds purchased through payroll deduction by civilian employees within CONUS. Bonds purchased through payroll deduction may also be issued to civilian employees outside CONUS, except as provided in subparagraph 230204.C, below.

2. Bonds purchased by military members under the payroll allotment system.

C. Bond Issuing Agent - Banking Facilities. DoD contract banking facilities in overseas areas, when authorized, will issue U.S. Savings Bonds purchased through the payroll savings plan by civilian employees who are citizens of the United States. When authorized, the banking facilities may also issue savings bonds directly to military members or civilian employees when payment is presented in cash by the individual.

D. Bond Issuing Agent - Other DOs or Disbursing Agents. DOs or disbursing agents in the United States (other than the DOs at the supporting DFAS Centers), the Republic of Panama, Puerto Rico, and the Virgin Islands who have been designated as bond issuing agents shall issue U.S. Savings Bonds, Series EE for purchases by civilian personnel through payroll deductions.

2303 ACQUISITION, CONTROL, AND SUPPLIES

230301. Blank Bond Stock

A. Bond Denominations. Series EE savings bonds are available only in denominations of $100, $200, $500, and $1,000 through the Voluntary Payroll Savings Plan. Issue purchase price, denomination maturity value, and bond prefix codes are shown in table 23-1.

B. Bond Assembly. Bond stock is available in various Series EE paper bond assembly types. The Type M assembly is used to report registration data on tape. Series EE bond stock is also available in double-up continuous stock. The continuous assembly type bonds

shall be separated either manually or by machines specially made for this purpose. The Type K assembly is designed for use in typewriters. When savings bonds are inscribed by typewriter, clear carbon copies shall be made.

C. Requisitioning Blank U.S. Savings Bonds - Series EE. Bond issuing agents will receive forms and instructions from their servicing FRB for ordering Series EE bond stock. The blank stock will be delivered by the FRB upon receipt of requisitions signed by either the bond issuing agent or by the deputy bond issuing agent. Only Series EE savings bonds may be issued under the payroll savings plan and bond issuing agents are not authorized to requisition bonds of any other series.

D. Bond Stock Levels. The FRBs permit bond issuing agents to maintain savings bond consignment ceilings equal to $30,000 (face value) or a normal 60 - day requirement, whichever is higher. Such ceilings will be decided by the FRB semiannually based on the preceding 12-month sales history. FRBs will evaluate bond issuing agent requirements and establish individual ceilings commensurate with the issuing agents' legitimate needs. The FRBs will allow issuing agents the flexibility of determining a mix of denominations which will best meet the issuing agents' needs within the limits of their established consignment ceilings.

E. Custody and Storage. The bond issuing agent shall maintain DD Form 80 (Bond Control Record) to account for all bond stock. The DD Form 80 shall be maintained to show beginning balance of bonds on hand; bonds received, issued, and spoiled; and ending balance of bonds on hand. The DD Form 80 shall also show the quantity and serial numbers of bonds transferred to and returned by bond writers. A separate DD Form 80 shall be maintained for each denomination of bonds. Blank bond stock shall be safeguarded and stored in a vault or safe in the same manner as prescribed in Chapter 7 of this volume for blank Treasury checks. Bond stock may be stored in safes or vaults to which both the bond issuing agent and a minimum number of deputies have access. Depending upon the available storage facilities, the bond issuing agent or a deputy shall retain custody of all blank bonds in excess of current working stock. Bond stock placed in custody of assistants shall be covered by DD Form 80 to show the location of a block of bonds for administrative and inventory purposes. At least once each quarter, a physical inventory of the bond stock shall be made by the bond issuing agent to ensure the stock on hand agrees with the DD Form 80. The quarterly bond inventory may be assigned as a responsibility of the appointed cash verification team. An example of DD Form 80 is provided as figure 23-1.

F. Loss of Bond Stock. The bond issuing agent shall immediately report to the FRB any loss of blank savings bond stock and request instructions as to how credit can be obtained. The report to the FRB shall include a full description of the bonds, including denomination and serial number, and a statement of the circumstances under which the loss occurred. No request for relief of liability is necessary unless the bonds are fraudulently redeemed.

DENOMINATION OF U.S. SAVINGS BONDS, SERIES EE		
ISSUE PURCHASE PRICE	DENOMINATION MATURITY VALUE	BOND PREFIX
50.00	100.00	C
100.00	200.00	R
250.00	500.00	D
500.00	1,000.00	M

Table 23-1. Denomination of Bonds

230302. Validating Stamps

A. Requisition and Disposition. A validating stamp, authorized by the Treasury Department for use in validating U.S. Savings Bonds when mechanical equipment is not used for issuing bonds, shall be requisitioned from the servicing FRB. The FRB assigns a code number to the validating stamp. The number usually consists of the district number of the FRB followed by a dash and the identification number of the bond issuing agent. However, the bond issuing agent shall adopt the configuration of this number according to the servicing FRB's preference. The bond issuing agent may issue validating stamps to bond issuing subagents. To identify the individual subagents, the bond issuing agent shall request the FRB to supply a separate suffix for each subagent. When the validating stamps are no longer required, they shall be returned to the FRB by registered mail.

B. Safeguarding. Bond issuing agents or subagents shall keep validating stamps under protective custody in a vault or safe and shall be fully accountable for any improper use of such stamp. Upon change of bond issuing agents, the validating stamp shall be turned over to the successor bond issuing agent. The successor shall receipt for the validating stamp.

230303. Envelopes. Special envelopes have been approved for use in mailing U.S. Savings Bonds and shall be requisitioned through regular supply channels. The envelopes are available from and listed in the Federal Supply Schedules - FSC Group 75, Part V, Office Supplies (Envelopes), which is published every six months.

2304 REGISTRATION

230401. General. Savings bonds are issued only in registered form. The registration shall express the actual ownership of, and interest in, the bond. Savings bonds may be issued: in the names of natural persons in their own right in a single owner form (one person only), co-ownership form (two persons only), and beneficiary form (two persons only); or, in the name of a fiduciary or an organization, private or public (single owner form only). If registration is made in a name of other than individuals in their own right, the employer identification

number assigned by the Internal Revenue Service (IRS) shall be inscribed on the bond if there is no SSN. The use of courtesy titles on savings bonds is optional in all cases.

★ 230402. Registration Restrictions. Savings bonds may not be issued to civilian and military employees who are not citizens of the United States. Savings bonds may be issued as indicated in the following subparagraphs.

A. Residents of the United States, its territories and possessions, the Commonwealth of Puerto Rico, and Panama.

B. Citizens of the United States temporarily residing abroad.

★ C. Civilian employees of the United States or members of the Armed Forces, and dependents, who are citizens of the United States.

D. Other individuals as co-owners with, or beneficiaries of, any of the above. Registration is not authorized to include the name of any alien in areas where the Treasury Department restricts or regulates delivery of Treasury checks.

E. United States citizens who are permanent employees of exchanges, cafeterias, and similar organizations, and employees of contractors working on DoD contracts.

F. An organization, private or public, as provided in Treasury Department Circular 530 (reference (bk)).

230403. Forms of Registration. Subject to the above restrictions, savings bonds may be registered as indicated in the following subparagraphs.

A. In the name of any individual, whether adult or minor, in the individual's own right, in any of the following forms.

1. Single Owner. In the name of the person; for example, John A. Jones.

2. Co-Ownership (Two Persons). In the name of two (but not more than two) persons as co-owners; for example, John A. Jones or Mrs. Ella S. Jones. Note: Either co-owner may redeem bonds registered in this form without the consent or signature of the other.

3. Beneficiary (Two Persons). In the name of one person, payable on death (POD) to one (but not more than one) other person; for example, John A. Jones POD Mrs. Mary E. Jones.

B. In the names and titles of legal representatives of persons (guardians, custodians, conservators, etc.).

C. In the names and titles of trustees of personal trust estates set up by persons in their own right, for the benefit of themselves or other persons, and common trust comprised in whole or in part of such trust estates.

230404. Ownership Records. The Treasury Department maintains records of ownership of savings bonds. A name and address is no longer adequate identification of ownership by a person. Therefore, all savings bonds issued to persons shall be inscribed with the SSN of the registered owner or the first-named co-owner. Unless the owner specifically requests a reissue, it is not necessary to reissue a savings bond for the sole purpose of changing an incorrect SSN. However, when reissue is not requested, the correct SSN should be forwarded to the Accrual Bond Branch, Division of Accounts and Reconcilements, Bureau of the Public Debt, Box 1328, Parkersburg, WV 26106-1328.

2305 PURCHASE OF BONDS THROUGH PAYROLL WITHHOLDING

230501. Military Members. Military members desiring to participate in the payroll savings plan shall use the approved allotment procedures and forms as prescribed by the supporting DFAS Center. Deductions from the members' pay accounts for bond allotments are credited to deposit fund account **X6050. When the deductions accumulate the purchase price of the denomination of the bond purchased by the allotment, an automated equivalent of DD Form 1084 (Bond Issuance Schedule, United States Savings Bonds - Series EE) (see paragraph 230602, below) is produced and forwarded to the central bond issuing agent. The central bond issuing agent assigned to the servicing DFAS Center issues all bonds purchased by military members through bond allotments.

230502. Civilian Employees

A. Authorization for Bond Deductions. Civilian employees may participate in the Voluntary Payroll Savings Plan for purchase of Series EE savings bonds by preparing and submitting a Treasury Department approved form to authorize payroll deductions for the purchase of savings bonds. All entries on the form shall be typed or legibly printed in ink. The employee's name shall be entered as it appears on the payroll. The employee's SSN shall be entered in the designated space. The employing activity and location shall be entered in the designated space. The amount to be withheld each pay period and the denomination of the bond shall be indicated. The name, SSN, and address of the owner (not necessarily the purchaser) to be inscribed on the bond shall be shown. Allotments shall not be established if the SSN of the prescribed owner is not provided. The appropriate spaces of the form shall be marked to indicate whether a co-owner or beneficiary is elected, and the name and SSN (when available) of the co-owner or beneficiary to be inscribed on the bond shall be shown. The starting date of the pay period when the first withholding is to be made and any special handling instructions shall be indicated. The reverse of the form may be used to indicate the starting date, special handling instructions, or to denote when a bond is being canceled. The authorization form shall be signed in ink by the employee authorizing the payroll deduction.

B. Disposition of Authorization Forms. Employees shall deliver completed authorization forms to the payroll office that handles the employee's pay account. The authorization forms are used to enter allotment deductions into the bond accounting module of the automated payroll system.

C. Payroll Deductions. Payroll deductions shall be reported on the DD Form 592, Payroll for Personal Services - Payroll Certification and Summary as a credit (collection) to deposit fund account **X6050. When the deductions accumulate the purchase price of the denomination of the bond purchased by the employee, automated equivalents of DD Form 1084 (see paragraph 230602, below) are generated and forwarded to the DO responsible for payment of the civilian payroll. If the DO responsible for payment of the civilian payroll is not a designated bond issuing agent, the actions prescribed in subparagraph 230502.D, below, shall be taken.

D. Disbursing Officer Not Authorized Bond Issuing Agent. When DD Forms 1084 are received from the payroll certifying officer, the DO shall take the actions prescribed below.

1. Ensure the balance in the deposit fund account **X6050 is sufficient to pay for the bonds to be issued. If the balance is insufficient, the DO shall notify the payroll certifying officer in writing and return the DD Forms 1084 for reconciliation.

2. Prepare an SF 1049 to disburse the bond purchase collections previously credited to the deposit fund account **X6050 and issue a Treasury check payable to the Department of the Treasury Department. The dollar amount of the Treasury check shall coincide with the total purchase price of the bonds scheduled on the DD Forms 1084.

3. Prepare the DD Form 77 (Transmittal of Bond Issuance Schedules) in triplicate as prescribed in paragraph 230702, below, for transmittal to the designated bond issuing agent.

4. Forward the original and one copy of the DD Form 77, the Treasury check, a copy of the SF 1049, and the DD Forms 1084 to the designated bond issuing agent. The copy of the DD Form 77 will be receipted by the bond issuing agent and returned. If the acknowledgement is not received within a reasonable length of time, tracer action shall be initiated.

230503. Termination of Service. If a member or employee is terminated from service, the payroll allotment shall be canceled by the payroll office. If, at the time of termination, the balance in the member's or employee's allotment account is insufficient to purchase a bond, the bond issuing agent shall refund the balance in the member's or employee's account. The transaction shall be documented by preparation of an SF 1049 charging the deposit fund account **X6050 and issuance of a Treasury check payable to the member or employee.

2306 SCHEDULING BOND ISSUANCE

230601. Issuance of DD Form 1084. DD Form 1084 shall be issued by civilian payroll certifying officers for purchases by civilian employees under the Voluntary Payroll Savings Plan and by the DO at supporting DFAS Centers for issuance of bonds purchased by military members through bond allotments. Mechanized equivalents of DD Form 1084 may be generated by the applicable payroll systems.

230602. Preparation of DD Form 1084

A. General. Separate DD Forms 1084 shall be prepared for each bond denomination. The following subparagraphs provide detailed instructions for completion of DD Form 1084. The subparagraph titles coincide with the block titles of the form. An example of a completed DD Form 1084 is provided as figure 23-2.

B. Department. Enter the applicable DoD Component (e.g. Army, Navy, Air Force, or Marine Corps) of the military or civilian employees purchasing the bonds.

C. Organization. Enter the organization for which bonds are scheduled, or the civilian payroll unit submitting the schedule.

D. Station and Disbursing Station Symbol No. Enter the name, title, station, ZIP code, and DSSN of the disbursing office responsible for preparation of the schedule if different from the bond issuing agent.

E. Station and Disbursing Station Symbol No. (for use by issuing office only). Only the office issuing the bonds uses this space. The bond issuing agent shall enter the brief block stamp when the bonds are issued.

F. Schedule No. Assign a separate series of numbers for each denomination of bonds scheduled. The numbers consist of a prefix and a suffix separated by a dash. The prefix is shown for each bond denomination in table 23-1. The suffix shall begin with number 1 and number consecutively for each fiscal year.

G. Page of Pages. Enter the page number and number of pages used for each bond denomination.

H. Control No. If the same office schedules and issues the bonds, do not use this block. Otherwise, the control number shall be assigned by the bond issuing agent.

I. Voucher No. Leave blank. The bond issuing agent shall show the disbursement voucher number assigned to the SF 1049 prepared to make payment to the FRB.

J. Denomination. Enter the denomination of the bonds listed on this schedule. Prepare separate schedules for each denomination.

K. No. of Bonds. Enter the number of bonds listed on this schedule.

L. Unit Purchase Price. Enter the unit purchase price of the denomination of bonds on this schedule.

M. Effective Date of Bond. Enter the effective date of bonds listed on the schedule except when it includes average dated bonds, in which case the entry shall be "See below." The effective (issue) date shall be the first day of the month in which at least one-half of the purchase price is accumulated, regardless of the number of payroll deductions required to complete the full purchase price for issuance of the bond.

N. Method of Purchase. Enter payroll deduction.

O. Certification. The civilian payroll certifying officer or DO preparing the DD Form 1084 shall date and certify the schedule in the spaces provided.

P. Effective Date and Item No. Leave blank when all bonds listed have the same effective date and this is indicated in the Effective Date of Bond block and when the bonds are to be mailed to the owner. Use this block to enter the effective date for each bond when average dated bonds are included on the schedule and the effective date is not the same for all bonds listed.

Q. Name(s) and Address of Person(s) to Whom Issued. The full name of the owner shall always precede the name of the co-owner or beneficiary. Only one person may be designated as either co-owner or beneficiary. "Or" indicates co-owner. "POD" means "Pay on death" and indicates beneficiary. If bonds are to be mailed to a co-owner or beneficiary, the address shall be indicated and the applicable code from the bottom of the form entered in the Item No. column. Military grades shall not precede a co-owner or beneficiary's name. A married (military or civilian) woman's own given name shall be used. The SSN of the owner (the first-named individual on the bond) is mandatory and shall be shown. The SSN of the co-owner or beneficiary shall be shown if available.

R. Serial No. of Bonds Issued. Leave blank. The bond issuing agent shall complete this block when the bonds are issued.

2307 TRANSMITTAL OF BOND ISSUANCE SCHEDULES

230701. General. DOs and agents (not designated as bond issuing agents) who pay civilian payrolls shall prepare DD Form 77 in triplicate to transmit to an authorized bond issuing agent the DD Forms 1084 and the Treasury check(s) or debit vouchers issued in payment for the bonds.

230702. Preparation of DD Form 77

A. General. The following subparagraphs provide detailed instructions for completion of the DD Form 77. The subparagraph titles coincide with the block titles of the form. An example of a completed DD Form 77 is provided as figure 23-3.

B. Date. Enter the date the DD Form 77 is prepared.

C. Transmittal Letter No. Enter the DSSN and transmittal number. The transmittal number shall begin with number "1" each fiscal year and shall continue in numerical sequence for the entire fiscal year regardless of a change in DOs during the fiscal year.

D. To. Enter the complete mailing address of the bond issuing agent to whom the bond issuance schedules are being forwarded.

E. From. Enter the name and DSSN of the DO forwarding the bond issuance schedules.

F. Station or APO. Enter the station address of the DO forwarding the bond issuance schedules.

G. Body of Transmittal. Each DD Form 1084 included in the transmittal shall be identified in the body of the transmittal as shown below.

1. Schedule Number. Enter the schedule number from each DD Form 1084 included in the transmittal.

2. Organization or APO Number. Enter the organization from the Organization block of each DD Form 1084 included in the transmittal.

3. Date of Schedule. Enter the date from the Certification block of each DD Form 1084 included in the transmittal.

4. Denomination of Bonds. Enter the bond denomination from the Denomination block of each DD Form 1084.

5. Total Issue Price. Enter the total issue price for all bonds included on each DD Form 1084. For example, if a DD Form 1084 listed four $100 bonds at a unit purchase price of $50.00 each, the total issue price of the DD Form 1084 would be $200.00.

H. Grand Total. Enter the grand total of all DD Forms 1084 included on the transmittal. The grand total of all DD Forms 1084 included on the transmittal shall coincide with

the dollar amount of the Treasury check or debit voucher issued in payment for the bonds scheduled for issuance.

I. Return Address. The DO preparing the transmittal shall include the complete station name and mailing address to which the bond issuing agent is to return a "receipt acknowledged" copy of the DD Form 77.

J. Signature. The DO preparing and forwarding the transmittal shall sign the original transmittal in the space provided.

K. Typed Name and Grade. The DO shall type his or her name, grade, and Component in the space provided.

2308 ISSUANCE OF SAVINGS BONDS

230801. Action by Bond Issuing Agents or Subagents. Upon receipt of DD Forms 77, the bond issuing agent shall ensure that all documents listed on the transmittal are attached and that the amount of the Treasury check is in agreement with the grand total shown on the transmittal and the total value of bonds scheduled on the DD Forms 1084. If there is a discrepancy between the check and DD Forms 77 or 1084, the bond issuing agent shall contact the DO who forwarded the transmittal. If necessary, the bond issuing agent shall return the entire transmittal and supporting documents for reconciliation. The bond issuing agent shall prepare DD Form 1131 crediting deposit fund account **X6050 and deposit the check under normal Treasury check deposit requirements.

230802. Bond Inscription

A. Dating of Bonds. Bonds shall be inscribed to show the issue month and year and the actual date of issuance by the bond issuing agent. The issue month is the month from which interest is computed. Series EE savings bonds of $100 or higher denominations, whether under bi-weekly, monthly, or other pay systems, shall be issued under average dating rules. Bonds shall be dated as of the first day of the month in which the end of a pay period falls when at least one-half of the purchase price is accumulated, regardless of the number of consecutive payroll deductions required to complete the full purchase price. The bond shall be issued and delivered when the full purchase price is accumulated through payroll deductions. Average dating does not change prescribed accounting procedures but does cause special handling of the larger denomination bonds. Average dating assures no loss of interest on the personal savings of Federal payroll savers who accept fewer and larger bonds for greater convenience and greater economy in operating a personal savings bond program. When applicable, average dating should be used if an account is cleared to allow an earlier effective date for a change in denomination or amount of allotment and part or all of the balance is taken in lower denomination bonds.

B. Names. The full name of the owner and co-owner or beneficiary, if any, shall be inscribed on the bonds identically as shown on the instrument authorizing the purchases

except that if there are two given names, an initial may be substituted for one. If a woman is to be the registered owner or first named co-owner, her SSN will provide adequate identification and she need not furnish a courtesy title such as "Mrs." or "Ms." The use of courtesy titles is optional in all cases. A married woman shall use her own given name, not that of her husband: for example, Mrs. Ella A. Jones, not Mrs. John A. Jones.

C. Social Security Numbers. The SSN of the first named person (the registered owner or the first named co-owner) shall be inscribed on all Series EE bonds. A savings bond allotment authorization that does not include the required SSN shall be canceled.

D. Address. If delivery is to be accomplished by mail, the purchaser shall be required to designate the address to which the bond is to be mailed on the bond application form. The mailing address shall include the ZIP Code for every account for which a savings bond is mailed. Purchasers who have no permanent residence, however, may request that a mailing address other than the address of the owner and/or co-owner be inscribed on their bonds. The name and address of a person or bank other than that of the owner, co-owner, or beneficiary is allowed. The name of the registered owner shall start next to the word "To" and the name of a person or bank in the mailing address shall be separated from the registered owner by a blank line. The name in the mailing address shall be prefixed by the words "Mail to". One or two lines, as appropriate, will be skipped before the co-owner or beneficiary's name and SSN are inscribed.

E. Validation Stamp. All inscribed savings bonds shall bear a validating stamp in the space provided. When automated equipment is used to inscribe bonds, bond issuing agents are authorized to imprint the information of the validating stamp in the same print used to inscribe the bond. The month, day, and year of the last day of the pay period when the full or final payment for the bond was withheld from the employee's pay shall appear on the validating stamp in lieu of the actual date of issuance. The purpose of this date is to inform the employee of the pay period when the allotment accumulated the purchase price of the bond; not necessarily the actual issue date of the bond.

230803. Serial Numbers of Bonds. The serial numbers of bonds issued shall be entered in the appropriate spaces on the DD Forms 1084.

230804. Spoiled Bonds. When errors are made on bonds during the issue process, the bond issuing agent shall stamp or imprint the word "SPOILED" on the face of the bond and file in a jacket bearing the caption SPOILED BONDS. A listing, in three copies, shall be prepared by the bond issuing agent at the end of each month, or at other intervals as required by the FRB to show, by bond serial number, the bonds spoiled during the period. The original and one copy of the listing together with the spoiled bonds shall be forwarded to the servicing FRB per the FRB's requirements. If the error is discovered after delivery of the bond (reported by the owner), payroll officers or other designated officials shall, by letter, cite the errors and DD Forms 1084 on which the erroneous bonds were certified and forward it (with the erroneous bond) to the bond issuing agent for correction. If the bond issuance has not been reported to the FRB (bond

issuance data is still in the possession of the bond issuing agent), the bond issuing agent may issue a replacement bond subject to instructions from the servicing FRB. If the bond issuance has been reported to the FRB (bond issuance data has been submitted to the FRB), the correct issue data must be submitted with the spoiled bond to the FRB with a request that the bond be reissued.

230805. Erroneously Issued Bonds. The bond issuing agent (DO) is pecuniarily liable when a savings bond is erroneously issued to a person other than the purchaser. Upon discovery of the error, the bond issuing agent shall issue a savings bond to the authorized person, and shall attempt to recover the erroneously issued bond or obtain payment from the person to whom the bond was erroneously issued. If the bond issuing agent is unable to obtain either the bond or payment, a warning shall be placed against the savings bond. The help of the local U.S. Secret Service shall then be requested. If such efforts fail, a complete report shall be made to the DO's supporting DFAS Center.

2309 DELIVERY OF BONDS

230901. Personal Delivery. Bonds may be delivered in person where local bond issuance is authorized. Bonds shall continue to show the permanent address of the owner even though delivery is to be made in person. The commander shall specify, in writing, key officers or employees authorized to receive and deliver bonds. The commander may name persons from any organization on the activity, base, or station. One or more alternates should be designated to prevent delays in delivery. All individuals designated to deliver bonds (including alternates) shall furnish their official signature to the DO on the DD Form 577 (Signature Card). Individuals designated to deliver bonds shall sign for all bonds received on the DD Form 1084, or applicable machine listing. The DO may require designated delivery officials to obtain receipts from the bond owner. Receipts from bond owners are not required when delivery is made by the DO or a member of the DO's staff. Designated bond delivery officials shall return to the DO all bonds that cannot be delivered on the same day as received. Bond owners shall then be required to call in person at the disbursing office to obtain their bonds. The DO may authorize designated persons located some distance away to keep undelivered bonds for a short period of time if adequate safekeeping facilities are available and the bond owner is absent but is expected to return soon. If the bond owner is on extended leave, the bonds shall be returned to the DO for mailing.

230902. Delivery by Mail

A. Address. Every bond purchaser shall be requested and encouraged to designate a permanent address to which bonds may be mailed and which is not expected to change due to transfer of the purchaser. The permanent address of the owner and co-owner, if given, as well as the mailing address, shall be identical with those shown on the instrument authorizing purchase of the bond (authorization for payroll deduction). Active duty military personnel purchasing bonds by allotment may request the supporting DFAS Center to hold their bonds in safekeeping as provided in section 2310 of this chapter.

B. Mailing Instructions. Bond issuing agents shall mail savings bonds based on the instructions on DD Form 1084. Bonds shall not be sent by registered mail. The restrictions applicable to mailing of Treasury checks in Chapter 8 of this volume also apply to the mailing of bonds. Special window envelopes described in paragraph 230303, above, which bear the bond issuing agent's return address shall be used.

230903. Undelivered or Returned Bonds

A. General. Bond issuing agents shall maintain a record of all bonds returned as undeliverable using the DD Form 2658 (Returned and Undeliverable Check/Bond Record) prescribed in Chapter 8 of this volume for undeliverable Treasury checks. At a minimum, the record shall include: the denomination and serial number of the bond; date of the bond; name, address, and SSN of the owner; date of return; disposition; and date of disposition. If the bond is eventually delivered in person to the owner, the signature of the owner shall be obtained on the record.

B. Action to Effect Delivery. The bond issuing agent shall make every effort and utilize all possible sources of information to effect delivery. If delivery still cannot be made, the bond issuing agent shall determine the bond to be undeliverable and shall keep the bond for a period of three months, except as provided in subparagraph 230903.D, below.

C. Disposition After 3-Month Period. All bonds which have been held as undeliverable for a period of three months after receipt shall be forwarded, uncanceled, by first class mail to the Department of the Treasury, Bureau of Public Debt, ATTN: Division of Transactions and Rulings, 200 Third Street, Parkersburg, WV 26101. A letter, in duplicate, shall be mailed separately to the above address to provide advance notice that a shipment of undeliverable bonds is in transit. Upon receipt of the shipment, the duplicate copy of the letter will be signed and returned to the sender. A listing of the serial numbers of the bonds being shipped shall be prepared in duplicate. One copy of the listing shall be enclosed with the letter and the other copy kept by the sender.

D. Deceased, Missing, and Mentally Incompetent Personnel

1. Deceased or Missing Military Member. Any bond which has not been delivered at the time of receipt of notification of death or missing status shall be mailed by the bond issuing agent to the co-owner, beneficiary, or third party if such a designation is on the bond. To determine the rightful owner, refer to Treasury Department Circular 530, revised (reference (bk)).

2. Mentally Incompetent Military Member. Any bond which has not been delivered at the time of receipt of notification of mental incompetence shall be held by the bond issuing agent pending receipt of instructions from the legally appointed guardian or from the person designated to receive the member's active duty pay.

3. Deceased, Missing, or Mentally Incompetent Civilian Employee. Refer to Volume 8 of this Regulation.

4. Deactivation of Disbursing Office. Forward all undeliverable bonds, regardless of the period held, under a letter of transmittal to the central bond issuing agent at the supporting DFAS Center. File all receipted copies of the transmittal letters with the retained accounts of the DO (bond issuing agent) for transmittal to the designated custodian of the retained accounts.

230904. Inquiries Regarding Non-receipt of Bonds. When the bond issuing agent receives notice of non-receipt of a savings bond, the bond issuing agent is required to verify and certify that the bond was properly issued and forwarded to the owner. Then the bond issuing agent shall send the member or employee a PD Form 3062 (Claim for Relief on Account of Inscribed United States Savings Bonds Lost, Stolen or Destroyed Prior to Receipt by Owner, Co-Owner or Beneficiary) for completion. The completed PD Form 3062 shall be returned to the bond issuing agent for validation. The bond issuing agent shall then forward the completed form to the Bureau of Public Debt, Box 1328, Parkersburg, WV 26106-1328. If the bond has not been redeemed, the Treasury Department will issue a replacement bond. If the original bond has been redeemed, a photocopy of the bond will be provided for verification of endorsement(s). The PD Form 3062 may be obtained from the servicing FRB. When savings bonds are hand-delivered, the bond issuing agent is required to obtain statements from all persons who handled the bonds and then follow the above procedures.

230905. Lost, Stolen, or Destroyed Bonds. If the owner notifies the bond issuing agent that a savings bond was lost, stolen, or destroyed after receipt, the bond issuing agent shall give the owner with a PD Form 1048 (Application for Relief on Account of Loss, Theft or Destruction of United States Savings and Retirement Securities) and have the owner write to the Claims Branch, Division of Transactions and Rulings, Bureau of Public Debt, Box 1328, Parkersburg, WV 26106-1328. The bond issuing agent shall give the owner with the serial numbers and registration of the lost bonds, if available, from retained records. If records are not available, the applicant will be informed that, if bond serial numbers cannot be provided to the Treasury Department with the claim, replacement can be facilitated if the issue months and the names and addresses appearing on the bonds can be provided. The PD Form 1048 may be obtained from the servicing FRB.

230906. Inquiries Regarding Changes to Issued Bonds. If the bond issuing agent receives a request from an owner to change a bond already issued (e.g., add beneficiary or co-owner, eliminate beneficiary or decedent, show change of name, and/or correct error in registration), the bond issuing agent should advise the owner to complete a PD Form 4000. This form along with the bonds requiring a change should be forwarded to the Bureau of Public Debt, Box 1328, Parkersburg, WV 26106-1328. The PD Form 4000 may be obtained from a financial institution or a FRB.

230907. Fraudulent Claims Presented by the Purchaser. The bond issuing agent is not pecuniarily liable for bonds issued, when replacement bonds are subsequently issued by the Treasury Department or the FRBs in settlement of a fraudulent non-receipt or loss claim presented by the purchaser. The bond issuing agent is responsible, however, for making the initial effort to recover the replacement bond or restitution in money equal to the redemption value of the bond redeemed. The bond issuing agent shall notify the Treasury Department if unsuccessful in accomplishing recovery or restitution.

2310 SAFEKEEPING OF BONDS BY DFAS CENTERS

231001. Military Personnel. Active duty military personnel purchasing bonds through the payroll deduction plan (allotment) may designate bonds issued in their names as owners to be held in safekeeping by the supporting DFAS Center. The following procedures pertain to bonds maintained for safekeeping.

A. Site. At the request of active duty members, U.S. savings bonds may be accepted for safekeeping by the supporting DFAS Center maintaining the member's Master Military Pay Account.

B. Storage Facilities. Vault storage which meets the same security requirements for storage of Treasury checks shall be provided for the bonds. Where available, bonds may be held electronically via the "Book-Entry" system on the supporting DFAS Center's files.

C. Records. Records shall be maintained for each member showing the bond number (except Book-Entry), issue date, and denomination. For Book-Entry bonds, complete inscription data will be maintained on the file so that bonds may be issued on demand. At least once each year, a random inventory of bonds held in safekeeping shall be conducted. Bonds to be inventoried shall be selected using accepted random sampling techniques. Annually, each member with bonds held in safekeeping shall be advised of the number of bonds held by denomination, or notified that the information is available on request.

D. Retention of Bonds. Bonds shall be held for safekeeping only as long as the member is on active duty. The bonds shall be withdrawn from safekeeping at the time of separation, discharge, or retirement from active duty. The supporting DFAS Center shall notify the member to request release of the bonds held in safekeeping. Bonds not withdrawn from safekeeping 120 days from the date of separation, discharge, or retirement shall be forwarded for disposition to the Bureau of Public Debt, Division of Transactions and Rulings, 200 Third Street, Parkersburg, WV 26101.

★ E. Return of Bonds. Savings bonds shall be released to a service member upon receipt of a written request from the member. For bonds sent to the Bureau of Public Debt (including those sent before July 1, 1968), the Bureau will release those bonds upon receipt of requests and completed custody receipts which are sent to the members.

F. Death of Service Member. In the event of a service member's death, the bonds shall be mailed to the co-owner, beneficiary, or executor designated upon proof of entitlement to ownership. If no co-owner, beneficiary, or executor was designated, or if unable to locate the designated co-owner, beneficiary, or executor, the bonds shall be forwarded for disposition to the Bureau of Public Debt, Division of Transactions and Rulings, 200 Third Street, Parkersburg, WV 26101.

231002. Civilian Employees. Civilian employees are not eligible for safekeeping of bonds. Effective March 31, 1955, the Treasury Department ordered the FRBs to discontinue safekeeping civilian employees' bonds. The FRBs continue to hold those bonds received for safekeeping before that date until the owner requests release. For information write to the Bureau of Public Debt, P.O. Box 1328, Parkersburg, WV 26106-1328.

2311 SETTLEMENT WITH THE FEDERAL RESERVE BANK

231101. Preparation of Voucher. Monthly, or at other intervals as required by the FRB, the bond issuing agent shall prepare an SF 1049 for the total amount of all bonds issued. The voucher, certified as prescribed below, shall be charged to the deposit fund account **X6050. The original of each DD Form 1084; magnetic tape; all savings bonds spoiled in the process of issue; and any other documentation required by the servicing FRB shall support the original SF 1049 on which payment for the bonds is made. Copies of DD Forms 1084 shall be filed with the retained copy of the voucher. A Treasury check payable to the FRB in the amount of the voucher, together with the required accounting report, shall be mailed to the FRB. The bond accounting report shall be verified with DD Form 80.

231102. Certificate Executed by the Bond Issuing Agent. The certification attached to SF 1049 shall be as follows: "I certify that for each bond listed on the DD Forms 1084, enumerated below, the amount of the bond has been withheld from pay settled on vouchers taken into my accounts in the month(s) of (month(s)) and credited to **X6050, Employees' Payroll Allotment Account, United States Savings Bonds. Such bonds were purchased as follows: (number of bonds on each DD Form 1084 and dollar amount)."

231103. Report of Voucher Payment Number. The bond issuing agent shall furnish the following information in writing to each civilian payroll certifying officer who certifies payrolls and DD Forms 1084.

A. The voucher number of the SF 1049 prepared for payment of bonds issued.

B. The month the voucher was processed in the accounts of the DO.

C. A citation to each DD Form 1084 included in the payment.

D. A quarterly listing of all DD Forms 1084 for which bonds have not been issued.

231104. Relief or Detachment of Bond Issuing Agent. A final accounting for savings bonds shall be made to the FRB by the bond issuing agent relieved or terminated from duty. The new bond issuing agent shall request certification from the servicing FRB and transfer of accountability for bond stock on hand. When a bond issuing agent is relieved, the relieved agent shall prepare a report to show the balance in the deposit fund account **X6050 up to and including the date of relief. A signed copy of the report indicating the name of the relieving agent shall be forwarded to the servicing DFAS Center. The original report shall be turned over to the relieving agent for use in preparing the monthly report. Any adjustments of a previous difference shall be reported in detail in the following month's report.

2312 REDEEMING SAVINGS BONDS

231201. General. DOs must receive written authorization from the servicing DFAS Center and the Treasury Department to redeem any U.S. savings bonds. This authorization shall not be given except under the most unusual circumstances. Requests for bond redemption authority shall be in writing and contain complete justification. In overseas areas where DoD contract banking facilities are not available, DOs may request authorization through their chain of command to the servicing DFAS Center. If the request is justified, the servicing DFAS Center will forward the request to the Treasury Department. Disbursing offices that currently have authority to redeem savings bonds are authorized to continue this service.

231202. Cashing of Bonds

A. DOs who have been authorized to redeem savings bonds shall do so according to redemption tables and procedures in Treasury Department Circular 750 (reference (bl)).

B. Redeemed bonds shall be returned on a separate SF 215 per instructions provided by the FRB.

C. Upon discovery that an amount was paid above that authorized by the applicable redemption table, report the cash shortage as an increase on line 7.2B of the DD Form 2657 and attempt to recover the overpayment from the payee. If collection is made, prepare an OF 1017-G to document the collection and record the transaction as a decrease to line 7.2B and an increase to cash. If collection action is unsuccessful, process the shortage as a physical loss of funds as prescribed in Chapter 6 of this volume.

D. DOs are required to issue an IRS Form 1099-INT (Statement for Recipients of Interest Income), to recipients of $10 or more of interest paid on redemption of savings bonds. The IRS Form 1099-INT includes the amount of interest paid, name, address, and Tax Payer Identification Number (TIN) of the person to whom paid, and other information

required by the IRS. The TIN usually is the bond holder's SSN. Do not cash a bond for an individual who refuses to furnish this number. Since individuals redeeming bonds may move by yearend, DOs should furnish the IRS Form 1099-INT to the recipient at the time of the transaction.

2313 SEMIANNUAL SAVINGS BOND REPORT

The DoD Component Military Personnel Commands or Centers are responsible for transmitting to the Treasury Department a savings bond operations summary, twice yearly, on the level of participation in the savings bond program. Twice yearly, DFAS Centers that are responsible for military payrolls and all civilian payroll offices shall provide the bond issuing agents with bond participation statistics on or before the 25th day following the end of each semiannual calendar period (March 31 or September 30). The report shall include the following:

A. The pay period ending date.

B. The unit identification code (UIC) and title of the reporting payroll office.

C. The UIC and title of each employing activity.

D. A column with the total number of active, full time, permanent employees only.

E. A column with the number of employees enrolled in the payroll savings plan.

F. The total dollar amount allotted for the purchase of Savings Bonds during the entire six-month period.

The above data should be provided separately for each geographical location (i.e., assigned location of the installation, station, base, or post) of the member or employee. After the report is completed, the bond issuing agent will send the report and summary by May 5 for the six-month period ending March 31, and by November 5 for the six-month period ending September 30, to the DoD Component Military Personnel Commands or Centers. A copy of the report and summary will be retained by the bond issuing agent for three years.

SERIES EE

DENOMINATION $100.00

BOND CONTROL RECORD

DATE	RECEIVED		ISSUED		SPOILED		BALANCE	
	QUANTITY	SERIAL NUMBERS *(From - To Inclusive)*	QUANTITY	SERIAL NUMBERS *(From - To Inclusive)*	QUANTITY	SERIAL NUMBERS *(From - To Inclusive)*	ON HAND	REMARKS
01 OCT XX	12,500	11,195,674-11,208,179					12,500	
02 OCT XX			400	11,050,201-11,050,600			12,100	
04 OCT XX					1	11,050,601	12,099	

DD Form 80, MAR 51 REPLACES NME FORM 80, 1 SEP 48, AND WD AGO FORM R-5100, 1 AUG 1945, WHICH ARE OBSOLETE 47/040

Figure 23-1. Sample DD Form 80 (Bond Control Record)

BOND ISSUANCE SCHEDULE
UNITED STATES SAVINGS BONDS - SERIES E

DEPARTMENT Department of the Army		STATION AND DISBURSING STATION SYMBOL NO. *(For use of Issuing Office only)* T.S. TIMOTHY, LTC, FC Disbursing Officer Ft. Finance, IN 46216 DSSN 0001		SCHEDULE NO. 2-1
ORGANIZATION Civilian Payroll Office				PAGE 1 OF 1 PAGES
STATION AND DISBURSING STATION SYMBOL NO.				CONTROL NO.
				VOUCHER NO.
DENOMINATION $100.00	NO. OF BONDS 4	UNIT PURCHASE PRICE $50.00	EFFECTIVE DATE OF BONDS 01 Nov 19XX	METHOD OF PURCHASE Payroll Deduction

IT IS REQUESTED THAT UNITED STATES SAVINGS BONDS BE ISSUED IN ACCORDANCE WITH INFORMATION HEREON FOR THE INDIVIDUALS SHOWN ON THE FOLLOWING LIST CONSISTING OF 1 SHEET(S). THE FULL PURCHASE PRICE OF $ 50.00 HAS BEEN WITHHELD FROM PAY OR COLLECTED IN CASH.

15 Dec 19XX _____

(Date) *(Signature of Certifying Officer) (Sign original only)*

EFFECTIVE DATE AND ITEM NO.	NAME(S) AND ADDRESS OF PERSON(S) TO WHOM ISSUED	SERIAL NO. OF BONDS ISSUED
1	Ted D. Brown 123456789 4315 Forest Drive Indianapolis, IN 46278 POD Betty A. Brown 234567890	
2	Don L. Green 345678901 411 Pond Street Indianapolis, IN 47234	
3	Mike E. Blacke 456789012 2613 Chester Avenue Indianapolis, IN 46268 or Minlefred Blacke 567890123	
4	Chester N. Bailey 878901234 or Stelle Bailey 789012345 1223 Oak Street Charlotte, Vermont 05445	
5		
6		
7		

The letter A, B, C, or D in the item number column indicates items to be forwerded by meil is A - the owner, B - the co-owner or beneficiary, C - Federal Reserve Bank for safekeeping, servica members only, or D - Departmentel safekeeping *(not applicable to Army)*. Where no disposition is indicated, the bonds will be forwarded for personel delivery.

DD Form 1084, DEC 66 REPLACES EDITION OF 1 DEC 57, WHICH IS OBSOLETE. Form Approved by Comptroller General U.S. 19 November 1957 **1**
207/147

Figure 23-2. Sample DD Form 1084 (Bond Issuance Schedule)

TRANSMITTAL OF BOND ISSUANCE SCHEDULES

DATE: 12 Mar XX

TRANSMITTAL LETTER NO.: 51

TO:
Major Jack Peterson
Accounting and Finance Officer
Bolling AFB, Wash DC 20332
THRU: Major R. D. Kepner
Accounting end Finance Officer
APO AE 09633

FROM: *(Name end symbol of finance officer)*
Captain T. Constable
A&D Agent

STATION OR APO
APO AE 09130

ATTACHED ARE THE FOLLOWING BOND ISSUANCE SCHEDULES LISTING NAMES OF PERSONS TO WHOM UNITED STATES SAVINGS BONDS ARE TO BE ISSUED.

SCHEDULE NUMBER	ORGANIZATION OR APO NUMBER	DATE OF SCHEDULE	DENOMINATION OF BONDS	TOTAL ISSUE PRICE
66	APO AE 09130	3 Mer XX	100.00	1500.00
67	APO AE 09130	3 Mer XX	200.00	600.00
			TOTAL	2,100.00

RETURN ADDRESS
Captain T. Constable
Accounting and Disbursing Agent
330th Bomb Wing
APO AE 09130

SIGNATURE

TYPED NAME AND GRADE
T. CONSTABLE, Captain, USAF

DD Form 77, AUG 53 PREVIOUS EDITIONS OF THIS FORM MAY BE USED 74/040

Figure 23-3. Sample DD Form 77 (Transmittal of Bond Issuance Schedules)

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CHAPTER 24

ELECTRONIC COMMERCE

2401 OVERVIEW

Electronic commerce (EC) encompasses a wide range of financial functions that are performed using data communications techniques to transfer information between one or more parties. A subset, called electronic data interchange (EDI) employs a prescribed format for data transfers that is structured per the guidelines of the American National Standards Institute (ANSI), Accredited Standards Committee (ASC). All elements of EDI shall use the DoD-adopted ANSI Standard No. X12 (reference (ah)). All EC transactions shall be properly authenticated. Authentication measures shall conform to ANSI Standard No. X9.9 (reference (ai)) or equivalent authentication techniques. Reference (ai) establishes a universally-applicable method to authenticate financial messages, including funds transfer, letters of credit, security transfers, loan agreements, and foreign exchange contracts that are transmitted by electronic means. DoD Component applications of electronic commerce that anticipate a recurring use of the Treasury Department's Fedwire System (Chapter 4-2500 of reference (m)) shall be coordinated with the supporting DFAS Center before formalizing arrangements with the Treasury Department.

★2402 ELECTRONIC FUNDS TRANSFER

★ 240201. Overview. The Debt Collection Improvement Act of 1996 mandates that federal payments be made via EFT no later than January 1, 1999. Currently, payments are made by the government either by check or electronic funds transfer (EFT). EFT utilizes the FRB and its computer network is used to deposit funds into the checking or savings account of a person or company. The FRB processes all EFT actions through the automated clearing house (ACH) network. The FRB also processes all ancillary transactions related to the original EFT transaction through the ACH network. Disbursing offices whose activities include payment of civilian payrolls, travel, and/or vendor invoices must be EFT capable by January 1, 1999. All participating disbursing offices shall execute a Memorandum of Understanding (MOU) with the FRB which details the operating parameters and procedures for the conduct of Direct Deposit and Vendor Express operations. Payment or payroll files may be transmitted to the FRB by either a magnetic tape or electronic file transmission. The actual method will be spelled out in the MOU.

★ 240202. Mandatory EFT. The following provides implementing guidance to administer the Department of Defense (DoD) financial policy for mandatory EFT of all federal payments. It applies to the United States, Puerto Rico, overseas locations (as defined in this volume), and afloat units (ships). Implementation of this policy for employees in bargaining units is subject to notification of the appropriate exclusive representative and the completion of applicable bargaining obligations.

A. General. Public Law 104-134, the Debt Collection Improvement Act of 1996, (Act) (reference (aj)) includes a provision pertaining to the expanded use of EFT. Generally, it requires that:

1. Within 90 days of enactment i.e., beginning July 26, 1996, all recipients newly entitled to federal payments (including contractors) must receive such payments by EFT. This provision will be waived if the recipient certifies in writing that he/she does not have an account with a financial institution or authorized payment agent.

2. By January 1, 1999, all recipients entitled to federal payments shall be paid via EFT. In support of this requirement, the Secretary of the Treasury is required to issue regulations including guidelines on how "unbanked" recipients will be accorded EFT services.

3. The Act applies to all categories of DoD payments. However, there are several specialized exceptions for mission essential payments.

B. Effective Date. These guidelines are effective immediately. The implementation of these procedures will be phased in based on development and fielding of automated systems.

C. Responsibilities

1. The Director for Finance, Defense Finance and Accounting Service Headquarters, through the Director for Financial Commerce, Office of the Under Secretary of Defense (Comptroller), shall:

a. Develop the Act's Implementation Plan and the DoD Financial Electronic Data Interchange (FEDI) Customer Awareness Plan and coordinate these plans with the Department of the Treasury.

b. Coordinate the implementation of procedures for active duty and Reserve Component members, and civilian employees in appropriate military and civilian regulations.

c. Publish implementing procedures for military members and civilian employees.

d. Coordinate the presentation of issues to the Department of the Treasury and ensure that the issues are addressed properly in this regulation.

e. Coordinate the development and presentation of a proposed exception to the Department's mandatory EFT policy to the Department of the Treasury for approval.

f. Prepare appropriate reports for submission to the Department of the Treasury.

2. The Deputy Director for Finance also shall ensure that DFAS Centers develop and provide periodic reports to DFAS-HQ/Finance (DFAS-HQ/F) which reflect EFT participation and furnish, at the end of each fiscal year quarter, to employing organizations, a listing, by organization, of military members and DoD civilian employees, paid by the DFAS, who do not participate in (receive their pay) via EFT.

3. DoD Component Personnel Directors shall:

a. Ensure accession agreements require use of EFT for new military accessions including those entering Officer Training Schools, Reserve Officer Training Corps, the Service Academies, and the Armed Forces Health Professions Scholarship Program.

b. For bargaining unit employees, ensure notification to appropriate exclusive representative(s) and the completion of applicable bargaining obligations prior to implementation.

c. Ensure new civilian employees are informed during inprocessing of the requirement to participate in the EFT program.

d. Ensure vacancy announcements advise applicants that selectees will be required to participate in EFT for all payments as a condition of employment.

e. Promote EFT enrollment. Employing activities are responsible for ensuring that their employees participate in EFT. In order to ensure that employing activities have the necessary information, a report will be furnished after the end of each fiscal year quarter, listing employees by organization who do not participate in EFT. (Employing activities are expected to campaign actively so that such individuals understand the benefits of, and enroll in EFT).

f. Implement procedures in appropriate personnel/pay and travel systems and issuances for military members and civilian employees.

4. Commanders/Directors of DoD Activities shall:

a. Ensure that all new personnel hired on or after July 26, 1996, are made aware of, and comply with, the mandatory EFT provisions.

b. Contact all "grandfathered" non-EFT employees to request that they use EFT. Inform them that the "grandfathering" period will end as of December 31, 1998. For bargaining unit employees, this contact must be consistent with the provisions of the Federal Service Labor-Management Relations Statute.

c. Monitor EFT participation.

d. Ensure that written waivers for all eligible employees are on file. Inform the eligible employees that this waiver will lapse as of December 31, 1998.

e. Ensure reimbursements are made to military members and civilian employees who incur charges in the unlikely event that the Department fails to accurately and timely deposit payments in their EFT accounts when the government notifies military members and civilian employees of such payments pursuant to 10 U.S.C., sections 1053 and 1594 (reference (b)), respectively.

f. Provide information for reporting purposes to DFAS Centers when so requested.

D. Contractor Pay Applicability

1. General. All contractor payments resulting from solicitations dated on or after July 26, 1996, shall be made by EFT unless excepted. Payments under earlier contracts ("grandfathered" contracts) are not subject to the statute. For example, if a company has four "grandfathered" contracts and accepts a new contract subject to the Act, only that new contract is subject to mandatory EFT payment; the others are not brought in by association. The exercise of options or the issuance of contract modifications on or after July 26, 1996, does not make a "grandfathered" contract subject to the mandatory EFT payment requirement of the statute. See 48 CFR Ch 1, et al. (reference (ak)).

a. If a DO is using a non-DFAS disbursing system or module that is not EFT capable, the DO shall notify the DFAS-HQ/FCD point of contact, through the supporting DFAS Center. The notification must include the following: a compliance plan including the date when the system/module will be EFT capable, the annual number of payments, the number of contractors/personnel serviced, or a migration plan to an EFT compliant system, and the date on which the migration will occur and the old system will no longer be used. The DFAS-HQ/FCD point of contact will compile all non-EFT capable system data and will present such information to the Department of the Treasury for consideration of a limited waiver. See subparagraph 240202.C.3.A, above, for notice to contracting offices.

b. The DFAS-HQ/F point of contact will notify the disbursing officer when there is an exception from mandatory EFT from the Department of the Treasury. All exceptions for non-EFT capable systems are for a limited duration, until a system is made EFT capable or the system lapses but under no circumstances will the exemption extend beyond December 31, 1998.

2. Exceptions

a. Payments made under contracts awarded by contracting officers located outside the United States and Puerto Rico. (See FAR, subsection 32.1101, reference (o).)

b. Payments made under contracts denominated or paid in other than United States currency. (See FAR subsection 32.1101, reference (o).)

c. Payments under classified contracts where payment by EFT could either compromise the safeguarding of classified information, or national security, or where arrangements for appropriate EFT payments would be impractical due to security considerations. (See FAR subsection 32.1101, reference (o).)

d. Payments made under contracts executed by deployed contracting officers in the course of military operations including, but not limited to, contingency operations (as defined in 10 U.S.C. 101(a), (reference (b)) or contracts executed by any contracting officer in the conduct of emergency operations such as responses to natural disasters or national or civil emergencies, where payment by EFT is not known to be possible or would not support the objectives of the operation. (See FAR subsection 32.1101, reference (o).)

e. Payments made by a DoD accounting or disbursing system which does not have EFT capability, and which system has been reported to the DFAS-HQ/FCD point of contact in accordance with subparagraph 240202.C.1, above. See 31 CFR, Part 208.3(c) (reference (p)).

f. Notwithstanding the exceptions provided for above, where feasible, EFT should be used as the preferred method for making payments to contractors in those instances described in subparagraphs 240202.C.2.a, 240202.C.2.b, and 240202.C.3.d, above.

3. Procedures for Contractor Payments

a. The FAR (reference (o)) prescribes contract clauses for EFT and the policy for use of those clauses. Under the FAR, DoD DOs are responsible for notifying contracting officers of the EFT clause to be included in contracts to be paid by that DO. If the disbursing office will make payment by EFT, no further action is required by the disbursing officer; under FAR policy, the contract will require the contractor to submit EFT information as a condition of payment. However, if the disbursing office cannot make payment by EFT, then the DO shall seek guidance from the supporting DFAS Center and, in the interim, inform the contracting officer that contracts to be paid by that disbursing office shall contain the clause at subsection 52.232-34, FAR, (reference (o)) "Optional Information for Electronic Funds Transfer Payment."

b. The FAR clause provides exceptions from mandatory EFT payment at the disbursing officer's sole discretion.

c. In some instances, the commercial banking industry currently does not have a capability to provide their customers with the contractual remittance information transmitted with EFT payments. During this transition period, disbursing offices are required to assist contractors by offering remittance information through alternative media; e.g., mail, e-mail or EDI.

d. If a payment cannot be made to a contractor due to the absence of valid EFT information for that contractor, notify the contractor and request a valid EFT address.

E. Applicability to DoD Personnel

1. General. All personnel presently enrolled in EFT for wages, salaries, reimbursements, cash advances, or travel are required to continue participation in this program. In addition, on and after July 26, 1996, any personnel who meet the following requirements must participate.

a. Military members

(1) Active duty military members, to include those entering or reentering the Services.

(2) Reserve and National Guard members entering or reentering a Reserve Component (i.e., upon processing into their respective component, upon mobilization or recall to active duty). Mobilized or recalled personnel also are required to continue participation after demobilization or deactivation.

(3) Service Academy and Reserve Officer Training Corps (ROTC) Cadets and Midshipmen.

(4) Armed Forces Health Professions Scholarship Program Personnel.

b. DoD Civilian employees. The following groups of employees will have two pay periods after entering duty in which to designate one or more financial institutions or other authorized payment agents in which to deposit their net pay and savings/discretionary allotments, or request a waiver. Thereafter, all moneys payable will be held in suspense until either proof of EFT participation or waiver is received by the employee's Customer Service Representative (CSR).

(1) New civilian employees.

(2) Civilian employees who transfer between agencies (for this purpose "agency" is defined as a Military Service, a Defense Agency or a DoD field activity).

(3) Civilian employees who resume employment after a break in service.

c. Benefit Recipients. All benefit recipients who, on or after July 26, 1996, apply for the benefit being received.

d. Travel Payments. All travel payments for federal employees who travel, on or after July 26, 1996, and are otherwise entitled to receive travel reimbursement payments.

2. Exceptions

a. Active duty military members or civilian employees serving or residing in an overseas area (1) not serviced by the Department's Overseas Military Banking Program or a Federal Credit Union sponsored by the Department, and (2) where EFT otherwise is not available, are excepted from this policy until they relocate to an area where EFT is available. However, this exception shall not apply if their pay is received in the United States or Puerto Rico, or at another location where EFT services are available.

b. Student workers, summer hire, seasonal, and on-call employees until their status is defined by the Department of the Treasury.

c. Temporary and term employees who are employed for a period of less than 6 months until their status is defined by the Department of the Treasury.

3. Civilian Employees Covered by Labor Agreements. EFT is mandated by the Debt Collection Improvement Act of 1996 (Public Law 104-134) (reference (aj)). However, management officials should notify union representatives of this requirement and give them an opportunity to discuss its implementation.

F. Retirees and Annuitants Applicability

1. All federal retirees and annuitants, residing in the United States, who apply for retirement or annuitant benefits on or after July 26, 1996.

2. For federal retirees and annuitants residing outside the United States, EFT should be used as the preferred method of payment to the maximum extent feasible.

G. Travel

1. Military members. Military members who travel on official business on or after July 26, 1996, automatically are covered by mandatory EFT for all future travel payments. "Cash advances" are also to be made by EFT.

2. Civilian employees. Civilian employees who travel on official business on or after July 26, 1996, automatically are covered by mandatory EFT for all future travel payments. "Cash advances" are also to be made by EFT.

3. Invitational Travel Orders. Military members and civilian employees traveling under Invitational Travel Orders are subject to the use of EFT for travel advances and travel claim settlement. Individuals using Invitational Travel Orders should make arrangements with the servicing disbursing office to facilitate travel payments using EFT.

4. Miscellaneous. When individuals (military and civilian) travel under orders citing funds of a DoD organization other than the funds of the organization to which they are assigned, then the traveler should make arrangements with the servicing disbursing office to facilitate travel payments using EFT.

H. Certification

1. General. Contractors, military members and civilian employees who certify in writing that they do not have an account with a financial institution or an authorized payment agent shall be granted a waiver to mandatory EFT payment. This waiver expires no later than December 31, 1998. Certification for net pay will not be permitted if a member or employee has allotments to the member's or employee's own personal account(s) being remitted via EFT.

2. Waivers. Certification waivers should be received by the appropriate authority, described below, and forwarded to the paying office:

a. For contractors, the waiver request shall be sent by the contractor directly to the payment office.

b. For military active duty members, waiver requests shall be sent to the unit commander.

c. For reserve members, waiver requests shall be sent to the unit commander.

d. For National Guard members, waiver requests shall be sent to the wing/group commander or equivalent.

e. For National Guard technicians, waiver requests shall be sent to the State personnel management offices through command channels.

f. For civilian employees (including National Guard civilian employees), waiver requests shall be sent to the appropriate authority and then to the Customer Service Representative.

3. Certification Procedures. The contractor, military member, or civilian employee wishing a waiver shall certify in writing that they do not have an account at a financial institution or an authorized payment agent.

4. Model Certification. "I certify that I do not have an account with a financial institution or an authorized payment agent. Signature:_____ Date:_____"

I. Enrollment Documentation for Military Members and Civilian Employees

1. Travel payments for all military members and civilian employess automatically will be sent to their payroll EFT account unless they designate a separate account for travel pay.

2. Individuals designating a separate EFT account for travel should use the SF 1199A or equivalent enrollment form directed by their servicing finance office.

J. Reimbursement of Financial Institution Charges

1. General

a. The following is not applicable to contractor payments under FAR (reference (o)) and DFAR (reference (al)) supplement contracts, which are governed by the specific terms of the contracts' clauses.

b. Charges by financial institutions resulting from erroneous information provided by the individual or the financial institution to the servicing finance office are not the liability of the government and will not be reimbursed. Reimbursement is authorized and limited to overdraft charges and minimum balance or average balance charges levied by the financial institution as a result of an administrative or mechanical error on the part of the government that causes pay to be deposited late or in an incorrect manner or amount pursuant to 10 U.S.C., sections 1053 and 1594 (reference (b)).

2. Procedures. When charges result from government errors, supporting DFAS Centers will contact the financial institution to explain the error and request that charges levied against the account holder be reversed.

a. If the financial institution declines to reverse the charges, government reimbursement of the charges will be made pursuant to 10 U.S.C., sections 1053(b)

and 1594(b) (reference (b)). Such reimbursement will be charged to the agency's appropriation that is available for the pay and allowances of their military members or civilian employees.

b. Letters will be provided to dishonored check recipients explaining that the dishonored check was caused by government error, not an error on the part of the individual.

K. Reporting Requirements. DFAS Centers will develop and provide periodic reports to DFAS-HQ/FCD which reflect EFT participation when so requested.

L. DFAS Implementation Point of Contact

1. The DFAS point of contact will assist the DoD Components with implementation of the Act. This includes assisting in the preparation of proposed EFT payment exceptions.

2. The DFAS point of contact is:

Defense Finance and Accounting Service
(DFAS-HQ/FCD)
1931 Jefferson Davis Highway, Room 401
Arlington, VA 22240-5291
(703) 607-5037

★ 240203. Pre-notification. Prenotification is the transmission of a zero dollar value transaction through the FRB/ACH network to a financial institution. This type of transaction serves to verify a payee's account information and the financial institution's ability to post a payment to the account.

★ 240204. Advance Reporting of EFT Disbursements. Since the Treasury Department's Financial Management Service (FMS) is solely responsible for the management of the government's daily cash position, large disbursements by EFT affecting the cash position shall be made known to the FMS in advance of the time of actual disbursement. The DFAS Centers must report in advance all U.S. military pay and all U.S. military retired pay made by EFT for the required payroll reporting periods. Pay totals should be reported as far in advance of the pay date as possible; however, a minimum of two business days advance notice is required. All DFAS Centers and other DoD Component installations making EFT payments to vendors are required to report these transactions daily to the FMS. Specific reporting requirements for large EFT disbursements ($50 million or more), disbursements of military pay and military retired pay by EFT, and EFT payments to vendors are prescribed in section 1106 of this volume.

★ 240205. Procedures. Disbursing offices utilizing EFT shall transfer funds to the FRB by an SF 5515. The SFs 5515 are prepared and dated to show the date payment is due, and delivered to the FRB with the magnetic tape or other medium. The DO must implement

mandatory internal controls for confirmation that the FRB received the EFT payment files successfully and in accordance with the payment schedule. The DO shall retain the memorandum copy of the SF 5515. If the payment file is transmitted electronically to the FRB, the DO shall use the FRB's summary of ACH activity report in lieu of the SF 5515. In either case, the FRB will issue a confirmation SF 5515 to the DO. For an EFT transaction, the SF 5515 is recorded as a negative deposit with the payroll, travel, or vendor payment recorded as a gross disbursement.

★ 240206. Returned Payments. Whenever a financial institution returns one or more EFT/ACH payments to the paying office, the DO shall prepare and process a collection voucher to account for the funds that have been returned. The funds shall be credited to the appropriation from which the funds were originally disbursed. The collection will be recorded on line 4.1B of the DD Form 2657 (Daily Statement of Accountability). The offsetting entry on the DD Form 2657 will be on line 4.2A to account for the SF 215 (Deposit Ticket), generated by the FRB in processing the returned payment. The DO shall notify the appropriate entitlement area of the returned payment by provision of a copy of the collection voucher and any rejection information received with the reject; e.g., the reject code. A detailed listing of payment rejection codes are available in the Green Book, published by the Treasury Department. The entitlement area shall research the cause of the return and provide corrective information to initiate an appropriate EFT/ACH payment within 5 business days. This payment method will be EFT/ACH and shall not default to check. The DO shall also maintain a tracking mechanism to ensure that the entitlement areas take prompt action to resolve the EFT/ACH reject problem and return the correct documentation for payment.

2403 VENDOR EXPRESS

★ 240301. Enrollment in Vendor Express. Vendor Express is an electronic funds transfer program for vendors to receive funds due them for goods or services rendered to the government. Payment shall be via EFT vice a Treasury check. The Federal Acquisition Regulation (FAR) section 52.232-28 indicates that vendors will be paid by either FEDLINE or ACH, rather than by check, at the option of the government. The vendor shall obtain the SF 3881 (ACH Vendor/Miscellaneous Payment Enrollment Form) from the DoD Component activity with which it does business. The completed SF 3881 shall then be forwarded to the paying office for processing.

240302. Payment Date. Under the Vendor Express program, the payment date is the date of an EFT payment (settlement date). Payments made via EFT shall be made so as to be received by the vendor's financial institution by the established payment due date. The processing time required to have an EFT transaction reach a financial institution should be part of the MOU with the FRB. On Saturdays, Sundays, and legal holidays, when government offices are closed and business is not expected to be conducted, payments falling due may be made on the following business day without incurring late payment interest penalties.

★2404 GOVERNMENT PURCHASE CARDS

The official government purchase card is issued under a General Services Administration (GSA) firm fixed price requirements contract.

★ 240401. Payment. The purchase card provider reports are the official invoices for credit card purchases. To determine the payment due date and date on which interest will begin to accrue, the invoice shall be paid in compliance with the guidance contained in Volume 10 of this Regulation. Payment is due 23-30 days after receipt of the invoice in the designated billing office.

★ 240402. Responsibilities of the Disbursing Office

A. The disbursing office will receive an annotated and certified copy of each invoice from the approving official or, in the Air Force, the base financial service officer. The summarized charges are included on the official invoice along with any applicable Notices of Invoice Adjustment (NIAs). Cardholders' Statements of Account (SOAs), signed by both the cardholder and the approving official, and supporting documentation will be maintained by cardholders or by their approving officials.

B. The disbursing office will ensure that only transactions which have been certified for payment by approving officials or FSOs are processed for payment. Valid disputed transactions, for which NIA forms have been received, will be deducted from the official invoice. The NIA form must accompany payment to the credit card contractor in order that the total official invoice amount is accounted for. In mathematical terms, the payment amount is the net of the current charges minus any current credits and disputed items plus any prior disputed items approved for payment. Vendor Express is the preferred method of payment for the government purchase card invoices.

★2405 PLASTIC CARD COLLECTIONS

★ 240501. Overview. The Treasury Department established a government-wide plastic card collection network allowing federal agencies to accept credit (VISA or MasterCard) and debit cards (ATM Cards) subject to the provision of 31 CFR 206, from the public (vendor, member, and employee) for the collection of moneys due from sales, services, fees, fines, and debt repayment. DoD Activities interested in accepting credit and debit cards should obtain applications supporting DFAS Centers which obtain forms from network banks or the Financial Management Service (FMS). A completed application will be sent to FMS via the supporting DFAS Center, to be analyzed against the objectives shown in I-TFM 5-4730 (reference (m)). Once the application is approved by the FMS, Agency Participation Agreements for either credit cards, debit cards, or both must be signed by the DoD Activity and the network bank. The agreement then must be forwarded to FMS for the final signature. An Agency Participation Agreement documents an agency's participation in the Master Agreement and outlines terms and

conditions for DoD activity acceptance of credit or debit cards. This agreement is a binding document between the activity, the network bank, and FMS, and must be signed by the FMS before the FMS can pay for agency credit or debit card services. The FMS will maintain the signed copy in its files. If the application is approved, the activity will work with the network bank to construct a customized implementation plan. The plan will include: DoD activity profile (type of collection, potential volume, collection method (mail, phone, etc.)); information on actiivty locations (addresses/contact points); type of services (credit card, debit card, or both); training; follow-up program for quality assurance; technical specifications on equipment; equipment to be purchased by the activity for the network bank; implementation timeline milestones; and special handling procedures.

★ 240502. Types of Credit and Debit Card Collections. Subject to the provisions of 31 CFR 206 (reference (p), DoD activities can accept debit and credit cards for various collection activities. DoD activities that have more than 100 monthly credit card transactions must perform electronic authorization. Voice and paper authorizations of credit card transactions should be used on an exception only basis as a backup to electronic authorizations. Every transaction must be authorized, and activities should work with the network bank to determine the most appropriate authorization technique. Voice and paper authorizations of credit card transactions should be used on an exception only basis as a backup to electronic authorizations. If an activity is not performing the authorization properly (by procedure), all costs above the agreed upon method will be assessed to the activity. Some examples of collection actions that credit and debit cards can be used for are: sales of miscellaneous items, medical services, freedom of information requests, inspection or grading services, commodity sales, fees and fines such as inspection fees, criminal, civil and court feeds and fines, recreation user fees, duties, patent fees, registration fees and license fees and debt repayment for extending loss for housing, education, health care, agriculture and business, repaying duplicate benefits, travel advances repayments, and other administrative collections.

★ 240503. Compensations/Agency Expenses. When funds are deposited to the General Fund and not withdrawn for investment, FMS will pay the costs for processing each debit and credit card transaction, all per-transaction-call charges assessed by the network bank for authorization and settlement, chargeback assistance, deposit reporting through the CA$H LINK system, training arranged with network banks in the "train the trainer" format, supplies from the network bank to include sales drafts, imprinter plates and promotional items and deposit reports. Costs paid by agencies will include: equipment (computer, modems, imprinter, electronic data capture/point of sales (EDC/POS) terminals with printers, personal identification number (PIN) pads and software), standard voice-grade telephone line installation and charges, dedicated lines, any international authorization/settlement charges above domestic charge rates paid by FMS, costs incurred by the failure to perform electronic authorizations (by procedures), extra services beyond those specifically defined and priced in the Master Agreement, including detailed training beyond "train-the-trainer" and customized reports.

★ 240504. Processing Transactions. The FMS strictly prohibits holding credit card deposits above the daily $5,000 limit. DoD activities should not accumulate daily receipts of

more than $5,000 after the network banks daily cutoff time if they are operating in a paper sales draft settlement mode. If the activity is operating in an electronic data capture (EDC) mode, it must settle on a daily basis, regardless of the amount accumulated that day. Activities will pay the assessed non-qualifying interchange fee if they fail to settle electronically every day. Each network bank informs the activity of its particular cutoff times for deposits. In an electronic environment, this means a settlement transaction should take place through an EDC/POS at various times during the day (or once at the close of business) in order to meet the cutoff time for deposits.

★ 240505. Reports and Reconciliation. Based on the report requirements established in the participation agreement with the network bank, weekly or monthly summary reports of the merchant's credit card activity will be mailed or electronically transmitted by the network bank to the participating DoD activity (merchant). The summary will detail dates of deposits, dollar amounts of deposits, number of transactions processed, adjustment charges, and chargebacks. This report shall be used to reconcile any differences which may occur between the report and entries into the accounting system. The report shall also be reconciled with the DD Forms 1131 submitted to the DO or deputy. Any adjustments or chargebacks shall be processed and documented in accordance with the credit card participation agreement.

★ 240506. Internal Controls. Internal control procedures shall be established by each participating DoD activity to ensure that credit card transaction documentation to support all DD Forms 1131 submitted to the DO is properly safeguarded. Documentation shall be available for use by the DO's quarterly cash verification board, the collection agent audit board, and for other audit purposes.

★2406 LOCKBOX COLLECTIONS

240601. Overview. A lockbox is a collection and processing service provided by a financial institution (typically a bank) that accelerates the flow of funds to the TGA at the FRB New York. This service includes collecting a lockbox agency's mail from a specified post office box, sorting, totaling, and recording the payments, processing the items, making the deposit, and forwarding lockbox remittance data either in hard copy or electronic format to the lockbox agency. The FMS has exclusive authority to contract for lockbox services with selected banks and the participating DoD activities. Activities are prohibited from entering into new contractual agreements, modifications of existing contracts, or renewal of existing contracts without the prior approval of FMS. Compensation to the selected banks for specified lockbox services is provided by the Treasury Department. There are three types of lockbox services available to participating activities: retail, wholesale, and electronic.

A. Retail Lockbox. A retail lockbox uses optical character recognition, machine-readable coupon-type payment documents for automated processing. This type of lockbox is best suited for low dollar, high annual item volume payments. High speed equipment captures specific information from the invoice and the check and stores it in electronic form on

tapes or disks. The accounting information can be captured and passed via computer-to-computer link from the lockbox bank to the participating activity.

B. Wholesale Lockbox. A wholesale lockbox involves the manual processing of traditional invoice documents and is best suited for high dollar, low annual item volume payments. Once received at the lockbox site, these payment documents are processed using key entry to capture accounting information. The accounting information can be transmitted via computer-to-computer link or in hard copy from the lockbox bank to the participating activity.

C. Electronic Lockbox. An electronic lockbox is either a wholesale or retail lockbox that processes transactions electronically. The remitter can provide payments through ACH, by wire transfer, or with paper check. Electronic lockboxes collect and deposit all three. The accounting information can be captured and transmitted via computer-to-computer link, magnetic tape, or in hard copy from the lockbox bank to the activity.

240602. Criteria for Participation. The use of the lockbox mechanism as a collection option requires: collections of $1 million or more average monthly dollar volume; recurring and non-recurring, fixed and fluctuating transactions; and approval must be obtained from the servicing DFAS Center to implement a lockbox operation.

240603. Lockbox Implementation. Generally, a lockbox application is identified through cash management reviews and audits. DoD activities desiring to use lockbox services should contact the Cash Management Division, FMS through the supporting DFAS Center, and provide an updated cash flow review consisting of current collection practices and deposit information. The FMS and the DoD activity jointly will complete a cost-benefit analysis to determine: the total days of float in the activity's current collection system and the lockbox system; the costs (including float) associated with the activity's current collection system and the lockbox system; and the optimal sites within the lockbox network to process the activity's remittances. If the lockbox is considered to be cost beneficial, the FMS will select a network bank for the activity to implement lockbox services. Activities utilizing lockbox collection services (billing activity) shall enter into a MOU with FMS and the lockbox bank designated by FMS. The MOU will incorporate the terms and specifications for the lockbox services to be provided to each billing activity that will provide the necessary information pertinent to internal controls and the Treasury Department's financial regulations and reports. Recommendations will be made for an alternative collection mechanism when a lockbox application is not viable.

240604. Lockbox Collection Process

A. Lockbox Payments. The designated lockbox bank will assign a unique post office box number to the billing activity to facilitate receipt and processing of collections. The billing activity shall advise remitters to mail payments and associated remittance documentation directly to the assigned post office box number. The bank picks up the mail several times daily and processes the remittances according to the activity's instructions. On the

following business day, the bank transfers the funds by wire or ACH to FRB New York with credit to the DO's DSSN designated in the MOU. The bank will issue an SF 215 for the daily deposit. The confirmed copy of the SF 215 and an Advice of Deposit will be forwarded via First Class mail to the disbursing office. The DO shall prepare a DD Form 1131 crediting the lockbox deposit to **F3875, Budget Clearing Account (Suspense), pending receipt of an SF 1080 from the billing activity citing the appropriation(s) to be credited. The DD Form 1131 and SF 215 shall be reported on the DD Form 2657 as a Reimbursement (line 4.1E) and a Deposit (line 4.2A).

B. Lockbox Documentation. The bank will forward via overnight delivery the agency and/or memorandum copy of the SF 215, an Advice of Deposit, and all supporting remittance documentation received in the lockbox to the billing activity. Upon receipt of the deposit documentation, the billing activity shall reconcile the remittance documentation against the dollar amount indicated on the accompanying SF 215 and Advice of Deposit. Within five (5) work days of receipt of the documentation, the billing activity shall prepare an SF 1080 for the SF 215 and forward it to the DO designated on the SF 215. The SF 1080 shall furnish complete collection information and accounting data, as appropriate (receiving activity, date of receipt, remitter, purpose of remittance, the complete accounting citation(s) to which the collection is to be credited, the contract number(s), contract line item number(s), sub-line item number(s), and accounting classification reference number(s) for each remittance included in the SF 215 total). The disbursing office shall complete the "Office Charged" portion of the SF 1080 by charging **F3875, Budget Clearing Account (Suspense), assigning the voucher number, and processing the voucher as a disbursement and a collection. The SF 1080 shall be recorded on the DD Form 2657 as a Gross Disbursement (line 4.1A) and a Reimbursement (line 4.1E).

C. Lockbox Debits. The bank will issue an SF 5515 to the DO to process a decrease resulting from duplication of a deposit, dishonored checks, or adjustments to deposits erroneously credited. The bank will forward dishonored checks with the SF 5515 for processing.

★2407 ON-LINE PAYMENT AND COLLECTION (OPAC) SYSTEM

★ 240701. Applicability. This section describes the OPAC procedures for simultaneous on-line billing and collection of intergovernmental transactions between federal agencies. This includes the use of OPAC's two subset systems: the Federal Tax Deposit System (FEDTAX) and Retirement Insurance Transfer System (RITS). This section also identifies general requirements and technical specifications prescribed by the Treasury Department. The OPAC system will be used at DFAS Centers and Operating Locations (OPLOCs) for transactions with other federal agencies and to transfer funds between DFAS Centers and OPLOCs.

★ 240702. Background. The OPAC system, which is a component of the Government On-Line Accounting Link System (GOALS), establishes a standardized interagency billing, transfer and adjustment procedure via a telecommunications network. If initiated by the billing agency (i.e., a collection), the transaction provides essential invoice information and immediately charges the funds to the 8-digit customer agency location code (ALC). Within the Department, the 8-digit ALC is the 4-digit DSSN preceded by 4 zeros. Upon fulfilling the

customer agency's order or requisition for services purchased or supplies shipped, immediate payment is accomplished by the billing agency crediting its own ALC and charging the customer agency's ALC. A transaction initiated by the customer agency (i.e., disbursement) is used to credit funds of the billing ALC when a hardcopy invoice is received or to transfer payroll deduction type payments (e.g., Internal Revenue Service or Veterans Education Assistance Program). The OPAC system accomplishes the following: (1) eliminates receivables; (2) eliminates the paper flow between agencies; (3) eliminates the use of Treasury checks between agencies; (4) improves cash management; and (5) establishes the Treasury Department as the collection agency.

★ 240703. Originating the Intergovernmental Transactions

A. Initiating the Order. The customer agency must include its ALC on all requisitions or order forms forwarded to the billing agency. This code identifies the customer agency to be billed for services or supplies. The billing agency will provide the customer agency with appropriate instructions for transmitting this information. In addition, the customer agency is advised to include sufficient descriptive information on the requisition or order form which the billing agency will place in the description section of the bill. This will enable the customer agency to match the bill with the originating requisition when the bill is received on the customer's computer system. The primary match will be on the originating document number. OPAC was not designed to be dependent on appropriation data as a criteria to match an existing obligation since the Treasury Department transfers funds at ALC level.

B. Initiating the OPAC Transaction. The transactions can be input manually into the on-line system or created automatically by DFAS accounting or disbursing systems for off-line bulk data transfer or host-to-host transmissions. Specific instructions for logging onto the on-line OPAC system are provided in the OPAC Users Manual. The system is menu driven and user-friendly. The system automatically will issue an OPAC Document Reference Number that is the equivalent of a U.S. Treasury check number and ensure that no two transactions have the same number. Whether on-line or off-line bulk data transfer, the transaction originator must include a point of contact and telephone number to ensure the receiving agency can accurately determine the need for adjustment. A collection or disbursement voucher (e.g., DD Form 1131, SF 1080 or SF 1034) shall be prepared for each bill or payment entered in the system and processed through the DO in the same manner as other vouchers except that no check or cash payment is sent or received.

C. Transmitting/Receiving an OPAC Transaction. The Treasury Department system is updated overnight commencing approximately 6:00 p.m. Eastern time. The receiving agencies on the OPAC system can print out their activity at their site the day after the transactions are entered into the system. The Treasury Department also provides a monthly activity report, available for downloading during the first 5 workdays of the following month, to assist the ALC in ensuring all transactions are accounted for on the current month SF 1219. ALCs receive a microfiche of these transactions for historical records approximately 1 month after the month in which the transactions were processed.

★ 240704. Processing Cycle. Agencies have through the last day of each month to enter bills or transfers for that month; however, it is recommended that agencies hold off originating new transactions the last two workdays of the month to avoid month-end accounting problems. Refer to Chapter 19 of this volume for instructions on reporting prior month OPAC transactions that are processed in current month accountability. Only the receiving agencies have 90 days to enter adjustments.

★ 240705. Recording OPAC Transactions. The transaction is recorded on lines 2.8 and 4.1 (A or E, as applicable) of the DD Form 2657 and on the SF 1219. If a hardcopy SF 1219 is used, cross through line 2.39 and replace with 2.8. Refer to Chapter 19 of this volume for instruction on preparation of these forms. At the end of each month, both the customer agency and the billing agency must also report the applicable appropriation or fund symbol amount for all original transactions and adjustments on its DD Form 1329 (Statement of Transactions).

A. Monthly Reporting of Differences by the Treasury Department to Agencies. The Treasury Department will compare the customer and billing agencies' SF 1219 with the OPAC data. If there is a difference, an FMS Form 6652 (Statement of Differences, Disbursing Office Transaction) will be generated. This statement is prepared by the Treasury Department on a monthly basis and provided to each agency's departmental reporting office. Also accompanying the FMS Form 6652 will be a "Monthly Register of Transactions," which gives a detail of all transactions charged against a particular ALC. Agencies will investigate the differences and make the necessary corrections on their next SF 1219. All differences that have not been reconciled within six months from the date of the initial transaction shall be considered as losses or overages of funds as prescribed in Chapter 6 of this volume. Corrections reported in months subsequent to the month in which the error occurred are reported as separate 2.8 lines on the SF 1219. For example, an amount reported erroneously in January is corrected in the February accounting month. The February SF 1219 will have two 2.8 lines: one for the net total of transactions processed in February and one for the January corrected amount.

B. End of Fiscal Year Reporting by OPAC Customer Agencies. OPAC charges to the customer agency's ALC will be reported to the applicable appropriation or fund symbol for the fiscal year to which it relates. If, at the end of the fiscal year, a customer agency does not have sufficient time to determine the amount of an adjustment for its regular monthly reporting on the SF 1219, the agency should include the erroneous charge to its regular appropriation or fund symbol.

1. These erroneous charges do not constitute overobligations or overexpenditures with respect to 31 U.S.C. 1517, the Anti-Deficiency Act (reference (e)). Agencies should footnote FMS Form 2108 (Year-End Closing Statement) to indicate those cases that would appear to overexpend the symbol charged.

2. When the amount of the adjustment is determined, a refund receivable account should be established in its regular appropriation or fund symbol for year-end

reporting on the FMS Form 2108. Such receivables should be cleared in the subsequent fiscal year by adjusting the amount to the OPAC billing agency and crediting the appropriation or fund symbol charged on its regular monthly reporting on the SF 1219.

C. End of Fiscal Year Reporting by OPAC Billing Agencies. On the FMS Form 2108, the OPAC billing agency will establish and report an accounts payable for an amount equal to the amount of adjustments against the related appropriation or fund account of the OPAC billing agency.

★ 240706. Adjustments of Erroneous Charges. Both the billing and customer agencies should recognize that the system cannot tolerate uncontrolled charges or adjustments. The adjustment should not be used to adjust charges that originated under other billing systems. A charge should also not be considered erroneous simply because the customer agency receives the paid billing statement before supplies are received. Federal agencies are exempt from this requirement under 31 U.S.C. 1535 (reference (e)). If the receiving agency subsequently finds that the transaction was erroneous, the adjustments should be made at that time; however, the receiving agency is limited to three months, upon receipt of its OPAC statement, to process the adjustment.

A. First, the agency representative that created the original transaction should be contacted. If the transaction is erroneous, the receiving agency will access the OPAC on-line system and make the menu selection for OPAC adjustments. The OPAC system will guide the user with prompts. The user will enter all pertinent data as requested. The OPAC system contains edits to ensure that the original transaction is matched. Once the data is entered correctly, the system will issue an OPAC Adjustment Voucher Number unique to each transaction. Adjustments are considered a new transaction for reporting purposes and included in the net totals for month in which the adjustment is accepted in OPAC.

B. In cases where the originating agency later concludes that the adjustment (or a portion thereof) was improper, it must communicate this to the receiving agency, preferably by telephone. When agreement is reached, a second OPAC transaction will be prepared for the proper amount.

★ 240707. Basic Criteria to Access the OPAC System. In order for billing and customer agencies to use the OPAC system, the following are required:

A. A personal computer (PC) with modem (or modem access through a local area network (LAN)) and auxiliary 80-character minimum printer within the disbursing office for transmission and receipt of OPAC transactions. The PC should be "IBM compatible" and contain a 386 or higher level processor. The modem speed should be 9600 Baud or greater.

B. The Treasury Department must assign each ALC an ID and password that will enable access to the system. The Treasury Department also requires the ALCs of the corresponding agencies from which the transactions will originate or be received. The Treasury

Department encodes this information into a table to ensure transactions are not erroneously input for agencies without a prearranged agreement to accept such transactions.

★ 240708. Treasury Department GOALS Agreement for Reimbursable Services. The Treasury Department charges for DFAS use of GOALS have been consolidated for payment by the DFAS-Columbus Center. The agreement supersedes all previous agreements independently written by the DFAS Centers. The GOALS charges also now include operating costs for OPAC, FEDTAX, and RITS. The agreement covers all current DFAS GOALS and OPAC users and any new OPAC users established at the OPLOCs.

A. Each DFAS Center is responsible to budget for its portion of the bill to include the Center's disbursing office, the OPLOC disbursing offices under its control, and any departmental accounting office use of GOALS, if applicable to that Center. The budget is reported using the general fund 97X4930 with an information copy provided to the DFAS-Columbus Center for incorporation in the annual agreement with the Treasury Department.

B. The procedures for posting OPAC bills are as follows:

1. Monthly, all GOALS and/or OPAC users will print the GOALS Monthly Billing Statement and forward a copy to the servicing DFAS Center's Defense Business Management System (DBMS) liaison office. The report can be obtained by selecting item 6, GOALS Administrative Information, on the GOALS menu. The charges generally are available on GOALS by the 24th of the month following the month in which the costs were incurred.

2. The Center liaison office will record the obligation in DBMS and forward a copy of the report by fax to DFAS-CO/FQAS. Also, the liaison office should confirm with DFAS-CO/FQAS, as soon as possible, the proper Center account number that the DFAS-Columbus Center should charge when the bill is received from the Treasury Department.

3. The Treasury Department will charge one amount using the general fund 97X4930 for DFAS-Columbus Center ALC 00006551. In turn, the DFAS-Columbus Center will process a transaction by others (TBO) for each Center's designated account. The TBO charge will cover each Center's portion of the charges to include any costs incurred by an OPLOC under that Center's authority.

★ 240709. Restrictions. The Treasury Department reserves the right to (a) make any adjustments centrally in Treasury's Central Accounting System and (b) to remove any agency from OPAC in those instances when the agency fails to comply with the rules and regulations set forth by the Treasury Department.

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CHAPTER 25

★QUESTIONABLE AND FRAUDULENT CLAIMS

★2501 ADVANCE DECISIONS

250101. Claims. Any claim presented for certification or payment that the certifying officer or DO believes to be illegal or improper should not be certified or paid. This section identifies the authority available to the certifying officer or DO to refuse to make such certifications or payments and the procedures to follow when such refusal becomes necessary. Refusal to make certification or payment is an undesirable procedure when it is based solely upon lack of knowledge or the unwillingness to ascertain the proper course of action from the proper authority.

250102. Application for Decision

★ A. Authority. Under Title 31, United States Code, section 3529, (reference (e)), a certifying officer or a DO may request an advance decision on the propriety of any prospective payment. Appendix E provides the offices responsible for issuing the advance decisions. This statute does not provide for the rendering of decisions on questions of law pertaining to payments that have already been made or upon hypothetical cases.

★ B. Content. The statute requiring an advance decision be rendered contemplates a presentation to the Comptroller General or any other official authorized (see appendix E) to issue an advance decision under 31 U.S.C. 3529 (reference (e)) when the question is one of law, of all the material facts necessary for its determination. When the question is one of fact, it contemplates a presentation of all the material evidence obtainable by the officer making the request. The specific point upon which the decision is desired and the reason for requesting the decision shall be stated. The document in question, appropriately certified, shall be made an enclosure to the request. As a general rule, decisions are rendered only when the request is accompanied by a specific claim or voucher (legible copies are acceptable).

★ C. Forwarding of Requests. Requests for advance decisions regarding military members' pay, allowances, travel, transportation, retired pay and survivor benefits through the requesting certifying or disbursing officer's chain of command, the servicing DFAS Center, and DFAS General Counsel. DOs and certifying officers under the cognizance of the DFAS-Columbus Center shall submit their requests through their chain of command and the Columbus Center, regardless of the applicable DSSN assigned. Prior to forwarding a request to DFAS General Counsel, Center Directors shall ensure the case file includes the legal review mandated by DFAS Regulation 005 (reference (am)). Requests for advance decisions for other disbursements must be submitted through the chain of command to the appropriate office as outlined in appendix E.

★ 250103. DFAS Actions. Cases involving entitlement questions that clearly appear to have been authoritatively decided may be returned to requestors by the DFAS Centers or by DFAS General Counsel with advice that an advance decision is not necessary. An entitlement interpretation from anyone other than the sources identified in appendix E, however, does not remove pecuniary liability for illegal, incorrect, or improper payments. Therefore, DFAS Center and DFAS General Counsel responses shall indicate the advisory nature of their responses and shall advise requestors that resubmission may be made through the servicing DFAS Center. Certifying officers and DOs may rely on written decisions from the DFAS Centers, authorized by DFAS Regulation 005 reference (am), to settle cases of $100 or less on the uses of appropriated funds. Decisions rendered under this procedure will be considered as conclusive in the settlement of accounts. A copy of the memorandum containing such a decision shall be attached to the voucher.

★ 250104. Decisions Rendered

★ A. Payment in Question. An advance decision is conclusive only as to the particular payment involved in the question presented. A statement made by the responsible office in an advance decision upon a statement of facts submitted, which is broader than the stated facts rendered necessary, is not binding in the settlement of the accounts.

★ B. Affecting Other Payments. An advance decision rendered in a particular case takes effect from its date, but the principles enunciated in decisions of the responsible office are applicable to all cases arising under the statutes, whether occurring before or after the date of the decision. A new construction of the law, contrary to former rulings, applies to disbursements and computations made subsequent to the date of such decision, or to the date of receipt of notice of such decision, provided reasonable diligence was exercised to obtain notice.

2502 FALSE, FICTITIOUS, OR FRAUDULENT CLAIMS

250201. Determination of Fraud. It is difficult to prescribe exact rules for determining the existence of fraud or misrepresentation, since the question of whether fraud exists depends on the facts in each case. Although it is the claimant's responsibility to complete a claim accurately in order to ensure proper payment, it may not be assumed automatically that the claim is fraudulent simply because it is not prepared according to the requirements of publications such as the Joint Federal Travel Regulations or the Joint Travel Regulations.

A. Many innocent mistakes are made in the completion of claims, and not every inaccuracy on a claim form should be equated with an intent to defraud the government. Where discrepancies are minor, small in total dollar amounts, or where they are infrequently made, a finding of fraud normally would not be warranted, lacking the most convincing evidence to the contrary. However, such errors should be discussed with the claimant and corrected.

B. Where discrepancies are glaring, involve great sums of money, or are frequently made, a finding of fraud more readily could be made, lacking a satisfactory

explanation from the claimant. The DO, in ensuring the propriety of all payments made, is primarily responsible for determining the existence of fraud. For example, in 57 Comp. Gen. 664 (reference (an)), the Comptroller General ruled that, in connection with a claim for travel expenses containing items based on fraud, only those items free of fraud may be paid. Examples of individual items claimed on a single travel claim include transportation for each leg of travel performed at the traveler's expense, lodging expenses, and each miscellaneous expense incurred. Per diem allowance is divided into three separately distinct categories (lodging, meals, and incidental expenses). For any day on which a claimant submits a fraudulent lodging receipt, the claimant forfeits the lodging portion of the per diem allowance for the day or days that the lodging receipt represents. If a meal or an item of incidental expense for a particular day is fraudulently claimed, the meal or incidental allowance portion of per diem for that day shall be denied. Payment of per diem allowances for other days that are not supported by a fraudulent lodging receipt, or for other expenses not tainted by fraud, may be made. This rule applies whether per diem is computed on an actual expense basis or under the lodging plus a fixed fee basis. The average cost of lodging, when applicable, shall be computed by assigning a value of zero to those days for which a fraudulent lodging receipt is submitted. The pro rata share of per diem for the day of return from travel shall be computed on the same basis. When making final settlement on a travel claim, for which partial payments have been made on the basis of fraud, the amount of earned entitlements for the entire period of travel shall be computed by disallowing any items based on fraud. If the total entitlements thus computed are less than the amounts previously paid, the difference shall be recouped from the claimant. Similar procedures shall be followed upon final settlement of travel claims on which advances have been paid. If, after disallowing all fraudulent items, the remaining entitlement is less than the amount of the advance, the excess advance shall be recouped.

★ 250202. Required Action When a Suspected Fraudulent Claim is Presented for Payment. When there is reason to suspect that a claim presented for payment contains fraudulent information, the DO shall request his or her commander to initiate an investigation into the suspected fraud. The requirement to request the commander to initiate an investigation applies regardless of the dollar value of the suspected fraud. Arrangements shall be made to provide the DO with a copy of the completed investigation. Unless otherwise directed by the investigating office, the DO shall retain the claim and all supporting documentation for possible use in any disciplinary action taken by the claimant's commander. An ultimate finding of fraud is not dependent upon legal or disciplinary action. Primary responsibility for that determination rests with the DO but only when concurred with by legal counsel.

A. If, in the opinion of the DO, the investigating office's report does not support a finding of fraud, payment shall be made for all amounts to which the claimant is entitled. No further action need be taken, but the DO should document the reasons for the determination. The DO may be called upon from time to time to furnish this documentation in order to provide an indication of whether the guidelines are being uniformly applied throughout the DoD.

B. If, in the opinion of the DO, the investigating office's report confirms that some items of the claim are fraudulent, payment of those items free of fraud may be made. Once payment has been made for that portion of the claim free of fraud, if the claimant then protests the determination of fraud and insists on payment of the entire claim, the claimant may submit a new claim for the items denied because of fraud. The DO shall process the reclaim for the items denied as prescribed in paragraph 250205, below.

250203. Required Action When It Is Discovered That a Fraudulent Claim Has Been Paid. If, after payment of a claim, the DO discovers or is provided information suggesting that a claim was paid based on fraudulent information or documents, the DO shall review the retained copy of the claim to determine whether the claim was tainted with fraud.

A. If the claim remains suspect, the DO shall request his or her commander to initiate an investigation. The requirement to request an investigation applies regardless of the dollar value of the suspected fraud and includes illegal, incorrect, or improper payments made as a result of issuing recertified payments where the payee negotiated both the original and the recertified check. Arrangements shall be made to provide the DO with a copy of the investigative report.

B. In accordance with the requirements of the GAO, a report by the DO shall be made to the servicing DFAS Center upon initial disclosure that an illegal, incorrect, or improper payment has been made on the basis of fraud. The report shall contain a basic statement of the irregularity, date, amount, and identification of the individual(s) involved. Upon completion of final action (recoupment, investigation, etc.), a second report shall be forwarded.

An ultimate finding of fraud is primarily the responsibility of the DO, who shall utilize the criteria in paragraph 250201, above, in making a decision. If, in the opinion of the DO, the report of investigation does not support a finding of fraud, repayment shall be made for all amounts recouped from the claimant, if otherwise entitled, and this information shall be included in the second report. If, in the opinion of the DO, the report of investigation confirms that some or all items of the claim are fraudulent, no repayment of those items recouped may be made and the second report shall contain a citation of the applicable contract number (or travel order number, etc.), voucher number, date of payment, appropriation charged, and a description of the supporting documentation; a description of how the fraud was committed; a description of procedural deficiencies in the disbursing office, if any, and the action taken to correct the deficiencies; and, information as to recoupment effected or contemplated from the recipient of the payment.

D. Except under unusual circumstances, reports shall not be classified or made in message form. No report is required if the fraud is detected prior to any payment being made. Should a claim in the form of a reclaim be received for any part or all of the amount recouped because of an illegal, incorrect, or improper payment of any voucher item obtained by fraud or misrepresentation, such reclaim shall not be settled by the DO, but shall be processed as

prescribed in paragraph 250205, below. In no case shall submission of the reclaim or recoupment of amounts paid be deferred pending final determination on the claim.

250204. Corrected Claims. When it is established, or it reasonably appears, that a claimant has submitted a fraudulent claim and, upon discovery of the fraud, the claimant submits a corrected claim for those items previously suspected of being fraudulent, this subsequent claim shall not be paid by the DO. However, if the claimant persists in having the claim processed, the claim shall be processed as prescribed in paragraph 250205, below.

★ 250205. Reclaims of Items Disallowed or Recouped Due to Fraud. The DO shall forward reclaims of items disallowed or recouped due to fraud to the appropriate responsible office as identified in Appendix E through the DO's chain of command. If the entire claim was denied, the original claim shall be submitted. The completed claim shall be accompanied by a covering letter or memorandum from the DO stating specific information as to why the claim is considered fraudulent, and the statement: "I have not made payment and will not make payment in the future unless authorized by competent authority"; the original and 2 copies of all supporting documents and the orders with all endorsements if travel is involved; a copy of the payment voucher on which payment was made for the items free of fraud, if applicable; a copy of the report of investigation; and a statement by the claimant supporting the claimant's belief that the claim is not fraudulent. A statement by the claimant's commander may be submitted at the option of the claimant. By endorsement to the DO's letter or memorandum, the DO's commander shall state an opinion on the case either in support of the DO or of the claimant.

250206. Accountability for Amounts Paid Due to Fraud. Most instances of fraud occur when a military member or civilian employee, whose identity clearly is established, submits a claim containing information known to be false. On some occasions, payments are made to individuals whose true identity cannot be determined. In some cases, a fictitious name is used by the individual committing the fraud. In other cases, the name of an actual military member or civilian employee may be used. In any of the above situations, an occurrence of this nature shall be reported and investigated as prescribed in Chapter 6 of this volume as an irregularity in the DO's account. The DO shall account for an irregularity caused by fraud, as appropriate, for the situations described in the following subparagraphs.

A. When the fraud is discovered prior to the submission of the monthly financial reports for the period during which the payment was made, the applicable voucher shall be reversed and withheld from the reports, and a loss of funds recorded in the DO's accountability (the DO still has the original payment document).

B. When the fraud is discovered after submission of the monthly financial reports which included the payment, the DO shall not adjust the accountability unless specifically directed to do so by the servicing DFAS Center.

★ 250207. Relief of Liability. Requests for relief of liability for illegal, incorrect, or improper payments caused by fraudulent claims shall be submitted as prescribed in Chapter 6 of this volume.

250208. Fraud Alert Reporting System

A. General. The Fraud Alert Reporting System is used only when an attempt to commit fraud has occurred or when a high vulnerability to fraud exists. Many of the incidents described in this paragraph are perpetrated by individuals who represent themselves as transient employees.

B. Action by DO. When it is determined that an employee is suspected of obtaining a fraudulent payment (pay, travel, or any other miscellaneous payment) by use of bogus documents and/or identification, DOs immediately shall notify the supporting DFAS Center by priority message. An information copy shall be forwarded to all the other DFAS Centers. A fraud alert report also is appropriate when a DO foresees a strong possibility of fraud being attempted by an unauthorized absentee who is knowledgeable in disbursing or pay and personnel matters. A fraud alert report shall describe the individual(s) involved in the fraud and details relating to the commission of the fraud with the expectation that this information will forewarn disbursing personnel and enable them to recognize fraudulent acts and, thereby, avoid losses. Reports of missing luggage, burglarized automobiles, and unauthorized absence of personnel in the lower pay grades usually have no value in preventing fraud. The following subparagraphs identify specifics that should be included in a fraud alert report.

1. Report fraudulent payments that have been made to anyone, especially transients, giving a description of the perpetrator, describing the type of documents used to establish fraudulent entitlement, explaining how the fraud was committed, and expressing an opinion on the likelihood of the perpetrator attempting future fraud. The description should include: name (plus known aliases); rank or rate; SSN; race; age; height; weight; color of eyes/hair; and, distinguishing characteristics and/or body marks.

2. Address the fraud alert report message only to the supporting DFAS Center with the other DFAS Centers as information addressees. Under no circumstances shall DOs address a fraud alert report to any activity other than the supporting DFAS Center.

3. Submit a fraud alert report for unauthorized absence of personnel only when the following three criteria are met.

a. The employee has possession of documents such as pay records, orders, vouchers, blank checks, etc., which could be used to obtain fraudulent payments.

b. The employee has knowledge of pay and personnel procedures necessary to commit a fraudulent act.

c. The employee has a motive to commit fraud (e.g., is facing disciplinary action, past history of substance abuse, presently encountering personal or financial problems, or past/suspected involvement in fraud or embezzlement).

C. Action by DFAS Center. Upon receipt and evaluation of the fraud alert report, the supporting DFAS Center shall issue a Fraud Alert Warning to all DOs. Fraud Alert Warnings should be retained by DOs for 1 year unless they are canceled by the issuing DFAS Center.

★2503 CLAIMS AGAINST THE GOVERNMENT

★ 250301. General. Title 31, United States Code, section 3702 (reference (e)), provides that any claim against the United States shall be forever barred unless such claim, bearing the signature and address of the claimant or an authorized agent or attorney is received by the responsible agency within 6 full years after the date such claim first accrued. This statute applies unless a claim is governed by a more specific statute which includes its own period of limitation for asserting claims against the Government.

★ 250302. Claims. The following offices have been designated as the responsible area to settle the following types of claims. Refer to appendix E for the proper address to submit claims.

A. The Defense Office of Hearings and Appeals (DOHA) has been designated as the office responsible for settling the following types of claims.

1. Military members' pay entitlements.

2. Military members' allowances.

3. Military members' travel.

4. Military members' transportation.

5. Survivor benefits.

6. Claims by transportation carriers involving amounts collected from them for damage or loss of property shipped at Government expense. Payments of claims to carriers for transportation services are further limited by 31 U.S.C. 3726 (reference (e)).

B. Claims of civilian DoD employees involving compensation or leave are handled by the Office of Personnel Management.

C. Claims involving travel, transportation or relocation expenses and allowances for civilians are the responsibility of the General Services Administration.

★ 250303. Claim Submission Procedures

A. General. All claims shall be submitted on an individual voucher basis through the use of the appropriate claim form. Each claim voucher shall identify the payee by name and either Social Security or Employer's Identification Number, as appropriate, and shall be supported by a claim over the signature and address of the claimant. When the entire amount due is recommended for setoff, the claim voucher may be submitted without a supporting claim. The claimant may state the claim directly on a dealer's bill or public voucher. Claim vouchers with supporting documents shall be submitted under a transmittal letter to the supporting DFAS Center. Vouchers covering claims chargeable to either lapsed or available appropriations shall be submitted in the original with sufficient copies for regular distribution. Claims for payments due deceased civilian employees shall be processed as prescribed in Volume 8 of this Regulation.

B. Voucher Preparation. The voucher shall contain: the name and current address of the claimant or assignee; the appropriation and other accounting data chargeable; a statement as to the purpose of the payment; a citation of the contract number, previous voucher payment(s), project order, and any other data required to process the voucher; an explanation of the difference when the recommended amount of payment if different from the amount claimed; and details regarding setoff as provided in subparagraph 250402.D, below.

C. Letter of Transmittal. The letter of transmittal shall include: a statement of facts surrounding the claim; the reason for forwarding the claim and an explanation of the doubtful aspects; a recommendation and the reason therefor or a statement that there is no specific recommendation and the reason no recommendation is made; and a statement that the DO has not paid and will not pay the claim until authorized to do so.

★ D. Setoff. In all cases involving setoff, an additional copy of the voucher shall be submitted. When it is recommended that an amount be allowed with a certain amount to be set off, the voucher shall show the amount recommended for setoff and the complete accounting data to be credited. A statement also shall be furnished showing the basis for the setoff in sufficient detail to permit adequate explanation to the claimant. If no recommendation can be made as to the amount to be set off, the amounts will be inserted on the voucher by the responsible settlement authority.

★ 250304. Review of Claims. The claims shall be reviewed by the supporting DFAS Center to determine that the claim is complete as prescribed in this section and that the claim is otherwise proper for submission to the responsible settlement authority. If submission of all or a major part of the claim to the responsible settlement authority is not required, the claim shall be returned to the submitting office with advice that all or a major portion of the claim be paid locally, a citation to the regulation(s) that authorizes or provides for such payment, and a statement, if applicable, that the doubtful portion of the claim should be resubmitted.

★ 250305. Payment of Claims After Approval by the Responsible Settlement Authority. Approved civilian or military pay claims shall be forwarded by the supporting DFAS Center to the appropriate office for payment. All other approved claims shall be paid by the supporting DFAS Center. Copies of vouchers covering approved claims paid against available appropriations shall be distributed in the same manner as other comparable vouchers. One copy of vouchers covering approved claims paid against successor appropriations shall be forwarded to the payee, one copy shall be forwarded to the office that administers the successor appropriation involved, and one copy shall be forwarded to the accountable activity.

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CHAPTER 26

AUTOMATED TELLER MACHINE (ATM) SYSTEM

★2601 BACKGROUND

Currently there are two ATM systems in operation within the DoD. The Department of the Navy operates the ATM at Sea system aboard Naval ships. Sections 2602 through 2611 of this chapter prescribe the mandatory policy and procedures for accomplishing pay delivery and safekeeping of personal funds in the ATM at Sea system. Detailed procedures for operation and maintenance of the ATM at Sea system are contained in the ATM Users Documentation and Student Training Manual provided with the ATM at Sea system. The DFAS Denver Center, through its San Antonio Operating Location, operates an ATM system to accomplish pay delivery for Department of the Air Force recruits. Section 2612 of this chapter prescribes the mandatory policy and procedures for operation of the DFAS Denver ATM system.

★2602 THE ATM AT SEA SYSTEM

★ 260201. General. The ATM at Sea system is an automated mechanism to provide safekeeping of personal funds under the principles prescribed in chapter 27 of this volume. The ATM at Sea system also serves a pay delivery system which accepts an electronic transfer of net pay and allowances due to each account holder. Account holders can withdraw their funds at ATMs located on the ship in the same manner as account holders withdraw funds from their personal bank accounts through a commercial ATM.

★ 260202. Prescribed Forms. This chapter prescribes the use of specific forms to maintain the accountability of the ATM at Sea system. The Automated Teller Machine (ATM) Ledger, DD Form 2670, shall be used in lieu of the Cash on Hand Ledger Control Sheet prescribed for the safekeeping of personal funds in chapter 27 of this volume. Note: The DD Form 2670 is being revised to better accommodate the ATM at Sea system. The August, 1993 edition of the form should be used until the new revised edition is available. In Block 1, Account Name; insert the name, rank and Social Security Number (SSN) of the ATM at Sea custodial officer and in Block 2, Account Number, insert the name and hull number of the ship. In addition, Block 2, Column c, CV Number, and Column d, PV number of the current DD Form 2670 should not be used in conjunction with the ATM at Sea system. The ATM at Sea system Master File Report, addressed later in this chapter, shall be used in lieu of the Individual Ledger Sheets prescribed for the safekeeping of personal funds in Chapter 27 of this volume. The individual member's payroll leave and earnings statement (LES), in conjunction with journal receipts and monthly statements of account provided by the ATM at Sea system shall be used as the depositor's receipt for safekeeping funds in lieu of the Record and Receipt of Deposits and Withdrawals of Safekeeping Funds, DD Form 2674, prescribed by Chapter 27 of this volume.

★2603 ATM AT SEA CUSTODIAL OFFICER RESPONSIBILITIES

★ 260301. Letters of Appointment. As prescribed in chapter 27 of this volume, the commander shall appoint the ATM at Sea custodial officer in writing. In addition, all personnel who are required in the performance of their official duties to gain access to the ATM at Sea system, the ATMs, or handle cash in connection with the ATMs, shall be appointed in writing as assistant custodians by the ATM custodial officer. Each letter of appointment shall list the specific duties which the appointed individual is authorized to perform. Authority to perform ATM tasks shall be limited to only the appointed duties. The appointment shall be endorsed with the appointee's acknowledgment of acceptance of the duties. Individuals eligible for appointment as the ATM custodial officer and assistant custodians include, but are not limited to, disbursing officers, deputies, agents, and cashiers. Personnel appointed as assistant custodians of ATMs are responsible for balancing and replenishing the cash in the assigned ATM(s).

★ 260302. Custody of Blank ATM Cards. The ATM custodial officer is responsible for maintaining proper custody of all blank ATM cards. The ATM cards shall be safeguarded as prescribed in Chapter 7 of this volume for blank Treasury checks. The ATM custodial officer may delegate the responsibility for custody of blank ATM cards to an assistant custodian. This delegation must be made in writing. The ATM custodial officer or designated assistant custodian shall maintain a bulk ATM card log which contains the ATM card number, name, date and signature of the person to whom working stock of blank ATM cards are issued. Unused working stock shall be returned to the ATM custodial officer or designated assistant custodian at the end of each day. All blank ATM cards shall be inventoried monthly and an entry made in the bulk ATM card log to document the inventory.

★ 260303. Issue of ATM Cards. The ATM custodial officer may delegate authority to issue individual ATM cards when new accounts are opened to an assistant custodian. This delegation of authority shall be made in writing. When blank cards are issued to this authorized assistant custodian, an entry shall be made in the bulk ATM card log as prescribed in the previous paragraph. The assistant custodian authorized to issue individual ATM cards shall maintain a separate card issue log containing the card number, name and SSN of card owner, issue date, signature of the recipient, date destroyed, and the name and signature of the issuer.

★ 260304. ATM at Sea Operating Instructions. The ATM custodial officer shall include ATM at Sea operating and security procedures in local written instructions. Included in the ATM at Sea operating procedures are payroll preparation, transfer, and balancing procedures; special payment procedures; ATM replenishment procedures; ATM balancing procedures; ATM card issue procedures; and, ATM card turn-in procedures. The ATM custodial officer shall also include the ATM at Sea security procedures in the ship's security instructions.

★ 260305. Transfer of ATM at Sea Safekeeping Accounts Upon Relief. In preparation for being relieved of ATM at Sea safekeeping custodial duties, the outgoing custodial officer shall balance the ATM system by performing a complete end-of-session process. The relieving custodial officer shall verify all end-of-session reports to ensure the ATM accounts are

in balance (including a physical count of all funds held as safekeeping) and receipt for the transfer by signature below the last entry on the DD Form 2670. The original receipted DD Form 2670 shall be returned to the outgoing custodial officer and a copy retained by the relieving custodial officer. The relieving custodial officer shall start a new DD Form 2670. In the description enter Brought Forward.

★2604 ATM AT SEA SECURITY

★ 260401. ATM Physical Security. The ATMs are considered to be safes. The security instructions regarding the use of safes in chapter 3 of this volume shall be followed except that ATM TL-15 safes are authorized to hold $130,000 vice the $50,000 normally authorized for TL-15 safes. The ATMs shall be installed in well lighted, heavily traveled spaces. The ATMs may be alarmed and video surveillance cameras installed to deter unauthorized entry at the commander's discretion. The ATMs do not have a self-contained alarm system, but have an alarm that may be connected to the ship's security alarm system, if available. Each ATM shall be assigned to the custody of the ATM custodial officer or an assistant custodian. The assigned custodian shall be responsible for balancing and replenishing the cash in the ATM. Only the assigned custodian shall know the combination to the ATM safe. Since ATMs require moving large amounts of cash about the ship, all security instructions in Chapter 3 of this volume regarding protection of currency in transit shall be followed. In addition, each assistant custodial officer should have a separate safe exclusively for the ATM safekeeping program. If separate safes are not feasible, the ATM custodial officer must maintain custody of all personal funds represented by the ATM at Sea system and provide operating cash to the assistant custodian(s) as necessary to supply the assigned ATM(s).

★ 260402. Passwords and Security Levels. The ATM custodial officer is responsible for assigning password security levels and all responsibilities associated with maintaining proper password security. The ATM custodial officer shall assign each individual involved with the ATM at Sea system in any manner, the appropriate password security level. The functions permitted by each of the password security levels for the ATM at Sea system are provided in table 26-1. The ATM custodial officer shall be assigned the master password security level which allows access to everything related to the operation of the ATM at Sea system with the exception of discovering the other users' passwords or account holders' personal identification number (PIN). After the ATM custodial officer assigns the appropriate password security level, each assistant custodian involved with the ATM at Sea system shall secretly choose a password via the ATM terminal. This password shall allow the assigned individual access to the ATM at Sea system to perform the functions authorized by the assigned security level. The ATM at Sea system will recognize the operator and record all transactions performed. Passwords shall be changed every six months, when custodial duties are changed, or when an operator believes a password has been compromised. Under no circumstances shall any system operator passwords be written anywhere, placed in a sealed envelope, or be known to any other person.

★2605 ATM AT SEA FUNDS ACCOUNTABILITY

★ 260501. General. Funds within the ATM at Sea system are the personal funds of the individual account holders and private organizations who have established ATM accounts. Aboard Naval ships, personnel eligible to establish accounts include permanently assigned members; military and civilian personnel of the DoD on temporary duty assignment to the ship (including U.S. Marine Corps personnel aboard the ship), and private organizations (e.g., private messes) who have established ATM accounts. When funds are deposited into the ATM accounts, the ATM custodial officer assumes safekeeping responsibility for these funds. The ATM custodial officer maintains custody of the funds for all account holders in accordance with this chapter. Safekeeping funds do not qualify as public funds, and therefore, are not recorded on the disbursing officer's accountability.

★ 260502. Loss of Funds Held in Safekeeping. Any shortage of funds that is discovered in the ATM at Sea system (including all ATM shortages which occur as a result of an ATM dispense error) shall be investigated using procedures similiar to the investigative procedures prescribed in Chapter 6 of this volume for a physical loss of public funds. The ATM custodial officer shall retain copies of all documents that substantiate the loss of funds. The individual account holder is responsible for any loss incurred and may attempt to recover the loss by filing a claim for loss or damage of personal property as prescribed in the Manual of the Judge Advocate General. Claims for losses which were caused by negligence of the account holder (such as when an ATM card is stolen and the card owner wrote the PIN on the card) normally will not be approved. The ATM custodial officer and assistant custodians are not pecuniarily liable for losses of personal funds in the ATM at Sea system but are subject to appropriate disciplinary actions prescribed by the Uniform Code of Military Justice.

★ 260503. Overage of Funds Held in Safekeeping. Any overage of funds that is discovered in the ATM at Sea system (including all ATM overages which occur as a result of an ATM dispense error) shall be investigated using procedures similiar to the investigative procedures prescribed in Chapter 6 of this volume for an overage of public funds. The ATM custodial officer shall retain copies of all documents that substantiate the overage of funds. If the owner(s) of the funds cannot be located, the ATM custodial officer shall prepare a Collection Voucher, DD Form 1131, with credit to Forfeiture of Unclaimed Money and Property, **1060, when the amount of the overage is less than $5 or with credit to Payment of Unclaimed Moneys (T), 20X6133, when the amount of the overage is $5 or more. The ATM custodial officer shall provide the completed DD Form 1131 and the cash to the disbursing officer for processing.

★2606 ATM AT SEA ACCOUNTS

★ 260601. Establishing ATM Accounts

★ A. Initial ATM Card Issue When ATM at Sea System Is Installed. Before the first ATM payday, the ATM custodial officer or authorized assistant custodian shall establish an ATM account and issue an ATM card and PIN to all members who will be using the ATMs. The ATM at Sea system will automatically assign a card number to each member who is in the payroll file transferred from the payroll system to the ATM system. The issuing custodian shall

ensure that each member personally receives and signs for his or her own ATM card. The issuing custodian shall also ensure that each member is positively identified and signs the ATM Card Report when receiving the ATM card.

★ B. New Accounts. There will be a need to establish accounts for newly reported personnel (including military members and civilian employees of the Department on temporary duty to the ship), personnel participating in DD/EFT desiring to participate in the ATM program under the split-pay option, or personnel who lose their ATM card or forget their PIN. The ATM custodial officer shall develop and include procedures for opening new accounts in the official ATM operating instructions. All cards issued shall be recorded in the individual ATM card issue log as described in paragraph 260303, above. As described earlier, the ATM custodial officer may delegate in writing the authority to establish new ATM accounts. The authorized card issuing custodian shall add the card issue information to the ATM at Sea system via the Establish Account function of the system.

★ 260602. Closed and Suspended Accounts

★ A. Closed Accounts. When account holders transfer from the ship (permanent change of station, discharge, separation, etc.) or depart for an extended period of temporary duty (temporary duty of sufficient duration that the member will be dropped from the ship's payroll and included on the payroll of the temporary duty station), the ATM account shall be closed. When possible, cards of transferring account holders shall be recovered and destroyed prior to the transfer of the account holder. An entry shall be made in the ATM card issue log to reflect the account holder's transfer and destruction of the card. Also, an entry shall be made in the ATM Card Report to indicate the date of transfer and that the card has been destroyed. The ATM custodian also shall ensure that each member is positively identified and signs the ATM Card Report when turning in the ATM Card. If an account holder is transferred before closing the ATM account, the ATM custodial officer shall administratively close the account and deliver the account holder's account balance to the DO in exchange for a U.S. Treasury check. The check shall be drawn payable to the account holder. The object for which drawn shall be "Exchange-for-Cash, ATM Account of (name, rank or rate). The check shall be forwarded with a letter of transmittal to the commander of the activity to which the account holder was transferred for delivery to the account holder and request acknowledgement of receipt of the check and return of the ATM card. The transaction shall be recorded on DD Forms 2670 and 2671. In the event such a Treasury check is returned as undeliverable and the payee cannot be located, the DO shall process the check as a collection using DD Form 1131. If the amount of the check is less than $5, the DD Form 1131 shall be processed with credit to Forfeitures of Unclaimed Money and Property, **1060. If the check is $5 or more, the DD Form 1131 shall be processed with credit to Payment of Unclaimed Moneys (t), 20X6133. The DD Form 1131 shall include all information available as to the identity and last known address of the payee. Any claim subsequently received for the funds shall be forwarded, with a copy of the DD Form 1131, to DFAS Cleveland Center for processing.

★ B. Suspended Accounts. The ATM accounts of deceased or unauthorized absentees shall be suspended immediately (placed on hold). Deposits and withdrawals are not authorized while the account is in a suspended status. The appropriate reason for suspending the account shall also be annotated. For deceased members, the ATM account shall remain in suspended status until the member's personal effects are prepared for shipment to designated survivors, at which time the ATM custodial officer will administratively close the account and deliver the funds to the DO. The DO shall issue a U.S. Treasury check payable to the payee designated by the officer (or inventory board) appointed by the commander to take custody of the deceased member's personal effects. The object for which drawn shall be "Exchange-for-Cash, ATM Account of (name, rank or rate)". The check shall be delivered to the designated officer or inventory board for appropriate disposition. For unauthorized absentees, the account shall remain in suspended status until the member has been officially reported as returned from unauthorized absence on the daily muster report. If an unauthorized absentee is declared a deserter, the ATM custodial officer shall close the account and all funds in the account shall be delivered to the DO. The DO shall prepare a U.S. Treasury check payable to the payee designated by the officer (or inventory board) appointed by the commander to take custody of the deserter's personal effects. The object for which drawn shall be "Exchange-for-Cash, ATM Account of (name, rank or rate)." The check shall be delivered to the designated officer or inventory board for appropriate disposition. The custodial officer shall obtain a receipt from the designated officer or inventory board and record the transaction on DD Forms 2670 and 2671.

★2607 ATM AT SEA SYSTEM TRANSACTIONS

★ 260701. Deposits to the ATM at Sea System Accounts

★ A. Payroll Transfer Verification. Payroll processing must begin at least five working days prior to the scheduled payday. This is to ensure that any problems encountered can be identified and corrected before payday. From the payroll system, print an ATM participation report which lists all members whose pay will be downloaded to the ATM at Sea system. The ATM participation report shall be verified to ensure that the pay for DD/EFT participants, discharged and transferred account holders, and unauthorized absentees will not be downloaded to the ATM at Sea system. After the verification has been accomplished, the payroll processing can be completed. To substantiate the semimonthly regular payroll, the DO shall prepare a payroll voucher and a Treasury check made payable to the ATM custodial officer for the total amount of the payroll. The payroll voucher and Treasury check shall be recorded on the DD Form 2657 in the normal manner as a check issue on line 2.1A and a gross disbursement on line 4.1A. Depending on the payroll system used by the ship, the Treasury check is either prepared automatically by the payroll system terminals in the disbursing office or by the automated data processing division.

★ B. Payroll Deposits. Payrolls should be transferred to the ATM at Sea system at least three working days before the schedule payday. This ensures problems encountered in the transfer process can be identified and corrected before payday. When the payroll transfer has been completed, the ATM at Sea System's Payroll Audit Report shall be printed and verified to

ensure the correct total for the payroll has been transferred. If there is any correction to be made, a payroll adjustment transaction shall be accomplished as prescribed in paragraph 260703, below. The Treasury check and a copy of the payroll shall be delivered to the ATM custodial officer. The payroll transfer shall be recorded on the Automated Teller Machine (ATM) Ledger, DD Form 2670, as a deposit. See figure 26-1. A copy of the payroll shall be filed with the safekeeping records for audit purposes.

★ C. Terminal 99 Deposit Transactions for ATMs at Sea. The ATM at Sea system does not permit account holders to make deposits to their accounts at the ATMs. Generally, the best method for individual deposit transactions is to permit account holders to conduct deposit activities during normal check cashing hours. The ATM custodial officer or assistant custodian appointed to perform these deposit transactions should be assigned password security level 2 access in order to complete the entire transaction without assistance. The ATM custodial officer or assistant custodian authorized to perform Terminal 99 transactions shall maintain ATM Cash Transaction Ledger, DD Form 2671, as shown in figure 26-2. To perform a Terminal 99 deposit, the appointed individual accepts money from the account holder, enters the deposit on Terminal 99, records the entry on DD Form 2671, and gives the depositor a journal receipt. All Terminal 99 deposits shall appear on the end-of-session reports. After every end-of-session report, the total Terminal 99 deposits shall be recorded on the DD Form 2670.

★ 260702. Withdrawals from the ATM at Sea System Accounts

★ A. General. Normally, withdrawals from the individual ATM at Sea system accounts shall be accomplished through the ATMs by the account holders using their ATM card and PIN. When Point-of-Sale (POS) terminals are added in the ship's stores and post offices, the ATM system will generate a POS report. Compare the report totals to the journal receipts. If the totals agree, the ships store or postal collection agent will present these journal receipts to the safekeeping custodial officer who in turn will provide cash from safekeeping funds equal to the journal receipts. The custodial officer shall report the transaction on the DD For 2670 as a POS ships store or post office withdrawal. The POS activity shall prepare the appropriate collection voucher and provide the collection voucher and cash to the disbursing officer for processing. Retain ATM journal receipts for a period of three months.

★ B. Terminal 99 Withdrawal Transactions for the ATM at Sea System. Terminal 99 withdrawals shall be used only when the account holder cannot use the ATM to make the withdrawal. Situations which require withdrawals through Terminal 99 include mechanical difficulties with the ATM; an account holder closing an ATM account (such as when transfer, separation, or discharge is imminent); and a withdrawal when an account balance is less than $5. The ATM custodial officer or assistant custodian appointed to perform Terminal 99 withdrawal transactions should be assigned password security level 2 access in order to complete the entire transaction without assistance. The designated custodian shall maintain DD Form 2671 (figure 26-2) as prescribed in subparagraph 260701.C, above. To perform a Terminal 99 withdrawal, the designated custodian enters the withdrawal on Terminal 99, obtains the account holder's signature on DD Form 2671, and dispenses the cash and a journal receipt of the

transaction to the account holder. At the option of the ATM custodial officer, Terminal 99 withdrawals may be authorized when an account holder's balance is less than $5, but the account holder is not closing the account, transferring, separating, or being discharged. The ATM custodial officer shall establish the policy of whether account holder's will be permitted to withdraw remaining funds, of less than $5, after they have withdrawn the maximum permissible from the ATMs. If the ATM custodial officer authorizes this function, specific hours of operation shall be established when the designated assistant custodian will be available to provide the service. Note: This local policy shall not apply to account holder's who are closing their accounts due to transfer, separation, or discharge. All Terminal 99 withdrawals shall appear on the end-of-session reports. After every end-of-session report, the total Terminal 99 withdrawals shall be recorded on the DD Form 2670.

★ 260703. ATM at Sea Account Adjustments. The ATM at Sea system allows account balances and pending payroll amounts to be adjusted. While deposits and withdrawals require the presence of the account holder (the evidence of which is the entry of the PIN in the ATM or personal visit of the account holder to the designated Terminal 99 custodian for a Terminal 99 transaction), adjustments do not require the account holder to be present. Therefore, the adjustment function shall be limited to the highest system access of password security. Adjustments shall be used judiciously and shall never be used when a deposit (Terminal 99) or withdrawal (ATM or Terminal 99) transaction will serve the same purpose. When the ATM custodial officer must remove money from an account without the account holder's presence, a negative adjustment shall be used. Situations which require a negative adjustment transaction are explained in the following subparagraphs.

★ A. Payroll Transfer Error. In cases where it is discovered during the payroll transfer verification that an ATM at Sea account was credited with more money than the payee was due, the ATM custodial officer shall process a negative adjustment to correct the error. In this type of situation, where the account holder is not to receive the money, a Collection Voucher, DD Form 1131, shall be prepared to document the negative adjustment and credit the funds back to the military pay appropriation. The DD Form 1131 and the cash shall be provided to the DO who shall ensure a corresponding adjustment to the master military pay account (MMPA) is processed to correct the member's pay account. The DD Form 1131 shall include an explanation of the purpose of the adjustment (e.g., negative adjustment to correct payroll transfer error). The ATM custodial officer shall record the transaction on the DD Form 2670 as a withdrawal. The DO shall include the DD Form 1131 on the DD Form 2657 as a refund on line 4.1B and an increase to U.S. currency on hand on line 6.2A.

★ B. Refunds to Account Holders. Under certain circumstances, such as when an account holder is on temporary duty and is reassigned to a new duty station without return to the ship, it will be necessary for the ATM custodial officer to process a negative adjustment to close the ATM at Sea account and forward the account balance to the account holder. The ATM custodial officer shall process the negative adjustment and provide the cash balance of the account to the DO in exchange for a Treasury check. The DO shall issue a Treasury check payable to the account holder for the amount of the adjustment. See paragraph 260602, above.

The ATM custodial officer shall record the transaction on the DD Form 2670 as a withdrawal. The DO shall record the exchange-for-cash check transaction on the DD Form 2657 as a check issue on line 2.1A and an increase to U.S. currency on hand on line 6.2A.

★2608 BALANCING THE ATM AT SEA SYSTEM

★ 260801. General Requirements. Complete balancing and reconciliation of the ATM at Sea system shall be accomplished not less frequently than: once each week; the last day of each month; and at any time when the ATM custodial officer suspects that an irregularity or system malfunction has occurred. Balancing is accomplished by generating specific ATM at Sea system reports (referred to as end-of-session reports); counting the cash on hand; replenishing the ATM cash canisters; collecting the ATM Journal Tapes and Receipt Printer Tapes; and comparing the actual cash on hand account balance to the system generated reports and DD Form 2670. The ATM Journal Tapes and Receipt Printer Tapes shall be retained for a period of 3 months after which they may be destroyed if no longer needed to resolve an ATM out-of-balance condition or to document an ATM pay discrepancy. During the report generation process, the ATM at Sea system is shut down. The ATM custodial officer must pay close attention to this process and accomplish the ATM balancing expeditiously in order to avoid the perception that the system is out of order, which results in an inconvenience to the account holders as well as a loss of faith in the system's ability to secure and deliver their cash on an around-the-clock basis. With proper planning, balancing the ATM system and generating the reports will become a routine function and should not interfere with the account holders' cash withdrawal habits.

★ 260802. End-of-Session Reports for the ATM at Sea System. End-of-Session is the process used to balance the ATM at Sea system and backup all data files and records. The backup tapes created during the end-of-session shall be kept in a secure place and be available to reconstruct the ATM accounts in the event fire or other catastrophe causes the loss of the current system data base. The end-of-session process can generate five reports to facilitate system balancing. Four of the reports (Grand Total Terminal Balance Report, Dispense Error Transaction Report, Deposit Audit Report, and Excessive Activity Report) are mandatory and shall be generated during every end-of-session process. The fifth report (Terminal Balance Report) shall be generated as needed to resolve out-of-balance conditions. When an ATM custodial officer is relieved of custodial duties, the outgoing ATM custodial officer shall run a complete end-of-session and balance the ATM accounts. The relieving ATM custodial officer shall verify and sign the DD Form 2670 prepared by the relieved custodial officer. The relieving custodial officer shall prepare a new DD Form 2670. In the description block, enter the amount brought forward from the relieved custodial officer.

★ A. Grand Total Terminal Balance Report. The Grand Total Terminal Balance Report provides all terminal summary totals required for ATM at Sea system balancing. The report shows by terminal the total deposits, custodial officer deposits and withdrawals (Terminal 99), ATM withdrawals, and ATM adjustments. It also shows the grand total of all transactions since the previous end-of-session. The report provides an ATM system summary by indicating the beginning balance, the ending balance, and the monetary difference between the beginning

and ending balance. This monetary difference must be equal to the grand total of all transactions since the previous end-of-session or the system is out-of-balance. The Grand Total Terminal Balance Report also provides the monetary balance of the account file (the total of the individual accounts). The account file balance and the ending balance must be the same. Note that these two balances must also equal the ATM ledger balance shown on the DD Form 2670. Error messages and out-of-balance alerts are also printed on the report when the system detects an out of balance condition. Unresolved differences in the ending balance and the account file balance shall be identified as losses or overages of funds as prescribed in section 2605, above. The Grand Total Terminal Balance Report shall be retained in the ATM Records file for a period of 1 year, then destroyed if no longer needed. For assistance in resolving an out-of-balance condition contact the ATM at Sea Fleet Support Group.

★ B. Dispense Error Transaction Report. The Dispense Error Transaction Report is used to track possible dispense errors. When the report indicates possible dispense errors, the ATM custodial officer shall print the Terminal Balance Report for the indicated terminal(s) and compare the ATM Journal Tapes to the Terminal Balance Report to resolve the error. The report shall be retained by the ATM custodial officer as necessary to document dispense errors and support requirements for ATM maintenance and/or repairs.

★ C. Deposit Audit Report. The Deposit Audit Report lists all deposits made using Terminal 99 since the previous end-of-session. The report shall be retained for cash verification purposes.

★ D. Excessive Activity Report. The Excessive Activity Report lists the transactions made by a particular account holder if that account holder has accomplished five or more transactions since the previous end-of-session. The report could indicate equipment malfunction based on a pattern of irregularity or could indicate that account holders are experiencing difficulty in performing some functions. The report shall be retained by the ATM custodial officer as required to document unusual, irregular, or potentially fraudulent transactions made by an account holder.

★ E. Terminal Balance Report. The Terminal Balance Report lists all transactions performed on each ATM. The report can be generated for all terminals or for a selected terminal or terminals. The Terminal Balance Report shall be generated as necessary to locate and resolve out-of-balance conditions with the ATM Cash Balance Sheet, DD Form 2672, and to locate and correct possible dispense error transactions as indicated on the Dispense Error Transaction Report. After balancing the Terminal Balance Report with the DD Forms 2672 and resolving dispense errors, the report shall be attached to the Grand Total Terminal Balance Report for retention. The DD Form 2672 is being revised to better accommodate the ATM at Sea system. The August, 1993 edition of the form should be used until the new revised edition is available.

★ 260803. Balancing Assistant ATM Custodians. Each assistant custodian assigned responsibility for keeping one or more ATMs supplied with cash shall maintain a separate ATM

Cash Balance Sheet, DD Form 2672, for each assigned ATM. The ATM custodial officer is responsible for providing each assistant custodial officer with ATM operating cash for the assigned ATM(s). Cash funds for the assigned ATM(s) shall not be advanced from public funds. Funds represented by the ATM at Sea system are the personal funds of the account holders and are held in safekeeping for their convenience. The ATM custodial officer should advance funds from safekeeping to the assistant custodians in the exact amount that can be loaded into the ATM cannisters. The ATM custodial officer shall use the Statement of Agent Officer's Account, DD Form 1081, to document the advance and provide appropriate custody and audit trails. The DD Form 1081 shall be annotated in block 10 or 11 as Advance to ATM Safekeeping Custodian. The DD Form 1081 shall not be reported as a part of the disbursing officer's accountability for public funds. All individuals appointed as assistant ATM custodians (including those appointed to perform ATM Terminal 99 functions for the ATM at Sea System) shall be balanced as a part of the ATM balancing process. While the end-of-session for the ATM at Sea system report generation process is running, each individual appointed as a custodian of an ATM shall: retrieve the cash canisters from the ATM; count the cash in the canisters and prepare DD Form 2672 (see figure 26-3); replenish the cash in the canisters, if necessary; and, return the cash canisters to the ATM. The ATM custodial officer shall compare the DD Forms 2672 with the Grand Total Terminal Balance Report to ensure that the cash dispensed (as indicated by the report) is in agreement with the actual cash dispensed (as verified by actual count of the remaining cash in the canisters and subtracting this amount from the beginning cash balance loaded in the canisters during the previous end-of-session). If the cash balances are not in agreement, the Terminal Balance Report shall be generated for the individual terminal or terminals involved to locate and correct the error. A copy of the DD Forms 2672 shall be attached to the Grand Total Terminal Balance Report. To document the daily ATM at Sea Terminal 99 transactions which affect cash balances, the DD Form 2671 (figure 26-2) shall be used. A copy of the DD Form 2671 shall be attached to the Terminal 99 transactions report.

★2609 ATM AT SEA SYSTEM REQUIRED MANAGEMENT AND CONTROL REPORTS

★ 260901. Master File Report. The Master File Report lists each account holder, current balance, and other information on ATM transactions. The report shows this information as of the time it is extracted and can be used to reconstruct accounts if necessary. The report can be extracted in several formats (e.g., by account number, account name, or card number) and also can be tailored to print specific accounts (e.g., active, on hold (suspended), closed, pending payroll, or dormant). While the Master File Report can be extracted periodically, the entire report (listing all accounts) shall be run every day. Once a new report is obtained, the previous report may be discarded. At least once each month, the ATM custodial officer shall extract a list of all closed and dormant accounts for audit. Closed accounts shall not be deleted from the system for 30 days. After 30 days, if no funds are in these closed accounts, they shall be deleted from the system. If funds are still in these accounts after 30 days, adjustment action shall be taken to close the account and forward the balance of the account to the account owner using an exchange-for-cash Treasury check as prescribed in paragraph 260602, above.

★ 260902. Daily Activity Report. The Daily Activity Report shows all daily menu selections that each appointed custodian has performed on Terminal 99 since the last end-of-session. The report specifies the date, time, operator's initials, and menu item number for each function performed on the terminal. The ATM custodial officer shall generate this report daily and shall review the report to ensure that only specifically authorized functions are being performed by the custodians. The report shall be retained one week or until the ATM custodial officer is satisfied that the appointed custodians are performing only their authorized functions.

★ 260903. Customer File Maintenance Report. The Customer File Maintenance Report lists all deposits, withdrawals, and account adjustments recorded on an account holder's account from the terminal. The report includes the: account holder's name and account number; initials of the custodian who performed the transaction; type of transaction; amount of funds involved in the transaction, if any; and, transaction date, time, and sequence number. The ATM custodial officer shall generate and review this report daily in conjunction with the Daily Activity Report. The Customer File Maintenance Report shall be retained for one year.

★ 260904. Account Statements for the ATM at Sea System. The ATM system can produce account statements for each account holder. Theses statements show all ATM transactions since the previous statement. These account statements shall be printed and provided to ATM account holders upon request. Computer memory in the ATM system is limited. Moving old statement data records to backup tape frees additional space for system processing use. The ATM custodial officer shall backup the statement data files to tape every six months. The backup tapes shall be stored for a period of two years; then the oldest tape may be destroyed.

★2610 MANUAL MAINTENANCE OF ATM AT SEA SYSTEM ACCOUNTS

If for some reason it becomes necessary to maintain the ATM accounts manually, such as a possible ATM central processing unit (CPU) failure, the Master File Report and the latest audit tapes shall be used to ascertain the current account balances. The first step is to compare the journal tapes with the previous Master File Report to determine what transactions have occurred since the last Master File Report was run. Next, manually adjust the account balances of the individual accounts involved. Finally, record on the DD Form 2670 and Record of ATM System Manual Withdrawals, DD Form 2673, all transactions that have occurred since the previous end-of-session for the ATM at Sea system. Should prolonged system failure be anticipated requiring accounts to be maintained manually, no further deposits shall be allowed while the system is down. When an account holder desires to make a withdrawal, the account holder must withdraw the entire balance of the account. The account holder's signature shall be obtained acknowledging receipt of the funds using DD Form 2673 (figure 26-4). When the ATM system is returned to operational status, adjust the balances to reflect the withdrawals made while in the manual mode. Immediately print a Master File Report and verify all manual adjustments. The difference must be equal to the total of all manual withdrawals performed while the system was down. The ATM Safekeeping Custodial Officer should contact the ATM at Sea Fleet Support

Office by message or phone at commercial (757) 523-8034 (DSN 565-8034) for assistance in resolving system failures.

★2611 CASH VERIFICATION REQUIREMENTS FOR THE ATM AT SEA SYSTEM

The ATM at Sea system is subject to the quarterly cash verification requirements. At unannounced intervals, not less frequently than once each quarter, the cash verification team appointed by the commander shall verify all safekeeping deposits in the presence of the ATM custodial officer. Specific requirements for conducting the verification are prescribed in Chapter 27 and Appendix A of this volume.

★2612 ATM SYSTEM FOR RECRUITS

★ 261201. General. The ATM system operated for payment of recruits is an extension of the paying disbursing office to accomplish cash payment to the recruits. It is not an automated mechanism for providing continual access to funds or safekeeping of funds. For each designated payment date, the amount to be paid the recruits is computed by the appropriate military pay system. The disbursing officer or a designed deputy disbursing officer or agent then loads the ATM cannisters with the appropriate amount of cash to accomplish the required payroll. An ATM account is established for each recruit to be paid. The value of the ATM account for each recruit is established as the amount to which the recruit is entitled. Each recruit is issued an ATM card for access to his or her ATM account. At the designated time, the recruit can then withdraw the desired amount of funds, not to exceed the amount to which entitled. The amount actually withdrawn by the individual recruit becomes the amount posted to the pay account as the amount paid. The account balance is then reduced to zero. As an extension of the disbursing office, all security requirements prescribed in Chapter 3 of this volume for protection and safeguarding of public funds are applicable. Complete balancing and reconciliation of the ATM system shall be accomplished daily.

★ 261202. Withdrawals. Withdrawals from the individual ATM accounts shall be accomplished through the ATMs by the account holders using their ATM card. All withdrawals from the ATM accounts shall be disbursed from the appropriate military pay appropriation which supports payment to the members involved. At the end of each business day, the end-of-day ATM balancing reports shall be generated and used as supporting documentation for the payroll. A covering Payroll Voucher, DD Form 117, shall be prepared for the amount of the payroll (amount actually withdrawn from the ATM system) and processed in the same manner as any other cash payroll. The DD Form 117 shall be included in the DO's accountability on DD Form 2657 as a gross disbursement on line 4.1A and a decrease to U.S. currency on hand on line 6.2A.

★ 261203. End of Day Balancing. The end of day balancing is the process used to balance the ATM system and backup all data files and records. On a daily basis, a printout shall be obtained from each ATM. This printout shows the number of remaining bills that should be in each canister. The disbursing officer, designated deputy or agent shall total the remaining bills listed on the printout to arrive at the total amount of funds that should be on hand in the ATM.

The funds remaining in each container shall then be counted in the presence of the disbursing officer, deputy or agent. The total funds remaining should equal the predetermined amount. At this time the actual amount remaining is subtracted from the total amount loaded in the ATM at the beginning of the business day. The result gives the total amount paid. The Training Military Pay Section (TMPS) will process an end of day procedure which will generate payment listings to support payments made through the ATM(s) for that day. The listings indicate name, Social Security Number, and amount paid as well as total amount paid to all individuals. The total of the listings prepared must equal the amount arrived at earlier by the disbursing officer, deputy and/or cashier. Differences in the ending balance and the payment listings shall be accounted for as physical losses or overages of funds as described below.

★ A. Physical Loss. If the ending balance is less than the payment listing, the resulting discrepancy shall be considered as a physical loss of funds. The procedures in Chapter 6 of this volume for reporting, investigating and requesting relief of liability for physical losses of public funds apply.

★ B. Overage. If the ending balance is more than the payment listing, the discrepancy shall be considered as an overage of funds. The procedures in Chapter 6 of this volume for reporting and resolving overages of public funds apply.

ATM AT SEA SECURITY LEVELS AND FUNCTIONS	
LEVEL	FUNCTIONS PERMITTED
1	All functions are permitted. Only the ATM Custodial Officer can be assigned to this level.
2	All functions are permitted except the following: Payroll/Balance Adjustments (Menu item #8) File Maintenance (Menu item #14) Backup and Recovery (Menu item #15)
3	Only the following functions are permitted: Account Inquiry (Menu item #4) Customer Search/Assistance (Menu item #5) UMIDS/SJUMPS Payroll (Menu item #9) Manual Payroll (Menu item #10) Reports (Menu item #11) Statements (Menu item #12)
4	Only the following functions are permitted: Open/Establish Accounts (Menu item #1) Change Account (Menu item #2) Close Account (Menu item #3) Account Inquiry (Menu item #4) Customer Search/Assistance (Menu item #5) Reports (Menu item #11)
5	Only the following functions are permitted: Account Inquiry (Menu item #4) Customer Search/Assistance (Menu item #5) Reports (Menu item #11)
6	This level is used only for social security/account number verification.

Table 26-1. ATM at Sea Password Security Levels

AUTOMATED TELLER MACHINE (ATM) LEDGER

1. ACCOUNT NAME	2. ACCOUNT NUMBER
WILLIAM B. ELLIS, ENS, 123-45-6789	USS NEVERSAIL (DDG-777)

DATE a.	DESCRIPTION b.	CV NUMBER c.	PV NUMBER d.	DEPOSITS e.	WITHDRAWALS f.	BALANCE g.
1/15/XX	Brought Forward					6500.00
1/15/XX	Deposit NPR 01			85000.00		91,500.00
1/15/XX	Withdrawals				50,000.00	41,500.00
1/16/XX	Deposits			500.00		42,000.00
1/16/XX	Withdrawals				5000.00	37,000.00

DD Form 2670, AUG 93

★Figure 26-1. Sample DD Form 2670, Automated Teller Machine (ATM) Ledger

DISBURSING OFFICE ATM CASH TRANSACTION LEDGER

DATE a.	TRANS NO. b.	MEMBER'S NAME c.	SSN d.	DEPOSIT + CASH e.	WITHDRAWAL - CASH f.	MEMBER'S SIGNATURE g.	DISBURSING SIGNATURE h.
1/16/XX	001	SK3 G. BRITT	123-45-6789		450.00		
1/16/XX	002	RM1 J. KOVACH	234-56-7890	200.00			

1. TOTAL CASH DEPOSITS (+)	2. TOTAL CASH WITHDRAWALS (-)	3. DIFFERENCE *((+) to DO (-) from DO)*
$ 200.00	$ 450.00	$ 250.00

DD Form 2671, AUG 93

★Figure 26-2. Sample DD Form 2671, Disbursing Office ATM Cash Transaction Ledger

ATM CASH BALANCE SHEET		1. ACTIVITY USS UNDERWAY (CGN-210)	
		2. DATE 13 JAN XX	3. ATM NO. 1
	BILLS	CASH	
4. CASH TO START			
a. $20 BILLS	900	18,000.00	
b. $5 BILLS	400	2,000.00	
c. TOTAL *(4a + 4b)*	1,300	20,000.00	
5. CASH ADDED TO ATM			
a. $20 BILLS			
b. $5 BILLS			
c. TOTAL *(5a + 5b)*	0	0.00	
6. GRAND TOTAL *(4c + 5c)*	1,300	20,000.00	
7. CASH REMAINING IN ATM			
a. $20 BILLS	139	2,780.00	
b. $5 BILLS	40	200.00	
c. TOTAL *(7a + 7b)*	179	2,980.00	
8. REJECTS *(Cash in reject tray)*			
a. $20 BILLS	1	20.00	
b. $5 BILLS	2	10.00	
c. TOTAL *(8a + 8b)*	3	30.00	
9. TOTAL CASH REMAINING *(7c + 8c)*		3,010.00	
10. TOTAL CASH DISPENSED *(6 - 9)*		16,990.00	
11. REPORTED CASH DISPENSED		16,990.00	
12. DIFFERENCE *(+/- 10,11)*		0.00	
13 REMARKS			

DD Form 2672, AUG 93

Figure 26-3. Sample DD Form 2672, ATM Cash Balance Sheet

RECORD OF ATM SYSTEM MANUAL WITHDRAWALS		1. DATE January 15, 19XX	2. PAGE NO. 1
3. NAME	4. SOCIAL SECURITY NUMBER	5. AMOUNT	6. SIGNATURE
W. FREEMAN	123-45-6789	500.00	
J. KOVACH	234-56-7890	500.00	
M. BRITT	345-67-8901	500.00	
M. JESSE	456-78-9012	500.00	
J. YOUNGS	567-89-0123	500.00	
B. COLE	678-90-1234	500.00	
TOTAL PAGE		3,000.00	

DD Form 2673, AUG 93

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CHAPTER 27

SAFEKEEPING OF FUNDS AND VALUABLES (OTHER THAN PUBLIC FUNDS)

2701 AUTHORITY FOR SAFEKEEPING DEPOSITS

★ 270101. Authority. All DoD DOs, deputies, and agents are authorized to accept for safekeeping the funds of morale and welfare support activities, including cash and checks, for which safe custody would not otherwise be available. When a DO is not available, or when it is impractical for the DO to accept and account for safekeeping deposits, the commander may designate any military member or DoD civilian employee as a safekeeping custodian to accept and account for these safekeeping deposits, provided a suitable safe is furnished and appropriate audit procedures are established. The procedures prescribed in section 2702, below, shall be followed for safekeeping of funds for morale and welfare support activities. DOs, deputies, agents or other specifically appointed custodians are authorized to accept for safekeeping the personal funds and valuables of permanently assigned members as well as military and DoD civilian personnel on temporary duty assignment to the activity. See section 2703, below, and for Naval vessels equipped with the ATM at Sea system, Chapter 26 of this volume. In all cases, funds and/or valuables accepted for safekeeping are not public funds and shall not be considered as a part of the DO's financial accountability for public funds.

★ 270102. Restrictions. All deposits and withdrawals are subject to the commander's local regulations which, based on the available facilities, shall establish necessary and proper restrictions as to the time, place, and frequency of deposits and withdrawals, and the type of objects classified as valuables. Necessary restrictions must be imposed so as not to interrupt the activity's priority operations, such as special and regular payrolls. Also, this service shall not be abused by the deposit of objects which, because of their nature or value, are not usually afforded additional protection. Deposits of valuables shall be limited to funds, negotiable instruments (bonds, credit cards, traveler's checks, check books, etc.), and objects classified as jewelry having an intrinsic value requiring additional protection. Objects such as wallets, snapshots, keys or letters having no intrinsic value to justify additional protection shall not be accepted for safekeeping. For the ATM at Sea system addressed in Chapter 26 of this volume, safekeeping deposits shall be limited to the personal funds of the depositors.

270103. Responsibility for Deposits

A. Custodial Officers. Custodial officers are held responsible for the proper handling and accounting for all safekeeping deposits. If a loss is sustained, the depositor shall be advised of the right to submit a claim for reimbursement for loss of personal property as provided in DoD Component regulations. Submission of a claim need not be deferred to await findings of any investigation initiated to determine responsibility for the loss.

★ B. Assistant Custodians. Within activities where the volume or nature of safekeeping deposit transactions so warrant, an assistant custodian shall be appointed by the custodial officer (who is appointed by the commander) for initial receipt and temporary custody of safekeeping deposits pending delivery to the designated custodian. Separate safekeeping facilities, to which no other person may have access, shall be provided to the assistant custodian for safeguarding funds and valuables. All custody transfers between the custodian and assistant custodians shall be covered by receipt. An assistant custodian is responsible for the proper handling of and accounting for all safekeeping deposits received and for prompt delivery of all safekeeping deposits to the custody of the permanent custodian.

270104. Deposit of Postal Funds. Safekeeping deposits of postal funds as prescribed in DoD Manual 4525.6-M (reference (ao)) shall be received and handled as prescribed in paragraph 270201, below. The deposit shall be identified as "postage stamp fund" or "postal money order funds," as applicable, on the safekeeping deposit receipt.

270105. Deposit of Funds Under Emergency Conditions. Safekeeping deposits of funds by MBFs, non-appropriated fund custodians, and other DoD-sponsored activities shall be received and handled as prescribed in paragraph 270202, below. The safekeeping deposit receipt shall identify appropriately the depositing agency, custodian making the deposit, and the deposit itself.

★2702 SAFEKEEPING OF FUNDS – MORALE AND WELFARE SUPPORT ACTIVITIES

★ 270201. Accounting for Separate Funds. Except as provided in paragraph 270202, below, and in Chapter 26 of this volume for the ATM at Sea program, each safekeeping deposit shall be placed in a separate sealed envelope bearing the deposit number, the name of the depositor, and the amount of the deposit. The safekeeping custodial officer shall issue a receipt using DD Form 2674 (Record and Receipt of Deposits and Withdrawals of Safekeeping Funds) for each deposit. The receipt shall identify appropriately the depositor, date of deposit, and the amount deposited. Deposit numbers shall be assigned to each receipt in a consecutive series beginning with "1." The receipt portion of DD Form 2674 shall be furnished to the depositor and the record portion shall be retained by the custodial officer. When the depositor desires to withdraw the safekeeping deposit, the depositor shall present the receipt to the custodial officer. After the identity of the depositor and authenticity of the receipt have been established, the depositor shall acknowledge receipt of the deposit by signature and date in the space provided on the record portion of DD Form 2674. The identical currency which was presented by the depositor shall be returned to the depositor when the deposit is withdrawn.

★ 270202. Accounting for Commingled Funds. At non-tactical activities and Naval vessels equipped with the ATM at Sea system, where the volume of safekeeping deposits warrants--and it is desirable to provide for more than one deposit or more than one withdrawal in safekeeping deposit accounts, custodial officers are authorized to commingle safekeeping funds. However, the safekeeping funds shall be placed in a separate container identified as safekeeping funds and never shall be commingled with official funds. At activities other than Naval vessels,

if the total value of commingled safekeeping funds on hand is normally large, a bank checking account may be established as provided in paragraph 270203, below.

A. Deposits

1. Receipt for Deposit. DD Form 2674 shall be issued for each deposit. Deposit numbers shall be assigned in a consecutive series beginning with "1" and preceded by the letter "D." Each depositor shall be assigned a depositor's account number using a consecutive series of numbers beginning with "1." The DD Form 2674 shall appropriately identify the depositor, depositor's account number, date of deposit, and the amount deposited. The receipt portion of DD Form 2674 shall be furnished to the depositor and the record portion shall be retained by the custodial officer.

2. Individual Ledger Sheets. The custodial officer shall maintain a separate ledger sheet for each depositor. The heading of the ledger sheet shall include the following information: depositor's account number; name and location of the depositing morale and welfare activity; and the signature of the morale and welfare activity representative making the deposit. The amount of each deposit shall be entered in the debit column of the ledger sheet and the total amount on deposit shall be entered in the balance column. The date of each deposit and the deposit receipt number shall also be entered in the ledger.

3. Cash-on-Hand Ledger Control Sheet. In addition to the individual ledger sheets described in the preceding subparagraph, the custodial officer shall maintain a cash-on-hand ledger control sheet. The amount of each deposit shall be entered in the debit column of the ledger control sheet and the total amount on deposit by all depositors shall be entered in the balance column. If preferred, daily summary posting may be made to the ledger control sheet showing inclusive deposit numbers. The balance of the ledger control sheet must agree with the aggregate of balances in the individual depositors' ledger sheets.

★ B. Withdrawals. The depositor shall present the original deposit receipt(s) to the custodial officer when withdrawing the entire balance on deposit. If the depositor only wishes to withdraw a portion of the balance on deposit, the depositor shall provide a signed request for withdrawal of the desired amount to the custodial officer. The custodial officer shall verify the depositor's balance in the account and shall verify the depositor's signature requesting withdrawal with the depositor's signature on the deposit record and/or the individual ledger sheet. After verification, the custodial officer shall enter a withdrawal number on the withdrawal request. A series of consecutive numbers beginning with "1" and preceded by the letter "W" shall be used as withdrawal numbers. If the withdrawal is paid in cash, receipt shall be obtained from the depositor. For withdrawals by check as authorized in paragraph 270203, below, the check number shall be entered on the withdrawal request. The withdrawal shall be entered as a credit in the depositor's individual ledger sheet and the custodial officer's ledger control sheet. In lieu of individual entries in the custodial officer's ledger control sheet, a daily summary posting may be made showing inclusive withdrawal numbers.

270203. Bank Account Procedures

A. General. Upon approval of the commander, and providing that the amount of safekeeping funds available for deposit is large enough to preclude the payment of bank service charges or other fees, custodians of commingled safekeeping funds are authorized to establish and maintain a checking account in a local bank for deposit of safekeeping funds. Such accounts shall be maintained only in banks or savings institutions insured by the Federal Deposit Insurance Corporation (FDIC) or credit unions insured by the National Credit Union Share Insurance Fund (NCUSIF). Funds in excess of the insured limits shall be collateralized by the financial institution in accordance with Treasury Department Circular 176 (reference (bm)). The account shall be established in the name of the disbursing activity, the safekeeping fund, and the custodian (e.g., "U.S. Naval Activity, Boston, MA, Safekeeping Deposit Fund, LT J. A. Hancock, SC, USN, Custodian"). If the total balance on deposit in the checking account exceeds $40,000, a report shall be made in accordance with Volume 13 of this regulation. No investments or loans shall be made from safekeeping deposit funds. When use of a bank account for deposit of safekeeping funds is authorized, the procedures in the following subparagraphs shall be followed for maintenance of the safekeeping fund bank checking account.

B. Check Records. All checks shall be prenumbered serially. A complete record of all checks drawn and deposits to the safekeeping checking account and a running bank balance shall be maintained in the checkbook. Bank statements shall be reconciled immediately upon receipt and paid checks returned from the bank shall be filed with the corresponding bank statement. Spoiled checks shall be marked "VOID" and filed in sequence with the paid checks returned from the bank.

C. Deposits to Safekeeping Fund Bank Account. Checks, money orders, and cash received for safekeeping, except cash required to be kept on hand to meet safekeeping withdrawal requirements, shall be deposited promptly to the bank account. Checks and money orders may be accepted for deposit to the safekeeping fund bank account subject to collection. Withdrawals, however, shall not be authorized until sufficient time has elapsed for clearance of the checks and money orders through the banking system.

D. Disbursements from Safekeeping Fund Bank Account. Withdrawals of safekeeping funds should be paid by checks issued on the safekeeping deposit fund bank account whenever practical. Checks shall be drawn on the safekeeping fund account only for: payment to a depositor for withdrawal; an authorized transfer of a depositor's account to another activity; exchange-for-cash checks for replenishment of cash on hand needed to meet safekeeping withdrawal requirements; and transfers of unclaimed moneys.

E. Cancellation of Checks. All checks drawn on the safekeeping deposit fund bank account shall bear the following stamped endorsement on the reverse: "This check is not valid unless presented for payment within 12 months from date of issue." If a check is so canceled, the custodian shall confirm stop payment action with the bank and credit the depositor's safekeeping account for the amount of the canceled check. An effort shall then be made to locate

the depositor and effect payment. If the depositor cannot be located, the account shall be closed by drawing a check payable to the Department of the Treasury for deposit by the DO. The DO shall prepare a DD Form 1131 with credit to **1060, Forfeitures of Unclaimed Money and Property, when the amount is less than $5 or to 20X6133, Payment of Unclaimed Moneys (T), when the amount is $5 or more. The collection voucher shall include all information available as to the identity and location of the depositor. Any claim subsequently received for the funds shall be forwarded with a copy of the related DD Form 1131 to the servicing DFAS Center for processing.

F. Bank Ledger Control Sheet. In addition to the cash-on-hand ledger control sheet, a separate ledger control sheet shall be maintained for "cash-in-bank." When cash, checks, and/or money orders are deposited in the bank, the cash-in-bank ledger control sheet shall be debited and the cash-on-hand ledger control sheet shall be credited. Exchange-for-cash checks shall be posted as a credit to the bank ledger control sheet and a debit to the cash-on-hand ledger control sheet. Withdrawals by check shall be posted as a credit to the bank ledger control sheet and as a debit to the individual ledger sheet. The sum of the cash-in-bank and the cash-on-hand ledger control sheets must agree with the aggregate of balances in the individual depositors' ledger sheets.

★2703 SAFEKEEPING OF PERSONAL FUNDS AND VALUABLES – MILITARY MEMBERS AND DOD CIVILIAN EMPLOYEES

★ 270301. General. This section prescribes the policy and procedures for handling safekeeping deposits of personal funds and valuables at all activities and Navy vessels not equipped with the ATM at Sea safekeeping system. In addition, the policy and procedures in this section apply to safekeeping of personal valuables (other than cash) on Navy vessels equipped with the ATM at Sea system.

★ 270302. Deposits. Deposits shall be recorded on DD Form 2674 (Record and Receipt of Deposits and Withdrawals of Safekeeping Funds). A series of consecutive numbers beginning with "1" shall be used for assignment to safekeeping deposits. Each deposit, at the time it is made, shall be assigned the next number in this series. The following data shall be entered in the appropriate spaces on the receipt portion of the DD Form 2674 and by carbon impression on the record portion of the form: the deposit number; the date of deposit; a description of the deposit (if money, enter the amount in figures and words); and the signature and rank of the custodial officer (or assistant custodian) receiving the deposit. The depositor then shall be required to enter his or her SSN, signature, and rank or rate in the spaces provided on the record portion of the form. The receipt portion shall be detached and given to the depositor.

★ 270303. Withdrawals. When the depositor wishes to withdraw a deposit, the depositor shall present the receipt portion of the DD Form 2674 to the custodial officer. The custodial officer shall verify the depositor's signature and determine that the serial number, date and description appearing on the receipt correspond with the data appearing on the record portion

of the form. After the identity of the depositor and authenticity of the receipt have been established, the depositor shall acknowledge receipt of the deposit by entering his or her signature and the date of withdrawal in the space provided on the record portion of the DD Form 2674. The receipt portion then shall be destroyed in the presence of the depositor. If the receipt has been lost, the deposit may be returned to the depositor only after the custodial officer is satisfied as to the identity of the depositor and the depositor's entitlement to the deposit. In all instances, the entries in the record portion of the DD Form 2674 constitute the official record of the deposit. At the time of withdrawal the entire deposit must be withdrawn. Partial withdrawals are not authorized; however, subject to the restrictions prohibiting unreasonable repeated deposits, a new deposit in a new amount may be made.

★ 270304. Withdrawal of Funds or Valuables Subsequent to Transfer of Depositor. If a depositor is transferred before withdrawing safekeeping deposits, the custodial officer shall deliver the depositor's cash balance to the DO in exchange for a Treasury check. The Treasury check shall be drawn in favor of the depositor. The check and the depositor's valuables (if any) shall be forwarded with a letter of transmittal, to the commander of the activity to which the depositor was transferred, for delivery to the depositor. The transmittal letter shall include all available details about the depositor and request acknowledgement of receipt. Data regarding the transfer shall be inserted on the record portion of the DD Form 2674.

★ 270305. Deposit and Withdrawal of Funds by Incapacitated Persons. Deposit and withdrawal of funds and valuables shall be handled as prescribed in this section except that an officer, or any other person designated by the commander, shall witness and sign each transaction and the receipts for safekeeping deposits shall be delivered to the commander.

★ 270306. Deposits of Deceased or Missing Persons. Cash on deposit shall be delivered to the DO in exchange for a Treasury check. The check shall be made payable to the payee designated by the officer (or inventory board) appointed by the commander to take custody of the depositor's personal effects. The object for which drawn shall be "Exchange-for-Cash; Safekeeping Deposit No. _____ of (name, rank or rate, SSN). The check and the depositor's valuables (if any) held for safekeeping shall be delivered to the appointed officer (or inventory board) for disposition in accordance with the applicable DoD Component Regulations. A receipt shall be obtained for the check and valuables (if any) transferred in accordance with these instructions, and the record portion of DD Form 2674 shall be closed by a notation describing the disposition. The receipt portion of DD Form 2674 shall be destroyed if available.

2704 BALANCING AND VERIFICATION OF SAFEKEEPING DEPOSITS

★ 270401. Balancing. The safekeeping custodial officer shall balance all safekeeping deposits on the last day of each month. The cash on hand (and in the safekeeping fund bank account, if applicable) must equal the total of the amounts credited in all of the active depositors' accounts as shown on the active record portion of DD Forms 2674, or the individual ledger sheets and ledger control sheet, as applicable. See Chapter 26 of this volume for balancing

requirements of the ATM at Sea safekeeping system. The custodial officer shall certify that balancing was accomplished on the ledger control sheet or the last DD Form 2674 issued:

"All safekeeping deposits, serial Nos. __ through __, balanced and verified (date). Total cash deposits equal $ (amount).

_____
(Signature and rank of custodial officer)."

270402. Verification

★ A. General. At unannounced intervals, not less frequently than once during each quarter, all safekeeping deposits (including all safekeeping deposits in the ATM at Sea safekeeping system) shall be verified in the presence of the custodial officer by the cash verification team appointed by the commander. Results of the verification shall be included in the report of verification to the commander.

B. Separate Deposits. Separate deposits shall be verified by verifying the contents of each envelope against the record portion of DD Forms 2674. The verifying officers shall certify on the last DD Form 2674 issued:

"All active safekeeping deposits, serial Nos. ___ through ___, verified (date) . Total cash deposits equal $ (amount) .

_____
(Signature and rank of verifying officer)

_____
(Signature and rank of verifying officer)."

★ C. ATM at Sea Funds. Funds held in the ATM at Sea safekeeping system shall be verified by counting the actual cash held for safekeeping and comparison with the ATM system generated report totals and the system generated total of the individual depositors' accounts. The verifying officers shall certify below the last entry on the DD Form 2670:

"We, the undersigned, on (date) have verified the commingled safekeeping funds by actual count and certify that the total amount on hand is $ (amount) , which is in agreement with active safekeeping accounts, Nos.__through__, and with the ledger control sheet.

_____
(Signature and rank of verifying officer)

_____
(Signature and rank of verifying officer)."

★ D. Commingled Funds. Commingled funds shall be verified by counting the cash held for safekeeping and comparison with an adding machine tape total of the individual depositors' ledgers as well as with the balance shown on the ledger control sheet. At activities maintaining a safekeeping deposit fund checking account, the latest bank statement shall be examined and the amount on deposit in the checking account shall be verified. The verifying officers shall certify below the last entry on the ledger control sheet:

"We, the undersigned, on (date) have verified the commingled safekeeping funds by actual count and certify that the total amount on hand is $ (amount) , which is in agreement with active safekeeping accounts, Nos.__ through __, and with the ledger control sheet.

_____
(Signature and rank of verifying officer)

_____
(Signature and rank of verifying officer)."

★ E. Reporting of Shortage or Overage. Any shortage or overage of safekeeping deposits shall be reported promptly to the commander. The commander shall take action similar to that prescribed in Chapter 6 of this volume for a shortage or overage of public funds. However, a shortage or overage of safekeeping deposits shall not be considered or reported as a shortage or overage of public funds in the DO's accountability.

★ 270403. Transfer of Safekeeping Deposits Upon Relief of Custodial Officer. In preparation for being relieved of custodial duties, the outgoing custodial officer shall balance all safekeeping deposits and prepare, in duplicate, a list on which all active deposits are described. The list and all deposits shall be turned over to the custody of the relieving officer. The relieving custodial officer shall verify all deposits and receipt the original list. The original receipted list shall be returned to the relieved officer. DD Forms 2674 and/or the records of commingled deposits, as applicable, shall be transferred to the relieving officer. If a checking account is maintained, the account shall be reconciled and transferred to the relieving officer. Arrangements shall be made with the bank to transfer the account to the new custodial officer. For transfer of ATM at Sea safekeeping deposits upon relief of the ATM custodial officer, refer to paragraph 260305, Chapter 26 of this volume.

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CHAPTER 28

GENERAL PROVISIONS ON INDEBTEDNESS

2801 APPLICABILITY

★ 280101. Debts Covered. Policies in this chapter apply to debts of individuals, except foreign individuals, owed the United States. They do not apply to contract debts, sovereign debts owed the United States, or collection of child support, alimony, or commercial debts from the pay of DoD civilian employees or military members through garnishment or involuntary allotment. Contract debt collection procedures are contained in Volume 10 of this regulation. Sovereign debt collection procedures are contained in chapter 12, Volume 6 of this Regulation. Procedures for collection of child support, alimony, or commercial debts from military members or civilian employees through garnishment or involuntary allotments are contained in Volume 7 and Volume 8, respectively, of this regulation.

280102. Recovering DoD Component Property. Policies in this volume are directed primarily at recovery of debts on behalf of the United States and the circumstances in which debts may be disposed of for less than the full amount. Nothing contained in this volume is intended to preclude a DoD Component from demanding return of specific property or, alternatively, payment of its value.

280103. Alternative Administrative Remedies. Nothing contained in this volume will preclude using any other administrative remedy which may be available for collecting debts owed a DoD Component. When a DoD Component debtor is employed by another DoD Component or another federal agency, and collection cannot be accomplished using procedures, including offset, contained in this volume, the debtor's employing Component or agency will be contacted to arrange for the debtor to pay by allotment or other means according to regulations which implement financial responsibility requirements of federal employees under Section 206, Executive Order No. 11222, May 8, 1955, 30 FR 6469 (reference (ap)).

280104. Required Administrative Proceedings. Nothing contained in this volume requires a DoD Component to omit or duplicate debt collection procedures required by other regulations.

280105. Omissions Not a Defense for Debtors. Requirements in this volume apply to the administrative collection of debts. Failure of a DoD Component to comply with any of the requirements will not be available as a defense for a debtor.

2802 GENERAL ORGANIZATIONAL RESPONSIBILITIES

280201. Identifying and Correcting Debt Causes. DoD Components will establish procedures to identify causes of indebtedness, delinquencies, and defaults and take corrective actions to eliminate those causes and reduce the numbers of debts subject to collection.

280202. Debt Collection Programs. DoD Components vigorously will pursue debt collection. Collection programs at all organizational levels will be established as required to implement policies in this volume.

280203. Debt Controls. DoD Components will establish effective administrative controls over debts owed. Debts will be recorded promptly in the accounting system when incurred and collected and controlled according to requirements specified in this volume. Debts will be aged in the following categories so that appropriate corrective actions can be taken and required aging reports rendered:

A. Debts Not Delinquent;

B. Debts Delinquent -

1 - 30 days;
31 - 60 days;
61 - 90 days;
91 - 120 days;
121 - 180 days;
181 days - 1 year;
Over 1 year - 2 years;
Over 2 years - 3 years;
Over 3 years.

280204. DoD Debtor Information Exchange Program. DoD Components will participate in the DoD debtor information exchange program for delinquent and defaulted debtors.

280205. Interagency Debt Collection. DoD Components will cooperate with each other and other federal agencies in collecting debts owed by employees and members. Salary and administrative offset requests from non-DoD federal agencies will be coordinated by the Defense Manpower Data Center.

280206. Files Matching. DoD Components requesting debtor files matching through the Defense Manpower Data Center will ensure that all other debt collection alternatives are less effective, more expensive, or would present a greater threat to the debtors' personal privacy.

280207. Documenting Collection Activity. DoD Components will document their collection activities. The basis for debt compromise or for suspending or terminating collection action will be documented. Documentation will be retained in individual debtor files.

280208. Personal Interviews With Debtors. Creditor components may hold personal interviews at the debtor's request concerning the individual circumstances surrounding the debt and the amount involved. Expenses incurred by debtors to attend interviews will be paid by debtors. Matters discussed which will affect debt collectibility will be documented. Documents will be retained in individual debtor files.

280209. Obtaining Debtor Mailing Addresses From the Internal Revenue Service. DoD Components attempting to locate a debtor may send requests to the Secretary of the Treasury, or designee, to obtain a debtor's mailing address from the records of the Internal Revenue Service (IRS). Mailing addresses obtained from the IRS may be disclosed to other agents of the DoD Component, including contract collection agencies, to facilitate debt collection and compromise. A mailing address obtained from the IRS may be disclosed to a commercial credit bureau only for obtaining a commercial credit report. However, this disclosure limitation no longer applies once a debtor's mailing address is independently confirmed by the DoD Component.

280210. Determining Debt Amount for Compromises, Suspensions, and Terminations. Debts will not be subdivided to avoid monetary ceilings for debt compromise or suspension or termination of collection actions. A debtor's liability arising from a particular transaction will be considered a single claim in determining if a debt is $100,000 or greater for purposes of debt compromise, collection suspension, or termination according to chapter 31 of this volume.

280211. Collection Priorities for Multiple Debts. Deductions currently being made normally will continue until a debt is paid. However, consideration will be given applicable statutes of limitations and priority of collections will be changed when necessary to ensure maximum amounts are collected. Debts owed by employees to more than one DoD Component or federal agency will be collected in the following priority sequence:

A. Debts to the debtor's employing agency or department.

B. Debts to other DoD Components.

C. Debts to other federal agencies.

280212. Accounts to Which Collections Will Be Credited. If collected in time to be credited to a current fiscal year appropriation, debt principal amounts collected by DoD Component employees or contract collection agencies on the DoD Component's behalf will be refunded or reimbursed to appropriations from which funds were originally disbursed. Otherwise, debt principal amounts will be credited to another appropriation specified by law.

Interest, penalties, and administrative charges will be credited to appropriate Treasury Department receipt accounts.

280213. Automating Debt Collection and Reporting Systems. Debt collection and reporting systems, automated to the extent it is cost effective, will be used for recording, processing, and controlling debts. Existing debt collection procedures and processes in pay systems may be retained until debt collection and reporting systems are implemented.

280214. Liquidating Security or Collateral To Satisfy Debts. DoD Components holding security or collateral that may be liquidated through a power of sale or nonjudicial foreclosure will do so if debtors fail to pay debts within a reasonable time after demand. Consideration will be given to security or collateral disposition costs as compared to amounts which might be received from a sale. A DoD Component that liquidates security or collateral will give the debtor a notice of sale, an accounting of surplus proceeds, and any other procedures required by regulation or law.

280215. Debt Payment by Surety or Insurance Concern. Collection from other sources, including liquidation of collateral or security, is not a prerequisite to requiring payment by a surety or insurance concern unless such action is expressly required by law.

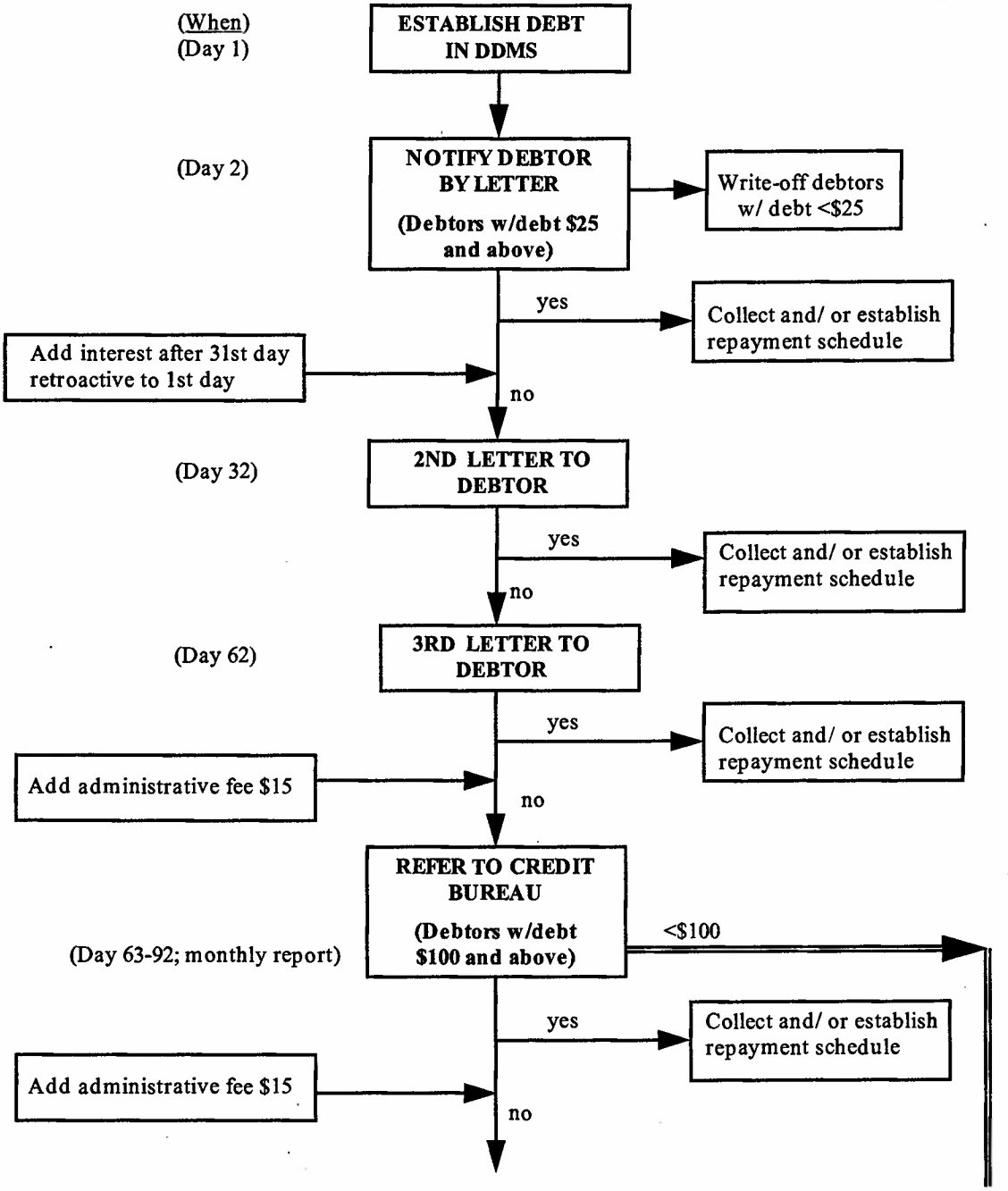
280216. Reporting a Surety's Dishonored Obligation. DoD Components will report immediately to the Department of the Treasury the failure of any surety to honor its obligations under 31 U.S.C. 9305 (reference (e)). The Treasury Department will forward notification that a surety's certificate of authority to do business with the federal government has been revoked or forfeited to appropriate organizations.

★ 280217. Obtaining Collection Assistance for Delinquent Debts. Creditor Components make the initial demand for debt payment and accomplish follow-up action. When local collection action is exhausted, the DFAS will offer collection assistance using the Defense Debt Management System (DDMS). Collection assistance includes referral to a collection agency, reporting to a credit bureau, use of the IRS tax refund offset program, and submission to the Department of Justice for possible litigation. These debt collecting steps are illustrated in figure 28-1. DDMS is maintained at the DFAS-Denver Center (DFAS-DE/FY) and operated by the DFAS Center. Collection assistance is obtained by sending the debt case to the supporting DFAS Center. Controlled transmission procedures will be used to ensure that debt cases transferred by an installation are received at DFAS. Creditor Components and agencies must certify the validity of the debt and furnish all background documents prior to seeking collection assistance from DFAS Centers. Creditor Components also must ensure that all notifications, reclama, or appeal actions have been completed and resolved.

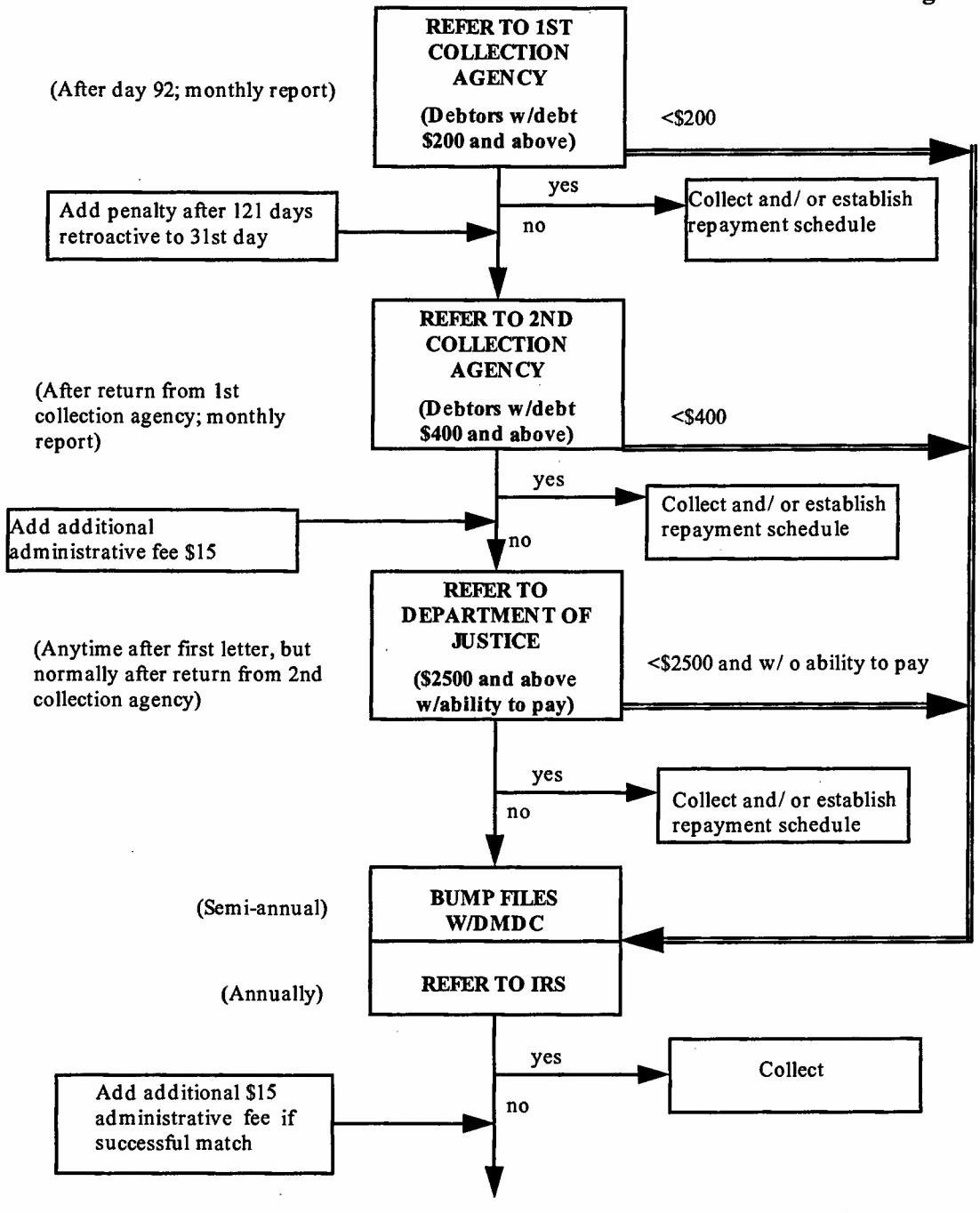
A. To ensure the integrity of the accounting records and the debt case files and records, periodic reconciliations will be accomplished in the most efficient and expedient manner possible.

B. To avoid costly reconciliations with transferring activities, DFAS Centers will establish and maintain accountability where feasible for debts transferred for collection assistance. When accountability for a debt is established at DFAS, the submitting activity will be notified to remove accountability from its accounting records. This notification will be accomplished as part of the controlled transmission procedure. Debt accountability will be dropped and established in a manner to preclude either omission or dual reporting of the debt in accounting reports. DFAS will establish debt accountability at the minimum level of detail necessary to fulfill accounting and reporting requirements. Accountability will not be transferred if the process creates an Antideficiency Act violation in the accountable station records. If this situation appears likely, DFAS will accept the file for debt collection as usual while the DO and related budget officer work the transfer of funding to cover the accountability transfer. If DFAS is able to collect on the account, efforts by the DO will cease and collection will be processed to DO. If DFAS exhausts collection efforts as defined in Chapter 31 of this volume and write-off action is appropriate, the write-off notice will be sent to the DO for action. No Antideficiency Act violation is created during the administrative process; a violation may be incurred only after complete attempt at collection, review, and process of official write-off notification.

C. The DDMS will facilitate centralized processing of remittances. Cash management criteria will be considered and Treasury Department mechanisms will be used as indicated in figure 28-1 to process remittances.



★Figure 28-1. Defense Debt Management System (DDMS) Debt Collection Steps



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DEBT COLLECTION REQUIREMENTS

★2901 APPLICABILITY

Policies in this chapter apply to debts of individuals, except foreign individuals, owed the United States. They do not apply to contract debts, sovereign debts owed the United States, or collection of child support, alimony, or commercial debts from the pay of DoD civilian employees or military members through garnishment or involuntary allotment. Contract debt collection procedures are contained in Volume 10 of this regulation. Sovereign debt collection procedures are contained in chapter 3, Volume 15 of this Regulation. Procedures for collection of child support, alimony, or commercial debts from military members or civilian employees through garnishment or involuntary allotments are contained in Volume 7 and Volume 8, respectively, of this regulation.

★2902 COLLECTION ACTIVITY

290201. Timely and Aggressive Collection Action. DoD Components will take timely and aggressive collection action with effective follow-up to collect all claims for money or property due their activities. When necessary to protect the DoD Component's interests, for example, to prevent the 6-year statute of limitations from expiring, written demands for payment will be preceded by any other appropriate collection actions specified by this Regulation. This may include immediate referral to the Department of Justice for litigation. When reply to a debtor's correspondence is appropriate, the reply will be made promptly, normally not later than 30 days from receipt of the debtor's communication. When it becomes necessary to extend the 30-day demand letter interval (see paragraph 290203, below), DoD Components will act promptly thus, should it become necessary to refer debts to the Department of Justice for litigation, referrals can be made within 1 year of the date the fact and amount of debts are confirmed.

290202. Written Demands for Debt Payment. Demands for debt payment (including follow-up demands) will be made in writing. When a debtor is given time limits to reply to creditor organization correspondence, 15 additional days will be allowed if correspondence must go through non-United States mail systems. Notification of routine pay adjustments will be made according to the policies in Volumes 7 and 8 of this regulation, as appropriate.

290203. Initial Demand Letter. After the facts and amounts of debts are confirmed, creditor organizations will deliver promptly to the debtor a written demand for debt payment. Initial demand letters will be dated and mailed or hand-delivered to allow 30 days for the debtor to reply before interest is assessed and debts are considered delinquent. If a creditor organization uses advance billing (that is, mails a bill before a debt is actually owed), it can include the

required interest notification, but interest will not accrue until the debt is actually owed. Initial demand letters will, when applicable:

A. Inform the debtor that the DoD Component intends to take salary or administrative offset.

B. Require full debt payment within the time specified in the demand letter.

C. Require the debtor to furnish with the initial reply, evidence to support any dispute of facts and amounts of the debt if the debtor requests a creditor organization to reconsider the debt.

D. Advise the debtor of debt basis.

E. Advise the debtor of the legal requirement for assessing interest, penalties, and administrative charges.

F. Advise the debtor of the legal requirement to refer the delinquent debt to the Department of Justice and commercial credit bureaus.

G. Advise the debtor of the intention to refer the delinquent debt to private collection agencies.

H. Advise the debtor of the creditor organization's willingness to review the debtor's financial statements and proposals for repayment agreements. However, the debtor will be advised that such reviews by themselves will not stay assessment and later collection of interest, penalties, and administrative charges.

★ I. Advise the debtor of entitlement to waiver or remission consideration (applicable when mandatory statutory authority exists).

290204. Follow-Up Demand Letters. The debtor shall respond to initial demand letter with full payment, or agree to a repayment schedule within the time specified in initial demand letter. If the debtor does not respond to the initial demand for payment, when applicable, at least two more demand letters, with progressively strong wording, at not more than 30-day intervals (45 days if correspondence must go through non-United States mail systems), will be sent unless the debtor's response to either the first or second demand indicates further demands would be futile. See paragraph 300310 of this volume.

290205. Lump-Sum Collections. Debts owed to the DoD Component along with interest, penalty, and administrative charges will be collected in lump-sum except when otherwise provided by law. This is true whether a debt is being collected by salary or administrative offset or any other method including voluntary payment. Lump-sum collections

by offset from current salary, unless voluntary, cannot exceed the offset percentages specified by paragraph 300305 of this volume.

★2903 INSTALLMENT COLLECTIONS

★ 290301. Installment Criteria. If debtors represent to the creditor organization that they are financially unable to pay a debt in one lump-sum, payment will be accepted in regular installments. A decision to accept installment payments will be based on a debtor's financial statement submitted under penalty of perjury. Financial statements, if submitted, will become part of the permanent debt record.

290302. Installment Timing and Amount. Installment payments usually will be monthly. Installment payments will bear a reasonable relationship to the size of a debt and the debtor's ability to pay. Except when a debtor can prove financial hardship or another reasonable cause exists, installment payments will be at least $50 each month and will be sufficient to liquidate debts within 36 months. Installment collections from current salary, unless voluntary, cannot exceed the offset percentages specified by paragraph 300305 of this volume.

290303. Installment Security. Security for debts paid by installment will be accepted in appropriate cases. Creditor organizations will accept installment payments notwithstanding a debtor's refusal to give security.

290304. Installment Payment Agreement. Creditor organizations that agree to accept installment payments will obtain signed, legally enforceable payment agreements from the debtor. The agreement will include a provision accelerating the debt so that the remaining balance is due and payable immediately should the debtor default on the agreement. The debtor will be required to annually submit financial statements, completed under penalty of perjury, during the repayment period whenever installment payments are less than $50 each month or the repayment period exceeds 36 months.

290305. Installment Application to Multiple Debts. DoD Components accepting installment payments on multiple debts of a debtor will apply payments to the various debts according to the best interests of the Department and the United States as determined by facts and circumstances of each debt. Careful attention will be paid to applicable statutes of limitations. Debtor designations as to which of multiple debts the payments may be applied against, will be followed. However, the statute of limitations will not be allowed to expire on any debt because of debtor designations.

290306. Installment Application to Penalty and Administrative Charges, Interest, and Debt Principal. Installment payments will be applied first to accrued administrative and penalty charges, second to accrued interest, and third to debt principal balance.

290307. Installment Payment Review. Creditor organizations collecting debts by installment will review the debtor's annual financial statements and determine whether to collect

the balance due in a lump-sum or continue installment payments at the same or increased amounts. Smaller installment payments will be accepted on request of a debtor in exceptional cases fully supported by financial statements confirming inability to pay agreed to installment payments. Installment payments will not be reduced if a debtor could have controlled the financial condition which reduced ability to meet existing installment payments.

★2904 INTEREST, PENALTY, AND ADMINISTRATIVE CHARGES

290401. Interest Charges. The intent of interest is to stimulate prompt payment of debts and to recover the cost of Treasury Department borrowing necessitated by delinquent debts. Creditor organizations will accrue, assess, and collect interest on all debts. Unless otherwise stipulated in this section, interest will accrue from the date the debt notice and interest requirements are hand-delivered to a debtor or mailed to a debtor using the most current address available to the DoD Component. Once accrued and assessed, interest will be collected unless collection action is foregone under a provision of this Regulation.

290402. Interest Rate. Creditor organizations will assess an interest rate that is equal to the current value of funds to the United States Treasury as prescribed by the Secretary of the Treasury in the Federal Register and Treasury Financial Manual bulletins quarterly or annually. A different rate will be assessed if a statute or regulation explicitly fixes the rate of interest for that particular type of debt. An initial interest rate will remain fixed for the duration of that debt. However, if a debtor defaults on an interest bearing installment-payment agreement, the creditor organization will set an interest rate for any new installment payment agreement that reflects the current rate of interest established by the Treasury Department. The interest rate for a new installment payment agreement will reflect the current value of funds and may be higher or lower than the interest rate charged in the original payment agreement.

290403. Interest Computation. Interest charges will be computed using the formula: $I = DNF$. Where: I = interest charge; D = debt principal balance; N = number of days in computation period; F = interest rate per day (365- or 366-day year).

290404. Interest Compounding. Generally, interest will not be assessed on interest, penalties, or administrative charges. However, if a debtor defaults on an installment payment agreement, interest, penalty, and administrative charges assessed until the time of default, but not collected, will be added to the outstanding debt principal and will be collected along with interest under any new payment agreement. Also, interest may be compounded if authorized by a regulation or statute.

290405. Penalty Charges. Creditor organizations will assess a penalty charge of 6 percent per annum on any debt principal delinquent more than 90 days. Penalty charges will accrue from the date the principal amount became delinquent.

290406. Administrative Charges. Creditor organizations will assess administrative charges against the debtor to cover the additional administrative costs incurred in processing and

handling the debt because it became delinquent. Administrative charges will be based on the actual costs incurred and will include costs of obtaining credit reports and using private collection agencies to the extent these costs are attributable to collecting delinquent debts. When actual costs are not available, administrative costs will be based on cost analyses establishing an average of actual costs incurred in processing and handling claims against other debtors in similar stages of delinquency.

290407. Decisions Not to Accrue or Assess Interest, Penalty, and Administrative Charges

A. These charges will be assessed on all debts owed DoD Components, excluding routine pay adjustments. However, 31 U.S.C. 3717 and the Federal Claims Collection Standards (4 CFR Parts 101 through 105) authorize issuance of regulations governing application of these charges. Decisions not to accrue or assess these charges can be made by the creditor organization on a case-by-case basis according to the following criteria:

1. When a debt is subject to permissive waiver or remission statutes and collection action is suspended pending outcome of the waiver or remission, these charges will not accrue or be assessed while the waiver or remission request is being considered and finalized.

a. Charges accrued before receipt of a waiver or remission request will not be assessed if the request is received by the designated official within 30 days of hand delivery or mailing of the debt notice to the debtor. Extend the 30-day period to 45 days if the debt notice goes through non-United States mail systems or is sent to an APO/FPO address.

b. These charges will not accrue or be assessed on any part of a debt principal balance that is waived or remitted.

c. Charges will again begin to accrue on any portion of the debt principal not waived or remitted from the date the debtor is formally notified in person or by mail of the final waiver or remission determination.

2. When a debtor who is entitled to a hearing petitions the creditor organization for a hearing, these charges will not accrue from the date the petition is received by the creditor organization until the date the debtor is formally notified in person or by mail of the hearing decision. Charges that accrued before the creditor organization received a petition for a hearing will be assessed on that portion of the debt principal upheld by the decision of the hearing official.

3. When a debtor is entitled to and has petitioned for a hearing, these charges will not accrue or be assessed while a debt is being reconsidered.

4. When debts are routine pay adjustments, these charges will not accrue or be assessed.

5. When the debt of an individual arose under the tariff laws of the United States, the Social Security Act, or the Internal Revenue Code of 1954, these charges will not accrue or be assessed.

6. When a DoD Component is requested to collect a debt by another DoD Component or federal agency, these charges will not accrue or be assessed by the Component accomplishing the collection. Note that the creditor Component or agency requesting collection assistance has authority to accrue and assess applicable late payment charges and these charges should be included in the total amount identified for collection.

7. When an applicable statute or regulation prohibits application of these charges to the debt involved, these charges will not accrue or be assessed.

8. When these charges would not be in the best interest of the government, would cause extreme hardship, or if facts and circumstances indicate that charges accrued would not be collected per paragraph 290408, below, they will not be assessed.

B. Blanket decisions to not accrue or assess these charges are not authorized. Documentation shall support every decision not to accrue or assess these charges. If there is documentation in the official debt file or associated with the debt transaction that clearly supports and explains the reason(s) for the decision not to accrue or assess these charges, no further documentation is required. Exception: See requirements for subparagraph 290407.A.8, above.

290408. Decisions Not to Collect Interest, Penalty, and Administrative Charges. Once accrued and assessed, these charges normally will be collected. However, a decision not to collect these charges can be made on a case-by-case basis.

A. General. The dollar limits imposed by regulation on various levels for write off of debt principal also determine the authority for making the decision not to collect these charges. The decision not to collect shall be documented and retained in the official debt file. Blanket decisions not to collect interest, penalty, or administrative charges are not authorized.

B. Mandatory Grace Period. Interest will not be collected on a debt or on any part of a debt paid within 30 days after the date interest began to accrue. The 30-day period can be extended for an additional 30 days on a case-by-case basis. Document and retain in the official debt file the reason(s) for any extension.

C. Criteria for Not Collecting. Decisions not to collect these charges can be made on a case-by-case basis when the following general standard for not collecting and any one of the appropriate circumstances or standards are present.

1. General Standard. Collection of these charges would be against equity and good conscience or not in the best interest of the government.

2. Appropriate Circumstances and Standards

a. These charges accrued and were assessed on a debt principal balance that was incurred through no fault or lack of good faith on the part of the debtor.

b. Financial inability of the debtor to pay the accrued and assessed charges within a reasonable period of time.

c. The underlying debt principal balance was waived or remitted by the appropriate authority, or an other administrative review process (e.g., hearing or reconsideration) determined that it was not valid.

d. Reasonable doubt exists concerning the government's ability to prove that charges are owed because of the issues involved or a bona fide dispute as to facts.

e. The amount of charges that could be collected is less than the cost of collection.

f. Reasonable efforts to locate the debtor have been unsuccessful.

g. Collection would have an adverse effect on the diplomatic relations between a debtor nation and the United States which would impair the ability of the Department to conduct its mission from installations located within the debtor nation.

★2905 DEBT RECONSIDERATION

290501. Debts That Will Be Reconsidered. Creditor organizations will reconsider debt validity and amount and the appropriateness of involuntary offset schedules upon timely receipt of a debtor's request. Debts, for which the debtor is entitled to and has petitioned for a hearing under this Regulation, also will be reconsidered. However, creditor organizations will comply with hearing procedures unless the debtor waives hearing or administrative hearing rights.

290502. Providing Debtors With Debt Records. Creditor organizations will make available to each debtor a copy of records relating to the debt when requested. Records will be provided at debtor's expense. Fee charges will be determined on an individual basis according to the appropriate fee schedule.

290503. Effect on Interest, Penalty, and Administrative Charges. Neither debt reconsideration nor requests for records by themselves will stay debt collection proceedings including accrual of interest, penalty, or administrative charges.

290504. Document Support. Debtors who request reconsideration of salary offset schedules established other than by agreement with the debtors, will explain why they believe the offset schedule will cause undue financial hardship. These debtors will submit proposed alternative offset schedules and the financial statements specified by paragraph 300408.F of this volume. Debtors who request reconsideration of debt validity or amount will submit documents and statements, if required, to support their positions.

290505. Written Decisions. Creditor organizations reconsidering debts will give debtors written decisions as follows:

A. If, after considering a debtor's statements and documentation, the debt is valid and the amount is partially or fully reaffirmed:

1. A statement of the reasons for reaffirming the debt, including, if applicable, reasons for adjusting the amount.

2. If a debtor is not entitled to, or has not petitioned for, a hearing or administrative hearing, notice of the collection actions that will be taken if full payment is not received within 30 days.

B. After considering a debtor's statements and documentation contesting an offset schedule, give the debtor either: a statement that the alternate offset schedule proposed by the debtor has been accepted; or a statement that the offset schedule established by the creditor organization does not impose undue financial hardship. If the debtor is not entitled to or did not petition for a hearing or administrative hearing, give notice that offset will begin the next established pay period if full payment is not received before pay deductions are initiated.

C. If a reconsideration so warrants, notify a debtor that the debt was invalid.

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CHAPTER 30

DEBT COLLECTION BY INVOLUNTARY SALARY AND ADMINISTRATIVE OFFSET

★3001 APPLICABILITY.

Policies in this chapter apply to debts of individuals, except foreign individuals, owed the United States. They do not apply to contract debts, sovereign debts owed the United States, or collection of child support, alimony, or commercial debts from the pay of DoD civilian employees or military members through garnishment or involuntary allotment. Contract debt collection procedures are contained in Volume 10 of this regulation. Sovereign debt collection procedures are contained in chapter 3, Volume 15 of this Regulation. Procedures for collection of child support, alimony, or commercial debts from military members or civilian employees through garnishment or involuntary allotments are contained in Volume 7 and Volume 8, respectively, of this regulation.

3002 STATUTORY AUTHORITY

300201. Salary Offset Under 5 U.S.C. 5514, Installment Deduction for Indebtedness to the United States. Creditor organizations will use 5 U.S.C. 5514 (reference (j)), as the statutory authority to collect member's and employee's debts by salary offset when salary or administrative offset are not authorized specifically or required by other, more specific, statutes. Debtors whose debts are being collected under this authority will be given opportunities for oral or administrative hearings regarding the validity and amount of debts, or offset schedules established other than by agreement with the debtors. Provisions in this Regulation for salary offset and hearings specifically required by reference (j) are not required for debts being collected under other statutory authority covered in this Regulation.

300202. Requirement to Use 31 U.S.C. 3716, Administrative Offset Procedures. Creditor organizations will use administrative offset requirements of 31 U.S.C. 3716 (reference (e)), when collecting debts by administrative offset under the following statutes which specifically authorize or require administrative offset. Reference (e) administrative offset requirements apply to collections under any other statutes authorizing or requiring administrative offset to the extent such procedures are not included in those statutes.

A. 5 U.S.C. 5705, Advancements and Deductions (reference (j)) for civilian employees.

B. 10 U.S.C. 2775, Liability of Members for Damages to Housing and Related Equipment and Furnishings (reference (b)).

C. 37 U.S.C. 1007, Deduction From Pay (reference (ar)) for military members.

300203. Administrative Offset under 5 U.S.C. 5705, Advancements and Deductions When making collections of unearned advance per diem or mileage allowances, civilian employees will be given an opportunity to immediately pay the amount due. If immediate payment is not made, full offset (which does not cause undue financial hardship) will be made automatically made against accrued pay, retirement credit, or any other amount due the civilian employee from the United States. If the civilian employee does not pay, or there is no amount available for offset, all other appropriate debt collection provisions of this Regulation will be followed. The requirements for immediate repayment of unearned advances of per diem and mileage allowances will be explained at the time the advances are made. Explanation of the requirement will fulfill requirements of the initial demand letter should automatic deduction become necessary. Hearings are not required. Debts will be reconsidered upon request of debtors.

300204. Administrative Offset under 10 U.S.C. 2775, Liability for Damages to Housing and Related Equipment and Furnishings. Hearings are not required for debts being collected by administrative offset from members under 10 U.S.C. 2396(b) (reference (b)). All other provisions of this Regulation, except salary offset under 5 U.S.C. 5514 (reference (j)), apply to these debt collection actions. These debts will be reconsidered on request of debtors.

300205. Administrative Offset under 37 U.S.C. 1007, Deductions From Pay. Administrative offset under 37 U.S.C. 1007 (reference (ar)) is authorized for amounts administratively determined to be owed a DoD Component by a member. Except where there are questions of debt validity or truthfulness, oral or administrative hearings are not required for debts being collected by administrative offset under this statute. Policies for collecting routine pay adjustments under this statutory authority are in Volume 7 of this Regulation.

300206. Offset Under Statutes Not Specifically Covered. Nothing contained in this Regulation will prevent a DoD Component from pursuing collection under any statutory authority not specifically covered herein.

3003 REQUIREMENTS FOR INVOLUNTARY SALARY AND ADMINISTRATIVE OFFSETS

300301. General. Creditor organizations will collect debts by salary or administrative offsets in every instance that such collection is feasible and is not otherwise prohibited, and the debtor refuses to pay the debt in lump sum or agrees to a voluntary payment schedule acceptable to the creditor organization. DoD Components have discretionary authority to accept voluntary payment agreements rather than offset salaries. If debts are delinquent and their existence and amount are not in dispute, maximum permissible amounts (that will not cause undue financial hardship on debtors or be against equity and good conscience) will be offset from salaries. DoD Components will use sound discretion when collecting debts by administrative

offset from non-salary amounts. Consideration will be given both to whether the offset can be accomplished both practically and legally, and whether offset is best suited to further and protect all interests of the Department and the United States. Salary and administrative offsets are permitted for debts owed a DoD Component or another federal agency.

300302. Time Limits Action will not be initiated to collect debts by involuntary salary or administrative offset more than 10 years after the right to collect a debt first accrued unless facts material to the right to collect the debt were not known and could not reasonably have been known by the responsible DoD Component official. When the right to collect a debt first accrued is determined according to existing law such as 28 U.S.C. 2415 (reference (k)).

300303. Non-Waiver of Rights - Involuntary Payments under 5 U.S.C. 5514. A debtor's involuntary payment of all or part of a debt being collected under reference (j) authority will not be construed as a waiver of any rights the debtor may have under that statute or any other provisions of law unless there are statutory provisions to the contrary.

★ 300304. Scheduling Offset. Salary deductions will begin the next established pay period after receipt of offset requests, with appropriate claim forms and debt certification as specified in paragraph 300504, below, from DoD creditor organizations or the DFAS-Cleveland Center/ABA. Salary deduction may begin in a later pay period upon request by a creditor organization. Administrative (non-salary) amounts will be offset when they become due and payable to the debtor giving consideration to administrative offset requirements in paragraph 300301, above.

★ 300305. Maximum Allowable Current Salary Offset. Amounts collected involuntarily under 5 U.S.C. 5514 (reference (j)) may not exceed 15 percent of disposable pay, unless the debtor consents to a higher percentage. Collection of judgments by offset from civilian pay under section 124 of Public Law 97-124 (1982) may not exceed 25 percent of disposable pay, unless a greater percentage is necessary to make the collection within the period of anticipated employment. Section 124 of Public Law 97-124 may not be used to collect by offset from military pay. Collection of judgments by offset from military pay will be made under 5 U.S.C. 5514. The agency submitting the judgment and requesting the offset (which is usually the Department of Justice) must provide the certification that the due process requirements of 5 U.S.C. 5514 have been complied with when requesting that a judgment be offset from a military member's pay.

★ 300306. Determining Disposable Pay. Organizations will use procedures contained within this regulation, Volumes 7A, 7B, and 8 to compute disposable salary when taking involuntary offset against an employee's current salary. Use Volume 7A, paragraph 500103.D to compute active duty, Reserve, and Guard pay; Volume 7B, paragraph 60202 to compute retired pay; and Volume 8, paragraph 080307 to compute civilian salary.

300307. Amounts Not Deductible When Determining Disposable Pay. The following are amounts that will not be deducted from pay when computing disposable pay.

A. Existing indebtedness being collected for a DoD Component or other federal agency.

B. Court ordered garnishments.

C. Court judgments.

D. Court ordered bankruptcy payments under chapter 13 of the Revised Bankruptcy Act.

E. Voluntary allotments for child support.

F. Union dues deductions.

G. Charity deductions.

H. United States savings bonds deductions.

I. Federal (IRS) tax levies.

J. Savings allotments.

K. Thrift savings.

300308. Determining Undue Financial Hardship. An offset produces undue financial hardship when it prevents debtors' from meeting costs necessarily incurred for essential subsistence expenses for them, their spouses, and their dependents. Essential subsistence expenses are: food, housing (including public utilities), clothing, transportation, and medical care. In making a final determination whether an offset within the percentage limits of paragraph 300305, above, will impose undue financial hardship, creditor organizations will use the following information.

A. Income from all sources for debtors, their spouses and dependents.

B. The extent to which assets of debtors, their spouses, and their dependents are available to meet the offset and essential subsistence expenses.

C. Whether subsistence expenses have been reduced to minimum essential amounts.

D. The extent to which debtors, and their spouses can borrow money to meet the offset and minimum essential subsistence expenses.

E. The extent to which debtors and their spouses and dependents have other exceptional expenses that should be taken into account and whether the exceptional expenses have been minimized.

300309. Debts for Which Administrative Offset, According to this Regulation, Is Not Authorized. Administrative offset under this Regulation is not authorized with respect to:

A. debts owed by any (United States) federal agency or (United States) state or local government;

B. any case in which collection of the debt involved by administrative offset explicitly is prohibited by statute; or,

C. debts arising under or payments made under the Social Security Act, the Internal Revenue Code, or the tariff laws of the United States.

300310. Authority To Eliminate Second and Third Demand Letters. Availability of a debtor's funds for involuntary salary or administrative offset and a creditor organization's decision to take offset, releases the organization from the second and third debt notification letter requirements of this Regulation.

300311. Salary and Administrative Offsets Before Due Process. Salary or administrative amounts payable to debtors will be offset involuntarily before initiation of or at any time during due process procedures if: failure to take the offset would substantially prejudice the DoD Component's ability to collect the debt; time before payment must be made does not reasonably permit completion of the procedures; and such prior offset is promptly followed by due process procedures.

3004 DUE PROCESS

300401. Debtor Notification Creditor organizations are responsible for ensuring due process. They will certify completion of due process procedures to the organization making the involuntary salary or administrative offset. In debt cases where due process previously has been provided to debtors, organizations accomplishing offsets will not duplicate the requirements before taking offset. The organization responsible for providing due process must ensure that all requirements were met. In debt cases where salary or administrative offset has been taken before completion of due process, the requirements will be met as soon as possible after offset is initiated. Before offset is requested, creditor organizations must be able to demonstrate that debtors have received demand letters and notices of intent to offset. If hand-delivery and execution of a receipt of notice is not possible, certified or registered notices with return receipt requested may be used.

A. Except as provided in paragraph 300311, above, debtors must be advised of the following in addition to requirements of the initial demand letter as stated in paragraph

290203 of this volume, before salary can be involuntarily offset under statutes other than 5 U.S.C. 5705 (reference (j)):

1. a minimum of 30-days written notification, if not already provided, of the intent to collect by offset.

2. the right to inspect and copy DoD Component records related to the debt for which the debtor will bear the cost.

3. the amount, frequency, beginning date, and duration of the intended deduction if full payment is not received by the due date.

4. the fact that any amounts paid or deducted for a debt that is later found not owed will be promptly refunded unless there are applicable statutes or regulations to the contrary.

B. For salary offset under 5 U.S.C. 5514 (reference (j)), debtors also will be advised of the following:

1. the right to an oral or paper hearing on the DoD Component determination of the existence and amount of the debt or, when a repayment schedule is established other than by written agreement with the debtor, concerning the repayment schedule terms.

2. the right to request a hearing based on written submissions in lieu of an oral hearing when a creditor organization has determined an oral hearing would otherwise be appropriate.

3. the method and time period for requesting a hearing.

4. the fact that the timely filing of a petition for a hearing will stay debt collection proceedings including accrual of interest, penalty, and administrative charges.

5. the fact that the final decision on the hearing will be issued the earlier of 15 days from hearing completion or, unless the creditor agency has arranged an extension with the hearing official, not more than 60 days from the date the debtor submitted the petition.

6. the address to which correspondence regarding the hearing will be sent.

7. the fact that any knowingly false or frivolous statements, representations, or evidence may subject the debtor to: disciplinary procedures appropriate under Title 5, U.S.C., chapter 75 (reference (j)), or any other applicable statute or regulation; penalties under the False Claims Act, Title 31, U.S.C., sections 3729 - 3731 (reference (e)), or any other

applicable statutory authority; or, criminal penalties under Title 18, U.S.C., sections 286, 287, 1001, and 1002 (reference (i)), or any other applicable statutory authority.

300402. Hearings. Hearings are a due process requirement of 5 U.S.C. 5514 (reference (j)). Debtors are entitled to petition for hearings to contest debt existence or amount or the amount of an involuntary offset established other than by agreement with the debtor. Except as provided in paragraph 300311, above, hearings will be offered to debtors before involuntary offset is initiated. Oral hearings are not required if the debt type rarely involves issues of credibility or truthfulness. Creditor organizations will determine when a review of written records (administrative hearing) is sufficient to resolve debt issues. Debtors may elect an administrative hearing in lieu of an oral hearing when a creditor organization determines an oral hearing would otherwise be appropriate.

300403. Administrative Hearings. When debtors petition for hearings and the creditor organization determines an oral hearing is not required, the debtor nevertheless will be given an administrative hearing. Administrative hearings will be made by a hearing official who would otherwise be authorized to hold an oral hearing for the debt being contested. Administrative hearings will be based on written submissions of the creditor organization and the debtor.

300404. Documenting Oral Hearings. Creditor organizations and agencies requesting oral hearings by DoD officials are responsible for documenting significant matters discussed at oral hearings held on their behalf.

300405. Authorized Hearing Officials. No DoD employee, except an administrative law judge, under the control or supervision of a creditor DoD Component or employing DoD Component will hold an oral hearing or make an administrative hearing on any debt owed that DoD Component by an employee of that DoD Component. DoD personnel eligible to hold oral hearings or make administrative hearings for other DoD Components or federal agencies include grievance and appeals examiners, attorney advisors, judge advocates, and other persons who have been trained in or who have performed hearing officer duties. Hearings for debts owed to DoD Components by its employees should be held by eligible DoD Components according to table 30-1. Individuals not employed by the Department may be employed temporarily or intermittently to act as hearing officials but only when it is impractical to use DoD personnel. Control of DoD debt collection hearings is centralized at DFAS-Indianapolis Center. Refer all debtor requests for hearings to the DFAS-Indianapolis Center for action.

300406. For either an oral hearing or administrative hearing. Hearing officials will hold only one hearing (oral or administrative) for a debt owed a DoD Component or federal agency.

300407. Creditor Organization Hearing Responsibilities. Following are oral and administrative hearing requirements for DoD Component creditor organizations.

A. Upon receipt of a debtor's oral or administrative hearing petition, reexamine debt basis, amount, and repayment schedule.

B. Within 15 days after receiving the petition provide debtors with the following:

1. a statement that the debt has been reconsidered, results of the reconsideration indicating whether the debtor's contentions have been accepted in whole or part, and a request that the debtor accept the reconsideration in lieu of an oral or administrative hearing.

2. notification of the time, date, and location of the oral hearing to be held if the debtor does not accept results of debt reconsideration and the creditor organization determines that an oral hearing is required.

3. notification that debt issues will be resolved by administrative hearing if the debtor does not accept results of debt reconsideration and the creditor organization determines an oral hearing is not required.

4. a list of submissions required of the debtor and the address to which submissions must be sent.

C. Also within 15 days after receiving the petition, creditor DoD Components will give the following both to the debtor and the hearing official:

1. copies of debt records in the creditor organization's possession (provided to the debtor only if requested and not previously provided and then at the debtor's expense).

2. a statement supporting determination of debt basis and amount.

3. a statement setting forth reasons why an offset schedule, if being protested, does not create undue financial hardship.

4. for oral hearings, names of creditor organization witnesses and their anticipated statements.

D. For oral hearings, whenever feasible, coordinate a site, time and date convenient for debtors.

E. Creditor organizations will change oral hearings to administrative hearings on request of debtors if such requests are received at least 3 working days before established oral

hearing dates and if all submissions will be available to hold the reviews at established times and places. Debtor-elected administrative hearings will not be changed to oral hearings.

F. When a debtor accepts results of debt reconsideration, notify the hearing official that the oral or administrative hearing is not required.

300408. Debtor Oral and Administrative Hearing Responsibilities

A. Debtors must indicate, in their initial written response, whether they are contesting debt validity, amount, or offset schedule. When a creditor organization has determined that an oral hearing is required for a debt, a debtor may petition for an administrative hearing in lieu of the oral hearing. Debtors who petition for administrative hearings (in lieu of an oral hearing) will forfeit their right to an oral hearing and agree to accept the hearing official's decision as final, in writing, at the time of their request. The petition will not be revocable by a debtor.

B. Debtors and their representatives and witnesses are responsible for their expenses incident to inspecting and copying government debt records and attending oral hearings.

C. Debtors forfeit their oral or administrative hearing rights and will have their salaries offset according to established offset schedules if they fail to: file an oral or administrative hearing petition with the creditor organization by the date specified in the offset notification letter; appear on time at a scheduled oral hearing; or file required submissions with the creditor organization and the hearing official within 3 working days of due dates.

D. During oral and administrative hearings, debtors will not raise any issues not previously raised with the creditor organization nor will they introduce any facts or records not previously submitted to the creditor organization.

E. Debtors who have petitioned for oral or administrative hearings regarding the validity and amount of debts and who do not accept results of debt reconsideration will have 30 days from receipt of notification of reconsideration results or 45 days from receipt of debt records provided under this Regulation, to give both the creditor organization and the hearing official the following:

1. a statement of the reasons why the debtor believes that a creditor organization's determination of the debt validity and amount is clearly erroneous, including all facts on which the debtor bases his or her belief.

2. copies of any pertinent records the debtor plans to introduce to the oral or administrative hearing process if the records differ from those provided by the creditor organization.

3. for oral hearings, the name of a representative if the debtor has elected one.

4. for oral hearings, if the debtor will have witnesses, a list of their names and a summary of their anticipated statements.

F. Debtors who have petitioned for oral or administrative hearings regarding salary offset schedules, established other than by agreement with the debtors, and who do not accept results of debt reconsideration will have 30 days from receipt of notification of reconsideration results or 45 days from receipt of debt records provided under this Regulation to give both the creditor organization and the hearing official the following:

1. a proposed alternative salary offset schedule.

2. specific details on family, including debtor, spouse, and dependents, financial position for the 1-year period preceding and projected for the proposed alternative offset period.

3. a statement of the reasons why the debtor believes the salary offset schedule will impose undue financial hardship.

4. copies of any pertinent debt records the debtor plans to introduce to the oral or administrative hearing process.

5. for oral hearings, the name of a representative if the debtor has selected one.

6. for oral hearings, if the debtor will have witnesses, a list of their names and a summary of their anticipated statements.

300409. Hearing Official Responsibilities. Oral and administrative hearings will be held according to the following requirements.

A. An oral hearing will consist of an informal conference before a hearing official.

B. Both the creditor DoD Component and the debtor will be given full opportunity to present documents, witnesses, and arguments.

C. The only evidence permitted, except oral testimony, will be that submitted as prehearing submissions.

D. Debtors will not raise any issues not previously raised with the creditor DoD Component or non-DoD federal agency.

E. Creditor DoD Components and non-DoD federal agencies will maintain a summary record of oral hearings.

F. A written decision will be provided to both the debtor and creditor DoD Component or other federal agency the earlier of 15 days from oral or administrative hearing completion or, unless the creditor DoD Component or non-DoD federal agency has arranged an extension with the hearing official, 60 days from the date the debtor submitted the oral or administrative hearing petition. Hearing officials will not be responsible for delays caused by DoD Components or non-DoD federal agencies.

G. A hearing official's decision will be final and will discuss basic facts documenting the debt. The decision will include conclusions concerning debt validity, amount, or propriety of contested offset schedules.

H. Hearing officials will review debtors' submissions received not later than 3 working days after the due dates to determine whether debtors forfeited oral or administrative hearing rights. If debtors show good cause, these rights will not be forfeited.

3005 PROCESSING OFFSET REQUESTS FOR ANOTHER DOD COMPONENT OR FEDERAL AGENCY

300501. Determining Debt Validity. Organizations processing offset requests from another DoD Component or non-DoD federal agency are not authorized to determine the merits of debts for which offset is requested.

300502. Debtor Notification. Organizations making salary and administrative offsets for another DoD Component or non-DoD federal agency will give debtors with a copy of the debt claim form. If the date salary deductions will begin differs from the date on a debt claim form, debtors will be advised of the date deductions will begin. Debtors also will be advised when collections will be made from administrative (other than salary) amounts.

300503. Reporting Debtor Change of Employing Agency. Creditor DoD Components or non-DoD federal agencies will be notified by the collecting organization when employees, whose debts are being collected by salary or administrative offset, transfer to different paying agencies or terminate federal employment before debts are satisfied. Collecting organizations will certify amounts collected to creditor DoD Components or non-DoD federal agencies and provide copies of certifications to debtors. For interagency transfers, originals of the debt claim forms and copies of certifications of amounts collected will be included in debtors' official personnel folders.

★ 300504. Processing Requests From DoD Components. DoD Components will process salary and administrative offset requests received directly from other DoD Components. These offset requests must include the following certifications and information:

A. a statement certifying that the debtor has been provided due process including the applicable statutory authority.

B. a DD Form 139 (Pay Adjustment Authorization), DD Form 2481 (Request for Recovery of Debt Due the United States by Salary Offset) or other authorized or prescribed debt claim form or automated transaction.

C. total amount and nature of the debt.

D. point of contact at the creditor agency for any questions or disputes the debtor may have.

★ 300505. Processing Requests From Non-DoD Federal Agencies. All requests from non-DoD federal agencies for salary and adminstrative offset against DoD Component employees will be forwarded to DFAS-Cleveland Center/ABA for acknowledgment and certification. The Defense Manpower Data Center completes a matching process to identify which DoD activity is paying the debtor.

3006 REQUESTING SALARY AND ADMINISTRATIVE OFFSET FROM ANOTHER DOD COMPONENT OR NON-DOD FEDERAL AGENCY

★ 300601. Debt Certification. Organizations requesting salary and administrative offset against a debtor employed by another DoD Component or non-DoD federal agency will send the request and certifications required in paragraph 300504, above, to the debtor's employing component or agency. Offset requests will be accomplished by sending a DD Form 139, DD Form 2481, other authorized or prescribed form, or automated transaction to the paying agency.

300602. Debt Certification Waiver. When a debtor consents to salary or administrative offset in writing or signs a statement acknowledging receipt of due process procedures and the writing or statement is attached to the debt claim form sent to the employing agency, debt certification specified in paragraph 300601, above, is not required.

★ 300603. Coordinating Offset Requests. The organization requesting offset by another DoD Component or non-DoD federal agency is responsible for coordinating the amount and frequency of installment payments and a date for the first installment if a date different from the next established pay period is required.

300604. Collection Upon Interagency Transfer. Organizations that have requested offset by a DoD Component or non-DoD federal agency and later receive notification that a debtor has transferred to another DoD Component or non-DoD federal agency, will ensure the new employing component or agency resumes debt collection.

3007 REQUESTING OFFSET AGAINST AMOUNTS DUE AND PAYABLE FROM THE CIVIL SERVICE RETIREMENT AND DISABILITY FUND

300701. When Offset Will Be Requested. When a debtor already has separated and all payments due from a former employing agency have been paid, DoD creditor organizations will request administrative offset from amounts due and payable from the Civil Service Retirement and Disability Fund. Offset will be requested from lump sum and annuity payments.

300702. Time Limits. Requests for administrative offset against amounts payable from the Civil Service Retirement and Disability Fund will be made promptly. A request for offset satisfies requirements that offset be initiated before expiration of any applicable statute of limitations. Organizations that are both creditor and paying agency have a maximum of 60 days after a debtor separates or is no longer covered by the civil service retirement system to send to the prescribed debt notice or claim form to the OPM. When a DoD Component is the creditor agency but not a debtors' paying agency the DoD creditor organization will ensure OPM receives the debt claim or notice before expiration of the applicable statute of limitations and, if a refund is payable to a debtor, before the refund is paid. No other time limits apply for sending debt claims or notices to OPM.

300703. Notifying OPM To Prevent Lump-Sum Payment. When a DoD Component cannot immediately send to OPM a complete debt claim which would preclude lump-sum payment to a debtor, OPM should be notified of the intent to request offset. Notification will be by made by submitting the claim form prescribed by OPM. If the prescribed form is not available, a separate document will be used that identifies the debtor by name, date of birth, social security number, and date of separation, if known. If a debt notice did not include the debt amount, the requesting DoD Component must establish the amount and notify OPM in writing as soon as possible after submitting the notice.

300704. Follow-Up Submissions for Debt Notices and Incomplete or Incorrect Debt Claims Forms. DoD Components that send debt notices to OPM or receive advice from OPM that a debt claim was either incorrect or incomplete must forward to OPM a complete or corrected debt claim within 120 days. Organizations may request one 60 day extension which must be received by OPM before expiration of the 120 days specified above. OPM will not hold a lump sum payment more than 180 days awaiting a complete or corrected debt claim. These time limits do not apply to offsets against annuity payments.

300705. OPM Authority to Review Debt Merits. OPM is not authorized to review merits of DoD Components' determinations as to debt validity or amount.

300706. Notice to Debtors. The DoD Component making offset requests will notify debtors when their debts are sent to OPM for offset against the Civil Service Retirement and Disability Fund.

300707. Supporting Documents for Court Judgments. When a debt is supported by a court judgment specifying the debt amount, two certified copies of the court judgment will be sent to OPM with the debt claim.

300708. Debtors' Rights To Offer Repayment Schedules. If at least 1 year has elapsed since an offset request originally was made, when a debtor makes a claim for payments against the retirement and disability fund, the debtor will be permitted to offer a repayment schedule to the creditor organization. In making a decision to accept a repayment schedule, the creditor organization will consider the circumstances under which debts remained unpaid before debtors made claims against the fund. To be acceptable, debtors must, as a minimum, establish that financial circumstances would make the offset unjust.

300709. Collection Actions After Referral to OPM Creditor organizations will pursue debt collection by other means under this Regulation after debts are referred to OPM for offset. If collections are made, OPM will be promptly notified to modify or terminate offset requests.

300710. Minimum Debt Amount Referable. Debts less than $100 will not be referred to OPM for offset from the Civil Service Retirement and Disability Fund. However, requests for offset of debts in any amount will be sent to OPM if debts were caused by an employee's failure to pay health benefits premiums while in non-pay status or when salary was not sufficient to pay premiums.

300711. Establishing Offset Schedules. If an offset must be made in installments, the organization submitting the request will advise OPM of the number of installments, the amount of each installment, and the date the first installment should be collected.

300712. Maximum Permissible Offset. Involuntary individual offsets are limited by OPM to 25 percent of net annuity for court judgments and 15 percent of net annuity for all other debts.

300713. Court Ordered Refunds. Organizations requesting offsets will certify to OPM that, if competent administrative or judicial authority issues an order directing OPM to pay a debtor an amount previously paid to the creditor organization, the amount will be reimbursed to OPM or paid to the debtor within 15 days of the order date.

300714. Certifications. DoD Components requesting administrative offset against the Civil Service Retirement and Disability Fund will include the following certifications and information:

A. a statement that the debtor owes the debt;

B. a statement that the debtor has been provided due process including the applicable statutory authority;

C. a certified debt claim form if specified by OPM;

D. details of the debt including basis, amount, payment due date, and date the debt was due;

E. a statement that DoD regulations pertaining to salary offset have been approved by OPM;

F. a statement that there has been compliance with applicable statutes, regulations, and procedures required by OPM; and

G. two copies of certification of the amount collected and a copy of notice to the debtor that the claim was sent to OPM.

300715. Debts Subject to Specific OPM Regulations. DoD Components will follow specific regulations published by OPM when sending the following debts for OPM offset:

A. debts due because an employee failed to pay health benefits premiums while in non-pay status or when salary was not sufficient to cover premium costs;

B. no more than 6 months of retroactive premiums are due because an annuitant elected Part B Medicare coverage; or

C. overpayments of military retired pay that annuitants elected in writing to have withheld from their annuity.

300716. Requesting Offset for Debts Not Otherwise Processed under this Regulation. DoD Components will comply with the following procedures when requesting OPM offset from the Civil Service Retirement and Disability Fund for debts not otherwise processed under this Regulation.

A. Make the certifications required by paragraph 300714, above.

B. If the offset must be made in installments, advise OPM of the number of installments to be collected, the amount of each installment, and the date the first installment should be collected.

SELECTION OF HEARING OFFICIALS FOR DOD COMPONENT DEBTS (Note 1)			
	COLUMN A	COLUMN B	COLUMN C
RULE	IF THE CREDITOR COMPONENT IS:	AND THE DEBTOR IS EMPLOYED BY:	THEN OBTAIN HEARING OFFICIAL FROM:
1	DFAS	DFAS	ANY MILITARY DEPARTMENT
2	DFAS/MILITARY DEPARTMENT (Note 2)	MILITARY DEPARTMENT	OTHER MILITARY DEPARTMENT (Note 3)
3	DFAS/MILITARY DEPARTMENT (Note 2)	DFAS	OTHER MILITARY DEPARTMENT (Note 3)
4	MILITARY DEPARTMENT	DFAS	OTHER MILITARY DEPARTMENT (Note 3)
5	MILITARY DEPARTMENT	MILITARY DEPARTMENT	DFAS/OTHER MILITARY DEPARTMENT (Note 3)
6	OTHER DOD COMPONENT	OTHER DOD COMPONENT	DFAS/ANY MILITARY DEPARTMENT

Note 1. Contact the DFAS-Denver Center (DFAS-DE/FYDC) for guidance in cases with circumstances other than those included in this table.

Note 2. DFAS and a Military Department both are considered creditor components in situations when one makes payment for another using the other's appropriation. In this case, neither the paying nor employing component can provide the hearing official.

Note 3. Other Military Department is one other than the creditor Military Department identified in Column A as the creditor component.

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CHAPTER 31

DEBT COMPROMISE: SUSPENDING AND TERMINATING COLLECTION ACTIVITY; DEBT WRITE-OFF AND RETENTION

★3101 APPLICABILITY

Policies in this chapter apply to debts of individuals, except foreign individuals, owed the United States. They do not apply to contract debts, sovereign debts owed the United States, or collection of child support, alimony, or commercial debts from the pay of DoD civilian employees or military members through garnishment or involuntary allotment. Contract debt collection procedures are contained in Volume 10 of this regulation. Sovereign debt collection procedures are contained in chapter 3, Volume 15 of this Regulation. Procedures for collection of child support, alimony, or commercial debts from military members or civilian employees through garnishment or involuntary allotments are contained in Volume 7 and Volume 8, respectively, of this regulation.

3102 DEBT COMPROMISE

310201. Authority To Compromise. Only the Department of Justice (DOJ) has authority to compromise debts exceeding $100,000 exclusive of interest, penalties, and administrative charges. The Secretary of Defense has the authority to delegate and has properly delegated the authority to compromise debts of $100,000 or less to the Directors of DFAS Centers and the heads of other DoD Components. Designated DoD Components may compromise debts that do not exceed $100,000 exclusive of interest, penalties, and administrative charges after deducting amounts paid. No compromise action is authorized on debts referred to the GAO or the DOJ unless the debt is returned to the DoD Component for disposition. DoD Components will not compromise, but will refer to the DOJ, any debts that appear to be based on fraudulence or which are based on a violation of antitrust laws.

★ 310202. Referring Compromise Offers to the GAO and the DOJ. A DoD Component holding a debtor's firm written and substantial compromise offer for a debt less than $100,000 exclusive of interest, penalties, or administrative charges may refer the matter to the GAO or the DOJ if there is uncertainty whether the offer should be accepted. Referral will include all supporting information. The GAO or the DOJ may act on the offer or provide instructions or advice. If a compromise offer for a debt exceeding $100,000 exclusive of interest, penalties, and administrative charges is received and is acceptable to the DoD Component, the debt case will be referred to the DOJ using a Claims Collection Litigation Report. Referrals will specify reasons for compromise recommendations.

310203. Compromise Because of Litigative Risks. Designated DoD Components will compromise debts when there is real doubt as to the government's ability to prove its case in court for the full debt amount either because of legal issues involved or a bona fide dispute as to

facts. In determining litigative risks, proportionate weight will be given the probable amount of court costs and attorney fees which may be assessed against the government under the Equal Access to Justice Act if litigation is unsuccessful. Amounts accepted in compromise under these circumstances should reasonably reflect the probability of prevailing on legal questions involved, probability of full or partial recovery of a judgment paying due regard to availability of witnesses, other evidentiary government support, and related practical considerations.

310204. Compromise With Joint and Severally Liable Debtors. DoD Component organizations will not attempt to allocate the burden of paying a debt among jointly and severally liable debtors but will liquidate debts as quickly as possible. Compromise agreements taken with one jointly and severally liable debtor will be taken so that the agreement does not release the DoD Component's claim against other debtors. The amount of a compromise with one jointly and severally liable debtor will not be considered binding when determining the amount which will be paid by other debtors.

310205. Compromise Because of Inability To Enforce Collection. Debts will be compromised when the government will be unable to enforce collection. When making this determination, DoD Components will consider applicable exemptions available to debtors under state and federal laws and uncertainty as to the price collateral or other property might bring at a forced sale. Amounts compromised will bear a reasonable relationship to amounts which can be recovered by enforced collection having regard for exemptions available to debtors and the time to effect collection.

310206. Compromise Because Collection Costs Exceed Amounts Recoverable. Debts will be compromised when collection costs do not justify enforced collection of the full amount. Generally, collection costs will be a significant factor in small-debt compromise decisions but will not be a significant factor in large-debt compromise decisions. When determining which debts to pursue, creditor organizations will weigh the positive effect of a vigorous small-debt collection policy against the cost of collecting debts. Consideration will be given to practical benefits that vigorous collection of some small debts will demonstrate to other debtors that resistance to debt payment is unlikely to succeed. When making compromise decisions under these circumstances, DoD Components will consider an appropriate discount for administrative and litigative collection costs and the time to effect collection.

★ 310207. Compromise Because Debtors Are Unable To Pay Full Amount. Debts may be compromised if debtors are unable to pay the full amount in a reasonable time or if debtors refuse to pay in full and the government would be unable to enforce full collection within a reasonable time. The following factors, as a minimum, will be considered when determining a debtor's ability to pay:

A. debtor's age and health.

B. debtor's current and potential income.

C. debtor's inheritance prospects.

D. possibility that assets were concealed or transferred to avoid debt payment.

E. availability of assets or income realizable from enforced collection proceedings.

310208. Compromise for a Combination of Reasons. Debts will be compromised using any applicable combination of reasons in this section.

310209. Obtaining Debtor Credit Information. If the DoD Component's files do not contain up-to-date financial information on which to base compromise decisions, credit information will be obtained from commercial credit bureaus and from debtor's statements executed under penalty of perjury.

310110. Compromises Payable in Installments. Compromised debts will be collected in lump sum. However, if installment payments are necessary, the compromising authority will obtain from the debtor, a legally enforceable agreement for reinstatement of the original debt less principle payments, and acceleration of the total balance due upon default of an installment payment.

310111. Compromises for Other than Cash. DoD Components will not accept either a percentage of a debtor's profits or stock in a debtor's corporation in compromise of a claim.

3103 SUSPENDING AND TERMINATING COLLECTION ACTIVITY

310301. Authority to Suspend or Terminate Collection Activity. Only the DOJ has authority to suspend or terminate collection action on debts exceeding $100,000 exclusive of interest, penalties, and administrative charges after deducting amounts paid. Designated organizations may suspend or terminate collection actions on debts not exceeding $100,000 exclusive of interest, penalties and administrative charges, after deducting amounts paid. No suspension or termination action is authorized on a debt referred to the GAO or DOJ unless the debt is returned to the DoD Component for disposition. DoD Components will refer to the DOJ any debt that appears to be based on fraudulence or which are based on a violation of antitrust laws.

310302. Referring Suspension and Termination Actions to the DOJ. DoD Components authorized to suspend or terminate collection actions also are authorized to refer debts to the DOJ for suspension or termination action. If, after evaluating a debt exceeding $100,000 according to this section, a Component believes collection action should be suspended or terminated, the debt will be sent to the DOJ according to procedures in chapter 32 of this Volume.

★ 310303. Suspension when Debtors Cannot Be Located. Collection action may be suspended when debtors cannot be located and there is reason to believe future collection action will be sufficiently productive to justify periodic review and action on debts. Every reasonable effort will be made to locate debtors sufficiently in advance of the bar of the statute of limitations to permit timely filing of suit if such action is warranted.

★ 310304. Suspension when Debtors Are Unable to Pay. Collection action may be suspended when debtors own no equity in real or personal property and are unable to make payments or effect compromise at the time but future prospects justify retention of the debt for periodic review and action and:

A. the applicable statute of limitations has been suspended;

B. future collection can be made by offset notwithstanding the statute of limitations or the 10-year offset limitation prescribed for salary and administrative offset in this Regulation;

C. the debtor agrees to pay interest on the debt amount on which collection is suspended; and

D. suspension is likely to enhance a debtor's ability to pay the full debt principal and accrued interest at a later date.

310305. Suspension when a Permissive Waiver Statute Applies. Collection action will be suspended even though waiver statutes are permissive and do not prohibit collection action while waiver requests are being considered if:

A. there is reasonable probability that waiver will be granted or that debts, in whole or part, will be found not owing;

B. DoD interests will be protected, if there is a reasonable assurance that debts would be recovered if debtors do not prevail; or

C. collection will cause undue financial hardship.

310306. Suspension when Refunds would Not Be Authorized. Collection action will be suspended if an applicable statute or regulation does not authorize refund of amounts collected before waiver determination if the waiver authority should act favorably on the request. Inability to make a refund will not be a factor in determining whether to suspend collection if a waiver request and surrounding circumstances are frivolous and the request apparently was made to delay debt collection.

310307. Terminating Collection of Erroneous Debts. Collection will be terminated on debts which are clearly erroneous or clearly without legal merit.

310308. Termination When Debtors Are Unable to Pay. Collection will be terminated and case files closed when it becomes clear the DoD Component cannot collect or enforce collection of any significant sum because debtors are unable to pay. Determinations will be made giving due regard to judicial remedies available to the government, debtors' future financial prospects, federal and state legal exemptions available to debtors, and applicable statutes of limitations. The following factors applicable to debtors will be considered:

A. Age and health.

B. Current and potential income.

C. Inheritance prospects.

D. Possibility that assets were concealed or transferred to avoid debt payment.

E. Availability of assets or income realizable from enforced collection proceedings.

310309. Termination Because Costs Exceed Amounts Recoverable. Debt collection normally will be terminated when collection costs will exceed the amount recoverable. Creditor organizations will weigh practical benefits that vigorous collection of some of these debts will demonstrate to other similar debtors that resistance to debt payment is unlikely to succeed.

310210. Termination Because Debtors Cannot Be Located. Collection action will be terminated when debtors cannot be located; the applicable statute of limitations has run; and prospects of collecting by offset, notwithstanding the bar of the statute of limitations, are too remote to justify debt retention.

3104 DEBT WRITE-OFF, CLOSE-OUT, AND RETENTION

310401. General. Designated DoD Components will develop write-off procedures that identify and remove uncollectible accounts from accounts receivable records and close-out procedures that discontinue collection activity. These procedures will improve accounting for the cost of collection programs and allow management to focus efforts on accounts most likely to be collected.

310402. Debt Write-Off. Debts will be written off when:

A. A judgment was obtained but full or partial debt collection could not be made.

B. A debtor was unable to pay.

C. Collection costs would exceed the amount recoverable.

D. A debtor could not be located and the statute of limitations has expired.

E. A collection agency was unable to collect a debt and returned the debt to the referring organization with documentation sufficient to demonstrate that further collection action would be futile.

★ 310403. Debt Close-Out. DoD Components, when closing out written-off accounts and removing the accounts from other active receivables, shall:

A. Maintain subsidiary records of accounts that may be collected by offset against future benefit claims.

B. Maintain an IRS referral log by calendar year which contains a record of amounts written off and debtor-identifying information for income reporting on IRS Form 1099-C, "Canceled Debt" (see paragraph 310404, below).

★ C. Reinstitute collection action on closed-out accounts if there is subsequent evidence that a debtor has new ability to repay.

310404. Debt Retention. Unless documentary evidence shows there is no potential for future collection, debts written off for which collection costs are not a factor, will be retained in an inactive file until the 10-year administrative offset limitation expires. Inactive debts will be matched periodically against the Defense Manpower Data Center United States-employee files and collected by salary or administrative offset when debtors are found to be employed by the United States. These debts may be collected by other means required or authorized by this Regulation if the 6-year statute of limitations has not expired. DoD Components that write off or compromise debts will maintain logs for later reporting to the IRS. Debt write offs and compromises totaling $600 or more for an individual debtor in a calendar year will be reported to the IRS as income to the debtor. Write offs and compromises will be included in the total only if the debtor received something of value.

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CHAPTER 32
DEBT REFERRALS OUTSIDE THE DEPARTMENT OF DEFENSE

★3201 APPLICABILITY

Policies in this chapter apply to debts of individuals, except foreign individuals, owed the United States. They do not apply to contract debts, sovereign debts owed the United States, or collection of child support, alimony, or commercial debts from the pay of DoD civilian employees or military members through garnishment or involuntary allotment. Contract debt collection procedures are contained in Volume 10 of this regulation. Sovereign debt collection procedures are contained in chapter 3, Volume 15 of this Regulation. Procedures for collection of child support, alimony, or commercial debts from military members or civilian employees through garnishment or involuntary allotments are contained in Volume 7 and Volume 8, respectively, of this regulation.

3202 REFERRALS TO THE GENERAL ACCOUNTING OFFICE AND THE DEPARTMENT OF JUSTICE

320201. Debts that Will Be Referred. DoD Components will refer to the DOJ any debt where there is an indication of fraud or the presentation of a false claim. The DOJ must authorize collection action on these debts. Except where preliminary referral to GAO is provided in paragraphs 320204 and 320205, below, debts on which aggressive collection action has been taken according to this Regulation and which cannot be compromised, suspended, or terminated, will be referred promptly, without prior GAO referral, to the DOJ for litigation. The DOJ establishes minimum dollar thresholds for referring these debts.

320202. Timing. Referrals will be made as early as possible consistent with collection actions and will be made well within the time limit for bringing suit against debtors. Ordinarily, referrals will be made within 1 year of creditor organizations' final determinations as to facts and amounts of debts.

320203. Department of Justice Referral Addresses. Debts with an original gross amount of $100,000 or more will be referred to the DOJ Central Intake Facility.

320204. Debts Arising from GAO Exceptions. Debts arising from exceptions taken by the GAO to payments made by DoD Component DOs will be referred to the GAO for review before referral to the DOJ for litigation.

320205. Questionable Debts. Questionable debts will be referred to the GAO for resolution or instructions before collection actions or referral to the DOJ for litigation. DoD Components will follow instructions and observe monetary limitations in the GAO Policy and Procedures Manual for Guidance of Federal Agencies (reference (n)) when making preliminary referrals to GAO. Questionable debts include those where there is doubt as to:

A. Merits or amount of a debt.

B. Propriety of proposed compromise.

C. Propriety of suspending or terminating collection action.

320206. Claims Collection Litigation Report. DoD Components will use Claims Collection Litigation Reports, prescribed by the DOJ, for making preliminary referrals to the GAO and referring debts to the DOJ for litigation. Attachments to the reports include a checklist or brief summary of action taken to collect or compromise debts and, for any noncompliance with administrative collection actions required by the Federal Claims Collection Standards, 4 C.F.R. 102, (reference (aq)), reasons for omitting the requirements. Reasonable steps will be taken to locate missing debtors and reports will include debtors' current addresses. Referrals to the DOJ for foreclosure or other proceedings, in which a debtor's address is unknown, will include a list of prior known addresses and a statement of steps taken to locate the debtor. Reasonably current credit data will also be included in reports. Debtors' credit should indicate there is reasonable prospect of enforcing debt collection having due regard for exemptions available under federal and state laws and judicial remedies available to the government. Credit data must be in one of the following forms:

A. A commercial credit report.

B. An investigative report showing debtor's assets, liabilities, income, and expenses.

C. A debtor's own financial statement, executed under penalty of perjury, showing assets, liabilities, income, and expenses.

320207. Criteria for Omitting Claims Collection Litigation Report Credit Data. DoD Components may omit credit data from a Claims Collection Litigation Report if: a debtor is bankrupt or in receivership; a debtor's liabilities to the DoD Component are fully covered by insurance, in which case, the referring organization will provide information on the insurer's identity and address and the type and amount of insurance; or the nature of a debtor is such that credit data is not normally available or cannot be reasonably obtained, for example, a state or local government unit.

320208. Contacting Debtors After Referral. Once debts have been referred to the GAO or the DOJ, DoD Components will refrain from contact with referred debtors. Debtors who raise questions pertaining to these debts will be referred to the GAO or the DOJ as appropriate. DoD Components will immediately notify the agency holding the debt of any payments received subsequent to referral.

3203 DEBT REFERRALS TO PRIVATE COLLECTION AGENCIES

320301. Authority to Use Private Collection Agencies. Centralized debt collection organizations may use private collection agencies to supplement their debt collection programs.

320302. Contracting for Private Collection Agency Services. Contracts awarded by a DoD Component for private collection agency services will have the following minimum provisions:

A. The DoD Component will retain authority to resolve disputes, compromise debts, suspend and terminate collection activity, and refer debts to credit bureaus and to the DOJ for litigation.

B. Contractors will be subject to the Privacy Act of 1974 to the extent specified in 5 U.S.C. 552a(m) and other federal and state regulations and laws.

C. Contractors will be required to account strictly for all amounts collected.

D. Contractors will record all collection activity for each debt and provide, when available, any information needed by the DoD Component to complete a claims collection litigation report.

E. Contracts will specify minimum requirements for the following collection activities:

1. Locating and contacting debtors.

2. Installment payments.

3. Returning uncollectible debts to the DoD Component.

F. Contractors will be required to calculate, assess, collect, and return to the DoD Component, interest, penalties and administrative charges as specified in this Regulation.

320303. Collection Contract Funding. Collection agency contracts awarded by a DoD Component normally will be funded by contingency fees. Fees will be based on a percentage of collections and will be consistent with prevailing commercial rates. Collection agency contracts awarded by a DoD Component may be funded on a fixed-fee basis but only to the extent funds are available in advance appropriations or other legislation.

320304. Referring Government Employees. DoD Components normall will not refer U.S. Government employees to commercial collection agencies. However, such referral is not precluded.

3204 DEBT REFERRALS TO COMMERCIAL CREDIT BUREAUS

320401. Authority To Refer Debtors. Centralized debt collection organizations authorized to terminate or write-off debts will report the following debt categories to commercial credit bureaus:

A. Delinquent debts which are not feasible to collect.

B. Debts referred to the GAO for collection.

C. Debts referred to the DOJ for litigation.

320402. Due Process Protection. Before referring debts to commercial credit bureaus, DoD Components will ensure debtors are provided due process. Debtors will be provided a minimum of 60-days' advance notice before debts are referred.

320403. Maintaining Referred Debts Current. The referring organization will notify the credit bureau when there is a substantial change to a referred debt. Referring organizations will establish procedures to disclose promptly current information on debts when requested by those credit bureaus to which debts were referred.

320404. Maintenance of Debt Records. Records for debts referred to commercial credit bureaus on which no other collection action will be taken shall be retained for 13 months for commercial debts or 7 years for individual debts.

3205 DEBT REFERRALS TO THE INTERNAL REVENUE SERVICE FOR TAX REFUND OFFSET

320501. Authority To Refer Debts. Title 31, U.S.C., section 3720A (reference (e)) authorizes the IRS to collect certain past due and legally enforceable debts by offset against tax refunds. Referring organizations will comply with agreement between the IRS and DoD for implementing and administering tax refund offset. The single DoD manager and contact point for the program is DFAS-Denver Center (DFAS-DE/Y).

320502. Due Process and Certification. Before referring debts for tax refund offset, all debtor due process protections and notifications afforded by statute, regulation, or agreement will be satisfied. Certification of compliance will be furnished the IRS as required by statute, regulation, or agreement.

320503. Maintaining Referred Debts Current. Periodic updates to data submitted under this program will be furnished the IRS as required by statute, regulation, or agreement.

320504. Access To and Use of Tax Information. Federal officers or employees operating or using this debt collection process must be made aware that access to and use of

confidential tax information in connection with offset of federal tax overpayment under IRS Code, section 6402(d), is restricted by section 6103 of the IRS Code. Confidential tax information received must be adequately safeguarded. Personnel who access or use confidential tax information must be informed of these restrictions and of the sanctions or penalties that may be imposed for violation of restrictions on access and use of tax information.

★ CHAPTER 33 ★
ACCOUNTABLE OFFICIALS AND CERTIFYING OFFICERS

3301 PURPOSE AND INTRODUCTION

330101. Purpose. Prior to a 1996 legislative change (Public Law 104-106, section 913), the Department did not have certifying officers, and only disbursing officers were pecuniarily liable for fiscal irregularities, including erroneous payments. That legislation requires certifying officers within the Department. Sound financial management and internal control practices dictate that such certifying officers be independent and organizationally separate from disbursing officers, whenever practicable. This chapter addresses: (1) responsibilities of accountable officials, certifying officers and disbursing officers, (2) minimum qualifications for certifying officers, (3) pecuniary liability of accountable officials, certifying officers and disbursing officers, (4) the selection and appointment process for certifying officers, (5) certification of vouchers for payment, and (6) pre- and post-payment random review. A glossary of terms is at section 3310.

330102. Introduction. The centralization of disbursing processes and the increased use of automated systems, coupled with the volume and complexity of business processes, reduces the ability of the Department's officials to exercise direct personal control over all aspects of each business transaction. Accordingly, it is extremely difficult for any single Departmental official to personally ensure the accuracy, propriety and legality of every payment. Consequently, the certifying and disbursing officer must depend on other personnel involved in the payment authorization process to provide accurate and timely data and quality service. (For example, a certifying officer for payroll must depend on information provided by the personnel office.) To ensure that a payment is correct, personnel who provide information to certifying officers must provide accurate information.

3302 POLICY

The law (31 U.S.C., section 3325) requires certifying officers within the Department. These officers are pecuniarily liable for erroneous payments (see paragraph 330303). Further, it is the policy of the Department of Defense that other officials involved in authorizing a payment are accountable, and that these accountable officials, as well as certifying and disbursing officers, shall be pecuniarily liable for erroneous payments resulting from the negligent performance of their duties.

3303 RESPONSIBILITIES

330301. General Responsibilities of Accountable Officials. All accountable officials are responsible for:

A. Ensuring that a system of internal procedures and controls for the portion of the entitlement- and/or payment-related process under their cognizance is in place to minimize

opportunities for erroneous payments, and to ensure that all procedural safeguards effecting proposed payments are observed;

B. Complying with all applicable DoD regulations, policies and procedures, including local standard operating procedures;

C. Supporting their respective certifying officers with timely and accurate data, information, and/or service to ensure proper payments, i.e., payments that are supportable, legal, and computed correctly;

D. Requesting advice from a certifying officer concerning a doubtful matter within the accountable official's responsibilities upon which the certifying officer will rely in making certification of (i) an entitlement to payment, (ii) a document for payment or (iii) other information/data associated with a payment, and

E. Taking timely action in response to inquiries initiated by a review official with regard to possible or actual erroneous payments.

330302. Specific Responsibilities of Accountable Officials by Functional Area. (Note: This is not a complete list of all potential accountable officials.)

A. Purchase Card Program:

1. Agency program coordinators are responsible for the implementation and execution of the purchase card program in accordance with established Office of the Secretary of Defense and applicable DoD Component regulations, policies and procedures.

2. Cardholders are responsible for the timely and accurate update of the cardholder's automated system.

3. Resource Managers/Fund Holders. In addition to other responsibilities, resource managers/fund holders are responsible for the proper assignment of funding on an obligation document before the obligation is incurred, and for maintaining a system of positive funds control.

4. Automated Information System (AIS) Administrators. In addition to other responsibilities, AIS administrators are responsible for the operation and maintenance of automated system(s) used to support the entitlement, certifying and disbursing processes. Specifically, the AIS administrator's responsibility in this context is to ensure that these systems operate in accordance with prescribed functional requirements and to maintain the integrity of the data and prevent unauthorized access to the data.

B. Temporary Duty Travel:

1. Agency program coordinators are responsible for the implementation and execution of the travel card program in accordance with established official DoD regulations, policies and procedures.

2. Authorizing officials are responsible for authorizing travel orders and signing/approving travelers' claims.

3. Resource Managers/Fund Holders. In addition to other responsibilities, resource managers/fund holders are responsible for the proper assignment of funding on an obligation document before the obligation is incurred, and for maintaining a system of positive funds control.

4. Automated Information System (AIS) Administrators. In addition to other responsibilities, AIS administrators are responsible for the operation and maintenance of automated system(s) used to support the entitlement, certifying and disbursing processes. Specifically, the AIS administrator's responsibility in this context is to ensure that these systems operate in accordance with prescribed functional requirements and to maintain the integrity of the data and prevent unauthorized access to the data.

C. Contract and Vendor Pay:

1. Contracting officers are responsible for the timely and accurate update of prime contracting modifications that support payments, e.g., payee's name and address.

2. Administrative contracting officers are responsible for the timely and accurate update of contract modifications and other administration documents that support payments, e.g., unit price.

3. Receiving officials are responsible for the timely and accurate update of receipt data, e.g., quantity and receipt date.

4. Resource Managers/Fund Holders. In addition to other responsibilities, resource managers/fund holders are responsible for the proper assignment of funding on an obligation document before the obligation is incurred, and for maintaining a system of positive funds control.

5. Automated Information System (AIS) Administrators. In addition to other responsibilities, AIS administrators are responsible for the operation and maintenance of automated system(s) used to support the entitlement, certifying and disbursing processes. Specifically, the AIS administrator's responsibility in this context is to ensure that these systems operate in accordance with prescribed functional requirements and to maintain the integrity of the data and prevent unauthorized access to the data.

D. Civilian Pay:

1. Personnel officers are responsible for the accurate and timely update of personnel data supporting payment.

2. Employees' supervisors are responsible for the accuracy of employees' time and attendance records and supporting documentation, such as requests and approval of leave, overtime, and compensatory time.

3. Supervisors of time and attendance clerks are responsible for the accuracy of the time and attendance data input by clerks under their supervision.

4. Resource Managers/Fund Holders. In addition to other responsibilities, resource managers/fund holders are responsible for the proper assignment of funding on an obligation document before the obligation is incurred, and for maintaining a system of positive funds control.

5. Automated Information System (AIS) Administrators. In addition to other responsibilities, AIS administrators are responsible for the operation and maintenance of automated system(s) used to support the entitlement, certifying and disbursing processes. Specifically, the AIS administrator's responsibility in this context is to ensure that these systems operate in accordance with prescribed functional requirements and to maintain the integrity of the data and prevent unauthorized access to the data.

E. Military Pay:

1. Personnel officers are responsible for the accurate and timely input of personnel data supporting payment.

2. Military members' supervisors are responsible for accurate and timely input of data, such as leave slips.

3. Resource Managers/Fund Holders. In addition to other responsibilities, resource managers/fund holders are responsible for the proper assignment of funding on an obligation document before the obligation is incurred or promulgation of detailed field procedures, and for maintaining a system of positive funds control.

4. Automated Information System (AIS) Administrators. In addition to other responsibilities, AIS administrators are responsible for the operation and maintenance of automated system(s) used to support the entitlement, certifying and disbursing processes. Specifically, the AIS administrator's responsibility in this context is to ensure that these systems operate in accordance with prescribed functional requirements and to maintain the integrity of the data and prevent unauthorized access to the data.

F. Permanent Change of Station:

1. Personnel officers are responsible for the timely and accurate input of data supporting a payment.

2. Commanders/directors are responsible for ensuring that members performed in accordance with travel orders.

3. Resource Managers/Fund Holders. In addition to other responsibilities, resource managers/fund holders are responsible for the proper assignment of funding on an obligation document before the obligation is incurred, and for maintaining a system of positive funds control.

4. Automated Information System (AIS) Administrators. In addition to other responsibilities, AIS administrators are responsible for the operation and maintenance of automated system(s) used to support the entitlement, certifying and disbursing processes. Specifically, the AIS administrator's responsibility in this context is to ensure that these systems operate in accordance with prescribed functional requirements and to maintain the integrity of the data and prevent unauthorized access to the data.

330303. Certifying Officer. Certifying officers are responsible for:

A. Information stated in a voucher, supporting documents, and records;

B. Computation of a certified voucher under sections 3528 and 3325 of title 31, United States Code;

C. Legality of a proposed payment under the appropriation or fund involved;

D. Issuing advice to accountable officials;

E. Seeking advance decisions under 31 U.S.C., section 3529 from the DoD Office of Deputy General Counsel (Fiscal), or designee; and

F. Repaying a payment:

1. that is determined to be illegal, improper, or incorrect because of an inaccurate or misleading certificate;

2. that is determined to be prohibited by law; or

3. that does not represent a legal obligation under the appropriation or fund involved.

G. Designating accountable officials under paragraph 330505.

330304. Heads of the DoD Components. Heads of the DoD Components (or their designees) are responsible for the appointment of certifying officer(s) and review official(s) as required, for the oversight of certifying officers and review officials, and for carrying out the duties described in paragraph 330805. Heads of the DoD Components (or their designees) are not accountable officials by reason of the execution of these responsibilities.

330305. Disbursing Officer. Disbursing officers are responsible for:

A. Disbursing money only as provided by vouchers duly certified by authorized certifying officers.

B. Examining vouchers to determine if they are in the proper form, certified and approved by an authorized certifying officer, computed correctly on the facts certified, and except for the correctness of computations on a voucher are accountable for disbursing money only as provided by a certified voucher and performing the voucher examination.

C. Returning, to the certifying officer, any voucher that is not in the proper form, is incomplete, or is not properly certified.

330306. Supervisors. Supervisors of accountable officials and certifying officers are responsible for training, including initial training for new personnel and periodic refresher training for other personnel. Supervisors also are responsible for periodic review or inspection of the actions of all accountable officials and certifying officers under their supervisory control to ensure compliance with established regulations, policies and procedures, including local standard operating procedures.

3304 CERTIFYING OFFICER QUALIFICATIONS

To promote professionalism and strengthen internal controls, a certifying officer should be a supervisor and have the following minimum qualifications: (1) knowledge of the subject matter, (2) background or experience in the preparation of a voucher for payment, (3) knowledge of appropriations and other funds and accounting classifications, and (4) knowledge of payment process (e.g., availability of funds and location of designated paying and accounting offices).

3305 CERTIFYING OFFICER SELECTION AND APPOINTMENT AND ACCOUNTABLE OFFICIAL DESIGNATION

330501. DoD personnel eligible to be appointed to certify vouchers and forward to a disbursing office for payment include (but are not limited to): commanders, deputy commanders, resource managers/fund holders, travel authorizing officials, purchase card approving officials and other personnel in equivalent positions. For example, a traveler's supervisor could be a travel authorizing official and a certifying officer. The Heads of the DoD Components (or their designees) shall appoint certifying officers. For purposes of the purchase card program, the designated approving official shall be appointed as the certifying officer. A certifying officer shall

be appointed by the issuance of a letter of appointment and the completion of a DD Form 577, Signature Card. The appointment letter and DD Form 577 specifically shall identify the types of payments, such as vendor pay and civilian pay, to be certified.

330502. A disbursing officer is not eligible for appointment as a certifying officer and may not appoint a certifying officer. An individual under the direct supervision of a disbursing officer (e.g., deputy disbursing officer) may be appointed as a certifying officer only in special, limited situations as described in paragraph 330504.

330503. At installations or activities where a computation function is performed independently of the disbursing function, certifying officers may be appointed at the first line supervisory level or higher within the computation organization. These appointments may be accomplished either directly by the respective Head of the DoD Component or by delegation through command channels.

330504. Where computations for payment are performed under the direction of the disbursing officer during tactical operations (including afloat units, military training exercises, noncombatant evacuations, and contingency operations), certifying officers may be appointed from among personnel within the disbursing office. These appointments must be accomplished either by direct written notification from the respective Head of the DoD Component to the designated appointee, or by delegation through command channels excluding the disbursing officer.

330505. Accountable officials shall be designated by the certifying officer whose certifications are supported by the accountable official(s). An accountable official shall be notified by the issuance of a letter of designation which apprises the accountable official of his/her pecuniary liability for erroneous payments that result from the negligent performance of accountable official duties.

3306 CERTIFICATION

330601. By affixing a manual, electronic or digital signature to a voucher, a certifying officer states (certifies) to a disbursing officer that the items listed therein are correct and proper for payment from the appropriation(s) or other funds designated thereon or on supporting vouchers, and that the proposed payment is legal, proper and correct. Certifying officers may certify payments by manual or electronic methods and may certify individual vouchers, or a summary of several vouchers.

330602 Manual certifications are made on the voucher. A manual certification shall include the certifying officer's signature, typed or printed name, the title "Authorized Certifying Official," the date and the dollar amount. Manually certified vouchers may be submitted to the disbursing office by mail or fax.

330603. Electronic certification must include adequate safeguards. An electronic certification adopted by a certifying officer must be: (1) unique to the certifying officer,

(2) under the sole control or custody of the certifying officer, (3) linked to the data certified in such a manner that if the data are changed, the digital or electronic signature is invalidated, and (4) capable of being verified by the disbursing officer.

3307 PECUNIARY LIABILITY

330701. Accountable officials shall be pecuniarily liable for erroneous payments that result from information, data or service they negligently provide to a certifying officer. Pecuniary liability shall be for the full amount of the erroneous payment up to one month's compensation. One month's compensation is one month's regular military compensation as defined in 37 U.S.C. 101(25) in the case of military members and one-twelfth of annual pay in the case of civilian employees. For Reserve component personnel, one month's regular military compensation refers to the amount that would have been received by the Service member if on active duty.

330702. A certifying officer is pecuniarily liable for payments in accordance with the provisions of 31 U.S.C., section 3528.

330703. A disbursing officer is pecuniarily liable for payments in accordance with:

A. 31 U.S.C., section 3325 and other applicable law;

B. This volume.

330704. The amount of pecuniary liability is the amount of the erroneous payment, reduced by any amounts recovered from the recipient. Generally, the amount is determined during the investigation and relief from liability process (see sections 3308 and 3309 below).

3308 PRE- AND POST-PAYMENT RANDOM REVIEW

330801. Coincident with the appointment of a certifying officer, an individual shall be appointed in writing to serve as a review official. Where feasible, personnel who are serving in a review-type position, e.g., head of the internal review office, should serve as the certification review official. The person so appointed shall conduct pre- and post-payment reviews of payments certified by the certifying officer. The person appointed as a review official may not concurrently serve as an accountable official, or as a certifying or disbursing officer. Except where impracticable within afloat or tactical operating forces, persons appointed as review officials shall not be in the supervisory chain of command of a certifying officer or disbursing officer.

330802. The review official appointed to perform pre- and post-payment reviews shall perform such reviews in accordance with guidance issued by the Under Secretary of Defense (Comptroller) memorandum dated October 31, 1996 (Revision to Travel Reengineering Implementation Memorandum #8). When the review official identifies a certified proposed payment, or an actual payment, as being of questionable legality, propriety or correctness, the review official shall issue an inquiry to the certifying officer. Such an inquiry shall direct the

certifying officer to provide an explanation as to why payment was certified. A copy of the inquiry shall be provided to the applicable accountable official(s) and disbursing officer. If requested, the accountable official(s) and disbursing officer shall assist the certifying officer in providing the required explanation.

330803. If the certifying officer utilizes a prepayment statistical sampling procedure approved by the Office of the Under Secretary of Defense (Comptroller) or designee, and reviews only those vouchers selected in the sample as a basis for certification, the vouchers selected for review must be identified. By law, certifying and disbursing officers are not pecuniarily liable for an erroneous payment on vouchers and documents not selected for review based on the use of approved sampling procedures if diligent collection action is pursued. However, the applicable accountable official shall be liable in accordance with the policies specified herein.

330804. Review officials shall maintain a file of all inquiries that result from the review process or that are received from other sources, e.g., payees, the accounting office or the disbursing office. Additionally, review officials shall ensure that all inquiries are resolved within 30 calendar days from the date of an inquiry. If, based on the response from the certifying officer, the applicable review official determines that a payment was legal, proper, and correct, no further action is required. If there is doubt, the Director, Defense Finance and Accounting Service shall determine the legality, propriety and correctness of payments that have been made. If the results of an inquiry fail to establish that a payment was legal, proper and correct, and if recovery has not been made, the review official must raise a charge against the applicable accountable officials, the certifying officer, and/or the disbursing officer, as appropriate.

A. The raising of a charge is mandatory, except that no charge shall be raised against a certifying or disbursing officer if the payment was certified based upon reliance of an approved pre- and post-payment statistical sampling procedure and the voucher in question was not included in the sample. A review official shall not close an inquiry until satisfied that appropriate collection action is being taken against the recipient of the payment, as well as negligent accountable officials, the certifying officer or the disbursing officer who are liable and have not been relieved of liability under section 3309.

B. A review official must maintain a file of all charges and may close such files only upon final disposition (e.g., recovery from the payee, or relief of, or recovery from, an accountable official or a certifying or disbursing officer).

330805. A review official must notify the applicable commander/director whenever charges are made against an accountable official, or a certifying or disbursing officer. When an accountable official, or a certifying or disbursing officer, is charged by a review official with an erroneous payment, the commander/director of the review official must convene or order an investigation in accordance with chapter 6 and Appendix C of this volume. After considering the findings of the investigation in cases where a charge has been raised against an accountable official, a determination must be made as to whether the erroneous payment was the result of the accountable official's negligence. If the commander/director determines that the erroneous

payment was not the result of the accountable official's negligence, the charge against that official shall be cleared.

3309 RELIEF FROM LIABILITY

In the case of certifying and disbursing officers, pecuniary liability attaches automatically when there is a fiscal irregularity. A fiscal irregularity is either: (a) a physical loss of cash, vouchers, negotiable instruments, or supporting documents or (b) an erroneous payment. Pecuniary liability in the case of accountable officials attaches when the commander/director determines that an erroneous payment was the result of an accountable official's negligence. Certifying officers and disbursing officers should bear in mind that in all cases there is a presumption of negligence and those individuals bear the burden of proof in establishing the absence of negligence; i.e., they must produce evidence to establish that there was no contributing fault or negligence on their part. A presumption of negligence does not apply to accountable officials. In accordance with procedures in this regulation, an investigator must obtain the relevant facts concerning: (1) whether there is a fiscal irregularity, and (2) whether there is evidence of fault or negligence on the part of an accountable official, and evidence of the absence of fault or negligence on the part of a certifying or disbursing officer. Efforts to recover from the recipient must be undertaken in accordance with the debt collection procedures prescribed in chapters 29 and 30 of this volume.

330901. If recovery action is successful, credit shall be made to the appropriation or fund that was charged originally, and the charge against an accountable official, or a certifying and/or disbursing officer shall be cleared.

330902. If recovery action is wholly or partially unsuccessful, a certifying officer or disbursing officer may request relief from liability supported by a statement explaining how the evidence shows the absence of negligence on the officer's part; an accountable official may submit a request for relief supported by a statement explaining how the evidence fails to show negligence on the official's part.

330903. If an accountable official, certifying officer or disbursing officer elects not to request relief, the individual shall remit personal funds for the amount of the fiscal irregularity. That remittance shall have the same effect as if the remittance had been submitted by the recipient of the original payment.

330904. If an accountable official submits a request under paragraph 330902, it must be routed through the applicable certifying officer. All requests under paragraph 330902, must be routed via the appropriate commander/director to the Defense Finance and Accounting Service Headquarters for consideration.

330905. A request from an accountable official, or a certifying or disbursing officer, under paragraph 330902 may be delayed pending the outcome of collection efforts against the recipient, but in all cases shall be submitted within one (1) year following the attachment of liability against the individual.

A. If the request is granted, the charge against the individual shall be cleared.

B. If the request is denied and collection from the recipient is wholly or partially unsuccessful, the individual must clear the charge by remitting personal funds or otherwise arranging repayment with the Defense Finance and Accounting Service.

C. If the accountable official, or the certifying or disbursing officer, leaves civilian employment, or is released from military duty, appropriate collection action(s) must be made prior to termination of employment/release from military duty.

330906. Relief is granted if the evidence shows that the irregularity was not the result of a certifying or disbursing officer's negligence. In the case of accountable officials, relief is granted if it is determined that the commander/director erred in finding that an erroneous payment was the result of the accountable official's negligence. An indication of lack of negligence is evidence that the individual followed established official DoD regulations, policies and procedures, including local standard operating procedures. Conversely, failure to act in accordance with such regulations, policies, and procedures is generally considered evidence of negligence. Evidence that an accountable official, certifying officer, or disbursing officer followed orders of a superior is not evidence of the absence of negligence or bad faith. The following factors are not relevant in determining relief from liability: (a) heavy workload or shortage of personnel; (b) good work record, reputation, or character; (c) length of loyal and dependable service; (d) lack of experience, supervision, or training; (e) financial hardship in making restitution; or (f) acceptance of extra duties.

3310 GLOSSARY OF TERMS

331001. Accountable Officials. For the purposes of this chapter, DoD military members and civilian personnel, who are designated in writing and are not otherwise accountable under applicable law, who provide source information, data or service (such as a receiving official, a cardholder, and an automated information system administrator) to a certifying or disbursing officer in support of the payment process. They are pecuniarily liable for erroneous payments resulting from their negligent actions.

331002. Administrative Contracting Officer. A military member or civilian employee of the Department who is warranted to administer contracts.

331003. Approving Official. An individual who has responsibility for one or more Government Purchase Card (IMPAC) cardholders.

331004. Automated Information System Administrator. An individual responsible for the programming, scheduling or operation of computerized programs, and the maintenance of one or more automated information systems.

331005. Cardholder. An individual designated by an agency/activity to be issued a government purchase card and/or government travel card.

331006. Certification.

A. Certifying Officer--The act of attesting to the legality, propriety and correctness of a voucher for payment as provided for in 31 U.S.C., section. 3528(a).

B. Accountable officials--The act of attesting to the legality, propriety and/or the correctness of a document that supports a payment voucher in accordance with this regulation.

331007. Certifying Officer. A DoD military member or civilian employee of the Department appointed in writing to certify a voucher for payment (see "Certification" above).

331008. Civilian Pay. Entitlements to DoD civilian employees. A functional area within the payment process.

331009. Commander/Director. An individual assigned as a commander-in-chief, commanding officer, base commander, installation commander, director of a defense activity, officer-in-charge, or equivalent civilian head.

331010. Contract. A mutually binding legal relationship obligating the seller to furnish the supplies or services and the buyer to pay for them. It includes all types of commitments that obligate the Government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. This includes (but is not limited to) rental and lease agreements, purchase orders, delivery orders, service contracts, requirements-type contracts and bilateral instruments.

331011. Contract Pay. An entitlement process to pay contractors. A functional pay area.

331012. Contractor. Any person, organization, or business concern engaged in a profession, trade, or business and any not-for-profit entity operating as a vendor (including State and local governments and foreign entities, but excluding federal entities and foreign governments).

331013. Disbursing. The act of paying public funds to entities to whom the government is indebted; the collection and deposit of moneys; the safeguarding of public funds; the documenting, recording, and reporting of these transactions.

331014. Disbursing Officer. An officer or employee of a Federal department, agency or other individual designated to disburse moneys and render accounts according to laws and regulations governing the disbursement of public moneys.

331015. Document. A business record in hard copy or electronic form.

331016. Electronic Certification. An approved electronic signature adopted by a certifying officer that is unique to the certifying officer; capable of verification by the disbursing officer; under the sole control or custody of the certifying officer; and linked to the data certified in such a manner that if the data are changed, the electronic signature is invalidated.

331017. Erroneous Payment (also referred to as an Illegal, Incorrect, or Improper Payment). A fiscal irregularity resulting from regularly processed payments that are not in strict conformity with laws and regulations. For example, an erroneous payment results from: (a) an overpayment of a payee; (b) two or more payments to a payee for the same entitlement; (c) a payment to the wrong payee; (d) a U.S. Treasury check issue over-draft in some cases; (e) a shortage caused by negotiation of both an original and a substitute U.S. Treasury check; (f) a shortage caused by a negotiation of both an original and a recertified U.S. Treasury check; (g) payment based on fraudulent, forged, or altered documents (usually); or (h) a payment made in violation of a law or regulation.

331018. Fiscal Irregularity. An irregularity in a disbursing officer's account is any action (or lack thereof), event, practice, or circumstance that causes an out-of-balance condition in the financial accountability to the United States of the disbursing officer and/or deputies, agents, and cashiers to whom public funds have been entrusted. Irregularities resulting from physical losses of funds or erroneous payments.

331019. Internal Controls. The manner in which financial, manpower, and property resources are controlled and safeguarded by the regular authorization, approval, documentation, recording, reconciling, reporting, and related accounting processes.

331020. Military Pay. An entitlement process for military active duty personnel, Reserve personnel, National Guard personnel, retired military personnel, annuitants, academy cadet/midshipman, and Armed Forces Health Professions Scholarship participants, and inactive duty travel. A functional pay area.

331021. Negligence. Ordinary or simple negligence, including the failure to adhere to established official DoD regulations, policies, and procedures, and local standard operating procedures; bad faith.

331022. Pecuniary Liability. Personal financial liability for fiscal irregularities of disbursing and certifying officers and accountable officials as an incentive to guard against errors and theft by others, and also to protect the government against errors and dishonesty by the officers themselves.

331023. Procurement Contracting Officer. A person with authority to enter into and/or terminate contracts and make related findings and determinations.

331024. Receiving Official. A military member or civilian employee of the Department authorized to substantiate the receipt, inspection, and acceptance of goods and/or services.

331025. Relief from Liability. Action taken by someone with the legal authority to do so, which absolves accountable officials, or certifying and disbursing officers of pecuniary liability.

331026. Review Official. A military member or civilian employee of the Department who is appointed in writing to conduct pre- and post-payment reviews, to issue and control inquiries and to initiate charges against the certifying, disbursing, and accountable officials for financial irregularities.

331027. Travel Authorizing Official. An official, or a designated representative, to whom final authority to issue travel orders (order issuing official) is delegated in writing by a DoD Component, by organizational title, and/or name.

331028. Travel Order. A document that authorizes official government travel.

331029. Traveler. A military member, DoD employee or invitational traveler traveling in an official capacity.

331030. Vendor. Any person, organization, or business concern engaged in a profession, trade, or business including a not-for-profit entity operating as a vendor (including State and local governments and foreign entities, but excluding Federal entities and foreign governments).

331031. Vendor Pay. The process of computing the amount to be paid to a contractor or vendor for all contract/purchase orders, except those administered by the Defense Contract Management Command. A functional pay area.

331032. Voucher. A voucher, voucher schedule, invoice, bill, or any other document used as a voucher, certified by a certifying officer based on which a disbursing officer makes a payment.

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REFERENCES

(a) DoD Directive 1000.11, "Financial Institutions on DoD Installations," June 9, 2000
(b) DoD Instruction 1000.10, "Procedures Governing Credit Unions on DoD Installations," July 26, 1989 (hereby cancelled)
(c) DoD Instruction 1000.12, "Procedures Governing Banking Offices on DoD Installations, July 26, 1989 (hereby cancelled)
(d) Federal Acquisition Regulations
(e) DoD Directive 5530.3, "International Agreements," June 11, 1987
(f) DoD Directive 5500.7, "Standards of Conduct," August 30, 1993
(g) DoD Directive 1327.5, "Leave and Liberty," September 24, 1985
(h) DoD 1400.25-M, "DoD Civilian Personnel Manual," Subchapter 630, December 1996
(i) Decision of the Comptroller General of the United States, B-212457, "Administrative Leave – Federal Employees Providing Advice and Support to Federal Credit Unions," August 23, 1984
(j) DoD Directive 1344.9, "Indebtedness of Military Personnel," October 27, 1994
(k) Title 10, United States Code, section 2667
(l) DoD Directive 5120.20, "Armed Forces Radio and Television Service (AFRTS)," December 17, 1981
(m) DoD Directive 1440.1, "The DoD Civilian Equal Employment Opportunity (EEO) Program," May 21, 1987
(n) DoD 4270.1-M, "Policy Guidelines for Installation Planning, Design, Construction and Upkeep," September 1987
(o) DoD Instruction 7700.18, "Nonappropriated- and Privately-Funded Construction Projects – Review and Reporting Requirements," May 12, 1983
(p) Title 12, United States Code, section 265
(q) DoD 4165.63-M, "DoD Housing Management," September 1993
(r) DoD Directive 1342.13, "Eligibility Requirement for Education of Minor Dependents in Overseas Areas," July 8, 1982
(s) DoD Directive 4525.6, "Single Manager for Military Postal Service," May 5, 1980
(t) Title 12, United States Code, section 1770, section 170 of the Federal Credit Union Act of June 26, 1934, as amended
(u) DoD Directive 5400.11, "Department of Defense Privacy Program," June 9, 1982
(v) Title 5, United States Code, sections 552a(e)(3), 552a(a)(1), 552a(m), and 552(e)
(w) OMB Circular A-130, "Management of Federal Information Resources," February 8, 1996
(x) DoD Directive 5400.7, "DoD Freedom of Information Act Program," September 29, 1997

CHAPTER 34

PROCEDURES GOVERNING BANKS, CREDIT UNIONS AND OTHER FINANCIAL INSTITUTIONS ON DOD INSTALLATIONS

3401 OVERVIEW

340101. Purpose. This chapter implements DoD Directive 1000.11, "Financial Institutions on DoD Installations," (reference (a)) and prescribes guidance and procedures governing the establishment, support, operation, and termination of banks and credit unions operating on DoD installations worldwide, to include military banking facilities (MBFs). This chapter replaces references (b) and (c), which are hereby cancelled. In addition, this chapter provides guidance intended to ensure that arrangements for the provision of services by financial institutions are consistent among DoD Components, and that financial institutions operating on DoD installations provide, and are provided, support consistent with the guidance and procedures stated herein.

340102. Applicability. This Regulation applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Joint Chiefs of Staff (JCS), the Joint Staff and the supporting Joint Agencies, the Combatant Commands, the Inspector General of the Department of Defense (IG,DoD), the Defense Agencies, the DoD Field Activities, the Uniformed Services University of the Health Sciences (USUHS), all DoD nonappropriated fund instrumentalities including the Military Exchange Services and morale, welfare and recreation (MWR) activities, and all other organizational entities within the Department of Defense.

3402 POLICY

The policy pertaining to financial institutions operating on DoD installations is contained in DoD Directive 1000.11, "Financial Institutions on DoD Installations" (copy at Appendix A of this chapter) and in section 3404, "General Policy Provisions," below.

3403 RESPONSIBILITIES

340301. The Under Secretary of Defense (Comptroller) (USD(C)) shall develop and monitor policies governing establishment, operation, and termination of financial institutions on DoD installations and take final action on requests for exceptions to DoD Directive 1000.11, "Financial Institutions on DoD Installations."

340302. The Under Secretary of Defense (Acquisition, Technology and Logistics) (USD(AT&L)) shall monitor policies and procedures governing logistical support furnished to financial institutions on DoD installations, including the use of DoD real property and equipment.

340303. The Under Secretary of Defense (Personnel and Readiness) (USD(P&R)) shall advise the USD(C) on all aspects of on-base financial institution services that affect the morale and welfare of DoD personnel.

340304. The Director, Defense Finance and Accounting Service (DFAS) shall:

A. Develop procedures governing banks and credit unions on DoD installations for promulgation in this Regulation.

B. For domestic DoD installations, coordinate with the Secretaries of the Military Departments (or designees) on requests from subordinate installation commanders to establish or terminate banking offices or on-base credit unions. For overseas DoD installations, coordinate with the Secretary of the Military Department concerned (or designee) on requests from subordinate installation commanders to establish or discontinue the provision of financial services from the on-base financial institution under contract with the Department of Defense or to establish or terminate banking offices or credit unions located on DoD installations.

C. In coordination with affected DoD Components, authorize the specific types of banking services that will be provided by overseas military banking facilities (MBFs) and specify the charges or fees, or the basis for these, to be levied on users of these services.

D. Coordinate with the Fiscal Assistant Secretary of the Treasury on the designation of domestic and overseas MBFs as depositaries and financial agents of the U.S. Government.

E. Designate a technical representative to provide policy direction for the procuring and administrative contracting officer(s) responsible under the Federal Acquisition Regulation (FAR) (reference (d)) for acquiring banking services required at overseas DoD installations.

F. Serve as principal liaison with banking institutions having offices on overseas DoD installations. In this capacity, monitor MBF managerial and operational policies, procedures, and operating results and take action as appropriate.

G. As necessary, assist in the formation of government-to-government agreements for the provision of banking services on overseas DoD installations, in accordance with DoD Directive 5530.3 (reference (e)).

H. Provide procedural guidance to DoD Components, as required.

I. Maintain liaison with financial institution trade associations, leagues, and councils in order to interpret DoD policies toward respective memberships and aid in resolving mutual concerns affecting the provision of financial services.

J. Coordinate with the USD(P&R), through the USD(C), on all aspects of morale and welfare and with the USD(AT&L), through the USD(C), on all aspects of logistic support for on-base financial institutions.

K. Monitor industry trends, conduct studies and surveys, and facilitate appropriate dialogues on banking and credit union arrangements and cost-benefit relationships, coordinate as necessary with DoD Components, financial institutions, and trade associations as appropriate.

L. Maintain liaison, as appropriate, with financial institution regulatory agencies at federal and state levels.

M. Ensure that recommendations of the Combatant Commands are considered before processing requests for overseas banking and credit union service or related actions.

N. Maintain a listing of all geographic franchises assigned to credit unions serving DoD overseas installations.

340305. Secretaries of the Military Departments (or designees) shall:

A. For domestic DoD installations, take action on requests from subordinate installation commanders to establish or terminate financial institution operations. For overseas DoD installations, take action in accordance with guidance contained herein on requests from subordinate installation commanders to establish or discontinue the provision of financial services from the DoD contracted banking institution, or to establish or terminate other financial institutions located on DoD installations.

B. Provide for liaison to those financial institutions that operate banking offices on respective domestic DoD installations.

C. Oversee the use of banking offices and credit unions on respective DoD installations within the guidance contained herein and in reference (a).

D. Evaluate the services provided and related charges and fees by respective on-base banking offices and credit unions to ensure that they fulfill the requirements upon which the establishment and retention of those services were justified.

E. Monitor practices and procedures of respective banking offices and credit unions to ensure that the welfare and interests of DoD personnel as consumers are protected.

F. Assist on-base banking offices and credit unions to develop and expand necessary services for DoD personnel consistent with this Regulation.

G. Encourage the conversion of existing domestic MBFs on respective installations to independent or branch bank status where feasible.

H. Provide logistical support to overseas MBFs under terms and conditions identified in this Regulation as well as with the applicable terms of DoD contracts with financial institutions responsible for the operations of overseas MBFs.

I. Refer matters requiring policy decisions or proposed changes to this Regulation or reference (a) to the USD(C) through the Director, DFAS.

J. Monitor and encourage the use of financial institutions on DoD installations to accomplish the following ends.

1. Facilitate convenient, effective management of the appropriated, nonappropriated, and private funds of on-base activities.

2. Assist DoD personnel in managing their personal finances through participation in programs such as direct deposit and regular savings plans, including U.S. Savings Bonds. The use of on-base financial institutions shall be on a voluntary basis and should not be urged in preference to, or to the exclusion of, other financial institutions.

K. Encourage and assist duly chartered financial institutions on domestic DoD installations to provide complete financial services to include, without charge, basic financial education and counseling services. Financial education and counseling services refer to basic personal and family finances such as budgeting, checkbook balancing and account reconciliation, benefits of savings, prudent use of credit, how to start a savings program, how to shop and apply for credit, and the consequences of excessive credit.

L. Establish liaison, as appropriate, with federal and state regulatory agencies and financial institution trade associations, leagues, and councils.

M. Make military locator services available to on-base financial institutions in accordance with the Privacy Act guidelines in Appendix B of this chapter.

N. Permit DoD personnel to serve on volunteer boards or committees of on-base financial institutions, without compensation, when neither a conflict of duty nor a conflict of interest is involved, in accordance with DoD Directive 5500.7 (reference (f)).

O. Allow DoD personnel to attend conferences and meetings that bring together representatives of on-base financial institutions, when neither a conflict of duty nor a conflict of interest is involved, in accordance with DoD Directive 1327.5, subchapter 630 of the DoD Civilian Personnel Manual (DoD 1400.25-M), and Comptroller General Decision B-212457 (references (g), (h) and (i)).

340306. The Commanders of the Combatant Commands (or designees) shall:

A. Ensure the appropriate coordination of the following types of requests affecting financial institutions overseas.

1. Establish financial institutions in countries not presently served. Such requests will include a statement that the requirement has been coordinated with the U.S. Chief of Diplomatic Mission or U.S. Embassy and that the host country will permit the operation.

2. Eliminate any or all financial institutions on DoD installations within a foreign country. Such requests will include a statement that the U.S. Chief of Diplomatic Mission has been informed and that appropriate arrangements to coordinate local termination announcements and procedures have been made with the U.S. Embassy.

B. Monitor and coordinate military banking operations within the command area. Personnel assigned to security assistance positions will not perform this function without the prior approval of the Director, Defense Security Cooperation Agency (DSCA).

340307. The Commanders of Major Commands and subordinate installation commanders shall:

A. Monitor the banking and credit union program within their commands.

B. Coordinate requests to establish or construct bank and credit union offices or terminate logistical support as specified in this Regulation to banks and credit unions within their commands. Personnel assigned to overseas security assistance positions will not monitor, coordinate, or assist in military banking operations without the prior approval of the DSCA.

C. Assign, as appropriate, responsibility for subparagraphs 340307.A and B., above, to comptroller or resource management personnel.

D. Cooperate with financial institution associations, leagues, and councils.

E. Recognize the right of all DoD personnel to organize and join credit unions and promote the credit union movement in DoD worldwide.

F. Permit DoD personnel to serve on volunteer boards or committees of on-base financial institutions, without compensation, when neither a conflict of duty nor a conflict of interest is involved, in accordance with DoD Directive 5500.7 (reference (f)).

G. Allow DoD personnel to attend conferences and meetings that bring together representatives of on-base financial institutions, when neither a conflict of duty nor a conflict of interest is involved, in accordance with DoD Directive 1327.5, Subchapter 630 of the DoD Civilian Personnel Manual (DoD 1400.25-M), and Comptroller General Decision B-212457 (references (g), (h) and (i)).

H. Seek the provision of financial services only from existing on-base financial institutions, proposing alternatives only where on-base financial institutions fail to respond favorably to a valid requirement.

3404 GENERAL POLICY PROVISIONS

340401. Security. The installation commander (or designee) and officials of the on-base financial institutions shall work with the installation security authorities to establish an understanding as to each entity's responsibilities. The on-base financial institutions are encouraged to establish an ongoing relationship with installation security authorities on all matters of asset protection.

A. A written agreement shall be established outlining the security procedures that the financial institution will follow and the role that installation security authorities will play with regard to alarms, movement of cash, and procedures to be followed in response to criminal activity (e.g., armed robbery).

B. Cash and other assets in on-base banking offices and credit unions are the property of those financial institutions. Maintenance of alarms and use of armored cars is the sole responsibility of the on-base financial institution. The on-base financial institution is also solely responsible for the guarding or escorting of cash unless a determination is made by the installation commander that providing such services is desirable or necessary.

340402. Central Locator Services. Military locator services shall be provided per the guidelines in Appendix B of this chapter.

A. When appropriate, installations will process financial institution requests for central locator service to obtain military addresses of active duty personnel. This service will be used to locate persons for settling accounts, and recovering funds on checks that did not clear or loans that are delinquent or in default (see DoD Directive 1344.9 reference (j)). If delinquent loans or dishonored checks are not recouped within 48 hours, financial institutions operating on DoD installations may bring this information to the attention of the local commander, bank liaison officer, or other designee for assistance in effecting restitution of the amount due, if not otherwise prohibited by law. The financial institution will pay the appropriate fee for each request to the respective Military Department (see Volume 11A, Chapter 4, of this Regulation).

B. The DoD Components shall assist financial institutions to locate DoD personnel whose whereabouts cannot be locally determined. The request should be on the financial institution's letterhead, include the Service member's name and social security number, and cite the cognizant Military Service regulation that authorizes the use of locator services. If a financial institution needs immediate service, the cognizant institution official should contact the bank or credit union liaison officer.

1. For addresses of Department of the Army active, retired, separated and civilian personnel, financial institutions may telephone (703) 325-3732 or write to:

Department of the Army Worldwide Locator
U.S. Army Enlisted Record and Evaluation Center
8899 E. 56th Street
Indianapolis, IN 46249-5301

2. For addresses of Navy active, retired, separated and civilian personnel, financial institutions may telephone (901) 874-3388 or write to:

Navy Personnel Command
PERS-312F
5720 Integrity Drive
Millington, TN 38055-3120

3. For addresses of Department of the Air Force active, retired, separated and civilian personnel, financial institutions may telephone (210) 565-2660 or write to:

Air Force Personnel Center
MSIMDL Suite 50
550 C Street West
Randolph AFB, TX 78150-4752

4. For addresses of United States Marine Corps active, retired, separated and civilian personnel, financial institutions may telephone (703) 784-3942 or write to:

Active	Retired-Separated	Civilian
U.S. Marine Corps-CMC HQ MC MMS B 10 2008 Elliot Road, Room 201 Quantico, VA 22134-5030	Q U.S. MMRS-6 280 Russell Road Quantico, VA 22134-5105	Commanding General 15303 Andrew Road Kansas City, MO 64147-1207

340403. Advertising

A. An on-base financial institution may use the unofficial section of that installation's daily bulletin, provided space is available, to inform DoD personnel of financial services and announce seminars, consumer information programs, and other matters of broad general interest. Announcements of free financial counseling services are encouraged. Such media may not be used for competitive or comparative advertising of, for example, specific interest rates on savings or loans.

B. An on-base financial institution may use installation bulletin boards, newsletters or web pages to post general information that complements the installation's financial counseling programs and promotes financial responsibility and thrift. Message center services may distribute a reasonable number of announcements to units for use on bulletin boards so long as this does not impose an unreasonable workload.

C. An on-base financial institution may include an insert in the installation's newcomers package (or equivalent). This insert should benefit newcomers by identifying the financial services that are available on the installation.

D. DoD Directive 5120.20 (reference (l)) prevents use of the Armed Forces Radio and Television Service to promote a specific financial institution.

E. Off-base financial institutions are not permitted to distribute competitive literature or forms on the installation. These institutions, however, may use commercial advertising, mailings or telecommunications to reach their customers.

F. Advertising in government-funded (official) installation papers is not permitted with the exception of insert advertising in the Stars and Stripes overseas. Installation newspapers funded by advertisers are not official publications and, thus, may include advertising paid for by any financial institution.

G. Installation activities, including Military Exchange Services and concessionaire outlets, shall not permit the distribution of literature from off-base financial institutions if there is an on-base financial institution. This does not prevent the Military Exchange Services from distributing literature on affinity credit card services that those Military Exchange Services may acquire centrally through competitive solicitation.

340404. Automated Teller Machine (ATM) Service. On-base financial institutions are encouraged to install ATMs at those installation(s) on which they are located.

A. Financial institutions that propose to install ATMs on DoD installations shall bear the cost of ATM installation, maintenance and operation. The installation commander may enter into an agreement with the on-base financial institution wherein the installation may acquire and provide ATMs to on-base financial institutions under certain circumstances, such as when it is advantageous to the government to have one or more ATMs available for use but the acquisition cost to the financial institution is prohibitive. No ATM shall be purchased by an installation unless approved by the Secretary of the Military Department concerned (or designee). In all such cases, installation costs and all logistic support shall be borne by the financial institution.

B. ATM approval authority is as shown below.

1. The installation commander has approval authority when an on-base financial institution wishes to place an ATM on the installation. This approval should be reflected as an amendment to the operating agreement.

2. Where there is no on-base financial institution, follow the solicitation procedures to obtain financial services set forth in paragraphs 340503 and 340702, below.

C. The availability of ATM service shall not preclude the later establishment of a banking office should conditions change on an installation.

D. Proposals by an installation commander to install ATMs on domestic installations from other than on-base financial institutions, including the Military Exchange Services, morale, welfare and recreational activities and/or other nonappropriated fund instrumentalities, shall be considered only when (1) ATM service is unavailable or existing service is inadequate, and (2) only when the on-base financial institution(s) either declines to

provide the service, fails to improve existing service so that it is adequate, or does not formally respond to the request for such service within 30 days of the date of the request. Any ATM service from other than on-base financial institutions is considered an exception to policy. The procedures to establish an on-base financial institution set forth in paragraphs 340503 and 340702, below, shall be followed when soliciting for such ATM services. Proposals offering shared-access ATMs (e.g., ATMs operated by two or more financial institutions where their accountholders are not assessed any or all fees applicable to nonaccountholders) shall receive preference.

E. ATM service from foreign banking institutions may be authorized on overseas installations with or without MBFs operated under contract where the installation or community commander determines that a bonafide need exists to support local national hires. On installations with MBFs operated under contract, the MBFs shall be the primary source of the ATM service except when a determination has been made by the cognizant contract program office that providing the service is either not cost effective or precluded by pertinent status of forces agreements, other intergovernmental agreements or host-country law. In those instances where ATM service from foreign banking institutions is authorized and provided by other than the on-base financial institution, ATM connectivity shall be limited to host country networks and the ATMs shall dispense only local currency (no U.S. dollars). The operating agreement covering ATM service shall be negotiated by the installation or community commander and submitted for approval by the appropriate Combatant Commander (or designee) prior to its execution. A copy of the operating agreement will be forwarded through DoD Component channels to the DFAS.

340405. Domestic and International Treasury General Accounts. In cases where authorization will be required for the on-base banking office or credit union to act as a Treasury General Account (TGA) domestic depositary (or, on overseas installations, an International Treasury General Account (ITGA) depository), the financial institution shall satisfy the risk management standard established by the Secretary of the Treasury. Local operating funds may be used if the on-base financial institution requests reimbursement for costs incurred. On-base financial institutions shall accept deposits for credit to the TGA (or ITGA) when so authorized.

340406. Staffing

A. On-base financial institutions shall be staffed adequately (i.e., commensurate with industry standards for similar numbers of accountholders and financial services rendered). Staffing at overseas MBFs operated under DoD contract shall be maintained within negotiated ceilings.

B. All staffing shall comply fully with applicable equal employment opportunity laws and with the spirit of DoD equal employment opportunity policies as set forth in DoD Directive 1440.1 (reference (m)).

C. DoD personnel, excluding military retirees and their dependents, may not serve as directors of domestic or foreign banking institutions operating banking offices on those DoD installations where they currently are assigned. This does not preclude a member of a Reserve Component, who has been serving as a director of a domestic or foreign banking institution operating a banking office on a DoD installation, from retaining his or her directorship if called to active duty.

D. DoD personnel may not be detailed to duty with an on-base financial institution located on a DoD installation. Off-duty personnel, however, may be employed by an on-base financial institution subject to approval by the installation commander (or designee). Such employment must not interfere with the performance of the individual's official duties and responsibilities.

340407. Departure Clearance. The installation commander establishes the clearance policy for all DoD personnel leaving the installation. The on-base financial institutions shall be included as places requiring clearance. The purpose of a clearance is to report change of address, reaffirm allotments or outstanding debts, and receive financial counseling, if desired or appropriate. Clearance may not be denied in order to collect debts or resolve disputes with financial institution management.

340408. Financial Education

A. Officials of on-base financial institutions shall be invited to take part in seminars to educate personnel on personal financial management and financial services. Financial institutions shall be encouraged to provide financial education and counseling services as an integral part of their financial service offerings. Officials of on-base financial institutions shall submit advance briefing texts for approval by the installation commander to ensure that the program is not used to promote services of a specific financial institution.

B. DoD personnel who tender uncollectable checks, overdraw their accounts or fail to meet their financial obligations in a proper and timely manner damage their credit reputation and adversely affect the public image of all government personnel. For uniformed personnel, military financial counselors and legal advisors shall recommend workable repayment plans that avoid further endangering credit ratings and counsel affected personnel to protect their credit standing and career. Counselors shall ensure that such personnel are aware of the stigma associated with bankruptcy and difficulties in obtaining future credit at reasonable rates and terms and shall recommend its use only when no other alternative will alleviate the situation.

340409. Operating Agreements

A. Before operations of an on-base banking office or credit union begin, a written operating agreement (Appendix C of this chapter) and the appropriate real estate outgrant (i.e., a lease, permit or license issued as identified in paragraphs 340505, 340506, 340507, 340704, 340705, and 340706, below) shall be negotiated directly between the installation

commander and officials of the designated financial institution. Thereafter, the operating agreement shall be jointly reviewed by the installation commander and the financial institution at least once every 5 years. The operating agreement shall define the basic relationship between the on-base financial institution and the installation commander and identify mutual support activities such as hours of operation, service fees and security provided. One copy of the agreement shall be sent through command channels to the Secretary of the Military Department concerned (or designee). A copy of the agreement shall be maintained by the installation commander and the banking office or on-base credit union. At a minimum, the agreement shall include the following provisions:

1. Identification of services to be rendered and the conditions for service. Full financial services shall be provided where feasible. Agreements, however, may not restrict either entity's right to renegotiate services and fees.

2. Agreement by both parties that they will comply with this Regulation and DoD Directive 1000.11 (both of which are codified in Title 31 of the Code of Federal Regulations).

3. Agreement by the on-base financial institution that it will furnish copies of its financial reports and other local publications on an "as needed" basis in response to a formal request from the installation commander (or designee).

4. Agreement that the on-base financial institution will indemnify and hold harmless the U.S. Government from (and against) any loss, expense, claim, or demand to which the U.S. Government may be subjected as a result of death, loss, destruction, or damage in conjunction with the use and occupancy of the premises caused in whole or in part by agents or employees of the on-base financial institution.

5. Agreement that neither the Department of Defense nor its representatives shall be responsible or liable for the financial operation of the on-base financial institution or for any loss (including criminal losses), expense, or claim for damages arising from operations.

6. Agreement by the on-base financial institution (or any successor) that it will provide no less than 180 days advance written notice to the installation commander before ceasing operations.

7. Specification of the security services to be provided for guarding cash shipments, at times of unusual risk to the financial institution, and to avoid excessive insurance costs charged to that institution.

8. Statement that the physical security for cash and negotiable items will be in a manner consistent with the requirements of the on-base financial institution's insurer. A copy of those requirements will be provided to the installation commander on request.

9. Statement that the financial institution, whenever possible, will accommodate local command requests for lectures and printed materials for consumer credit education programs. Officials invited to participate in such programs shall not use the occasion to promote the exclusive services of a particular financial institution.

10. Agreement that the financial institution will reimburse the installation for the provision of logistical support (such as custodial, janitorial, and other services provided by the government) at rates set forth in the lease or agreement between the installation and the financial institution.

11. Statement that on-base financial institution operations shall be terminated, when required, under provisions specified in this Regulation.

B. Approved expansion of services will be documented as an amendment to the existing operating agreement between the installation commander and the on-base financial institution. The amendment to the operating agreement and any required lease (to include a change to an existing lease) shall be in place prior to the initiation of new financial services or offices.

340410. Installation Financial Services

A. Retail banking operations shall not be performed by any DoD Component or nonappropriated fund instrumentality including the Military Exchange Services and morale, welfare and recreation (MWR) activities or any other organizational entity within the Department of Defense.

B. Financial services provided on DoD installations will be as uniform as possible for all personnel. As separately negotiated, or based on a fee schedule, custodians of nonappropriated funds shall compensate on-base financial institutions for services received. Compensation may be made with compensating balances or paying fees based on the services provided or a combination of these payment mechanisms. Fees shall not exceed the charge customary for the financial institution less an offsetting credit on balances maintained. Banking offices shall classify nonappropriated fund accounts as commercial accounts.

C. At a minimum, banking offices shall provide the same services to individuals and nonappropriated fund instrumentalities as are available in the surrounding geographic area.

D. On-base financial institutions may conduct operations during normal duty hours provided they do not disrupt the performance of official duties. Operating hours shall be set, in consultation with the bank or credit union liaison officer, to meet the needs of all concerned. ATMs may be used to expand financial services and operating hours.

E. DoD personnel may use their allotment of pay privileges to establish sound credit and savings practices through on-base financial institutions.

1. The on-base financial institution shall credit customer accounts not later than the deposit date of the allotment check or electronic funds transfer.

2. The initiation of an allotment is voluntary (see Volume 7A, Chapter 42, section 4202, of this Regulation). Thus, DoD personnel generally cannot be required to initiate an allotment for the repayment of a loan. Allotments voluntarily established by DoD personnel for the purpose of repaying a loan or otherwise providing funds to an on-base financial institution shall continue in effect at the option of the allotter.

F. In accordance with sound lending practice, policies on loans to individuals are expected to be as liberal as feasible while remaining consistent with the overall interests of the on-base financial institution. On-base financial institutions shall conform to the Standards of Fairness principles before executing loan or credit agreements. See DoD Directive 1344.9 (reference (j)).

G. On-base financial institutions shall make basic financial education and counseling services available without charge to individuals seeking these services. Financial education and counseling services refer to basic personal and family finances such as budgeting, checkbook balancing and account reconciliation, benefits of savings, prudent use of credit, how to start a savings program, how to shop and apply for credit, and the consequences of excessive credit. DoD personnel in junior enlisted or civilian grades, or newly married couples who apply for loans, shall be given special attention and counseling.

H. On-base financial institutions must strive to provide the best service to all customers. On-base financial institutions that evidence a policy of discrimination in their services are in violation of this Regulation. In resolving complaints of discrimination, use the procedures specified in subparagraph 340508.H, below.

I. All correspondence regarding on-base financial institutions, and questions concerning their operation that cannot be resolved locally, shall be referred through command channels to the Secretary of the Military Department concerned (or designee) for consideration.

3405 PROCEDURES - DOMESTIC BANKS

340501. General Policy. Given their role in promoting morale and welfare, on-base banks shall be recognized and assisted by DoD Components at all levels.

340502. Establishment

A. The following information shall be included in the installation commander's request to the Secretary of the Military Department concerned (or designee) for establishment of banking offices:

1. The approximate number of DoD personnel at the installation, and other persons who may be authorized to use the banking office.

2. The distance between the installation and the financial institutions in the vicinity, and the names of those institutions.

3. Available transportation between the installation and the financial institutions listed in subparagraph 340502.A.2, above.

4. The number of DoD personnel in duty assignments that confine them to the installation or who cannot obtain transportation (such as hospital patients).

5. The name and location of the depositary used to make official deposits for credit to the TGA.

6. A list of organizational and nonappropriated fund accounts, the name and location of the financial institutions where deposited, and the average daily activity and balance of each account.

7. A written description and photographs of the space proposed for banking office use.

8. A statement listing the requirements of the proposed banking office for safes and a vault, alarm systems, and surveillance equipment, when necessary.

9. Reasons for use of space controlled by the General Services Administration (GSA). All the GSA-assigned space, whether leased space or federal office building space, is reimbursable to the GSA at the standard level user charge. As such, space occupied by a banking office to serve military needs will be assigned and charged by the GSA.

10. Any other information pertinent to the establishment of a banking office.

B. The Secretary of the Military Departments (or designee) shall:

1. Review each request for the establishment of banking offices.

2. Conduct a solicitation for the services when warranted.

3. Approve proposals for banking offices.

4. Notify the selected financial institution either directly or through the installation commander. The selected banking institution will, in turn, obtain operating authority from their regulating agencies.

5. Forward proposals to establish TGAs to the DFAS for subsequent forwarding to the Fiscal Assistant Secretary of the Treasury in accordance with Volume 5, paragraph 050102, of this Regulation.

340503. Solicitations. The Secretary of the Military Department concerned (or designee), or the installation commander with advice from the cognizant Secretary of the Military Department (or designee), shall conduct solicitations to include pre-proposal conferences for on-base banking. Subject to the criteria for selection outlined in subparagraph 340503.D, below, the preferred sources of on-base financial services at domestic installations are federally-insured, state-chartered or federally-insured, federally-chartered banking institutions operating in the local area. Subparagraph 340503.A., below, addresses distribution of the solicitation only and does not preclude any federally-insured, state-chartered or federally-insured, federally-chartered banking institution from responding at any stage (from local distribution in subparagraph 340503.A.1, below, to publication in the Commerce Business Daily and financial institution trade journals as outlined in 340503.A.3, below) of the solicitation process. No commitment may be made to any banking institution regarding its proposal until a designation is made by the appropriate regulatory agency.

A. Solicitations for banking services shall be accomplished in the following order:

1. Solicitation letters will be sent to local banking institutions and a solicitation announcement will be published in the local newspaper(s) and forwarded to financial institution associations.

2. If the Secretary of the Military Department concerned (or designee) or, where delegated, the installation commander, determines that the geographic scope of the solicitation needs to be expanded, a prospectus will be forwarded to financial institutions in a larger geographic area, as well as financial institution associations and regulatory authorities in the state where the installation is located.

3. If the Secretary of the Military Department concerned (or designee) or, where delegated, the installation commander, determines that the geographic scope of the solicitation needs to be expanded further, the prospectus will be published in the Commerce Business Daily and financial institution trade journals.

B. For solicitations conducted at the installation level, the installation commander shall review proposals to establish banking offices, select the banking institution making the best offer and forward a recommendation to the Secretary of the Military Department concerned (or designee) for final approval.

C. Banking institutions shall not be coerced when banking arrangements are under consideration or after banking offices are established. If otherwise proper, this prohibition does not preclude:

1. Discussions with banking institutions prior to submitting a proposal for a new banking office.

2. Helping banking offices extend their operations in support of an installation requirement.

3. Discussions with banking institutions to improve services or to create savings for the banking institution or DoD personnel.

4. Seeking proposals for banking service as directed by the Secretary of the Military Department concerned (or designee).

5. Negotiations preparatory to signing a banking agreement.

D. When soliciting for banking services, proposals shall be evaluated on specific factors identified in the solicitation. These factors, at a minimum, shall be predicated on the services to be provided as outlined in Appendix C, paragraph 3, of this chapter, the financial institution's schedule of service fees and charges, and the extent of logistical support required. Prior to issuance of the solicitation, the preparing office shall identify (for internal use during the subsequent evaluation period) the weights to be applied to the factors reflected in the solicitation. Proposals shall be evaluated and ultimate selection made based upon the factors and weights developed for the solicitation.

E. The Secretary of the Military Department concerned (or designee), or the installation commander with advice from the cognizant Secretary of the Military Department (or designee), shall make the selection of the banking institution based on the provisions outlined in this section.

340504. Terminations

A. Requests for termination of financial services shall be approved by the installation commander, substantiated by sufficient evidence and forwarded to the Secretary of the Military Department concerned (or designee). The termination of banking office operations shall be initiated by the installation commander only under one of the following conditions:

1. The mission of the installation has changed, or is scheduled to be changed, thereby eliminating or substantially reducing the requirement for financial services.

2. Active military operations prevent continuation of on-base financial services.

3. Performance of the banking office in providing services is not satisfactory according to standards ordinarily associated with the financial services industry or is inconsistent with the operating agreements or the procedures prescribed herein.

4. When merger, acquisition, change of control or other action results in violation of the terms and conditions of the existing operating agreement, the Secretary of the Military Department (or designee) shall terminate the operating agreement with the existing banking institution. When the merger, acquisition, change of control or other action does not result in violation of the terms and conditions of the existing operating agreement, the Secretary of the Military Department (or designee) shall initiate a novation action of the operating agreement identifying the change in control.

B. The installation commander shall forward requests for termination to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) shall coordinate all termination actions with the USD(C), through the Director, DFAS, before notification to the appropriate regulatory agency. Subsequent to this coordination process:

1. The Secretary of the Military Department (or designee) shall inform the regulatory agency of the action.

2. The installation commander shall revoke the authority of the financial institution to operate. The lease will be terminated.

C. Any banking office that intends to terminate its operations should notify the installation commander at least 180 days before the closing date. This notification should precede any public announcement of the planned closure. When appropriate, the commander shall attempt to negotiate an agreement permitting the banking office to continue operations until the installation has made other arrangements. Immediately upon notification of a closing, the commander shall advise the DoD Component headquarters concerned. If it is determined that continuation of banking services is justified, action to establish another banking office shall be taken in accordance with the guidance prescribed herein.

340505. Use of Space, Logistical Support, and Military Real Property for Domestic Banks

A. Lease Terms

1. The consideration for a lease shall be determined by appraisal of fair market rental value in accordance with Title 10, United States Code, section 2667 (reference (k)). Periodic reappraisals shall be based upon the fair market rental value exclusive of the improvements made by the banks.

2. The term of the lease shall not exceed 5 years except where the banking institution uses its own funds to improve existing government space as outlined in subparagraph 340505.E., below. If space occupied is assigned by the GSA, charges to financial institutions for space and services shall be at the GSA standard level user rate.

3. Leases shall include the following provisions:

a. The government has the right to terminate the lease due to national emergency; installation inactivation, closing, or other disposal action; or default by the lessee.

b. The lessee shall provide written notice 180 days prior to voluntarily terminating the lease.

c. Upon a lease termination, the government has the option to cause the title of all structures and other improvements to be conveyed to the United States without reimbursement, or require the lessee to remove the improvements and restore the land to its original condition.

B. Logistical Support

1. The banking office shall be housed in a building accessible to DoD personnel on the installation and in a location permitting reasonable security.

2. Banking institutions shall perform all maintenance, repair, improvements, alterations, and construction on the banking premises.

3. Banking institutions shall pay for all utilities (i.e., electricity, natural gas or fuel oil, water and sewage), heating and air conditioning, intrastation telephone service, and custodial and janitorial services to include garbage disposal and outdoor maintenance (such as grass cutting and snow removal) at rates set forth in the lease, operating agreement or other written agreement between the installation and the banking institution.

C. Leases executed before the issuance of this Regulation may not be altered solely as a result of the provisions of this Regulation unless a lessee specifically requests a renegotiation under these provisions. No lease may be negotiated or renegotiated, nor may any rights be waived or surrendered without compensation to the government.

D. When a banking institution participates in the construction of a shopping mall complex the lease shall cover only land where the banking office physically is located.

E. When a banking institution uses its own funds to improve existing government space, leases, for a period not to exceed 25 years subject to periodic review every 5 years to assess changes in fair market value, may be negotiated for a period commensurate with the appraised value of the leasehold improvements divided by the annual lease fee.

340506. Land Leases

A. A lease for construction of a building to house a banking office shall be at the appraised fair market rental value. Charges shall apply for the term of the lease not to exceed 25 years, subject to periodic review every 5 years to assess changes in fair market value.

B. If determined to be in the government's interest, an existing lease of land may be extended prior to expiration of its term. Passage of title to facilities shall be deferred until all extensions have expired. Such extensions shall be for periods not to exceed 5 years with lease payments set at the appraised fair market rental of the land only as determined on the date of each such extension. Banking institution lessees shall continue to maintain the premises and pay for utilities and services furnished.

C. When, under the terms of a lease, title to improvements passes to the government, arrangements normally will be made as follows:

1. When the square footage involved exceeds that authorized in DoD 4270.1-M (reference (n)), the banking institution shall be given first choice to continue occupying the excess space under a lease that provides for fair market rental for the land underlying that excess space.

2. The charge for continued occupancy of improved space by a banking office shall be at fair market rental value only for the associated land. The lessee shall continue to maintain the premises and pay the cost of utilities and services furnished.

340507. Construction. Banks may construct buildings subject to the following provisions:

A. The building shall be solely for the use of the banking institution and may not provide for other commercial enterprises or government instrumentalities.

B. Construction projects must meet the criteria in DoD 4270.1-M (reference (n)).

C. Construction Projects Approval Authority

1. Projects costing $25,000 or more shall be approved by the Major Command with an information copy sent to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) shall have 30 days to provide comments to the Major Command before final approval can be granted.

2. Projects costing less than $25,000, to include interior alterations and room or office additions to existing banking offices, shall be approved by installation commanders. Copies of approvals, including the identification of project cost, shall be furnished to the Secretary of the Military Department concerned (or designee).

D. The Congress shall be notified of all construction projects, using other than appropriated funds and costing over $500,000, in accordance with DoDI 7700.18 (reference (o)).

E. Proposals for construction of structures on installations at a banking institution's expense shall be reviewed and reported in accordance with regulations of the Military Department concerned. The following information shall be listed to support each proposal:

1. Number of DoD personnel at the installation plus others who may use the banking office

2. Square footage of the proposed building

3. Land area to be leased to the banking institution

4. Term of the lease

5. Estimated cost of construction

6. Estimated fair market value of the land to be leased

7. A statement that the banking institution will be responsible for utility connections and other utility and maintenance costs

8. A statement that the building will be used only for financial services

9. A statement that financial institution officials understand the potential loss of the building in the event of installation closure or other delimiting condition

10. Justification for a waiver of space criteria if the building exceeds that specified in DoD 4270.1-M (reference (n)).

F. Banks shall pay for interior alterations and maintenance as well as utilities, custodial, and other furnished services.

G. Banks shall pay all construction costs.

340508. Bank Liaison Officer (BLO). Each installation commander having an on-base banking office shall appoint a BLO. The BLO's name and duty telephone number shall be displayed prominently at each banking office on the installation. As appropriate, the BLO's responsibility shall be assigned to comptroller or resource management personnel. Employees, officials or directors of a financial institution may not serve as BLOs. The BLO shall:

A. Ensure that the banking institution operating the banking office has the latest version of this Regulation.

B. Ensure that traveler's checks and money orders are not being sold by other on-base organizations when banking offices are open for business. Postal units and credit unions, however, are exempt from this restriction. Also, ensure that other financial services, to include vehicle financing on domestic installations, are offered only by the banking office.

C. Attend financial workshops, conferences, and seminars as appropriate. These gatherings offer excellent opportunities for personnel of financial institutions and the Department to improve the military banking program. Free discussion among the attendees gives an excellent forum for planning, developing, and reviewing programs that improve financial services made available to DoD personnel and organizations.

D. Assist, when requested by the banking office manager or the installation commander, in locating and collecting from individuals tendering uncollectable checks, overdrawing accounts, or defaulting on loans (within the guidelines of Appendix B of this chapter) if not otherwise prohibited by law.

E. Maintain regular contact with the banking office manager to confer and discuss quantitative and qualitative improvements in the services provided. In executing this authority, the BLO shall not become involved in the internal operations of the financial institution.

F. Review the schedule of service charges and fees annually, and ensure that the operating agreement is updated at least every 5 years. Renegotiate the financial services offered and related service charges and fees as necessary.

G. Assist in resolving customer complaints about banking services.

H. Assist in resolving complaints of discrimination with financial services by the banking institution. If a complaint cannot be resolved, a written request for investigation shall be forwarded to the appropriate regulatory agency. Any such request must document the problem and command efforts taken toward its resolution. Information copies of all related correspondence shall be sent through channels to the Secretary of the Military Department concerned (or designee) for transmittal to the DFAS.

I. Assist the installation commander to report to the appropriate regulatory agency any evidence suggesting malpractice by banking office personnel.

340509. In-Store Banking. Under the direction and approval of the installation commander, an on-base financial institution may provide in-store banking within the premises of a commissary operated by the Defense Commissary Agency, a Military Exchange, or any other on-base retail facility.

A. Provision of the requested services, and any associated stipulations, shall be documented as an amendment to the existing operating agreement between the installation commander and the on-base financial institution that will provide in-store services.

B. The amendment to the operating agreement shall be drafted through close coordination between the requesting DoD Component representative, the on-base financial institution representative, the bank liaison officer, and the installation commander (or designee). The final amendment shall be signed by the installation commander and the on-base financial institution with the acknowledgement of the DoD Component that will host the in store banking operation.

C. The installation commander shall extend the opportunity to provide the requested in-store banking services to all financial institutions located on the installation. The selection process is outlined in Appendix D of this chapter.

D. Space shall be granted by the installation commander through a lease to the banking institution that will provide in-store service.

340510. Domestic Military Banking Facilities (MBFs)

A. Domestic MBF Establishment

1. Requests to establish MBFs shall be made only when a need for services cannot be met by other means. During mobilization, however, MBFs may be designated as an emergency measure.

2. Installation commanders shall send requests for an MBF with justification for its establishment through the Secretary of the Military Department concerned (or designee) to the Director, DFAS, for coordination with the Department of the Treasury. The Department of the Treasury may approve the designation of an MBF under provisions of Title 12, United States Code, section 265 (reference (p)).

3. MBF operations may begin only after approval for MBF status is granted by the Department of the Treasury.

B. MBF Conversion

1. Where MBFs exist, installation commanders shall encourage their conversion to independent or branch banks.

2. Proposals from the on-base banking institution to convert an existing MBF to an independent or branch bank shall be sent through command channels to the Secretary of the Military Department concerned (or designee) for approval. The Secretary of the Military Department (or designee) shall forward the request to the Director, DFAS, for coordination with the Department of the Treasury.

3. Unsolicited proposals from banking institutions to establish independent or branch banks where an MBF exists shall be forwarded through command channels to the Secretary of the Military Department concerned (or designee). Each proposal shall be evaluated on its own merits.

a. The installation commander shall inform the banking institution operating the MBF that an unsolicited proposal for a banking office has been received and shall offer that incumbent institution the opportunity to submit its own proposal.

b. Preference to operate an independent or branch bank shall be given to the banking institution that has operated the MBF, provided that the banking service previously rendered has been satisfactory and that the institution's proposal is adequate.

C. MBF Termination. The Director, DFAS, shall coordinate the termination of a financial institution's authority to operate an MBF with the Department of the Treasury.

3406 PROCEDURES – OVERSEAS BANKS

340601. General Provisions of Banking Services Overseas. The Department acquires banking services overseas for use by authorized persons and organizations from the following sources.

A. MBFs operated under contract and authorized by the pertinent status of forces agreement, other intergovernmental agreements, or host-country law.

B. Domestic and foreign banking institutions located on overseas DoD installations. Each such institution shall be:

1. Chartered to provide financial services in that country.

2. A party to a formal operating agreement with the installation commander to provide such services.

3. Identified, where applicable, in the status of forces agreements, other intergovernmental agreements, or host-country law.

340602. Establishment

A. Overseas MBFs Operated Under Contract. Installation or community commanders requiring banking services will send a request through command channels to the Secretary of the Military Department concerned (or designee) for concurrence and subsequent transmittal to the Director, DFAS, for approval.

1. Requests to establish MBFs shall include, but are not limited to, the following information:

a. The approximate number of DoD personnel at the installation and in the community and any other persons who may be authorized to use the MBF.

b. The distance between the installation and the nearest MBF and credit union office, the names; addresses, and telephone numbers of the operators of those institutions; and the installations and communities where they are located.

c. The availability of official and public transportation between the installation or community and the nearest MBF and credit union office.

d. The name and location of the depository used to make official deposits for credit to the TGA.

e. A list of organizational and nonappropriated fund accounts, the name and location of the financial institutions where deposited, and the average daily activity and balance of each account.

f. A written description and photographs or drawings of the space proposed for MBF use. The extent and approximate cost of required alterations, including the construction of counters and teller cages.

g. A statement that recognizes the logistical support, including equipment, to be provided by the local command as detailed in paragraph 340603, below. The statement will include the costs of such equipment and the manner in which it will be acquired.

h. In countries where no MBFs currently are operated under contract, a statement from the cognizant Combatant Command that the requirement has been coordinated with the U.S. Chief of Diplomatic Mission or U.S. Embassy and that the host country will permit the operation in accordance with subparagraph 340306.A.1, above.

i. Any other pertinent information to justify the establishment of an MBF.

2. As a general rule, MBFs may be established only when the installation or community population meets the following criteria:

a. Full-time MBF. Except in unusual circumstances, a total of at least 1,000 permanent military personnel and DoD civilian employees is necessary to qualify for a full-time MBF.

b. Part-time MBF. Except in unusual circumstances, a total of at least 250 permanent military personnel and DoD civilian employees is necessary to qualify for a part time MBF.

3. If the population at a certain remote area is not sufficient to qualify under the criteria for full-time or part-time MBFs, the installation or community commander will explore all other alternatives for acquiring limited banking services before requesting establishment of an MBF as an exception to these provisions. Alternatives to limited banking services include installation of ATMs and check cashing and accommodation exchange service by disbursing officers and their agents.

4. Establishment of an overseas MBF is predicated on and requires:

a. Designation of the MBF contractor as a depositary and financial agent of the U.S. Government by the Department of the Treasury.

b. The availability of banking contractors interested in bidding for the operation of the facility and the viability of such proposals.

c. The availability of appropriated funds to underwrite such banking services.

d. Establishment of a U.S. dollar currency custody account to support banking operations.

B. Other Overseas Banking Offices. Where a need for financial services has been identified and either the banking and currency control laws of certain host countries do not permit MBFs to operate on DoD installations or MBFs, where permitted, have not been established, then the following applies:

1. Installation or community commanders shall send requests for banking services or unsolicited proposals from foreign banking institutions to their Major Commands with supporting data as required in paragraph 340502.A, above.

2. Major Commands shall forward installation or community commander requests to the Secretary of the Military Department concerned (or designee) for approval. The Secretary of the Military Department concerned (or designee) shall coordinate with the DFAS to seek the designation of the parent foreign banking institution as a depositary and financial agent of the U.S. Government by the Department of the Treasury.

3. Banking offices in this category cannot become operational until the foreign parent banking institution has been designated a depositary and financial agent of the U.S. Government. The institution also shall indicate a willingness and ability to provide collateral backing for any official and nonappropriated fund U.S. dollar deposits. Any collateral pledged shall be in a form acceptable to the DFAS and the Department of the Treasury.

340603. Logistical Support

A. Overseas MBFs Operated Under Contract

1. Given that appropriated funds support those MBFs that are operated under contract, installation or community commanders shall provide the MBFs logistical support to the maximum possible extent. Such support normally includes:

a. Adequate office space, including steel bars; grillwork; security doors; a vault, safes, or both; security alarm systems and camera surveillance equipment (where deemed necessary) that meet documented requirements of the MBF contractor's insurance carrier; construction of counters, teller cages, and customer and work areas; necessary modifications and alterations to existing buildings; and construction of new MBF premises, if necessary.

(1) The size and arrangement of space should permit efficient operations. Space assigned may not exceed that prescribed in DoD 4270.1-M (reference (n)).

(2) All maintenance, repair, rehabilitation, alterations, or construction for banking offices shall comply with guidelines established by the installation commander.

b. Office space in a building that is accessible to most users and permits the maximum security. In addition, office space for MBF area and district administrations and storage space for retention of records, files, and storage of supplies.

c. DoD housing on a rental basis to assigned MBF staff that are designated as key and essential MBF managerial personnel who are unable to find suitable, reasonably priced housing in the vicinity of the DoD installation, subject to the assignment procedures and other requirements of DoD 4165.63-M (reference (q)).

d. Education, on a space-available, tuition-paying basis, provided by the Department of Defense Education Activity to minor dependents of assigned staff in accordance with DoDD 1342.13 (reference (r)).

e. Air conditioning, which is considered a normal utility for banking offices located at installations that qualify for air conditioning under applicable regulations. Banking space is classified as administrative space at military installations.

f. Utilities (i.e., electricity, natural gas or fuel oil, water and sewage), heating, intrastation telephone service, and custodial and janitorial services to include garbage disposal and outdoor maintenance (such as grass cutting and snow removal).

g. Defense Switched Network (DSN) voice and data communication to include, where feasible, internet access.

h. Military guards, civilian guards (for use within the installation), military police, or other protective services to accompany shipments of money. This level of protective service also shall be provided at other times as required to include replenishment of ATM currency and receipts, alarm system failures, and to avoid undue risks or insurance costs on the part of the MBF.

i. U.S. Military Postal Service access in accordance with DoD Directive 4525.6 (reference (s)). Use of free intra-theater delivery system (IDS) is authorized for all routine mail sent and received between Army Post Offices (APOs) and Fleet Post Offices (FPOs) within a theater.

j. Office equipment and furniture on memorandum receipt if available from local stock. If office equipment or furniture is unavailable, statements of nonavailability shall be issued.

k. Vehicle registration and fuel sales from government-owned facilities for bank-operated vehicles if not in conflict with host government agreements. Vehicle registration shall be subject to normal fees.

l. Issuance by local commanders of invitational travel orders, at no expense to the U.S. Government when required for official onsite visits by U.S. based banking institution officials.

2. Suggestions for changes to the logistical support provisions of the MBF contract may be forwarded for consideration through command channels to the Director, DFAS.

B. Other Overseas Banking Offices

1. Logistical support provided to such offices will be negotiated with the parent foreign banking institution and incorporated into the written operating agreement.

2. Logistical support shall not exceed that provided to contract MBFs, as specified above.

340604. Operations

A. General Conditions of MBF Operation

1. Before initiating MBF operations, a written agreement shall be negotiated directly and signed by the installation or community commander and a senior official of the banking contractor or other financial institution concerned. One copy of the agreement with U.S. banking contractors and two copies of the agreement with institutions other than U.S. banking contractors shall be forwarded through command channels to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) shall forward one copy of the agreement with institutions other than U.S. banking contractors through command channels to the Director, DFAS. A copy of the agreement also shall be maintained at all times by the installation or community commander and the banking institution manager.

2. For MBFs operated by U.S. banking contractors, the agreement shall state operating details not set forth in the contract. Though the contract limits the number of operating hours per week, local commanders and MBF managers should set days and hours of operation to best meet local needs. Operating times may include Saturdays and evening hours when necessary to complement other retail services for DoD personnel, provided the contractor can implement that service at no additional cost to the government. When added cost is involved, the commander shall send a request including reasons for expanded or modified times of operation, through command channels, to the Secretary of the Military Department concerned (or designee) for action. If approved, the request, with recommendations, shall be forwarded to the Director, DFAS (or designee).

B. Overseas MBFs Operated Under Contract

1. General. Overseas MBFs shall operate under terms and conditions established at the time of contract negotiations and confirmed in respective contracts or contracting officer determinations.

2. Authorized Customers. DoD banking contracts specify the personnel authorized to receive service. Additionally, overseas major commanders may approve banking services for other individuals that qualify for individual logistic support under the regulations of the DoD Component concerned, provided that the use of banking services is not precluded by status of forces agreements, other intergovernmental agreements, or host-country law.

3. Services Rendered. DoD banking contracts specify the services to be rendered and related charges. Suggestions for expansion or modification of authorized services, fees or charges may be forwarded through DoD Component channels to the Director, DFAS. Proposals for any new service must be coordinated with the appropriate Combatant Command and U.S. Chief of Diplomatic Mission or U.S. Embassy to make certain that the proposal does not conflict with the status of forces agreements, other intergovernmental agreements, or host-country law.

4. Regulation to be Provided. The Director, DFAS (or designee) shall advise each U.S. banking contractor operating an overseas MBF of this Regulation and furnish a copy to the contractor.

5. Conditions of Operation

a. Part-time and payday service MBFs shall provide limited services that mirror, to the extent feasible, those provided by full-time MBFs. Since part-time MBFs operate out of nearby MBFs, installation or community commanders shall provide and fund transportation and guards for their operation.

b. Any deficiency of banking services under DoD banking contracts shall be reported to the manager of the MBF within 7 calendar days of noting the deficiency. If the problem has not been corrected within 30 calendar days after being noted, the commander shall report the problem through DoD Component channels to the Director, DFAS (or designee).

c. The MBF contractor and military disbursing officers shall establish cash management practices that minimize the cash required to conduct business.

d. Commanders shall assist MBF contractors to develop and update contingency plans for banking services in the event of hostilities or other emergencies.

e. MBF provision of foreign currency shall be in accordance with Chapter 13 of this volume.

C. Other Overseas Banking Offices

1. Authorized Customers. The list of authorized customers shall be negotiated between the installation commander and the foreign banking institution and shall be reflected in the operating agreement. The list of authorized customers included in the operating agreement shall be consistent with the applicable status of forces agreement, other intergovernmental agreements, or host-country law.

2. Services Rendered. Services and charges shall parallel, whenever practical, the services and charges of MBFs operated under contract. Specific services shall be negotiated and included in the agreement with the foreign banking institution. A copy of the agreement shall be sent through DoD Component channels to the Director, DFAS (or designee).

3. Operating Agreements. Before agreements are executed, they will be coordinated with and approved by the cognizant Combatant Command (or designee).

4. Conditions of Operation. A foreign banking institution shall provide equipment (except that furnished by the installation or community), supplies, and trained personnel.

D. Relocation of MBF

1. When an MBF is moved from one location to another at the same installation or community, the commander shall notify the cognizant Military Department, through command channels. The Military Department shall forward the information to the Director, DFAS (or designee).

2. For all other relocations, prior approval from the Director, DFAS (or designee) shall be obtained through DoD Component channels.

E. Comments. Installation or community commanders shall send their banking comments through DoD Component channels to the Director, DFAS (or designee) for any of the following:

1. Major changes in installation population that would affect use of the MBF.

2. Opinion that the space assigned is not adequate for the efficient operation of the MBF including a statement concerning corrective action.

3. Suggestions that might improve the MBF operation, increase efficiency, or decrease costs.

4. Pending developments that may have a material impact on the MBF operation.

F. Bank Liaison Officer. The duties of the BLO are outlined in paragraph 340508, above.

340605. Termination. Requests to eliminate any or all MBFs in a foreign country shall include documentation that the U.S. Chief of Diplomatic Mission has been informed and that arrangements for local termination announcements and procedures have been made with the U.S. Embassy.

A. Overseas MBFs Operated Under Contract. In cases where an installation or community no longer can justify overseas MBF operations, the commander shall notify the Secretary of the Military Department concerned (or designee) through command channels.

1. The report shall state whether a part-time MBF should be established and specify the days each week that the MBF would be needed.

2. The Secretary of the Military Department (or designee) shall send this report with recommendations to the Director, DFAS (or designee).

B. Other Overseas Banking Offices. Termination actions, when required, shall be taken in accordance with the applicable clauses in the operating agreement. Notice of intent to terminate, including the closing date, shall be sent through DoD Component channels to Director, DFAS (or designee), who shall notify the Department of the Treasury so that the foreign banking institution's authority as a Depositary and Financial Agent of the U.S. Government at that location may be revoked.

3407 PROCEDURES - DOMESTIC CREDIT UNIONS

340701. General Policy. Given their role in promoting morale and welfare, on-base credit unions shall be recognized and assisted by DoD Components at all levels. These financial institutions shall provide services to DoD personnel of all ranks and grades within their respective fields of membership.

340702. Establishment. A demonstrated need for credit union services may be addressed by establishing a new full-service credit union or by opening a branch office or facility of an existing credit union under the common bond principle.

A. DoD personnel seeking to establish a new full-service credit union shall submit a proposal to the installation commander for review. In addition to the information identified in subparagraph 340502.A, above, the proposal shall include a request for the establishment of a field of membership that includes all personnel at the installation. Upon installation commander concurrence, the proposal shall be forwarded through DoD Component channels to the Secretary of the Military Department (or designee).

B. The Secretary of the Military Department concerned (or designee) shall:

1. Obtain a list of credit unions that could establish eligibility to serve the installation's military members and civilian employees from the National Credit Union Administration (NCUA) Regional Office that has geographic jurisdiction and the applicable state regulatory agency.

2. Prepare and send formal solicitation letters to eligible credit unions informing them of an opportunity to establish a branch office at the installation.

3. In coordination with the installation commander, establish the criteria for selection of a specific credit union in accordance with subparagraph 340503.D, above. Proposals shall be evaluated, and a selection made, based upon the factors and weights developed for the solicitation.

C. Upon approval by the Secretary of the Military Department (or designee), the NCUA or applicable state regulatory agency shall be notified and asked to establish or amend the selected credit union's charter to include the new location.

D. No commitment may be made to a credit union regarding its proposal until the appropriate regulatory agency has approved the requested charter change.

340703. Terminations

A. Voluntary Credit Union Terminations

1. When a credit union plans to end operations on a DoD installation, it shall be required to notify the installation commander 180 days before the closing date. Such notification shall be required to precede public announcement of the planned closure. When appropriate, the commander shall attempt to negotiate an agreement permitting the credit union to continue operations until the installation has made other arrangements.

2. The installation commander shall inform the Secretary of the Military Department concerned (or designee) immediately upon receiving notification of a closing. The report shall include a recommendation about continued credit union service on the installation. Paragraph 340702, above, applies if continued service is needed.

B. Termination for Cause. If, after discussion with credit union officials, an installation commander determines that the operating policies of a credit union are inconsistent with this Regulation, a recommendation for termination of logistical support and space arrangements may be made through the Secretary of the Military Department concerned (or designee). A credit union shall be removed from the installation only with approval of the Secretary of the Military Department (or designee) after coordination with the USD(C) through the Director, DFAS, and the appropriate regulatory agency.

C. Termination in the Interest of National Defense. At the option of the government, leases may be terminated in the event of national emergency or as a result of installation deactivation, closing, or other disposal action.

D. Termination Resulting from Merger, Acquisition, or Change of Control. When merger, acquisition, change of control or other action results in violation of the terms and conditions of the existing operating agreement, the Secretary of the Military Department (or designee) shall, subsequent to coordination with the USD(C), through the Director, DFAS, terminate the operating agreement with the existing credit union. When the merger, acquisition, change of control or other action does not result in violation of the terms and conditions of the existing operating agreement, the Secretary of the Military Department (or designee) shall initiate a novation action of the operating agreement identifying the change in control.

E. Termination of Lease. The lessee shall provide written notice 180 days prior to a voluntary termination of the lease. Upon lease termination, the government has the option to cause the title of all structures and other improvements to be conveyed to the United States without reimbursement, or require the lessee to remove the improvements and restore the land to its original condition.

340704. Use of Space, Logistical Support, and Military Real Property for Domestic Credit Unions

A. Criteria for Use of Space in Government-owned Real Property

1. Criteria governing the assignment of space and construction of new space for credit unions are in DoD 4270.1-M (reference (n)).

2. A credit union may be furnished space on a DoD installation at one or more locations for periods not exceed 5 years except where the credit union uses its own funds to improve existing government space as outlined in subparagraphs 340704.A.2.c. and 340704.A.2.d., below. The cumulative total of space furnished shall be subject to the limitations of DoD 4270.1-M (reference (n)).

a. The furnishing of office space (including ATM placement) to on-base credit unions is governed by Section 170 of the Federal Credit Union Act (12 U.S.C. 1770) (reference (t)). The provision of no-cost office space for a period not to exceed 5 years is limited to credit unions if at least 95 percent of the membership to be served by the allotment of space is composed of individuals who are, or who were at the time of admission into the credit union, military personnel or federal employees, or members of their families. A written statement to the effect that the credit union meets the 95 percent criterion shall be required to justify and document the allotment of free government space. This statement shall be prepared on the credit union's letterhead and signed either by the chairman of the board of directors or the president. A certification also shall be required whenever there is a merger, takeover, or significant change in a field of membership. This certification shall serve as justification and documentation for the continued allocation of free government space including

space renovated with credit union funds. The statement shall be updated every 5 years and on renewal of each no-cost permit or license. (See Appendix E of this chapter for a sample format of the statement.)

b. Credit unions that fail to meet the 95 percent criterion shall be charged fair market rental for space provided. Except where more than one credit union exists on an installation prior to June 9, 2000, credit unions giving less than full service or not serving all assigned DoD personnel are not authorized no-cost office space.

c. When a credit union that meets the 95 percent criterion uses its own funds to expand, modify, or renovate government-owned space, it may be provided a no-cost permit or license for a period commensurate with the extent of the improvements not to exceed 25 years as determined by the DoD Component concerned. The permit or license shall be effective until the agreed date of expiration or until the credit union ceases to satisfy the 95 percent criterion. In this latter case, the no-cost permit shall be cancelled in favor of a lease immediately negotiated at fair market value under the provisions of subparagraph 340704.A.2.b, above. If the credit union desires, this permit or license may extend through the period identified in the original permit or license not to exceed 25 years.

d. Similarly, a credit union not meeting the 95 percent criterion that uses its own funds to expand, modify, or renovate government-owned space, may be provided a lease at fair market value for a period not to exceed 25 years subject to periodic review every 5 years to assess changes in fair market value. Duration of this lease shall be commensurate with the extent of the improvements as determined by the DoD Component concerned.

3. All space assigned by the GSA, whether leased or in a federal office building, is reimbursable to the GSA at the standard level user charge. Consequently, the GSA shall charge the benefiting DoD Component for any space assigned for credit union operations. Such space is subject to the provisions of subparagraphs 340704.A.1 and 2, above.

B. Logistical Support. When available, custodial and janitorial services to include garbage disposal and outdoor maintenance (such as grass cutting and snow removal), heating and air conditioning, utilities (i.e., electricity, natural gas or fuel oil, water, and sewage), fixtures, and maintenance shall be furnished without cost to credit unions occupying no-cost office space in government buildings. With the exception of intrastation telephone service, credit unions shall be required to pay for all communication services to include telephone lines, long distance data services and internet connections. Credit unions also shall pay for space alterations. Should a credit union fail to meet the 95 percent membership criterion, any logistical support furnished shall be on a reimbursable basis.

C. Leases executed before the issuance of this Regulation may not be altered solely as a result of the provisions of this Regulation unless a lessee specifically requests a renegotiation under these provisions. No lease may be negotiated or renegotiated, nor may any rights be waived or surrendered without compensation to the government.

D. When a credit union participates in the construction of a shopping mall complex the lease shall cover only land where the branch or facility physically is located.

E. Administrative Fees. All administrative fees associated with the initiation, modification, or renewal of an outgrant shall be borne by the installation, provided that the credit union satisfies the 95 percent membership criterion requirement for no-cost office space as outlined subparagraph 340704.A.2.a, above, and that the fees are associated with the no-cost space.

340705. Land Leases. Credit unions entering into a land lease to construct a building on a DoD installation shall do so in accordance with paragraph 340506, above.

340706. Construction. Credit unions constructing a building on a DoD installation shall do so in accordance with paragraph 340507, above.

340707. Credit unions offering ATM service shall do so in accordance with paragraph 340404, above.

340708. Staffing

A. On-base credit unions shall provide full service. To do so, credit union offices shall be staffed by:

1. An official authorized to act on loan applications;

2. An individual authorized to sign checks; and

3. A qualified financial counselor available to serve members during operating hours.

B. Exceptions to subparagraph 340708.A.1, above, may be approved by the installation commander with advice from the Secretary of the Military Department concerned (or designee) in the case of newly organized credit unions.

C. When an on-base credit union can support only minimum staffing, one of the positions required in subparagraphs 340708.A.1 or 2, above, also may be subsumed under the counselor duties.

D. Credit union remote service locations at the same installation may be staffed with one person alone, provided that a direct courier or an electronic or automated message service links each remote location to the credit union's main office.

340709. Credit Union Liaison Officer (CULO). When a credit union office is located on an installation, the commander shall appoint a CULO. As appropriate, the CULO responsibility should be assigned to comptroller or resource management personnel. The CULO's name and duty telephone number shall be displayed prominently at each credit union

office on the installation. Anyone who serves as a credit union board member or in any other official credit union capacity may not serve as a CULO. The duties of a CULO are the same as the duties listed for a BLO (see paragraph 340508, above).

340710. In-Store Banking. In-store banking services may be provided in accordance with paragraph 340509, above, except that:

A. Credit unions interested in submitting proposals to provide requested in-store banking services shall provide a statement from the NCUA or applicable state regulatory agency certifying the credit union's authority to offer the requested financial services to the commissary, Military Exchange, or other on-base facilities.

B. Space granted to a credit union selected to provide in-store banking services should be issued through a no-cost license in accordance with section 170 of the Federal Credit Union Act (12 U.S.C. 1770) (reference (t)).

3408 PROCEDURES - OVERSEAS CREDIT UNIONS

340801. General Policy

A. Credit union services to authorized persons and organizations may be provided by domestic on-base credit unions operating under a geographic franchise.

B. The extension of credit union service overseas is encouraged consistent with the principles prescribed for domestic credit unions and with applicable status of forces agreements or other intergovernmental agreements, or host-country law.

C. Where permitted by the status of forces agreements or other intergovernmental agreements, or host-country law, only federal credit unions or federally insured state chartered credit unions may operate on overseas DoD installations. The ultimate decision to provide services overseas rests with the credit union itself.

340802. Establishment

A. Commanders shall notify the Secretary of the Military Department concerned (or designee), through command channels, when overseas credit union services are needed. Such requests shall include:

1. Full information about available space and logistical support.

2. The name and location of the nearest credit union facility or branch.

3. The distance between the installation and the nearest credit union facility or branch.

4. The availability of any official or public transportation.

5. The number of DoD personnel in duty assignments that confine them to the installation or who cannot obtain transportation (such as hospital patients).

6. In countries not presently served, a statement concurred in by the cognizant Combatant Command that the requirement has been coordinated with the U.S. Chief of Diplomatic Mission or U.S. Embassy. The statement shall include that the host country will permit credit union operations and will indicate any conditions imposed by the host country with respect to those operations.

B. Subsequent to approval of the request from the installation or community commander to establish an overseas credit union facility, the Secretary of the Military Department concerned (or designee) shall solicit proposals for the provision of full credit union services under the following provisions.

1. Where there is a DoD designated geographic franchise with a specific field of membership, the Secretary of the Military Department (or designee) shall direct the installation or community commander to contact the supporting credit union and request that a branch or facility be established. The basic decision concerning such extensions of service rests with the servicing credit union. The Director, DFAS (or designee) shall maintain a listing of all geographic franchises assigned to credit unions serving DoD overseas installations.

2. Where there is no DoD designated geographic franchise, the Secretary of the Military Department (or designee) shall:

a. Coordinate requests, through the Director, DFAS (or designee), to obtain a geographic franchise. A geographic franchise is the authorization granted to a credit union by the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) to provide financial services in a specific geographic region located outside the United States, its territories and possessions.

b. Solicit proposals from credit unions currently operating on DoD installations.

c. Review proposals of interested credit unions.

d. Coordinate with field commands, as needed.

e. Recommend selection to the NCUA or applicable state regulatory agency with a copy to the DFAS and the OUSD(C), requesting that the appropriate field of membership adjustment be made. Such a recommendation shall identify the primary installations on which the credit union would operate and, if applicable, the contiguous geographic boundaries for future facilities and branches.

C. Where there is an existing field of membership, the Secretary of the Military Department concerned (or designee) shall take the following actions:

1. If a credit union on an installation terminates operation, afford any other credit union having a geographic franchise within that country an opportunity to assume the franchise being vacated. If all such institutions decline, the geographic franchise shall be offered to the federally insured credit union community. If, as a result of a credit union decision to decline service to an installation or a termination action, another credit union (a) offers to provide service, (b) meets host country requirements (if any) and (c) is assigned the former geographic franchise or portion thereof, the NCUA or the applicable state regulatory agency shall be notified and requested to make appropriate field of membership adjustments.

2. When other credit union(s) having a geographic franchise within a country decline the opportunity, or there is no other credit union having a franchise within that country, the provisions of subparagraph 340802.B.2, above, apply.

D. No commitment may be made to a credit union regarding its proposal until the appropriate regulatory agency has announced a selection.

340803. Logistical Support. Installation or community commanders shall provide logistical credit union support. Such support normally shall include:

A. Adequate office space, including steel bars; grillwork; security doors; a vault, safes or both; security alarm systems and camera surveillance equipment (where deemed necessary) that meet documented requirements of the credit union's insurance carrier; construction of counters, teller cages, and customer and work areas; necessary modifications and alterations to existing buildings. The size and arrangement of space should permit efficient operations. The credit union shall pay for all improvements to the space given. Space assigned may not exceed that prescribed in DoD 4270.1-M (reference (n)).

B. DoD housing on a rental basis to key credit union personnel unable to find suitable, reasonably priced housing in the vicinity of the DoD installation, if available.

C. Education, on a space-available, tuition-paying basis, provided by the Department of Defense Education Activity to minor dependents of assigned staff in accordance with DoDD 1342.13 (reference (r)).

D. Utilities (i.e., electricity, natural gas or fuel oil, water and sewage), heating, intrastation telephone service, and custodial and janitorial services.

E. DSN voice and data communication to include, where feasible, internet access.

F. U.S. Military Postal Service support under DoD Directive 4525.6 (reference (s)). The use of free intra-theater delivery system (IDS) is authorized for all routine mail sent and received between Army Post Offices (APOs) and Fleet Post Offices (FPOs) within a theater.

G. Military guards, civilian guards (for use within the installation), military police, or other protective services to accompany shipments of money from the MBF to the credit union and return where it is impractical or not authorized to have a local armored car service or civilian police authorities entering a military installation to provide cash escort service or when the cost of obtaining such service is prohibitive. This level of protective service also shall be provided at other times as required to include replenishment of ATM currency and receipts, alarm system failures, and to avoid undue risks or insurance costs.

340804. Travel. Travel by credit union officials must be at no expense to the U.S. Government. Overseas commanders may issue invitational travel orders for official on-base visits by credit union officials at no cost to the U.S. Government.

340805. Operations

A. An overseas credit union shall confine its field of membership to individuals or organizations eligible by law or regulation to receive services and benefits from the installation. Services shall not be provided to those personnel precluded such services by the applicable status of forces agreement, other intergovernmental agreements, or host-country law.

B. The Department assigns overseas credit unions a prescribed geographic franchise. Any credit union, however, may continue to serve its members stationed overseas by mail or telecommunications, to include access to the internet.

C. A credit union proposing a new service to be offered by a branch office that is not authorized by the operating agreement shall coordinate the establishment of the new service through the cognizant Component command to the Combatant Command. The new service shall be offered only after the appropriate command's approval and coordination with the U.S. Chief of Diplomatic Mission or U.S. Embassy to ensure that the service does not conflict with the applicable status of forces agreement, other intergovernmental agreements, or host-country law.

D. Credit unions that operate full service branches shall have U.S. currency and coin available for member transactions. In areas served by currency custody accounts, transactional U. S. currency and coins shall be made available from the servicing MBF with no direct or analysis charge to the credit union, provided settlement is made via the local MBF account or equivalent arrangements are made with the MBF.

E. In countries served by MBFs operated under contract, credit unions shall purchase foreign currency only from the servicing MBF.

1. The bulk rate purchase price shall apply to currency used by the credit union to make payments to vendors or to make payroll payments.

2. Credit unions that desire and are authorized to provide accommodation exchange services to its members shall acquire foreign currency from the servicing MBF at the MBF wholesale rate and sell it at a rate of exchange no more favorable than that available to customers of the MBF.

F. Credit unions operating under a geographic franchise on an overseas DoD installation shall not publicize, display or sell vehicles on the installation.

G. The NCUA or applicable state regulatory agency may review operations of overseas credit union offices either when it examines the main credit union or at other times of its choosing. For federally insured, state chartered credit unions, the applicable state regulatory agency also may examine credit unions operations.

3409 GLOSSARY OF TERMS

340901. Automated Teller Machine (ATM). An electronic machine that dispenses cash, and may perform such other functions as funds transfers among a customer's various accounts and acceptance of deposits. Equipment generally is activated by a plastic card in combination with a personal identification number (PIN). Typically, when the cardholder's account is with a financial institution other than that operating the ATM, its use results in the assessment of a fee from the ATM network (e.g., Armed Forces Financial Network (AFFN), Cirrus, or PLUS) that processes the transaction.

340902. Banking Institution. An entity chartered by a state or the federal government to provide financial services.

340903. Banking Office. A branch bank, or independent bank operated by a banking institution on a domestic DoD installation or by a foreign banking institution on an overseas DoD installation.

340904. Branch Bank. A separate unit chartered to operate at an on-base location geographically remote from its parent banking institution.

340905. Credit Union. A cooperative nonprofit association, incorporated under the Federal Credit Union Act (12 U.S.C. 1751 et. seq.), or similar state statute, for the purposes of encouraging thrift among its members and creating a source of credit at a fair and reasonable rate of interest.

340906. Credit Union Facility. A facility employing a communications system with the parent credit union to conduct business at remote locations where a full-service credit union or credit union branch is impractical. Credit union facilities need not provide cash transaction services but must disburse loans and shares by check or draft and provide competent financial counseling during normal working hours.

340907. Discrimination. Any differential treatment in provision of services, including loan services, by a financial institution to DoD personnel and their dependents on the basis of race, color, religion, national origin, sex, marital status, age, rank, or grade.

340908. DoD Component. For the purposes of this Regulation, DoD Components include the Office of the Secretary of Defense, the Military Departments, the Joint Chiefs of Staff, the Joint Staff and the supporting Joint Agencies, the Combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, the Uniformed Services University of the Health Sciences, all nonappropriated fund instrumentalities including the Military Exchange Services, and morale, welfare and recreation activities, and all other organizational entities within the Department of Defense.

340909. DoD Personnel. All military personnel; DoD civil service employees; other civilian employees, including special government employees of all offices, Agencies, and Departments performing functions on a DoD installation (including nonappropriated fund instrumentalities); and their dependents. On domestic DoD installations, retired U.S. military personnel and their dependents are included.

340910. Domestic DoD Installation. For the purposes of this Regulation, a military installation located within a state of the United States, the District of Columbia, Guam or the Commonwealth of Puerto Rico.

340911. Fair Market Rental. A reasonable charge for on-base land, buildings, or building space. Rental is determined by a government appraisal based on comparable properties in the local civilian economy. The appraiser, however, shall consider that on-base property may not always be comparable to similar property in the local commercial geographic area. Examples of circumstances that may affect fair market rental include limitations of usage and access to the financial institution by persons other than those on the installation, proximity to the community center or installation business district, and the government's right to terminate the lease or take title to improvements constructed at the financial institution's expense.

340912. Field of Membership. A group of people entitled to credit union membership because of a common bond of occupation, association, employment, or residence within a well-defined neighborhood, community, rural district, and other persons sharing a common bond as described by credit union board of directors policy or by Interpretation Ruling and Policy Statement (IRPS) 99-1. A field of membership is defined in the credit union's charter by the appropriate regulatory agency.

340913. Financial Institution. This term encompasses any banking institution, credit union, thrift institution and subordinate office branch or facility, each as separately defined herein.

340914. Financial Services. Those services commonly associated with financial institutions in the United States, such as electronic banking (e.g., ATMs and personal computing banking), in-store banking, checking, share and savings accounts, funds transfers, sales of

official checks, money orders, and travelers checks, loan services, safe deposit boxes, trust services, sale and redemption of U.S. Savings Bonds, and acceptance of utility payments and any other services provided by financial institutions.

340915. Foreign Banking Institution. A bank located outside the United States chartered by the country in which it is domiciled.

340916. Full Service Credit Union. A credit union that provides full-time counter transaction services, to include cash operations, and is staffed during normal working hours by a loan officer, a person authorized to sign checks, and a qualified financial counselor. In overseas areas, "full service" includes cash operations where not prevented by:

A. Status of forces agreements, other intergovernmental agreements, or host-country law.

B. Physical security requirements that cannot be resolved by the credit union or local command.

340917. Geographic Franchise. Authorization granted to a credit union by the Office of the Under Secretary of Defense (Comptroller) to provide financial services in a specific geographic region located outside the United States, its territories and possessions.

340918. Independent Bank. A bank specifically chartered to operate on one or more DoD installations whose directors and officers usually come from the local business and professional community. Such operations are thus differentiated from county-wide or state-wide branch systems consisting of a head office and one or more geographically separate branch offices.

340919. In-Store Banking. An expansion of financial services provided by an on-base financial institution within the premises of a commissary store operated by the Defense Commissary Agency, a Military Exchange outlet, and other on-base retail facilities.

340920. Malpractice. Any unreasonable lack of skill or fidelity in fiduciary duties or the intentional violation of an applicable law or regulation or both that governs the operations of the financial institution. A violation shall be considered intentional if the responsible officials know that the applicable action or inaction violated a law or regulation.

340921. Military Banking Facility (MBF). A banking office located on a DoD installation and operated by a financial institution that the Department of the Treasury specifically has authorized, under its designation as a "Depository and Financial Agent of the U.S. Government," to provide certain banking services at the installation.

340922. National Bank. An association approved and chartered by the Comptroller of the Currency to operate a banking business.

340923. On-base. Refers to physical presence on a domestic or overseas DoD installation.

340924. Operating Agreement. A mutual agreement between the installation commander and the on-base financial institution to document their relationships.

340925. Overseas DoD Installation. A military installation (or community) located outside the states of the United States, the District of Columbia, Guam or the Commonwealth of Puerto Rico.

340926. Part-time MBF. A MBF that operates fewer than 5 days a week exclusive of additional payday service. When only payday service is provided, the MBF may be termed a "payday service facility."

340927. Regulatory Agency. Includes the Office of the Comptroller of the Currency, Department of the Treasury; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; the respective Federal Reserve Banks; the National Credit Union Administration; Office of Thrift Supervision; the various state agencies and commissions that oversee financial institutions; and, for military banking facilities (MBFs), the Fiscal Assistant Secretary of the Treasury (or designee).

340928. State Bank. An institution organized and chartered under the laws of one of the states of the United States to operate a banking business within that state.

340929. Thrift Institution. An institution organized and chartered under federal or state law as a Savings Bank, Savings Association, or Savings and Loan Association.

APPENDIX A

DOD DIRECTIVE 1000.11, "FINANCIAL INSTITUTIONS ON DOD INSTALLATIONS"

Department of Defense
DIRECTIVE

NUMBER 1000.11
June 9, 2000

USD(C)

SUBJECT: Financial Institutions on DoD Installations

References: (a) DoD Directive 1000.11, subject as above, July 26, 1989 (hereby canceled)
(b) DoD 7000.14-R, Chapter 34, Volume 5, "DoD Financial Management Regulation," May 1996
(c) Section 1751 et seq. of title 12, United States Code, "Federal Credit Union Act of June 26, 1934," as amended
(d) Section 265 of title 12, United States Code
(e) DoD Directive 4100.15, "Commercial Activities Program," March 10, 1989

1. REISSUANCE AND PURPOSE

This Directive:

1.1. Reissues reference (a) and updates policies and responsibilities for financial institutions that serve Department of Defense (DoD) personnel on DoD installations worldwide. Associated procedures are contained in reference (b).

1.2. Prescribes consistent arrangements for the provision of services by financial institutions among the DoD Components, and requires that financial institutions operating on DoD installations provide, and are provided, support consistent with the policies stated herein.

2. APPLICABILITY

2.1. This Directive applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the

Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter collectively referred to as "the DoD Components").

2.2. All nonappropriated fund instrumentalities including the Military Exchange Services and morale, welfare and recreation (MWR) activities.

3. DEFINITIONS

Terms used in this Directive are set forth in reference (b).

4. POLICY

4.1. The following pertains to financial institutions on DoD installations:

4.1.1. Except where they already may exist as of May 1, 2000, no more than one banking institution and one credit union (reference (c)) shall be permitted to operate on a DoD installation.

4.1.2. Upon the request of an installation commander and with the approval of the Secretary of the Military Department concerned (or designee), duly chartered financial institutions may be authorized to provide financial services on DoD installations to enhance the morale and welfare of DoD personnel and facilitate the administration of public and quasi-public monies. Arrangement for the provision of such services shall be in accordance with this Directive and the applicable provisions of (reference (b)).

4.1.3. Financial institutions or branches thereof, shall be established on DoD installations only after approval by the Secretary of the Military Department concerned (or designee) and the appropriate regulatory agency.

4.1.3.1. Except in limited situations overseas (see subparagraph 4.2.2.3., below), only banking institutions insured by the Federal Deposit Insurance Corporation and credit unions insured by the National Credit Union Share Insurance Fund or by another insurance organization specifically qualified by the Secretary of the Treasury, shall operate on DoD installations. These financial institutions may either be State or federally chartered; however, U.S. credit unions operated overseas shall be federally insured.

4.1.3.2. Military banking facilities (MBFs) shall be established on DoD

installations only when a demonstrated and justified need cannot be met through other means. An MBF is a financial institution that is established by the Department of the Treasury under statutory authority that is separate from State or Federal laws that govern commercial banking. Section 265 of title 12, United States Code, (reference (d)) contains the provisions for the Department of the Treasury to establish MBFs. Normally, MBFs shall be authorized only at overseas locations. This form of financial institution may be considered for use at domestic DoD installations only when the cognizant DoD Component has been unable to obtain, through normal means, financial services from a State or federally chartered financial institution authorized to operate in the State in which the installation is located. In times of mobilization, it may become necessary to designate additional MBFs as an emergency measure. The Director, Defense Finance and Accounting Service (DFAS), may recommend the designation of MBFs to the Department of the Treasury.

4.1.3.3. Retail banking operations shall not be performed by any DoD Component. Solicitations for such services shall be issued, or proposals accepted, only in accordance with the policies identified in this Directive. The DoD Components shall rely on commercially available sources in accordance with DoD Directive 4100.15 (reference (e)).

4.1.4. Installation commanders shall not seek the provision of financial services from any entity other than the on-base banking office or credit union. The Director, DFAS, with the concurrence of the Under Secretary of Defense (Comptroller) (USD(C)), may approve exceptions to this policy.

4.1.5. Financial institutions authorized to locate on DoD installations shall be provided logistic support as set forth in Chapter 34, Volume 5 of reference (b).

4.1.6. Military disbursing offices, nonappropriated fund instrumentalities (including MWR activities and the Military Exchange Services) and other DoD Component activities requiring financial services shall use on-base financial institutions to the maximum extent feasible.

4.1.7. The Department encourages the delivery of retail financial services on DoD installations via nationally networked automated teller machines (ATMs).

4.1.7.1. ATMs are considered electronic banking services and, as such, shall be provided only by financial institutions that are chartered and insured in accordance with the provisions of subparagraph 4.1.3., above.

4.1.7.2. Proposals by the installation commander to install ATMs from

other than on-base financial institutions shall comply with the provisions of subparagraph 4.1.4., above.

4.1.8. Expansion of financial services (to include in-store banking) requiring the outgrant of additional space or logistical support shall be approved by the installation commander. Any DoD activity or financial institution seeking to expand financial services shall coordinate such requests with the installation bank/credit union liaison officer prior to the commander's consideration.

4.1.9. The installation commander shall ensure, to the maximum extent feasible, that all financial institutions operating on that installation are given the opportunity to participate in pilot programs to demonstrate new financial-related technology or establish new business lines (e.g., in-store banking) where a determination has been made by the respective DoD Component that the offering of such services is warranted.

4.1.10. The installation commander shall approve requests for termination of financial services that are substantiated by sufficient evidence and forwarded to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) shall coordinate such requests with the USD(C), through the Director, DFAS, before notification to the appropriate regulatory agency.

4.1.11. Additional guidance pertaining to financial services is set forth in reference (b).

4.2. The following additional provisions pertain to only to financial institutions on overseas DoD installations:

4.2.1. The extension of services by MBFs and credit unions overseas shall be consistent with the policies stated herein and with the applicable status of forces agreements, other intergovernmental agreements, or host-country law.

4.2.2. Financial services at overseas DoD installations may be provided by:

4.2.2.1. Domestic on-base credit unions operating overseas under a geographic franchise and, where applicable, as authorized by the pertinent status of forces agreements, other intergovernmental agreements, or host-country law.

4.2.2.2. MBFs operated under and authorized by the pertinent status of forces agreement, other intergovernmental agreement, or host-country law.

4.2.2.3. Domestic and foreign banks located onoverseas DoD installations that are:

4.2.2.3.1. Chartered to provide financial services in that country, and

4.2.2.3.2. A party to a formal operating agreement with the installation commander to provide such services, and

4.2.2.3.3. Identified, where applicable, in the status of forces agreements, other intergovernmental agreements, or host-country law.

4.2.3. In countries served by MBFs operated under contract, nonappropriated fund instrumentalities and on-base credit unions that desire, and are authorized, to provide accommodation exchange services shall acquire foreign currency from the MBF at the MBF accommodation rate; and shall sell such foreign currency at a rate of exchange that is no more favorable to the customer than the customer rate available at the MBF.

5. RESPONSIBILITIES

5.1. The Under Secretary of Defense (Comptroller) (USD(C)) shall develop policies governing establishment, operation, and termination of financial institutions on DoD installations and take final action on requests for exceptions to this Directive.

5.2. The Under Secretary of Defense (Acquisition, Technology and Logistics) (USD(AT&L)) shall monitor policies and procedures governing logistical support furnished to financial institutions on DoD installations, including the use of DoD real property and equipment.

5.3. The Under Secretary of Defense (Personnel and Readiness) (USD(P&R)) shall advise the USD(C) on all aspects of on-base financial institution services that affect the morale and welfare of DoD personnel.

5.4. DoD Component responsibilities pertaining to this Directive are set forth in reference (b).

6. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Implementing guidance shall be issued by the Under Secretary of Defense (Comptroller) in DoD 7000.14-R (reference (b).

Rudy de Leon
Deputy Secretary of Defense

APPENDIX B

GUIDELINES FOR APPLICATION OF THE PRIVACY ACT TO FINANCIAL INSTITUTION OPERATIONS

A. The following guidelines govern the application of DoD Directive 5400.11 (reference (u)) to those financial institutions that operate under this Regulation:

1. Financial institutions and their branches and facilities operating on DoD military installations do not fall within the purview of 5 U.S.C. 552 et seq. (reference (v)).

a. These financial institutions do not fit the definition of "agency" to which the Privacy Act applies: "...any executive department, Military Department, government corporation, government-controlled corporation, or other establishment in the executive branch of the government (including the Executive Office of the President), or an independent regulatory agency" (5 U.S.C. 552(e) and 552a(a)(1)) (reference (v)).

b. These financial institutions are not "government contractors" within the meaning of section 552a(o) of reference (v), as they do not operate a system of records on behalf of an agency "...to accomplish an agency function." According to the Office of Management and Budget Privacy Act Guidelines (reference (w)), the provision relating to government contractors applies only to systems of records "...actually taking the place of a federal system which, but for the contract, would have been performed by an agency and covered by the Privacy Act." Clearly, the subject institutions do not meet these criteria.

c. Since the Act does not apply to them, these financial institutions are not required to comply with section 552a(e)(3) of reference (v) in obtaining and making use of personal information in their relationships with personnel authorized to use such institutions. Thus, these institutions are not required to inform individuals from whom information is requested of the authority for its solicitation, the principal purpose for which it is intended to be used, the routine uses that may be made of it, or the effects of not providing the information. There also is no requirement to post information of this nature within on-base banking and credit union offices.

2. The financial institutions concerned hold the same position and relationship to their account holders, members, and to the government as they did before enactment of OMB Circular A-130 (reference (w)). Within their usual business relationships, they still are responsible for safeguarding the information provided by their account holders or members and for obtaining only such information as is reasonable and necessary to conduct business. This includes credit information and proper identification, which may include social security number, as a precondition for the cashing of checks.

3. Financial institutions may incorporate the following conditions of disclosure of personal identification in all contracts, including loan agreements, account signature cards, certificates of deposit agreements, and any other agreements signed by their account holders or members:

> I hereby authorize the Department of Defense and its various Components to verify my social security number or other identifier and disclose my home address to authorized (name of financial institution) officials so that they may contact me in connection with my business with (name of financial institution). All information furnished will be used solely in connection with my financial relationship with (name of financial institution).

When the financial institution presents such signed authorizations, the receiving military command or installation shall provide the appropriate information.

4. Even though an agreement described in subsection A.3, above, has not been obtained, the Department of Defense may provide these financial institutions with salary information and, when pertinent, the length or type of civilian or military appointment, consistent with DoD Directives 5400.11 and 5400.7 (references (u) and (x)). Some examples of personal information pertaining to DoD personnel that normally can be released without creating an unwarranted invasion of personal privacy are name, rank, date of rank, salary, present and past duty assignments, future assignments that have been finalized, office phone number, source of commission, and promotion sequence number.

5. When DoD personnel with financial obligations are reassigned and fail to inform the financial institution of their whereabouts, they should be located by contacting the individual's last known commander or supervisor at the official position or duty station within that particular DoD Component. That commander or supervisor either shall furnish the individual's new official duty location address to the financial institution, or shall forward, through official channels, any correspondence received pertaining thereto to the individual's new commander or supervisor for appropriate assistance and response. Correspondence addressed to the individual concerned at his or her last official place of business or duty station shall be forwarded as provided by postal regulations to the new location. Once an individual's affiliation with the Department of Defense is terminated through separation or retirement, however, the Department's ability to render locator assistance (i.e., disclose a home address) is severely curtailed unless the public interest dictates disclosure of the last known home address. The Department may, at its discretion, forward correspondence to the individual's last known home address. The Department may not act as an intermediary for private matters concerning former DoD personnel who are no longer affiliated with the Department.

B. Questions concerning this guidance should be forwarded through channels to the Deputy Chief Financial Officer, Office of the Under Secretary of Defense (Comptroller), The Pentagon, Washington, DC 20301-1100.

APPENDIX C

SAMPLE OPERATING AGREEMENT BETWEEN MILITARY INSTALLATIONS AND FINANCIAL INSTITUTIONS

NOTE: The following operating agreement template identifies general arrangement and content. Content of the actual operating agreement may vary according to the circumstances of each installation.

Operating Agreement Between (*Name of Installation*), (*State or Country Installation Located*) and (*Name of Financial Institution*).

This Agreement is made and entered into this day by and between the installation commander of (*name of installation*) in his or her official capacity as installation commander, hereinafter referred to as the "commander" and the (*name of financial institution*), having its principal office at (*location of home office*) hereinafter referred to as the "financial institution," together hereinafter referred to as "the parties." Whereas the commander and the financial institution enter into this Operating Agreement upon the mutual consideration of the promises, covenants, and agreements hereinafter contained.

1. The parties understand and agree that this Agreement shall in no way modify, change, or alter the terms and conditions of Lease Number (*number of lease*) covering the use of real property described therein, and this Agreement shall continue, subject to the termination provisions herein-after set forth, during the terms of said lease and any extensions thereof. In the case of a banking institution operating a military banking facility (MBF) overseas, this agreement will not change the conditions of the contract between the banking institution and the Department of Defense.

2. The financial institution agrees to operate a (federally or state) chartered office on-base in accordance with the policies and procedures set forth in DoD Directive 1000.11, "Financial Institutions on Military Installations;" and Volume 5, Chapter 34, of the DoD Financial Management Regulation as codified in the Code of Federal Regulations (CFR); and, in addition for the Overseas Military Banking Program (OMBP), the policies and procedures set forth in the applicable DoD contract. The hours of operations shall be between (*hour office opens*) and (*hour office closes*), and on the following days (*week days office open*), except on government holidays when the financial institution may be closed. The Program Office for the OMBP shall notify the commander of any changes to the DoD contract.

3. The financial institution shall provide the following services:

a. Services for Individuals

(1) Demand (checking) account services

(2) Cashing personal checks and government checks for accountholders

(3) Maintaining savings accounts and (any other interestbearing accounts)

(4) Selling official checks, money orders, and traveler's checks

(5) Selling and redeeming United States savings bonds

(6) Providing direct deposit service

(7) Loan Services

(8) Electronic banking (i.e., automated teller machines, internet banking).

b. Services for Disbursing Officers

(1) Furnishing cash (if the financial institution's terms for doing so is consistent with sound management practices)

(2) Accepting deposits for credit to the Treasury General Account (where the financial institution has entered into an agreement with the Department of the Treasury).

c. Services for Nonappropriated Fund Instrumentalities and Private Organizations

(1) Demand (checking) account services, including wire transfers

(2) Savings accounts and nonnegotiable certificates of deposit or other interestbearing accounts offered by the banking institution

(3) Currency and coin for change.

4. Service charges shall be as follows:

a. Service for Individuals

(1) No fees shall be charged to individuals for the services listed in subparagraphs 3.a.(2), and 3.a.(5), above, except for subparagraph 3.a.(2), wherein checks drawn on other financial institutions may be treated in accordance with the financial institution's established policy. Any charge to cash a government check shall not exceed that typically charged by financial institutions in the vicinity of the installation. Fees assessed to accountholders and nonaccountholders for use of automated teller machines shall be the customary service charges of the financial institution or those negotiated for base personnel per the attached schedule.

(2) Checking and savings accounts. Fees for individual checking and savings accounts shall be the customary service charges of the financial institution or those negotiated for base personnel per the attached schedule.

(3) Sale of official checks, money orders, traveler's checks and other types of financial paper. Charges for these services shall be the customary charges of the financial institution operating the on-base office.

b. Service for Disbursing Officers. No charge shall be made for the services listed in subparagraph 3.b.(2), above. Compensation to the financial institution shall be per its separate agreement with the Department of the Treasury. Charges, if any, for the services stated in subparagraph 3.b.(1) shall be as locally negotiated with the financial institution.

c. Nonappropriated Fund Instrumentalities and Private Organizations. State the charges or refer to a schedule of charges for funds and organizations that do not participate in a central banking program. For those activities participating in a central banking program, determine the compensation to the financial institution by account analysis.

5. It is agreed that the financial institution shall:

a. Notify the commander or designated representative of any proposed changes to the attached schedule of fees and services at least 30 days prior to implementation.

b. Follow the requirements in Volume 5, Chapter 34, of the DoD Financial Management Regulation, and any changes thereto.

c. Comply with Department of the Treasury requirements for establishment and operation of a Treasury General Account where the financial institution agrees to act as a depository for government funds.

d. Absolve the *(Military Service)* and its representatives of responsibility or liability for the financial operation of the financial institution; and for any loss (including losses due to criminal activity), expenses, or claims for damages arising from financial institution operations.

e. Indemnify, and hold harmless the United States from (and against) any loss, expense, claim, or demand, including attorney fees, court costs, and costs of litigation, to which the government may be subjected as a result of death, loss, destruction, or damage in connection with the use and occupancy of *(Military Service)* premises occasioned in whole or in part by officers, agents or employees of the financial institution operating an office of the financial institution.

f. Favorably respond, whenever feasible, to reasonable local command requests for lectures and printed materials to support consumer credit education programs, financial management program and newcomer's briefings.

g. Prominently post in the lobby of the financial institution the name, duty telephone number of the (Bank or Credit Union) Liaison Officer.

h. Accept the government travel card in all on-base ATMs operated by the financial institution.

i. Abide by the installation fire protection program, including immediate correction of fire hazards noted by the installation fire inspector during periodic fire prevention inspections.

6. The commander shall provide the following space and support:

a. Space requirements for financial institution operations shall be administered in accordance with the existing outgrant (i.e., lease, permit or license). (*Show Number of Outgrant*).

b. Utilities (i.e., electricity, natural gas or fuel oil, water and sewage), heating and air conditioning, intrastation telephone service, and custodial and janitorial services to include garbage disposal and outdoor maintenance (such as grass cutting and snow removal) on a reimbursable basis.

c. DoD housing and minor dependent education in overseas locations for military banking facility (MBF) and credit union personnel in accordance with Volume 5, Chapter 34, subparagraphs 340603.A.1.c, 340603.A.1.d, 340803.B, and 340803.C of the DoD Financial Management Regulation.

7. Termination of this Agreement shall be consistent with the termination provision of the real property lease and Volume 5, Chapter 34, of the DoD Financial Management Regulation. The Secretary of the (*Military Department*) shall have the right to terminate this Agreement at any time. Any termination of the right of the financial institution to operate on the installation shall render this Agreement terminated without any applicable action by the commander.

8. Any provision of this Agreement that is contrary to or violates any laws, rules, or regulations of the United States, its agencies, or the state of (*state in which the financial institution is located*) that apply on federal installations shall be void and have no force or effect; however, both parties to this Agreement agree to notify the other party promptly of any known or suspected continuing violation of such laws, rules, or regulations.

9. So long as this Agreement remains in effect, it shall be reviewed jointly by the commander and the financial institution at least once every 5 years to ensure compatibility with current DoD issuances and to determine if any changes are required to the Agreement.

IN WITNESS WHEREOF, the commander, and the financial institution, by their duly authorized office, have hereunto set their hands this day of *(month, day, year)*

FINANCIAL INSTITUTION OFFICIAL

INSTALLATION COMMANDER

APPENDIX D

IN-STORE BANKING

A. Selection Process. The purpose of this guidance is to assure an impartial and thorough process to select the best on-base financial institution to provide in-store banking services when such services are desired and approved by the installation commander.

1. Consistent with DoD Component delegation, the final decision to solicit for an in-store banking office rests with the installation commander.

2. The DoD Component seeking in-store banking (e.g., in buildings operated by the Defense Commissary Agency, Military Exchange Services and MWR activities) shall draft the solicitation letter.

3. Close coordination among all cognizant DoD organizations is essential throughout the selection process.

B. Specific Procedures

1. The need for in-store banking service may be identified from either:

a. An unsolicited proposal from an on-base financial institution,

b. A DoD Component's request, or

c. An installation commander's request.

2. The cognizant installation commander (or designee) is responsible for assessing the environment and authorizing the Bank/Credit Union Liaison Officer(s) to pursue the acquisition of in-store banking services. If no authorization is given, no further action is required.

3. The cognizant installation commander shall determine whether a solicitation is required. (A solicitation shall be required whenever there are two or more financial institutions on a DoD installation.) If no solicitation is required, then the Bank/Credit Union Liaison Officer shall work directly with the on-base financial institution to obtain the requested services. Where there is neither a banking office nor an on-base credit union, use the solicitation process outlined in paragraph 340503 of this chapter, as supplemented by the provisions outlined in paragraph A, above.

4. The solicitation letter shall identify the financial services being requested and classify these services as either mandatory or optional. In addition, the solicitation letter shall highlight any services that will be weighed as more important than others during the evaluation of the proposals. Any space consideration and terms of the proposed agreement also shall be identified in the letter.

5. The installation commander (or designee) formally shall notify the selected financial institution and request that institution to coordinate with the proper activity to begin any construction, modifications or renovations necessary to open the in-store banking office. The cognizant facility management personnel shall begin the process of obtaining the necessary outgrant instruments. Concurrently, the requesting DoD Component representative and the financial institution representative shall draft the appropriate amendment to the operating agreement. The amendment should contain provisions regarding: (a) the roles and responsibilities of all parties involved, (b) the financial services to be provided, and (c) the logistical support arrangements to include custodial services and security provisions. The amendment should be coordinated with the Bank/Credit Union Liaison Officer(s) prior to forwarding that document to the installation commander for signature. The amendment shall be signed by the installation commander (or designee) and the appropriate financial institution official with a copy furnished to the Secretary of the Military Department concerned (or designee) and the Director, DFAS (or designee).

APPENDIX E

SAMPLE CERTIFICATE OF COMPLIANCE FOR CREDIT UNIONS

Certificate of Compliance

I, (*name*), Chairman of the Board of Directors or President of the (*credit union*), located at (*place*), certify that this credit union complies with the requirements of section 170 of the Federal Credit Union Act (12 U.S.C 1770), for the allotment of space in federal buildings without charge for rent or services. The provision of no-cost office space is limited to credit unions if at least 95 percent of the membership to be served by the allotment of space is composed of individuals who are, or who were at the time of admission into the credit union, military personnel or federal employees, or members of their families .

(*Date*)_____ _____(*Name*)_____
(Chairman of the Board of Directors or the President)

(Note: The Certificate of Compliance shall be written on credit union letterhead)

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APPENDIX A

CASH VERIFICATION

A. CASH VERIFICATION TEAM PROCEDURES

1. Nature and Time of the Verification. At least once during each calendar quarter the cash verification team shall conduct a surprise verification of the cash and other assets under the cash accountability of the DO. Generally, it is not practical to conduct the cash verification on days involving unusually high volumes of disbursing transactions. The cash verification team shall ensure that the DO and his or her agents are given neither formal nor informal advance notification of the intent to conduct the verification. The scheduling of the verifications should be determined in random fashion to insure they do not predictably fall during a particular time period each quarter. If an audit of the DO's accountability by transfer of account, Component investigative, or audit agencies has been conducted during any given quarter, the commander may elect to omit a separate cash verification for that quarter.

2. Verification Procedures

a. General. Immediately upon arrival, the cash verification team shall present a copy of its letter of appointment and assume control over all cash and other assets in the DO's cash accountability. If access is refused, the verification team leader immediately shall notify the commander. Each custodian of public funds shall prepare a DD Form 2665 and the DO shall prepare a DD Form 2657 as for the close of business of that day and turn it over to the cash verification team. At this time, no further business may be conducted by any custodian of public funds until the cash verification team has completed the count of that custodian's funds. Normally, the duty cashier's funds are the first to be verified in order to minimize the impact on disbursing operations.

b. Cash and Other Assets. All vaults, safes, security containers, and cash drawers housing cash or other assets shall be secured and their contents shall be inventoried by actual count in the presence of the person accountable for their safekeeping. If the commander determines that it is not practical to inventory the funds in the possession of some of the DO's agents because of inaccessibility or geographic separation, the cash verification team shall verify the amounts shown on custody receipts by telephone with the accountable person; by examination of the permanent file of cash verifications and certification held by the disbursing office; or by any other means available in order to complete the cash verification process and make note of the limits to their verification in their report. However, if agent cash accountability is not physically verified at the time the DO's cash accountability is verified, no quarterly verification of agent cash is considered to have been made. Documents representing unvouchered expenditures shall be verified further by determining that checks were issued to the designated payee, or that the signature on cash receipts is authentic. Undeposited checks shall be examined

to insure that they are negotiable instruments the DO has been authorized to exchange for cash; that they are not dated more than 10 days prior to the cash verification date; and that checks received as collections are kept apart from those checks received in accommodation exchange transactions.

c. Authorizations and Records. Blank checks, both working stock and bulk storage, shall be inventoried to insure that all check issues have been properly reported. Where roll stock of blank checks are used, the inventory shall be conducted by recording the ending number from the reels and not by unrolling of the reel which may destroy the stock. Voided and spoiled checks held by the DO pending local destruction shall be examined to insure they are properly defaced and stored in authorized containers. Undelivered checks shall be inventoried to insure that: none are missing; none exceed the time limit to be held; and all are properly safeguarded. Amounts of cash held at personal risk by the DO and his or her agents shall be compared to the authorization to hold such cash by the commander.

d. Imprest Funds and Change Funds. All imprest funds and change funds shall be verified at least once each quarter by members of the cash verification team. Verification of imprest fund cashier and change fund custodian cash may be simplified by appointment of an individual (rather than a team) to do the applicable cash verification. The verification shall be accomplished by totalling all receipts and counting all cash to prove the total shown on the cash receipt held by the DO. Any receipts for cash advanced by the imprest fund cashier more than five days old shall be investigated and commented on in the cash verification report if not redeemed before the report is issued. All change funds shall be certified as being intact in writing by the accountable individual at the time of the cash verification. The verification of change funds shall consist of verifying that the cash drawer contains the amount of the change fund, after deducting any sales proceeds or receipts. Verifications of both imprest fund cashiers and change fund cashiers shall insure that none of the change fund consists of personal checks from the cashier, any of the cashier's supervisors, or the individual charged with accountability for the change fund.

e. DD Form 2657 (Daily Statement of Accountability). After proving all the entries for cash and other assets by the preceding verifications, the cash verification team shall insert the following statement on (or attach to) the DD Form 2657:

"On (date) at (time), the undersigned verified by actual count cash in the amount of $___, together with all documents held supporting collections and disbursements, which (is)/(is not) in agreement with this daily statement of accountability.

_____
"Signature and Rank of Verifying Official"

★ f. Safekeeping Deposits. Immediately after the verification of the DO's cash accountability, the cash verification team shall verify all safekeeping deposits and the postal stamp funds (if applicable) with established procedures contained in Chapters 26 and 27 of this volume.

★ g. Report of Verification. The cash verification team shall report its findings in writing to its appointing official immediately on completion of verification of both official funds and safekeeping deposits. The report shall be prepared in original and three (3) copies. The original shall be forwarded to the appointing official. If the appointing official is not the commander of the DO, the report shall be addressed jointly to the appointing official and the commander of the DO so that both receive an original of the verification report. The first copy of the verification report shall be forwarded to the DO, the second copy shall be forwarded to the DFAS Center supporting the DO and the third copy shall be retained by the cash verification team in a permanent file. In those instances where safekeeping of personal funds and valuables is authorized and the designated safekeeping custodian is other than the DO, a copy of the report of verification will be provided to the safekeeping custodian. The verification report shall contain: the date the verification was conducted; the date of the preceding verification; a statement as to whether or not safe combinations have been changed as required and the dates of the last changes; the identity of each person holding cash under the DO's cash accountability that was not verified by actual count, the amount of cash each held, and the method of contact made with each custodian, if any contact was made; a statement as to whether or not the verified cash accountability of the DO agrees with the DD Form 2657 cash and other assets totals; a list of undeposited checks containing a description of those not handled as prescribed by this volume; a statement as to whether or not the DO is taking timely action to clear debit vouchers, check issue discrepancies, check issue reporting gaps, double payments, forgery recoveries through the banks, and reissue of limited payability check cancellations; and, a statement as to whether or not safekeeping deposits verified agree with safekeeping deposit records. The cash verification team shall follow-up during the next quarterly cash verification to ensure that deficiencies noted in the previous cash verification report have been corrected by the DO and report the results to their appointing official in the form required by that official. The senior member of the cash verification team shall insure that all rough working papers and correspondence pertaining to the cash verification are maintained as a permanent part of the cash verification teams' records.

h. Followup. The cash verification team shall follow-up during the next quarterly cash verification to ensure that deficiencies noted in the previous cash verification report have been corrected by the DO and report the results to their appointing official in the form required by that official. The senior member of the cash verification team shall insure that all rough working papers and correspondence pertaining to the cash verification is maintained as a permanent part of the cash verification teams' records.

B. CASH VERIFICATION TEAM CHECK-OFF LIST

1. The senior member of the cash verification team shall inform the DO's immediate supervisor of its arrival to conduct the surprise verification of cash and other assets.

2. Secure all accessible safes holding DO cash accountability items until their contents can be verified.

★ 3. Require the DO to balance the DD Form 2657 and make a list of items due the U.S. Government that are included in the balance.

★ 4. Commence the actual count of currency and other assets.

a. Cash

(1) Count all currency and coin in the presence of the individual accountable for the asset.

(2) Count all items representing cash, including exchange-for-cash checks, in the presence of the individual accountable for the asset.

(3) Verify the cash and receipts held by agents in the disbursing office equals the receipts signed by those agents and held by the DO.

(4) Count all negotiable instruments representing cash held by the DO awaiting deposit.

b. Other Assets

(1) Review and total all receipts for cash held by agents of the DO who are located outside the disbursing office.

(2) Review and total all SFs 215 for which both the memorandum and agency copies are held, indicating that the deposit has not been confirmed, and require the DO to commence tracing items over three weeks old as lost in transit deposits.

(3) Review the SFs 5515 and the associated dishonored checks and require the DO to commence collection from the drawers of the dishonored checks.

(4) Review documents for unvouchered expenditures and money lists.

(5) Review exchange-for-cash checks in transit.

(6) Review FMS Forms 5206 representing overdrafts and underdrafts.

(7) Review actions on previously-reported losses of funds.

(8) Verify bank statements and balances of foreign currency held in limited depositary checking accounts.

(9) Verify by actual count the amount of foreign currency against the subsidiary records and the foreign currency reports.

★ 5. Review the vouchers supporting gains and losses on foreign currency transactions.

★ 6. Review the DO's compliance with the provisions of this volume for cashing personal checks and the collection of dishonored checks.

★ 7. Ensure that checks representing collections are properly identified and supported by collection vouchers so that dishonored personal checks received as collections may be charged back to the receiving activity and are not held as losses due to accommodation exchanges carried out by the DO.

★ 8. Examine previous cash verification reports and insure that deficiencies being reported a second time in the current cash verification report are noted as serious conditions and advise the commander of action necessary to immediately remedy the deficiencies of the DO.

★ 9. Review DD Form 2658 (Returned and Undeliverable Check/Bond Record) maintenance and DO's attempts to make delivery of checks within the prescribed 60 day holding period.

★ 10. Compare military payroll vouchers and money lists with related pay accounts to ensure payments are posted to the member's account.

★ 11. Verify all undeposited checks in relation to the prescribed frequency and timeliness of deposits.

★ 12. Review all letters of authorization to hold cash at personal risk to ensure that cash held is commensurate with needs and in compliance with the letters of authorization.

★ 13. Verify date safe combination was last changed.

★ 14. Verify all payments made to pay record access (PRA) personnel and list any discrepancies found on each PRA record.

★ 15. Verify safekeeping deposits, postal funds, postage stamp stock, and postal money order stock, if applicable. If ATMs are operated by the DO or other authorized safekeeping custodial officer, direct the custodial officer to conduct a full end-of-session with the ATM system before the actual cash count of ATM currency is conducted.

★ a. The custodial officer or, where applicable, the assistant custodians responsible for each ATM terminal shall remove all canisters, whether empty or loaded, and deliver them to the cash verification team for counting and verification.

★ b. Use the ATM end-of-session reports to balance the ATM system. Require the ATM custodial officer or assistant custodian, as applicable, to complete DD Form 2672, ATM Cash Balance Sheet for each assigned ATM terminal. The DD Form 2672 will reconcile the funds remaining in the ATM terminal to the original amount loaded in the terminal and the amount of funds withdrawn from the terminal. The end-of-session reports will show how much cash was dispensed by each terminal. If the DD Forms 2672 and the end-of-session reports agree, the ATM terminal is in balance. Complete the identical process for each ATM terminal and the ATM system is in balance.

★ c. Insure DD Form 2670, Automated Teller Machine (ATM) Ledger is properly maintained and in balance.

★ d. Insure that ATM passwords and ATM safe combinations are changed every six months as required.

★ e. Insure that ATM cards and personal identification numbers are properly safeguarded and that ATM accounts are being closed when the account holder is transferred.

★ f. Review all closed and dormant ATM accounts for audit. Closed accounts shall not be deleted from the system for 30 days. After 30 days, if no funds are in these accounts, they shall be deleted from the system. If funds are still in these accounts after 30 days, adjustment action shall be taken to refund the balance to the account holder.

★ g. Inventory all blank ATM cards (bulk and working stock) to ensure that custody of blank ATM cards is properly maintained.

C. FINALIZATION

1. Verify totals from the above reviews with the amounts reported on the DD Form 2657.

2. Notify the DO's immediate superior and the commander of any deficiencies and advise them that a written report shall be prepared.

3. All members of the cash verification team shall sign and certify the results of the cash verification on the DD Form 2657 or a paper attached to the DD Form 2657.

★ 4. Distribute the original of the cash verification report to the appointing commander, a copy to the DO and, when applicable, the safekeeping custodial officer, and retain a copy for the cash verification team records.

APPENDIX B

FEDERAL RESERVE BANKS AND BRANCHES

Boston

Cash Deliveries:
Federal Reserve Bank of Boston
Cash Services Dept.
600 Atlantic Ave.
Boston, MA 02106

Check Deliveries:
Federal Reserve Bank of Boston
Check Collection Dept. S-3
600 Atlantic Ave.
Boston, MA 02106

★New York (Head Office)

Cash Deliveries:
Federal Reserve Bank of New York
East Rutherford Operations Center
100 Orchard Street
East Rutherford, NJ 07073
Attn: Paying and Receiving

Check Deliveries:
Federal Reserve Bank of New York
33 Liberty St.
New York, NY 10045
Attn: Check Dept.

Buffalo

Cash Deliveries:
Federal Reserve Bank of New York
Buffalo Branch
160 Delaware Ave.
Buffalo, NY 14202
Attn: Cash Dept.

Check Deliveries:
Federal Reserve Bank of New York
Buffalo Branch
160 Delaware Ave.
Buffalo, NY 14202
Attn: Check Dept.

Mailing Address:
Federal Reserve Bank of New York

Buffalo Branch
P. O. Box 961
Buffalo, NY 14202

Cranford

No Cash Deposits

Check Deliveries: Federal Reserve Bank of New York
Cranford RCPC
2 Jackson Drive
Cranford, NJ 07106
Attn: Check Processing

Jericho

No Cash Deposits

Check Deliveries: Federal Reserve Bank of New York
Jericho RCPC
113 South Service Rd.
Jericho, NY 11753
Attn: Check Processing

Utica

No Cash Deposits

Check Deliveries: Federal Reserve Bank of New York
Utica RCPC
Oneida County Airport
Oriskany, NY 13424
Attn: Check Processing

Philadelphia

Cash Deliveries: Federal Reserve Bank of Philadelphia
Cash Operations, P.O. Box 66
Receiving, Lower Level
10 Independence Mall
Philadelphia, PA 19106

Check Deliveries: Federal Reserve Bank of Philadelphia

Check Operations
Receiving, First Floor
10 Independence Mall
Philadelphia, PA 19106

Mailing Address: Federal Reserve Bank of Philadelphia
P. O. Box 66
Philadelphia, PA 19105

Cleveland

Cash Deliveries: Federal Reserve Bank of Cleveland
Cash Department
1455 East Sixth St.
Cleveland, OH 44101

Check Deliveries: Federal Reserve Bank of Cleveland
Check Collection Dept.
1455 East Sixth St.
Cleveland, OH 44101

Mailing Address: Federal Reserve Bank of Cleveland
P. O. Box 6387
Cleveland, OH 45201

Cincinnati

Cash Deliveries: Federal Reserve Bank of Cleveland
Cincinnati Branch
150 East Fourth St.
Cincinnati, OH 45201
Attn: Cash Dept.

Check Deliveries: Federal Reserve Bank of Cleveland
Cincinnati Branch
150 East Fourth St.
Cincinnati, OH 45201
Attn: Check Dept

Mailing Address: Federal Reserve Bank of Cleveland
Cincinnati Branch
P. O. Box 999
Cincinnati, OH 45201

Columbus

No Cash Deposits

Check Deliveries
Federal Reserve Bank of Cleveland
Columbus RCPC
965 Kingsmill Parkway
Columbus, OH 43229
Attn: Check Processing

Pittsburgh

Cash Deliveries:
Federal Reserve Bank of Cleveland
Pittsburgh Branch
Cash Office
717 Grant St.
Pittsburgh, PA 15219

Check Deliveries:
Federal Reserve Bank of Cleveland
Pittsburgh Branch
Check Collection Dept.
717 Grant St.
Pittsburgh, PA 15219

Mailing Address:
Federal Reserve Bank of Cleveland
Pittsburgh Branch
P. O. Box 867
Pittsburgh, PA 15230

Richmond

Cash Deliveries:
Federal Reserve Bank of Richmond
701 East Byrd St.
Richmond, VA 23219
Attn: Cash Dept.

Check Deliveries:
Federal Reserve Bank of Richmond
701 East Byrd St.
Richmond, VA 23219
Attn: Check Dept.

Mailing Address:
Federal Reserve Bank of Richmond
P.O. Box 27622
Richmond, VA 23261

Baltimore

Cash Deliveries: Federal Reserve Bank of Richmond
Baltimore Branch
502 South Sharp St.
Baltimore, MD 21201
Attn: Cash Dept.

Check Deliveries: Federal Reserve Bank of Richmond
Baltimore Branch
502 South Sharp St.
Baltimore, MD 21201
Attn: Check Dept

Mailing Address: Federal Reserve Bank of Richmond
P.O. Box 1738
Baltimore, MD 21203

Charleston

No Cash Deposits

Cash Deliveries: Federal Reserve Bank of Richmond
Charleston RCPC
1200 Airport Road
Charleston, WV 25311
Attn: Check Processing

Mailing Address: Federal Reserve Bank of Richmond
Charleston RCPC
P.O. Box 2309
Charleston, WV 25328

Charlotte

Cash Deliveries: Federal Reserve Bank of Richmond
Charlotte Branch
401 South Tryon St.
Charlotte, NC 28230
Attn: Cash Dept.

Check Deliveries: Federal Reserve Bank of Richmond
Charlotte Branch

401 South Tryon St.
Charlotte, NC 28230
Attn: Check Dept.

Mailing Address: Federal Reserve Bank of Richmond
Charlotte Branch
P.O. Box 30248
Charlotte, NC 28230

Columbia

No Cash Deposits

Cash Deliveries: Federal Reserve Bank of Richmond Richmond
Columbia RCPC
1624 Browning Road
Columbia, SC 29202
Attn: Check Processing

Mailing Address: Federal Reserve Bank of Richmond
Columbia RCPC
P. O. Box 132
Columbia SC 29202

Atlanta

Cash Deliveries: Federal Reserve Bank of Atlanta
Cash Services Dept.
Federal Reserve Station
104 Marietta St., NW.
Atlanta, GA 30303-2713

Check Deliveries: Federal Reserve Bank of Atlanta
Check Collection Dept.
Federal Reserve Station
104 Marietta St., NW.
Atlanta, GA 30303-2713

Mailing Address: Federal Reserve Bank of Atlanta
P.O. Box 1731
Atlanta, GA 30301-1731

Birmingham

Cash Deliveries: Federal Reserve Bank of Atlanta
Birmingham Branch
Cash Services Dept.
1801 Fifth Ave., North
Birmingham, AL 35283

Check Deliveries: Federal Reserve Bank of Atlanta
Birmingham Branch
Check Collection Dept
1801 Fifth Ave., North
Birmingham, AL 35283

Mailing Address: Federal Reserve Bank of Atlanta
Birmingham Branch
P.O. Box C-10447
Birmingham, AL 35283

★Jacksonville

Cash Deliveries: Federal Reserve Bank of Atlanta
Jacksonville Branch
Cash Services Dept.
800 Water Street
Jacksonville, FL 32231-0044

Check Deliveries: Federal Reserve Bank of Atlanta
Jacksonville Branch
Check Collection Dept.
800 Water Street
Jacksonville, FL 32231-0044

Miami

Cash Deliveries: Federal Reserve Bank of Atlanta
Miami Branch
Cash Services Dept
9100 NW. 36th St.
Miami, FL 33152

Check Deliveries: Federal Reserve Bank of Atlanta
Miami Branch
Check Collection Dept.
9100 NW. 36th St.
Miami, FL 33152

Mailing Address: Federal Reserve Bank of Atlanta
Miami Branch
P.O. Box 520847
Miami, FL 33152

Nashville

Cash Deliveries: Federal Reserve Bank of Atlanta
Nashville Branch
Cash Services Dept.
301 Eighth Ave., North
Nashville, TN 37203-4407

Check Deliveries: Federal Reserve Bank of Atlanta
Nashville Branch
Check Collection Dept.
301 Eighth Ave., North
Nashville, TN 37203-4407

New Orleans

Cash Deliveries: Federal Reserve Bank of Atlanta
New Orleans Branch
Cash Services Dept.
525 St. Charles Ave.
New Orleans, LA 70130

Check Deliveries: Federal Reserve Bank of Atlanta
New Orleans Branch
Check Collection Dept.
525 St. Charles Ave.
New Orleans, LA 70130

Mailing Address: Federal Reserve Bank of Atlanta
New Orleans Branch
P.O. Box 61630
New Orleans, LA 70161

Chicago

Cash Deliveries: Federal Reserve Bank of Chicago

Cash Department.
230 S. LaSalle St.
Chicago, IL 60690-0834

Check Deliveries: Federal Reserve Bank of Chicago
Check Processing Dept
230 S. LaSalle St
Chicago, IL 60690-0834

Mailing Address: : Federal Reserve Bank of Chicago
230 S. LaSalle
P.O. Box 834
Chicago, IL 60690-0834

Detroit

Cash Deliveries: Federal Reserve Bank of Chicago
Detroit Branch
160 W. Fort St.
Detroit, MI 48231
Attn: Cash Dept.

Check Deliveries: Federal Reserve Bank of Chicago
Detroit Branch
160 W. Fort St.
Detroit, MI 48231
Attn: Check Dept.

Mailing Address: Federal Reserve Bank of Chicago
P.O. Box 1059
Detroit, MI 48231

Des Moines

No Cash Deposits

Check Deliveries: Federal Reserve Bank of Chicago
Des Moines RCPC
616 Tenth St.
Des Moines, IA 50309

Mailing Address: Federal Reserve Bank of Chicago
Des Moines RCPC

P.O. Box 1903
Des Moines, IA 50306

Indianapolis

No Cash Deposits

Check Deliveries: Federal Reserve Bank of Chicago
Indianapolis RCPC
41 East Washington St.
Indianapolis, IN 46204
Attn: Check Processing

Mailing Address: Federal Reserve Bank of Chicago
Indianapolis RCPC
P.O. Box 2020B
Indianapolis, IN 46206

Milwaukee

No Cash Deposits

Check Deliveries: Federal Reserve Bank of Chicago
Milwaukee RCPC
304 East State St.
Milwaukee, WI 53202
Attn: Check Processing

St. Louis

Cash Deliveries: Federal Reserve Bank of St. Louis
Cash Section
411 Locust St.
St. Louis, MO 63102

Check Deliveries: Federal Reserve Bank of St. Louis
Check Section, Fourth Floor, Annex
415 North Fourth Street
St. Louis, MO 63102

Mailing Address: Federal Reserve Bank of St. Louis
P. O. Box 14993
St. Louis, MO 63178

Little Rock

Cash Deliveries: Federal Reserve Bank of St. Louis
Cash/Securities Unit
Lobby Teller, First Floor
325 West Capitol
Little Rock, AR 72201

Check Deliveries: Federal Reserve Bank of St. Louis
Check Unit
Lobby Teller, First Floor
325 West Capitol
Little Rock, AR 72203

Mailing Address: Federal Reserve Bank of St. Louis
Little Rock Branch
P.O. Box 1261
Little Rock, AR 72201

Louisville

Cash Deliveries: Federal Reserve Bank of St. Louis
Louisville Branch
Lobby Teller, First Floor
410 South Fifth St.
Louisville, KY 40232

Check Deliveries: Federal Reserve Bank of St. Louis
Louisville Branch
Clearing Room, Second Floor
410 South Fifth St.
Louisville, KY 40232

Mailing Address: Federal Reserve Bank of St. Louis
Louisville Branch
P. O. Box 32710
Louisville, KY 40232

Memphis

Cash Deliveries: Federal Reserve Bank of St. Louis
Memphis Branch
Cash and Securities Unit, First Floor
200 North Main St

Memphis, TN 38103

Check Deliveries: Federal Reserve Bank of St. Louis
Memphis Branch
Check and Data Processing Unit, Third Floor
200 North Main St.
Memphis, TN 38103

Mailing Address: Federal Reserve Bank of St. Louis
Memphis Branch
P.O. Box 407
Memphis, TN 38101

Minneapolis

Cash Deliveries: Federal Reserve Bank of Minneapolis
Special Services Unit, Lobby Level
250 Marquette Ave.
Minneapolis, MN 55480

Check Deliveries: Federal Reserve Bank of Minneapolis
Gov't Deposits Division, Fifth Floor
250 Marquette Ave.
Minneapolis, MN 55480

Helena

Cash Deliveries: Federal Reserve Bank of Minneapolis
Helena Branch
Government Deposits Division
400 North Park Ave.
Helena, MT 59601

Check Deliveries: Federal Reserve Bank of Minneapolis
Helena Branch
Government Deposits Division
400 North Park Ave.
Helena, MT 59601

Kansas City

Cash Deliveries: Federal Reserve Bank of Kansas City
Government Deposit Drop Box

Elevator Lobby, Main Floor
925 Grand Ave.
Kansas City, MO 64198

Check Deliveries: Federal Reserve Bank of Kansas City
Check Collection Dept., Eighth Floor
Government Deposit Desk
925 Grand Ave.
Kansas City, MO 64198

Denver

Cash Deliveries: Federal Reserve Bank of Kansas City
Denver Branch
Cash Services Dept., Basement
1020 16th St.
Denver, CO 80202

Check Deliveries: Federal Reserve Bank of Kansas City
Denver Branch
Check Collection Dept., Third Floor
1020 16th St.
Denver, CO 80202

Mailing Address: Federal Reserve Bank of Kansas City
Denver Branch
Terminal Annex - P.O. Box 5228
Denver, CO 80217

Oklahoma City

Cash Deliveries: Federal Reserve Bank of Kansas City
Oklahoma City Branch
Securities Dept, First Floor
226 Dean A. McGee Ave.
Oklahoma City, OK 73125

Check Deliveries: Federal Reserve Bank of Kansas City
Oklahoma City Branch
Check Collection Dept., Second Floor
226 Dean A. McGee Ave.
Oklahoma City, OK 73125

Mailing Address: Federal Reserve Bank of Kansas City
Oklahoma City Branch
P.O. Box 25129
Oklahoma City, OK 73125

Omaha

Cash Deliveries: Federal Reserve Bank of Kansas City
Omaha Branch
Accommodations Teller, Cash Services Dept..
2201 Farnam St.
Omaha, NE 68102

Check Deliveries: Federal Reserve Bank of Kansas City
Omaha Branch
Check Collection Dept.
2201 Farnam St
Omaha, NE 68102

Dallas

Cash Deliveries: Federal Reserve Bank of Dallas
400 South Akard St.
Dallas, TX 75222
Attn: Cash Dept.

Check Deliveries: Federal Reserve Bank of Dallas
400 South Akard St.
Dallas, TX 75222
Attn: Check Dept.

Mailing Address: Federal Reserve Bank of Dallas
Station K
Dallas, TX 75222

El Paso

Cash Deliveries: Federal Reserve Bank of Dallas
El Paso Branch

301 East Main St.
El Paso, TX 79999
Attn: Cash Dept.

Check Deliveries: Federal Reserve Bank of Dallas
El Paso Branch
301 East Main St.
El Paso, TX 79999
Attn: Check Dept.

Mailing Address: Federal Reserve Bank of Dallas
El Paso Branch
P.O. Box 100
El Paso, TX 79999

Houston

Cash Deliveries: Federal Reserve Bank of Dallas
Houston Branch
1701 San Jacinto St.
Houston, TX 77002
Attn: Cash Dept.

Check Deliveries: Federal Reserve Bank of Dallas
Houston Branch
1701 San Jacinto St.
Houston, TX 77002
Attn: Check Dept.

Mailing Address: Federal Reserve Bank of Dallas
Houston Branch
P.O. Box 2578
Houston, TX 77252

San Antonio

Cash Deliveries: Federal Reserve Bank of Dallas
San Antonio Branch
126 East Nueva St.
San Antonio, TX 78204
Attn: Cash Dept.

Check Deliveries: Federal Reserve Bank of Dallas

San Antonio Branch
126 East Nueva St.
San Antonio, TX 78204
Attn: Check Dept.

Mailing Address: Federal Reserve Bank of Dallas
San Antonio Branch
P.O. Box 1471
San Antonio, TX 78295

San Francisco

Cash Deliveries: Federal Reserve Bank of San Francisco
101 Market St.
San Francisco, CA 94105
Attn: Cash Services

Check Deliveries: Federal Reserve Bank of San Francisco
101 Market St.
San Francisco, CA 94105
Attn: Check Dept.

Mailing Address: Federal Reserve Bank of San Francisco
P.O. Box 7702 (Checks)
P.O. Box 7742 (Cash
P.O. Box 7792 (Food Coupons)
San Francisco, CA 94120

Los Angeles

Cash Deliveries: Federal Reserve Bank of San Francisco Los Angeles Branch
409 West Olympic Blvd.
Los Angeles, CA 90015
Attn: Cash Dept.

Check Deliveries: Federal Reserve Bank of San Francisco
409 West Olympic Blvd.
Los Angeles, CA 90015
Attn: Check Dept.

Mailing Address: Federal Reserve Bank of San Francisco
Los Angeles Branch
Terminal Annex - P.O. Box 2077
Los Angeles, CA 90051

Portland

Cash Deliveries: Federal Reserve Bank of San Francisco
Portland Branch
915 SW. Stark St.
Portland, OR 97205
Attn: Securities Services Dept.

Check Deliveries: Federal Reserve Bank of San Francisco
Portland Branch
915 SW. Stark St.
Portland, OR 97205
Attn: Check Dept.

Mailing Address: Federal Reserve Bank of San Francisco
Portland Branch
P.O. Box 3436
Portland, OR 97205

Salt Lake City

Cash Deliveries: Federal Reserve Bank of San Francisco
Salt Lake City Branch
120 South State St.
Salt Lake City, UT 84111
Attn: Cash Dept

Check Deliveries: Federal Reserve Bank of San Francisco
Salt Lake City Branch
120 South State St.
Salt Lake City, UT 84111
Attn: Check Dept.

Mailing Address: Federal Reserve Bank of San Francisco
P.O. Box 27206
Salt Lake City, UT 84125

Seattle

Cash Deliveries: Federal Reserve Bank of San Francisco
Seattle Branch

1015 Second Ave.
Seattle, WA 98104
Attn: Cash Dept.

Check Deliveries: Federal Reserve Bank of San Francisco
Seattle Branch
1015 Second Ave.
Seattle, WA 98104
Attn: Cash Dept.

Mailing Address: Federal Reserve Bank of San Francisco
Seattle Branch
P. O. Box 3567, Terminal Annex
Seattle, WA 98124

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APPENDIX C

LOSS OF FUNDS - INFORMATION FOR INVESTIGATING OFFICER

A. OVERVIEW

This appendix contains general information concerning the main issues that should be addressed in a loss of funds investigation and fully considered in making findings of fact and recommendations.

B. APPOINTMENT OF AN INVESTIGATING OFFICER OR BOARD OF OFFICERS

★ 1. General. The convening authority shall appoint either an investigating officer or investigating board of officers to investigate the loss. The purpose of the investigation is to: develop all facts leading up to and connected with the loss, including the amount, date, time and place of the loss; identification of accountable individuals and others involved; the authenticity of documentary evidence; and the veracity of oral testimony. If possible, the investigation should identify the cause of the loss. The investigation should also include a determination with respect to the adequacy of internal controls and whether they were effectively implemented. Specific instructions for conducting both formal and informal investigations are contained in regulations of each of the DoD Components. The following paragraphs summarize the basic requirements as related to fiscal irregularities.

2. Appoint an Investigating Board of Officers (IBO). The convening authority shall appoint an IBO in writing. When feasible, members of the IBO should include officers who are skilled in investigative techniques, financial accounting control, and interpretation of law, and who do not have a vested interest in the outcome of the investigation. If considered necessary, military members or DoD civilian employees with these skills may be designated as technical advisors to the IBO.

3. Appointment of an Investigating Officer (IO). The convening authority shall direct issuance of an order to appoint an IO. The order shall name the individual, specify the matter to be investigated, and cite this volume and any authorizing DoD Component directive as the authority for the investigation. The order also shall specify the approximate period of time allowed for the investigation. A copy of the order shall be entered in the report of investigation as an exhibit. Only commissioned officers of field grade or equivalent civilian employees may be appointed an IO. Officers appointed to conduct investigations under this Regulation should be senior in rank to persons under investigation (whenever possible) and must not have a vested interest in the outcome of the investigation. The best qualified officers should be appointed as IOs. They should be familiar with investigative techniques and have knowledge of the required internal controls, pertinent laws and directives. (This requirement should not be interpreted to require the appointment of comptroller personnel. Comptroller personnel should be used only when there is no feasible alternative.) Officers appointed as IOs, who do not fully meet these

requirements, should be given technical guidance by the base comptroller and staff judge advocate.

4. Required Loss Status Reports. Status reports must be made as follows:

a. Loss of Funds. The IO or IBO must report every 30 days on the current status of each case. Reports shall be sent through the commander to the servicing DFAS Center with an information copy to the major command.

b. Loss of Blank Treasury Checks or Blank Savings Bonds. Status reports are not required.

5. Investigations

★ a. Investigations by Board of Officers. Before conducting its hearing, the IBO must ensure that each accountable individual receives and reviews Chapters 6 and 33 of this volume regarding liabilities and responsibilities of accountable individuals and statutory authority for relief of liability. Prior to testifying, an accountable individual may examine records or documents relating to the loss in the DO's or IBO's custody. All factual information pertaining to the loss or deficiency should be developed and be available for use by higher authority.

b. Investigations by Investigating Officer. The IO shall obtain evidence in the form of statements from accountable individuals and others concerning the loss. The IO shall ensure that each accountable individual receives and reviews Chapters 6 and 33 of this volume regarding liabilities and responsibilities of accountable individuals and statutory authority for relief of liability before the IO interviews the individual for the first time. An accountable individual may examine records or documents in the IO's custody that relate to the loss. Testimony may be reported verbatim or summarized by the IO. Whenever possible, the transcript or summary of testimony should be reviewed, sworn to, and signed by the witness. (When sworn testimony cannot be obtained, the IO shall submit a statement giving the substance of the interview and the reason for absence of attestation.) In addition, the IO shall gather records, documents, photographs, and sworn affidavits relating to the loss. The IO may use evidence developed in investigations already conducted concerning the loss by other agencies (e.g., FBI, U.S. Secret Service or local authorities). However, those investigations usually are for purposes other than those outlined above, and it might be necessary to obtain additional evidence from a source previously contacted in another investigation. The IO, by further investigation, shall make a determined effort to resolve or clarify all apparent discrepancies or contradictions in the evidence.

6. Preparation of the Report of Investigation (ROI). Within 90 days after the loss was discovered, the IO or IBO shall complete the investigation and submit an ROI to the convening authority in triplicate. When extraordinary circumstances require it, the IO or IBO may request an extension from the supporting DFAS Center through the convening authority. The ROI must include the following elements:

a. Facts

(1) Identities of all accountable individuals who are pecuniarily liable for the loss, the amount for which each is accountable, and the involvement of each in the loss.

(2) Circumstances leading to the loss, or the efforts undertaken to discover the cause of a loss that remains unexplained.

(3) Description of the internal controls prescribed to prevent losses of the type experienced and the steps taken to implement them.

(4) Other relevant information that would aid in understanding how the loss occurred and in evaluating whether relief is appropriate for the accountable individuals involved.

(5) Documentary evidence (for example, statements, transcripts, affidavits, investigative reports of other agencies, records, and photographs) as exhibits to the ROI.

b. Findings

(1) Whether there was a loss to the U.S. Government.

(2) The amount of the loss.

(3) Whether the loss is a physical loss or one that involves fraud.

★ (4) Whether the accountable individual was acting in the line of duty with respect to the loss.

★ (5) Whether the loss was due to the fault or negligence of the accountable individual. A separate finding shall be made for each accountable individual involved.

c. Recommendations

★ (1) Whether the accountable individual should be relieved of pecuniary liability for the loss. Separate recommendations concerning each accountable individual involved are required.

(2) Corrective action for improving controls or procedures, if applicable.

(3) Any other recommendations that are appropriate considering the facts developed during the investigation.

7. Distribution of the Report of Investigation (ROI). Prepare the ROI in triplicate and deliver to the convening authority. The convening authority will distribute the ROI as follows:

a. Upon completion of action by the convening authority, the original ROI and allied papers will be sent through the major command to the supporting DFAS Center.

★ b. If the major command is the convening authority, one copy of the ROI will be forwarded to the commander of the base, station, activity, ship, or unit where the accountable individual is located. For Army Finance Battalions, a copy also shall be transmitted to the parent Finance Group or Command.

c. The convening authority will keep one copy of the ROI.

8. Convening Authority Actions on Reports of Investigation. Without delay, the convening authority will review the ROI for compliance with the requirements set forth above. If a report is not thorough, comprehensive or complete, the convening authority will return it to the original investigator, if possible, explaining the defects and directing supplementation. Upon acceptance of the ROI, the convening authority will send one copy to the commander of the base, station, camp, post, activity, vessel, or unit where the accountable individual is located. Note that the convening authority does not have the authority to grant relief. Within 30 days following acceptance of the ROI, the convening authority will:

a. Consider all the facts, findings, and recommendations.

★ b. Determine whether satisfactory evidence exists to support a recommendation for relief from liability of each accountable individual involved as a part of the ROI.

c. If sufficient evidence exists, recommend relief from liability for each accountable individual involved. Otherwise recommend denial of relief. A specific, separate recommendation is required for each accountable individual involved.

d. Attach these actions, with a detailed explanation of the reasons therefor, to the ROI.

★ e. Set forth all evidence used to support a recommendation for denial of relief of each accountable individual involved in the loss or deficiency. The convening authority should formally inform the individual(s) concerned of the recommendation to grant or deny relief.

f. Forward the ROI, and all attachments thereto, through the major command to the supporting DFAS Center.

9. Commander Actions on Report of Investigation. Recommendations by local commanders other than the convening authority are not required. However, the ROI may be used for disciplinary or administrative action considered necessary by the commander.

10. Major Command Actions on Report of Investigation. All transmittals and correspondence between the convening authority and the servicing DFAS Center concerning a loss shall be routed through the major command. This will keep the major command informed of issues involved in the loss and the progress toward their resolution. The major command also must review the ROI and forward its own comments and recommendations to the supporting DFAS Center within 30 days. Requests for an extension should be sent to the servicing DFAS Center with a complete explanation of the delay and the estimated date of submission. Note that the major command does not have the authority to grant or deny relief.

11. DFAS Center Action on Report of Investigation. The ROI will be reviewed by the supporting DFAS Center. If the ROI is not considered thorough, comprehensive or complete, it will be returned to the convening authority, with an explanation of the deficiencies, for correction. The convening authority will review the supplementary report from the investigator and, if there is no change in action, forward it to the DFAS Center. The supporting DFAS Center Director will use the completed ROI as the basis from which to determine whether the accountable individual(s) will be granted or denied relief of liability. If the DFAS Center Director holds the DO or any other accountable individual liable for a loss investigated by an IO or IBO, and that individual(s) has not been afforded an opportunity to file a rebuttal to the findings of the ROI, the file will be returned through the major command to the convening authority giving the reasons for the adverse determination. The convening authority must give the individual(s) held liable the opportunity to file a rebuttal. Upon receipt of the rebuttal, the convening authority will return the file through the major command to the supporting DFAS Center with comments on the rebuttal (if any). The Director of the DFAS Center will reconsider the adverse determination and affirm or reverse the determination.

★C. ACCOUNTABLE INDIVIDUALS

An accountable individual is any government employee or military member who, by reason of his or her position, is responsible for or has custody of government funds. There may be, and usually is, more than one accountable individual in a given case. This occurs since the concept of accountability is not limited to the person in whose name the account officially is held, but also extends to those individuals who actually have control of the funds. Examples of those individuals considered to be accountable include deputy DOs, agents, cashiers, collection agents, paying agents, imprest fund cashiers, change fund custodians, cash control officers, certifying officers and accountable officials as defined in Chapter 33 of this volume.

★D. LIABILITY OF ACCOUNTABLE INDIVIDUALS

Certifying officers, DOs, deputy DOs, agents, cashiers, collection agents, paying agents, imprest fund cashiers, change fund custodians, cash control officers, and other accountable individuals who have physical custody of government funds are held to a standard of strict liability. They are, in effect, insurers of the public funds and are excusable only for losses due to acts of God or the public enemy. This liability has been established in a line of Supreme Court decisions (United States v. Prescott, 44 U.S. (3 How) 578 (1845); United States v. Thomas, 82 U.S. (15 Wall 337) (1872); Smythe v. United States, 188 U.S. 156 (1903)). A certifying officer, DO deputy DO, agent, cashier, collection agent, paying agent, imprest fund cashier, change fund custodian, or cash control officer automatically is liable at the moment either a physical loss occurs or an illegal, incorrect, or improper payment is made. See Volume 54, Decisions of the Comptroller General, 1974, pages 112, 114. Where a subordinate of the DO actually disburses the funds, the DO will be relieved of liability only upon a showing that the DO properly supervised the subordinate, maintained an adequate system of procedures and controls to safeguard the funds, and took steps to insure the system's implementation and effectiveness. The standard of automatic liability does not apply to accountable officials appointed as prescribed in Chapter 33 of this volume. For these accountable officials, liability attaches upon a showing that the official negligently provided information, data or service to a certifying officer.

★E. RELIEF OF ACCOUNTABLE INDIVIDUALS

It is important to distinguish between liability and relief from such liability. The basic legal liability of an accountable individual (excluding an accountable official as prescribed in Chapter 33 of this volume) is strict, automatic, and not affected by any lack of fault or negligence on his or her part. However, lack of fault or negligence may provide a basis for relief upon proper administrative request.

1. The relief of accountable individuals of the DoD (excluding accountable officials as prescribed in Chapter 33 of this volume) responsible for the physical loss or deficiency of any public funds, vouchers, or records is authorized by 31 U.S.C. 3527(b) (reference (e)). In order for relief to be granted, the Secretary of Defense, or designee, shall make the following determinations.

a. The individual was carrying out official duties when the loss or deficiency occurred.

b. The loss or deficiency was not the result of an illegal, incorrect, or improper payment.

c. The loss or deficiency was not the result of fault or negligence by the individual.

2. As relief may be granted only when the Secretary of Defense, or designee, is able to make these determinations based upon a review of available evidence, these requirements

should be considered during the course of the investigation. Additionally, findings of fact in this regard should be made in conjunction with all accountable individuals for whom relief is being sought.

3. Title 31 U.S.C. 3527(b) (reference (e)) also provides the authority for the granting of relief of an official of the armed forces for an illegal, improper, or incorrect payment. Relief of liability is granted when the Secretary of Defense determines that diligent collection action was taken, the certification was based on official records, and that the official did not know, and by reasonable diligence and inquiry could not have discovered the correct information, or the obligation was incurred in good faith, no law specifically prohibited the payment, and the U.S. Government received value for the payment.

4. Accountable officials appointed under the provisions of Chapter 33 of this volume shall be pecuniarily liable for erroneous payments that result from information, data or service they negligently provide to a certifying officer. For relief of liability of an accountable official, a presumption of negligence does not apply. The investigator must obtain relevant facts concerning (1) whether there is a fiscal irregularity, and (2) whether there is evidence of fault or negligence on the part of the accountable official.

★F. STANDARDS OF NEGLIGENCE

The liability of an accountable individual (excluding an accountable official as prescribed in Chapter 33 of this volume) is strict and independent of any fault or negligence. However, in evaluating the facts to determine whether any accountable individual (including an accountable official as prescribed in Chapter 33 of this volume) was negligent for purposes of relief from liability, the standard of "reasonable care" is applied. This is the standard of simple or ordinary negligence, not gross negligence. The standard has been stated as what the reasonably prudent and careful person would have done to take care of his or her own property of the like description under like circumstances. See Volume 54, Decision of the Comptroller General, page 112.

★G. PRESUMPTION OF NEGLIGENCE

Since liability of an accountable individual (excluding an accountable official as prescribed in Chapter 33 of this volume) is strict and automatic at the time of the loss or deficiency, the fact of the occurrence of a loss or deficiency gives rise to a presumption of negligence on the part of the accountable individual. While the presumption may be rebutted by evidence to the contrary, it is the accountable individual's burden to produce the evidence. The administrative determination that there was not fault or negligence, unsupported by evidence, is not sufficient to rebut the presumption. The accountable individual shall come forward with affirmative evidence that he or she exercised the required degree of care. It should be emphasized that the government does not have to produce evidence to establish that the accountable individual was at fault to hold him or her liable; liability is automatic. Rather, in order to be entitled to relief, the accountable individual must produce evidence to show that there was no contributing fault or negligence on his or her part. Thus, in the case of an unexplained loss or deficiency where there is no evidence to rebut the presumption of negligence, there is no

basis upon which to grant relief. The presumption of negligence and its application to unexplained losses are discussed in Volume 48, Decisions of the Comptroller General, page 566 (case no. B-166174). The Court of Claims has affirmed this concept in Serrano v. United States, 612 F.2d 525 (Ct. Cl. 1979). For accountable officials as prescribed in Chapter 33 of this volume, the government must establish that the loss or deficiency was the result of negligence on the part of the accountable official. The accountable official may submit a request for relief supported by a statement explaining how the evidence fails to show negligence on the accountable official's part.

★H. PROXIMATE CAUSE

An accountable individual may be relieved from liability even though negligent if it can be established that the negligence was not the proximate cause of the loss. The proximate cause concept implies a cause-and-effect relationship between the negligence and the loss. In other words, the negligence must have contributed to the loss. In analyzing proximate cause, it may be helpful to ask certain questions. First, if the accountable individual had not been negligent, would the loss have occurred? If the answer to this question is yes, the negligence is not the proximate cause of the loss and relief will probably be granted. However, it may not be possible to answer this question with any degree of clarity. If not, the next question to ask is whether the negligence was a "substantial factor" in bringing about the loss. If the answer to this question is yes, relief probably will be denied.

I. LOSSES BY CASHIERS

1. If the shortage is in funds for which a cashier is accountable, the following questions should be considered when completing the investigation.

a. Have the disbursing officer and any other persons who might be held liable for the loss been afforded all the rights and privileges of parties in interest?

b. Has testimony been obtained from every person who should be questioned in regard to the circumstances surrounding the loss?

c. Have sufficient questions been asked of each witness and has any other investigation made of the loss been considered, with the exception of such part, if any, that pertains to lie detector tests?

d. Was a thorough search of the physical area made for missing cash or vouchers?

e. Were the day's transactions thoroughly reviewed in an effort to determine the cause of the shortage?

f. Were any individuals contacted in an effort to determine if an overpayment has been made and could be recovered?

g. Were individuals who made collections contacted to determine if they found a compensating overage in their accounts?

h. Was all the cash-on-hand in the disbursing office counted to make sure that there was no compensating overage?

i. What was the number of transactions handled by the cashier during the period in which the loss occurred? Did distracting influences exist or were working conditions poor?

j. Was the cashier working under pressure because of the heavy volume of business?

k. Was the cashier handling new currency that has a tendency to stick together?

l. Was the cashier experienced or inexperienced?

m. What procedures and internal controls has the disbursing officer established for safeguarding funds? What written standard operating procedures (SOPs) has he or she provided for the guidance of cashiers? Has he or she issued any oral instructions?

n. Are the SOPs adequate?

o. Has the cashier complied with the SOPs?

p. On the day of the loss, what procedures were followed by the cashier in counting money when he or she received advances of public funds from the disbursing officer or his or her deputies, made disbursements, or received collections?

q. What actions were taken by the cashier to protect cash and vouchers during temporary absences from the cashier's window?

r. What facilities were furnished to the cashier to protect cash for which he or she was accountable, such as a cash drawer with key lock or a separate safe?

s. Was the cashier's cage accessible to persons other than the cashier?

t. What procedures were followed by the disbursing officer, deputy, cash control officer, and/or chief cashier in making daily settlements with the cashier?

u. Did theft occur?

v. Are there any inconsistencies between the testimonies of different witnesses?

w. Are orders appointing cashiers, deputies, etc., amended where appropriate?

x. Were paid vouchers properly safeguarded by both the casher and the disbursing officer?

J. LOSSES BY RECEIPT OF COUNTERFEIT CURRENCY

1. If the loss was caused by receipt of counterfeit currency, the following questions should be considered when completing the investigation.

a. Have the disbursing officer and any other persons who might be held liable for the loss been afforded all the rights and privileges of parties in interest?

b. Has testimony been obtained from every person who should be questioned in regard to the circumstances surrounding the receipt of the counterfeit currency?

c. When and by whom was the receipt of counterfeit currency detected?

d. Was an effort made to determine the source of the counterfeit note(s)?

e. Has the disbursing officer provided instructions in detecting counterfeit money for those in the office who shall handle money?

f. Does the volume of transactions handled by cashiers preclude a careful inspection of each and every piece of currency?

g. Are there any inconsistencies between the testimonies of different witnesses?

K. LOSSES BY AGENT OFFICERS

1. If the loss involved agent officers, the following questions should be considered when completing the investigation.

a. Have the disbursing officer and any other persons who might be held liable for the loss been afforded all the rights and privileges of parties in interest?

b. Has testimony been obtained from every person who should be questioned in regard to the circumstances surrounding the loss?

c. Have sufficient questions been asked of each witness?

d. Have any other investigations made of the loss been considered, with the exception of such part, if any, that pertains to lie detector tests?

e. Was a thorough search of the physical area made for missing cash or vouchers?

f. Were the day's transactions thoroughly reviewed in an effort to determine the cause of the shortage?

g. Do exhibits show the amount of entrustment made by the disbursing officer to the agent officer, signature of agent officer in receipt of funds, turn-in made by agent officer, and the amount of the shortage, or a statement of the agent officer's account?

h. Does an exhibit show the appointment of the individual as an agent officer?

i. Has the disbursing officer provided the agent officer with adequate instructions?

j. If the loss involves funds in the hands of an agent officer, has the disbursing officer inspected and supervised the agent office, or arranged for such inspections?

k. If the loss involves funds advanced to an agent officer appointed for the specific purpose of exchanging foreign currency for MPCs, has the disbursing officer made certain that verification of the fund on an unannounced basis has been made at least once each quarter?

l. Did the agent officer verify money at the time of receipt?

m. What precautions did the agent officer take to safeguard government funds?

n. If the agent officer used a safe to which any other persons had access, did he or she attempt to obtain other safekeeping facilities? Was he or she directed to use the safe in question?

o. Were all persons who had access to the funds during the period in which the loss occurred questioned?

p. Did theft occur?

q. What procedures did the agent officer follow in making payments?

r. Was the agent officer working under pressure?

s. Did the agent officer have previous experience in making payments.

t. Were working conditions poor in any respect?

u. Are there any inconsistencies between the testimonies of different witnesses?

L. LOSSES BY FRAUD IN THE DISBURSING OFFICE

1. If the loss involved payments as a result of fraud in the disbursing office, the following questions should be considered when completing the investigation.

a. Have the disbursing officer or any other persons who might be held liable for the loss been afforded all the rights and privileges of parties in interest?

b. Has testimony been obtained from every person who should be questioned in regard to the circumstances surrounding the fraudulent payments?

c. Has consideration been given to any other investigation made, with the exception of such part, if any, that pertains to lie detector tests?

d. Has a thorough investigation been made in order to discover the full extent of the loss due to fraudulent activity that has been uncovered?

e. Have the methods used to defraud the U.S. Government clearly been described?

f. What internal controls have been established by the disbursing officer in an effort to preclude fraudulent activity by disbursing personnel?

g. Has all possible collection action been taken?

(1) In the case of military personnel, is collection action being taken in the field or by the servicing DFAS Center in cases when personnel have been separated from the service?

(2) In case of civilian employees, has the individual involved authorized application of pay to the shortage? Have steps been taken to secure application of final pay to settlement of the indebtedness? If the amount of indebtedness has been determined, has a request been made to the Office of Personnel Management for set off against the Civil Service Retirement and Disability Fund?

M. LOSSES BY IMPREST FUND CASHIERS AND CHANGE FUND CUSTODIANS

1. If the loss was in funds advanced to imprest fund cashiers or individuals accountable for change funds (e.g., the accountable officer for quartermaster account, medical services accountable officer or post signal officer), the following questions should be considered when completing the investigation.

a. Has the disbursing officer and any other person who might be held liable for the loss been afforded all the rights and privileges of parties in interest?

b. Has testimony been obtained from every person who should be questioned in regard to the circumstances surrounding the loss?

c. Has consideration been given any other investigation made of the loss, with the exception of such part, if any, that pertains to lie detector tests?

d. Did the accountable individual follow procedures applicable to the particular fund?

e. Has the cause of loss been clearly established?

f. Did theft occur?

g. Are there any inconsistencies between the testimonies of different witnesses?

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★APPENDIX D

NAVY DISBURSING OPERATIONS

A. OVERVIEW

1. Purpose. This appendix is provided to amplify instructions contained in the basic text of this volume relative to unique operations of the Department of the Navy (DoN) disbursing offices. Guidance contained herein is not intended to conflict with other publications and directives. This appendix amplifies guidance for disbursing operations at DoN overseas activities, Personnel Support Activities (PSA) and their detachments (PSD), Naval vessels and tactical units.

2. Application and Scope. Compliance with guidance contained herein is mandatory except in the case of specific statutory authority for deviation therefrom. Requests for deviation from or interpretation of the guidance contained herein shall be directed for consideration through channels to the Defense Finance and Accounting Service, Disbursing and Cash Management Activity, DCMA-DB, 1500 E. 95th Street, Kansas City, MO 64197-0030. Final determination will be made by the Director of Financial Commerce, OUSD(C).

3. Policy. The instructions contained herein are intended to provide guidance on unique Navy disbursing processing requirements and procedures. These instructions are not intended to supercede guidance contained in the basic text of this volume or any other law or regulation issued by higher authority. In any case where the instructions herein conflict with instructions or directives of higher authority, the guidance of the higher authority shall prevail. In any situation where conflicting instructions are discovered, they should be reported through channels to the Defense Finance and Accounting Service, Disbursing and Cash Management Office, DCMO-DB, 1500 E. 95th Street, Kansas City, MO 64197-0030 for clarification.

4. Responsibilities. It is the responsibility of each disbursing officer to become thoroughly familiar with the provisions of this volume and associated references as they pertain to the legality and methodology of payments and accountability.

B. COLLECTIONS

1. Collection Documents - Preparation, Required Information, and Accounting Data. Use DD Form 1131 (Cash Collection Voucher) when directives governing the collection function do not prescribe the use of a specific voucher.

a. Date. Enter the actual date of collection unless the voucher is supporting a monthly collection. For vouchers supporting monthly collections, enter the period covered by the voucher.

b. Reference/Receipt Number. Enter the document or receipt number furnished in support of the collection document.

c. Remitter. Enter the name of the person, firm, title of officer and the name of the ship/activity to identify the source of the collection.

d. Purpose. Enter a concise statement of the purpose for which the collection was received.

e. Amount. Enter one amount for each remitter. If the proceeds of the collection must be credited to two or more appropriations enter each appropriation and the amount for each appropriation separately.

See figures D-1 through D-3.

2. Collections for Loss of or Damage to Government Property

a. Recoveries from Naval Personnel

(1) Voluntary Action. Credit to appropriation 173019, Recoveries for Government Property, Lost or Damaged, not otherwise classified.

(a) Pay Checkage in accordance with paragraph 70702, Volume 7A of this regulation. Family housing unit - credit to appropriation 17-7035, Family Housing, Navy and Marine Corps (FH, N & MC).

(b) Unaccompanied personnel housing unit. Credit to the Operations and Maintenance (O&M) account of the station operating the unaccompanied personnel housing unit.

3. Collections for Government Services

a. Laundry Service

(1) Ship's Store Afloat

(a) Refer to Ship's Store Afloat Manual (NAVSUP P-487), (reference (as)).

(b) Credit to appropriation 178723, Profits from Sale of Ship's Store, Navy.

(c) When collections are made for laundry services procured from commercial sources, attach a list with name, rank, and amount paid by each member to collection voucher (CV).

4. Collections for Sales

a. Proceeds of Sales from "Lucky Bag". Amounts realized on sales from "lucky bag," in accordance with paragraph 13136 of the Naval Supply Systems Command Manual (reference (at), will be turned over to the disbursing officer and taken up in his or her accounts with credit to 171060, Forfeitures of Unclaimed Money and Property.

b. Meals from Navy General Messes. Cash collected from the sale of meals for the general mess will be deposited with the disbursing officer in accordance with the Food Service Management Manual (NAVSUP P-486) (reference (au)).

(1) Accounting Data. Credit amounts received from sale of meals from the general mess to appropriation and subhead 17*1453.2241, Military Pay, Navy (MPN). Operating costs will be credited 50 percent to appropriation and subhead 17*1453.2202, Military Pay Navy, (MPN) and 50 percent to appropriation Operations and Maintenance, Navy (O&M,N) as an unfunded transaction. Operating costs for contractor operated messes will be credited to appropriation O&M,N.

(2) Collection Voucher. At the end of the accounting period, the officer-in-charge of the general mess will furnish to the disbursing officer an original and three copies of NAVSUP Form 1357 (Ration and Sales Report) covering the total deposited for meals sold. To acknowledge receipt of funds, the disbursing officer will sign the original NAVSUP Form 1357 and return it to the officer-in-charge of the general mess. See figure D-3.

c. Ship's Store Afloat. All collections, including cash, traveler's checks, and personal checks will be collected and turned over to the disbursing officer in accordance with procedures outlined in the Ship's Store Afloat Manual (NAVSUP P-487) (reference (as)). A DD Form 1149 (Requisition and Invoice/Shipping Document) in original and three copies will be submitted by the ship's store officer to the disbursing officer. The disbursing officer will complete the required certificate on the original and return it to the ship's store officer.

d. Subsistence Items

(1) Proceeds from sales of subsistence items carried in the Navy Stock Account will be credited to the Navy Stock Fund by preparing a DD Form 1149 (Requisition and Invoice/Shipping Document).

(2) Proceeds from sales of subsistence items charged to appropriation 17*1453, Military Personnel, Navy (MPN) will be credited to appropriation 17*1453, MPN. The collection voucher will be a NAVSUP Form 1357. See figure D-3.

(3) The value of subsistence items sold will be reflected in the DD Form 2657 (Daily Statement of Accountability).

5. Other Collections

a. Collections for Marine Corps, Army, Air Force, and Coast Guard. Under certain circumstances, it may become necessary for Navy disbursing officers to make collections for the Marine Corps, Army, Air Force, or Coast Guard. Such situations might include collections from military personnel whose pay accounts are administered by a Navy disbursing officer or refunds on public vouchers paid by a Navy disbursing officer. Generally, Marine Corps, Army, Air Force, and Coast Guard collections will be accounted for in the same manner as Navy collections. All appropriate Marine Corps, Army, Air Force, or Coast Guard accounting data will be cited on the collection voucher.

b. Distribution of the Collection Voucher. The original and two copies will be submitted with the financial returns and an additional copy will be submitted for each fiscal station cited. If the credit is to an allotment held by a Navy activity, an additional copy will be forwarded to the Navy activity indicated.

c. Deposits to Liquidate Checkages. Funds received by a disbursing officer to offset a checkage in accordance with the DFAS-Cleveland Center, Pay Procedures Manual (DFAS-PPM) (reference (av)) will be processed using a DD Form 1131 crediting the appropriation, object class and functional account against which the individual's pay is charged.

d. Deposits to Protect Insurance Allotments. Navy members in a non-pay status are authorized to make cash deposits to a disbursing officer to protect National Servicemen's Life Insurance allotments. The disbursing officer will prepare a DD Form 1131 and credit the appropriation, object class and functional account to which the member's pay is charged.

e. Telephone Collections. Collections for unofficial telephone service will be deposited to a general depositary or a local disbursing officer. Collections for occasional use of official telephones for unofficial calls will be deposited at least once a month. Funds received by disbursing officers from the telephone company for commissions on collections from telephone pay stations will be credited to appropriation 173210, Commissions on Telephone Pay Stations.

f. Unsuccessful Completion of Courses Funded by the Navy Tuition Assistance Program. When Navy personnel do not successfully complete a course for which tuition assistance was granted, and repayment is required, collections will be recorded against the annual appropriation or working capital fund that originally funded the related tuition assistance authorization.

C. DISBURSEMENTS

1. Preparation and Payment of Public Vouchers

a. General

(1) Format. Use SF 1034 (Public Voucher for Purchases and Services Other Than Personal) as a public voucher (PV) when governing directives do not prescribe use of a specific disbursement voucher. See figure D-4.

(2) Requirements for a PV

(a) It must discharge a U.S. Government liability.

(b) Supporting documents must be complete.

(c) The expenditure must be charged to an appropriation/fund.

(d) The control, maintenance, and disposition of records must preclude duplicate payments or overpayments by the Government.

(e) The chargeable accounting data must be accurate and complete.

(3) Completion Requirements for the SF 1034 and, when required, the SF 1035 (Continuation Sheet). Complete appropriate blocks as follows:

(a) Applicable DoD Component and place prepared.

(b) Date prepared. (No entry required in this block).

(c) Vouchers must be numbered in accordance with procedures established by each payment office.

(d) On payments for supplies or non-personal services, show the number and date of the numbered contract, requisition, or purchase order.

(e) Payee's name and address (include social security number (SSN) for military members and DoD civilian employees if payment affects the pay account or is a taxable payment). Enter the name and address of the contractor who supplied the services or articles.

(4) Body

(a) First Column. Invoice or delivery order number and date.

(b) Second Column. Date(s) supplies delivered or services performed.

(c) Third Column. Enter description of supplies or services unless the attached invoice gives the description. If it does, enter the following statement: "Per attached invoice." Special notations will also be made in this column. Reference any previous partial payments in this column together with the voucher number and date paid.

(d) Fourth, Fifth, and Sixth Columns. Do not use these columns if the invoice is attached as prescribed above. If the invoice is not attached, complete as follows:

1 Fourth Column. Enter the quantity of each item.

2 Fifth Column. Enter the unit price of each item.

3 Sixth Column. Enter the unit of measurement for each item.

(e) Seventh Column. Enter the extended value of each item. If the amount is stated in foreign currency, insert the name of the currency. When attached invoices are referred to, show the extended total for each individual invoice. When SF 1035 is used, show the extended total for each sheet in this column. Use the "Differences" block for cash discounts identified as "Disc" and the net of any other adjustments to the amount in the total block identified as "Adj". For vouchers involving multiple invoices, the paying office may attach a list of invoice discrepancies to the original and retained copies instead of recording each discrepancy on the face of the SF 1034. "Amount verified correct for" will be the adjusted total. Enter either a signature or initials to show who computed and verified the payment.

(f) Account Classification Block. Enter each accounting classification and the amount charged to it. Use a separate line for each accounting classification charged. If only one line of accounting classification is cited on the voucher and foreign currency or voucher deductions are not involved, it is not necessary to show the amount following the accounting classification.

(g) Station Number of Paying Office. Enter the disbursing station symbol number (DSSN) of the paying office on all copies of a disbursement voucher.

(h) Money Amounts - How Expressed

1 U.S. Dollars and Cents. Except as prescribed in the following subparagraph, show all money amounts as U.S. dollars and cents. If less than one-half cent occurs in the footing of a voucher, disregard it. If the fraction is one-half cent or more, count it as a whole cent.

2 Foreign Currency. Enter the amount of foreign currency, U.S. dollar equivalent, and exchange rate in the blocks marked "Approved For" and "Exchange Rate" on the SF 1034. Show the amount in U.S. dollars in the Accounting

Classification block. The amount of the check may be shown in the foreign currency if a limited depositary checking account is maintained in those terms.

(i) Payment Notations. Check blocks under Payment as follows:

1 Complete. When paying the entire amount of the contract or purchase order.

2 Partial. When paying for partial delivery, show the number of the partial payment, e.g., whether 1st, 2nd, etc.

3 Final. When making the final payment of two or more partial payments.

4 Advance. When making an advance payment to a contractor, vouchers covering additional advances must refer to vouchers covering prior advances under the same contract in the "Articles or Services" block. References must show the voucher number, name, and DSSN of the disbursing officer, and the date paid. Advance payments are referred to as "first advance," "second advance," etc.

5 Supplemental. When supplemental payments are made, use the block for final payments and cross out the word "Final" and replace it with "Supplemental." Reference the original voucher on the supplemental voucher in the "Articles or Services" block. Such references must show voucher number and date paid.

2. Purchases and Services

a. Use the SF 1034 as the PV to effect payment of purchases and services other than personal.

b. The activity responsible for check issuance is the activity designated to make the payment.

c. Contract/Purchase Order does not Specify the Activity Designated to Make Payment

(1) When the delivery is made to a ship located in the continental United States (CONUS) or Hawaii, the PV is prepared and payment made by the DFAS Operating Location (OPLOC) serving the area where the dealer is located.

(2) When the delivery is made to a ship located outside the continental United States (OCONUS) or Hawaii by a dealer located OCONUS or Hawaii, the PV is prepared by the receiving activity and forwarded to the servicing disbursing officer for payment.

(3) When there is no supply activity in the vicinity, forward the documents to nearest DoD or U.S. disbursing office for payment.

d. Dealers' Bills Rendered Against Decommissioned Ships

(1) Dealer Located in CONUS or Hawaii. The settlement responsibility for outstanding bills is the DFAS OPLOC designated in purchase document.

(2) No Disbursing Office Designated or No Written Document

(a) Deliveries in CONUS and Hawaii. The DFAS OPLOC serving the receiving activities has settlement responsibility.

(b) Other deliveries. The DFAS OPLOC serving the dealer's location has settlement responsibility.

(c) Dealer Located OCONUS or Hawaii. The primary responsibility for settlement is the activity designated to settle the disbursing account. If the designated activity is in CONUS, forward dealers' bills with supporting documents to DFAS OPLOC, Charleston, SC, for preparation and payment. If the designated activity is OCONUS, voucher preparation is the responsibility of the settlement activity and payment is done by the disbursing officer servicing the settlement activity.

e. Evidence to Support Payment. The settlement officer will determine whether the amount billed is payable by analyzing the available documents which will be retained by the paying office.

f. Unsupported Bills. The bill will be returned to the dealer with the reason(s) for declination of payment. The dealer will be informed that the bill can be submitted to the GAO via the DFAS OPLOC, Charleston, SC, for settlement.

3. Substantiating Documents and Certificates

a. Purchase Documents

(1) Contracts. The paying disbursing officer will maintain a contract file containing each contract and all contract modifications for verification of proper payment. A separate log will annotate the date of receipt for all contracts.

(2) Purchase Orders. Distribution instructions for purchase and delivery orders are found in Navy Supply Acquisition Regulation Supplement (SUPARS) (reference (aw)).

b. Dealer's Bill

(1) General Requirements. All dealer's bills must be expressed in the currency in which the transaction was made. The original dealer's bill will be attached to the original PV.

(2) Supplemental Payments. Disbursing officers will establish the necessary internal controls to identify supplemental payments to the original payment and to prevent duplicate refunds of deductions or other erroneous supplemental payments.

(3) Dealer's Bill Expressed in Foreign Currency. The PV will show all amounts in equivalent U.S. currency at the rate of exchange at which foreign currency is disbursed. The exchange rate will be shown on the PV.

c. SF 44, U.S. Government Purchase Order - Invoice Voucher as a Purchase Invoice

(1) Purpose. The SF 44 combines the informal purchase order, certificate of receipt and acceptance, and dealer's bill. It is used only in over-the-counter purchases and only when the government-wide purchase card is not accepted by the dealer or other dealers of like goods or services in the vicinity.

(2) Payment by Disbursing Officer. When the SF 44 is used in an informal purchase, it should contain the signature of the ordering officer (which could be an aircraft commander in the case of procurement of fuel, lodgings, and subsistence on extended aircraft flights), the signature of the person receiving the material or services, and the chargeable accounting data. Therefore, it may be submitted by the vendor directly to the payment office designated thereon. In the case of the fleet aircraft, the payment office will be designated as the DFAS OPLOC, Norfolk or San Diego, except where the SF 44 is executed OCONUS and is payable in a foreign currency. In these cases the payment office will be designated as the U.S. Navy Area Commander or the U.S. Navy Component of Combatant Commands. In accordance with the option pre-printed on Copy 2, Seller's Copy of the order, the seller may prepare an invoice and use the original of the SF 44 as a supporting document, or the seller may submit the SF 44 as an invoice.

d. Certificate of Receipt and Inspection at Destination

(1) Ships. Certificates of receipt and acceptance will be furnished to the appropriate paying office as required by governing contracting regulations.

(2) Duplicate Certificates. When a second certification of the receipt and acceptance is made, it will be accompanied by a statement notifying the preparing activity of the accomplishment of a previous certification in a separate memorandum or on the second copy of the invoice.

4. Timely Settlement of Dealers Bills

a. Operating Forces. Units of the operating forces will comply with the requirements of this paragraph to the greatest extent possible. However, in the case of ships leaving a foreign port, the supply officer will make every effort to prepare and pay all PVs covering dealer's bills for materials (including ship's store stock) or services from foreign vendors. If payment of the dealers' bills cannot be made to foreign vendors before a ship leaves port, arrangements for payment of the bills will be made with local U.S. Military or State Department representatives; or in accordance with the governing fleet and area commanders' directive. In the case of ships leaving a U.S. port, the supply officer will make every effort to have all dealers' bills properly certified and forwarded to the appropriate DFAS OPLOC before leaving the port.

b. Precautions Against Duplicate Payments

(1) Naming of Paying Office in Contract or Purchase Orders. All contracting officers are required to insert in every contract and purchase order the name of the disbursing office designated to make payment. Payment will be made only by the disbursing office specifically authorized by the provisions of the contract or purchase order. In addition, Title 7 of the U.S. General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies (reference (n)), and the Treasury Financial Manual (reference (m)) require that paying office controls over disbursements include the necessary safeguards to prevent duplicate payments.

(2) Responsibilities of Preparing Officer. It is the responsibility of the preparing officer to check for possible duplications. If duplicate payment does occur, the cause must be fully investigated and appropriate action taken to avoid recurrence of similar duplications. Every effort must be taken to recoup the duplicate payment as soon as it is discovered and validated that it actually occurred.

(3) Criteria for Detecting Suspected Duplicate Payments. All invoices should be checked against the data base of prior payments for possible duplication. The following data elements must be checked as the mandatory criteria for detecting suspected duplicate payments:

(a) contractor invoice date,

(b) contractor invoice number,

(c) invoice gross amount,

(d) Procurement Instrument Identification Number (PIIN), and

(e) Supplementary Procurement Instrument Identification Number (SPIIN), where applicable.

If a suspected duplicate is detected, records of previous payment containing the same identical data elements will be researched prior to executing payment. Optimally, 12 months of file data will be researched; 6 months minimally. Suspected duplicates will not be paid while research is pending.

5. Other Types of Payments

a. Payments for Travel and/or Official Expenses

(1) Military Personnel. The methods of settlement of government travel and official expenses incident to travel for military personnel are contained Volume 9 of this regulation.

(2) Civilian Personnel

(a) Advance. Instructions concerning entitlement, limitations on amounts of advances, and repayment of advances are contained in the Joint Travel Regulations (JTR), Volume 2 (reference (ax)).

(b) Preparation and Payment of Travel Claims. Procedures for preparation and payment of travel claims are contained in Volume 9 of this Regulation.

b. Payment of Witnesses

(1) Military Personnel. Entitlement and payment of transportation allowances to military personnel summoned as witnesses will be as prescribed in chapter 7, part E of the JFTR (reference (ay) and Volume 9 of this Regulation.

c. Payment for Transportation of Personnel. Transportation for personnel purchased by U.S. Government Transportation Request will be paid by DFAS OPLOC, Norfolk, VA, when a Navy appropriation is chargeable.

d. Claim for Reimbursement for Expenditures on Official Business

(1) Non-Government Personnel. Claims will be made on an SF 1164 (Claim for Reimbursement of Expenditures on Official Business) signed by the claimant and approved by an authorized certifying officer.

(2) Invitation to Travel. Persons invited to perform travel in accordance with reference (ax) are authorized transportation, allowances, and other proper expense reimbursement in connection with official activities of the Department as contained in Title 5, United States Code, Section 5703 (5 U.S.C. 5703) (reference (j)). Reimbursement will be made on SF 1164. If there is entitlement to per diem allowances, a DD Form 1351-2 (Travel Voucher or Subvoucher) will be used to file their claim.

6. Responsibility for Payment of Public Vouchers

a. Tactical Disbursing Officers. The following types of payments are not considered as payments to vendors and will be made by the local disbursing officer immediately serving the activity receiving the material or services.

(1) Purchase of post office box rental.

(2) Purchase of street car, bus, bridge, or road toll tickets and tokens.

(3) Reimbursement of Naval personnel for sundry expenses, official documents, or for authorized official entertainment as provided in Volume 9 of this Regulation.

(4) Mileage, per diem for travel or temporary duty, and other reimbursements for expenses incident to official travel.

(5) Fees of visiting lecturers, clergymen, and medical and dental lecturers utilized in the Medical Department training programs; expenses of the Board of Visitors of the Naval Academy; and expenses of the Board of Advisors to the Naval War College.

(6) Monthly ration vouchers.

(a) Payment to Navy Mess Treasurer. Each month, the mess treasurer will submit a list of members subsisted in the mess on a locally prepared form, in triplicate, to the disbursing officer. After the action prescribed in DFAS-PPM (reference (av)) has been taken, payment will be made to the officer or mess treasurer on an SF 1034 supported by the locally prepared form. The disbursing officer will furnish a copy of the paid SF 1034 and a copy of the locally prepared form to the payee.

(b) Officers' Messes Afloat. Payment of commuted rations for enlisted personnel subsisted in officers' messes afloat will be effected on an SF 1034, supported by a list of the enlisted personnel and the certificate prescribed in subparagraph D10306.A.6.a, above. In accordance with the Food Service Management Officers' Quarters and Messes Afloat and Chief Petty Officers' Messes Afloat Manual (NAVSUP P-486), Volume II (reference (az)), on a locally prepared form, the mess treasurer will determine the amount payable by comparing the cost of provisions eaten by the enlisted members to the total value of the commuted rations of the enlisted members. The amount payable will be lesser of the two amounts. The original of this local form will support the SF 1034. See figure D-5.

(c) United States Naval Academy (USNA) and Naval Reserve Officers Training Corps (NROTC) Midshipmen

1 General. In accordance with 10 U.S.C. 2109(b)(3) (reference (b)), the Secretary of the Navy has set the maximum daily rate that a nonappropriated

fund (NAF) mess may be reimbursed from appropriated funds for subsisting NROTC midshipmen. This rate will not exceed the lesser of:

a cumulative food costs; or

b within the contiguous United States and the District of Columbia, a cumulative amount not to exceed $4.50 per meal; or

c outside the contiguous United States and District of Columbia, a cumulative amount for each meal consumed not to exceed 14 percent of the per diem prescribed by reference (ay).

2 Subsistence in Kind. USNA midshipmen and NROTC midshipmen subsisting in a general mess or hospital mess are entitled to rations in kind at government expense. Charges will be centrally billed and paid. Those charges applicable to the subsistence of NROTC midshipmen will be charged to the appropriation Reserve Personnel, Navy. Those charges applicable to the subsistence of USNA midshipmen will be charged to the appropriation Military Personnel, Navy. In either case, the fiscal year chargeable will be the year in which the meals were consumed.

3 Reimbursement. Appropriated funds will be used to reimburse NAF messes for USNA and NROTC midshipmen for the billing period. The billing for USNA midshipmen will not exceed the lesser of cumulative food costs or a cumulative amount based on the daily rate prescribed in Volume 7A of this Regulation. The billing for all NROTC midshipmen will not exceed the cost as stated in subparagraph D10306.A.6.c(1)(b), above. An SF 1034 will be submitted to the disbursing officer and will be substantiated with a listing similar to and containing all the data shown herein.

b. Payment Procedure. DOs will effect prompt payment of the NAF mess bills. Payments will be made on an SF 1034. Accounting data on the voucher must be shown separately for USNA and in each of the 2 NROTC categories. Use an attached summary of the accounting data if there is not enough space on the voucher for the required breakdown. DOs will ensure the use of the proper functional account number (FAN) (as the last five digits of the cost code) when making payments for midshipmen.

(1) Rewards and expenses for return of absentees and deserters.

(2) Special diets procured from an officers' mess for sick personnel.

(3) Payment of ship's store profits to the commanding officers of ships. See figure D-4 and reference (as).

(4) Dealers' Bills for subsistence and quarters purchased by military personnel as authorized by paragraph 22415 of reference (at).

(5) Imprest fund purchases when payment by check is required because of supplier's failure to ship c.o.d.

(6) Payment of advances and invoices for civilian employee training at non-Governmental facilities.

(7) Payments to exchanges for health and comfort items furnished military prisoners as authorized by the Naval Supply Systems Command Manual, Volume IV (reference (at)) and references (as) and (ay).

(8) Payments for claims for reimbursement of payments made to car rental agencies for the cost of deductible damage to rented vehicles that occurred during the performance of official business will be made on a DD Form 1351-2 supported by the documentation specified in reference (ay).

(9) Payment of tuition aid claims of Navy members as provided in Chief of Naval Education and Training Instruction (CNETINST) 1560.3 (reference (ba)).

(10) Payment to civil authorities for the cost of board and care of Navy members.

(11) Expenses in connection with activities of the informational program for foreign military trainees and visitors to the United States as authorized in the current series of Chief of Naval Operations Instruction (OPNAVINST) 4950.1 (reference (bb)) and orientation training tours as defined by DoD 5105.38-M (reference (bc)) will be reimbursed under the provisions of this paragraph when paid from personal funds of military members or civilian employees. When required and authorized in writing by a commanding officer or his designee authorized to incur obligations for the informational program, the DO may advance amounts required for direct payment by an escort officer in connection with a particular tour, visit, or other business. The DO will credit the appropriation, including the transaction type code (TTC) "1K" cited when the advance was made, and charge the appropriation data cited in the letter designation. For travel away from escort's duty station, a DD Form 1351-2 should be used.

(12) Payment of canal tolls by the DO of an individual ship is authorized. In most instances, local area commander's instructions or fleet directives, as in the case of the Suez Canal, take precedence and preclude the disbursing officer from making such payments. In these instances, the nearest shore based disbursing officer will make payments. When a ship is required to make payment, it immediately will be made upon leaving the canal or as soon afterward as the responsible canal commission presents its bill for payment. No payment will be made by the disbursing officer of a ship for passage through the Panama Canal. All toll bills for ships transiting the St. Lawrence Seaway and related canals will be received by the Commander, Eastern Sea Frontier for processing. The Commander, Eastern Sea Frontier will forward Canadian dealers' bills for transit and pilotage to the DFAS OPLOC, Charleston, SC, for payment. Bills of U.S. dealers shall be forwarded to DFAS OPLOC, Norfolk, VA, for payment.

(13) Costs of ship-to-shore telephone service will be collected from personnel using the service by the communications officer of the ship. The communications officer immediately will turn over the amounts collected to the disbursing officer who will take up the collection as a credit to Suspense, Navy. When the telephone company bills the ship for this service, settlement will be made by a U.S. Treasury check payable to the telephone company and issued by the disbursing officer using an SF 1034.

(14) Authorized payments for medical and dental care furnished by civilian non-Federal sources can be found in the current version of Naval Medical Command Instruction (NAVMEDCOMINST) 6320.1 (reference (bd)). Claims for reimbursement from individuals who have defrayed the expense of authorized care will be paid using the SF 1164. The SF 1164 will bear the claimant's signature on the face of the form as well as the certification of the approving authority, and will be supported by paid itemized invoices.

In addition to these payments, local disbursing officers on ships in foreign countries will make payment for purchases of materials and services procured from foreign vendors. The Afloat Supply Procedures Manual (NAVSUP P-485) (reference (be)), and local fleet and type commander directives regarding ships making arrangements for payment of dealer's bills prior to leaving a foreign port refer.

c. Miscellaneous Payments

(1) Rewards

(a) Notice and Acceptance of Offers of Rewards. Before there can be a valid acceptance of an offer of reward so as to authorize payment of money, there must be a notice of the offer. The government, as the offerer, announces that a certain individual has absented himself, deserted, escaped, or is missing, or that a boat, aircraft, mine, paravane, torpedo, or any other material is lost and offers a reward for the recovery of the person or thing or for the information leading to such recovery. Annual or blanket notices or notices of reward attached to the material may be considered notice of the offer. The individual who, knowing of such offer of reward, performs the acts specified therein prior to its revocation will become entitled to the reward. A member of the Armed Forces or other salaried officer or employee of the U.S. Government is not eligible to receive a reward.

(b) Payment. Unless otherwise specified, payment of rewards will be made on an SF 1034 supported by a signed offer of reward or a signed letter or certified copy of a message from the cognizant command, office, or bureau offering or confirming the declaration of a reward. If such documents are not available at the paying activity, the cognizant command, office, or agency will be requested to furnish them.

(c) Lost Mines. Commanding officers are authorized to offer rewards up to $100 for the recovery of or for information furnished leading to the recovery of a lost mine or related components. Funds for payment of rewards will be made available for use by the Naval Mine Engineering Facility, Yorktown, VA. Commanding officers will forward

funding requests for rewards to the Naval Mine Engineering Facility by message. The circumstances for the reward requirement, including the amount needed, will be stated for each request.

(d) Lost Torpedoes, Mobile Targets, and Self-Propelled Mines. Commanding officers are authorized to offer rewards up to $500 for the recovery of or for information leading to the recovery of lost torpedoes, mobile targets, and self-propelled mines and to offer up to $250 for the return of their related major components. The term "major components" refers to major sections of the weapon (e.g., exercise heads or battery compartments) but does not include minor assemblies of accessories (e.g., depth mechanisms, gyros or stabilizers). Funds for payment of rewards will be made available for use by the Naval Underwater Systems Center, Newport, RI. Commanding officers will forward funding requests for rewards to the Naval Underwater Systems Center by message. The circumstances for the reward requirement, including the amount needed, will be stated for each request.

(e) Lost Aircraft and Lost Target Pilotless Aircraft and Aircraft Equipment. Commanding officers are authorized to offer up to and including $500 as a reward for the recovery of or for information leading to the recovery of lost aircraft and up to and including $100 for aircraft equipment. Payment of rewards will be charged to the operation and maintenance allotment of the reporting custodian of the recovered aircraft or to the operation and maintenance allotment of the custodian of the aircraft equipment.

(f) Lost Submarine Target Training Devices. The Commanding Officer, Naval Training Equipment Center, is authorized to offer a reward of $100 for the recovery of lost submarine target training devices. Payment of rewards will be charged to the Naval Training Equipment Center operation and maintenance allotment current at the time of payment.

(g) Lost Radio Equipped Buoys. The Commanding Officer, Naval Research Laboratory, is authorized to offer a reward of $500 or any lesser sum depending on specific instances, for the recovery of or information leading to the recovery of lost radio equipped buoys. Payment of rewards will be charged to appropriation Navy Working Capital Fund (NWCF), 97X4930, subhead NH4A.

(h) Transosonde Type Balloon Equipment. The Commanding Officer, Naval Research Laboratory, is authorized to offer a reward of $150, or any lesser sum depending on specific instances, for the recovery of or for information leading to the recovery of lost equipment attached to Transosonde type balloons. Payment of such rewards will be charged to appropriation NWCF, 97X4930, subhead NH4A.

(i) Lost Payload - Reentry Capsules. The commanding officer or senior officer present, Port Hueneme - Point Mugu - Santa Barbara area (Commander, Pacific Missile Range), is authorized to offer up to $100 as a reward for the recovery and return of or for information leading to the recovery of lost property of the Navy relative to the missile and

satellite programs. Payments of rewards will be charged to the operation and maintenance allotment of the Pacific Missile Range.

(j) Lost Radio Sonobuoys. The Commanding Officers, Naval Inshore Undersea Warfare Group ONE and Group TWO, Naval Ship Research and Development Laboratory, Panama City, FL, are authorized to offer a reward of $25 for the recovery of or for information leading to the recovery of lost radio sonobuoys. Payment of rewards will be charged to the Inshore Undersea Warfare Groups' operation and maintenance allotment current at the time of payment.

(k) Lost Elliptical Parabolic Hyperbolic High-Speed Depth Recorders. The Commanding Officer, Naval Ship Research and Development Laboratory, Panama City, FL, is authorized to offer a reward of $25 for the recovery of or for information leading to the recovery of elliptical parabolic hyperbolic high-speed depth recorders. Payment of rewards will be charged to the Naval Research and Development Laboratory operation and maintenance allotment current at the time of payment.

(l) Lost Oceanographic Instruments. The Commander, Naval Oceanographic Office is authorized to offer up to and including $100 as a reward for the recovery of or for information leading to the recovery of lost oceanographic observation devices such as, but not limited to, current meters, sub-surface buoys, acoustic release devices, and wave recorders, when the entire device is recovered intact regardless of condition. Payment of the reward will be charged to the operation and maintenance allotment of the Naval Oceanographic Office.

(m) Lost Detectors, Sensors, Simulators, and Associated Equipment. The Commander, Naval Surface Weapons Center, is authorized to offer up to $250 as a reward for the recovery of or for information leading to the recovery of lost detectors, sensors, simulators, and associated instrumentations used in research, development, and testing of naval ordnance. Payment of the reward will be charged to the project using the equipment at the time of loss.

(n) Increased Rewards and Rewards for Other Material. Prior to offering a reward for other material not listed herein, or for an amount in excess of the reward authorized herein, authority for payment must be obtained from the Secretary of the Navy as prescribed in 10 U.S.C. 2252 (reference (b)). Commanding officers or senior officers present, bureau, or command having cognizance of the material involved will request such authority from the Secretary of the Navy. In each case, the request will contain:

1 the proposed amount of reward to be offered on a continuous basis;

2 the proposed amount of reward to be offered on a one-time basis for material lost but not recovered and for which it is desired to offer a reward to aid in recovery; and

3 the proposed amount of increase on an existing reward authorized to be offered on a continuous basis. The recommended amount of the reward to be offered will be stated in each case. Upon approval of the proposal, the cognizant office, bureau, or command, will forward to the Secretary of the Navy, via the Director, Defense Finance and Accounting Service-Cleveland Center, 1240 East Ninth Street, Cleveland, OH 44199-2055, a request for authorization to offer the reward on a one-time basis for material lost but not yet recovered, or to increase the amount of an authorized reward.

(o) Return of Absentees

1 Payment of Rewards. When authorized by military officials of the Armed Forces, any civil officer having authority to arrest offenders may apprehend an individual absent without leave from the military service of the United States and deliver the individual into custody of military authorities. The receipt of a DD Form 553 (Absentee Wanted by the Armed Forces) or any authorized communication, oral or written, from a military or federal law enforcement official or agency requesting active cooperation in the apprehension or delivery to military control of an absentee or deserter wanted by the Armed Forces will constitute the basis for a reward. When such a reward has been offered, persons or agency representatives (except employees of the federal government or service members) apprehending or delivering absentees or deserters to military control will be entitled to a payment of:

a $50 for the apprehension and detention until military authorities assume control, or

b $75 for the apprehension and delivery to military control.

Payment of the reward will be made to the person or agency representative actually making the arrest and turnover or delivery to military control. If two or more persons or agencies join in performing these services, payment may be made jointly or severally, but the total payment or payments may not exceed $50 or $75, as applicable. Payment of a reward is authorized whether the absentee or deserter voluntarily surrenders to civil authorities or is apprehended. Payment is not authorized for information merely leading to the apprehension of an absentee or deserter. Rewards may be paid to civil authorities of foreign countries or other foreign nationals who have been authorized to apprehend absentees or deserters if the requirements prescribed herein are complied with, and provided that the commanding officer of the activity to which the absentee or deserter is delivered believes the situation warrants such action. The DO, special disbursing agent, or other agent, as authorized, of the military activity to which an absentee or deserter is first delivered, will be responsible for payment of the reward. The claimant must present a signed statement specifying that he apprehended (or accepted voluntary surrender of) the absentee or deserter and that he either detained the absentee or deserter until military authorities assumed control or that he delivered the individual to military control. This statement must be supported by a copy of DD Form 553 or other form of notification that an individual is absent and that his return to military control is desired. If oral notification was made in lieu of written notification, the claimant will so certify and

provide the date of notification and the name, rank or rate, title, and organization of the person who made the authorization notice of reward. The payment will be charged to the accounting data specified in subparagraph D10306.C.1.o(6), below, and the voucher will include the absentee's or deserter's name and branch of service. When paid in cash, the claimant's receipt will be taken on his original statement. Payments may be consolidated periodically on SF 1129 (Reimbursement Voucher) or may be vouchered on an individual SF 1034.

2 Reimbursement for Actual Expenses. When a reward has not been offered or when conditions for payment of a reward cannot otherwise be met, reimbursement, not to exceed $75, may be made to any person or agency for actual expenses incurred in the apprehension, detention, or delivery to military control of an absentee or deserter. If two or more persons or agencies join in performing these services, payment may be made jointly or severally, but the total payment or payments may not exceed $75. Reimbursement may not be made for the same apprehension and detention or delivery for which a reward has been paid. Actual expenses for which reimbursement may be made will include:

a transportation costs, including mileage at the rate of $0.25 per mile for travel by privately owned vehicle, for a round trip from either the place of apprehension or civil police headquarters to place of return to military control;

b meals furnished the member for which the cost was assumed by the apprehending person or agency representative;

c telephone or telegraph communication costs;

damage to property of the apprehending person or agency if caused directly by the member during the apprehension, detention, or delivery; and

such other reasonable and necessary expenses incurred in actual apprehension, detention, or delivery as may be considered justifiable and reimbursable by the commanding officer.

3 Non-Reimbursable Expenses. Reimbursement will not be made for:

a lodging at non-military confinement facilities;

b transportation performed by the use of official federal, state, county, or municipal vehicles; or

c personal services of the apprehending, detaining or delivering person or agency.

Payment of actual expenses will be made in accordance with the payment procedures in this paragraph except that an itemized statement of costs approved by the commanding officer is required and notice on DD Form 553 or other form is not required.

4 Reimbursement for Subsistence Furnished. Civil authorities may be reimbursed for the cost of subsistence furnished Navy and Marine Corps members placed in custody for safekeeping at the request of military authorities. Such reimbursement will be in addition to rewards and reimbursement for actual expenses. Payment of subsistence will be made in accordance with the procedures for payment of other actual expenses except that an itemized statement of charges approved by the officer who directed the confinement is required. Notice on DD Form 553 or other form is not required.

5 Transportation Costs. Costs associated with an absentee's or deserter's own transportation will be charged to the pay account of the individual member as prescribed in Volume 9 of this Regulation. When a guard is required to apprehend and escort absentees and/or deserters from more than one service, the cost of travel of the guard will be charged to the service providing the guard when returning absentees and deserters to military control. Cost of travel for guards accompanying the absentee or deserter being returned to the parent service will be charged to the Military Personnel appropriation of the service to which the absentee/deserter is accountable.

6 Accounting Data. Payments for rewards, actual expenses, and for subsistence cost will be charged to the accounting data listed below, as appropriate.

a Apprehension, Retention and Return of Prisoners (Navy). 17*1453.2260 000 60600 0 000022 2D 000000 000000071165.

b Travel of Guards (Navy). 17*1453.2260 000 60600 0 000022 2D 000000 000000074146.

(2) Incentive Awards

(a) Administrative Regulations. Regulations governing the granting of cash awards to military personnel are contained in the current edition of Secretary of the Navy Instruction (SECNAVINST) 5305.2 (reference (bf)).

(b) Payment Procedure For Cash Awards

1 Military Personnel. Cash award payments are subject to the withholding provisions of the federal income tax law, but in the case of military personnel are not subject to the provisions of the Federal Insurance Contributions Act (FICA) of 16 August 1954, as amended (26 U.S.C. 3101) (reference (bg)). Income tax will be withheld at the rate of 28 percent. Cash award payments will be made by the disbursing office holding the pay account of the member. If the member no longer is on active duty at the time that the award

has been approved, payment will be made by the DFAS-Cleveland Center. Upon receipt of the original and 1 copy (2 copies in the case of associate disbursing officers) of the letter approving the award and designating applicable accounting data, payment will be made on an SF 1034. The payment will be identified on the voucher as "beneficial suggestion per attached letter of award." The original letter of award and the original SF 1034 will be filed with the financial returns. Copies of the letter of award and SF 1034 will be filed in the DO's retained files or sent to the financial information processing center as appropriate. The voucher will show the amount of the award, the amount deducted for Federal income tax withholdings, and the amount due the payee. Payment may be made by cash or check. DO's will make payment of the withheld tax in the same manner as other withheld taxes. Checks will be drawn in favor of the Federal Reserve Bank (FRB) or branch and will be deposited with other checks due the Internal Revenue Service (IRS). DOs afloat that do not have an employer identification number (EIN) will forward Copy A of the IRS Form W-2, Wage and Tax Statement, together with the check drawn to the FRB of Cleveland and a copy of the SF 1034, to the DFAS-Cleveland Center. An IRS Form W-2 will be prepared for each incentive award payment. The payee's copies will be delivered to the payee with the payment and advice that he or she retain the IRS Form W-2 for filing annual income tax returns. The IRS copy of the IRS Form W-2 will be attached to a copy of the SF 1034 submitted with the financial returns. Additional copies of the IRS Form W-2 will be distributed as indicated on the W-2 Form.

d. Prohibited Payments. The following types of payments cannot be made by tactical DOs:

(1) Payments to vendors located in the United States will be made by the appropriate DFAS OPLOC.

(2) Payment for deliveries to ships will be made by the DFAS OPLOC serving the area in which the billing office is located.

(3) Vouchers for disbursement and/or collection using SF 1034 or DD Form 1131 involving pay and allowances will be paid by the DFAS-Cleveland Center.

(4) The deputy DO of the DFAS OPLOC, Norfolk, VA is designated to pay all claims of Navy Personnel for reimbursement of costs of shipment of household goods under permanent change-of-station orders, shipments authorized under temporary additional duty orders, and local movement of household goods in connection with assignment to or vacating government quarters when directed by competent authority due to the quarters becoming uninhabitable.

(5) Claims of military members for personal property loss or damage will be paid by the financial information processing center of the disbursing officer or of other shore activities providing disbursing service for claims adjudicating authorities.

e. Ships Without a Disbursing Officer in Foreign Countries. If a ship is operating without a disbursing officer, arrangements will be made for payment by the nearest

DoD or U.S. disbursing officer. If such arrangements cannot be made, the dealer's bill will be forwarded to the financial information processing center most convenient to the ship or shore activity except that all such Canadian dealer's bills will be forwarded for payment to the DFAS OPLOC Charleston, SC.

7. Payment and Payment Restrictions

a. Items to be Verified. The paying officer is responsible for verifying the legality and propriety of the payment to be made and is required to establish that:

(1) payment is made only by the designated paying office and the payment has not been made previously;

(2) purchase was made in accordance with pertinent laws, regulations, and directives;

(3) materials or services were received and accepted or performance was completed;

(4) the extensions, and totals are correct;

(5) the required supporting documents are present; and

(6) the accounting data are complete and correct.

b. Method of Payment

(1) Within the United States and its Possessions. Within the United States and its possessions, vouchers covering dealers' bills will be paid by electronic funds transfer (EFT) or U.S. Treasury check. Other types of vouchers likewise will be paid by EFT or U.S. Treasury check. Note: All payments must be by EFT no later than January 1, 1999. All remittances by mail will be by check. Any number of vouchers to the same payee may be paid by a single EFT transmission or U.S. Treasury check.

(2) Canadian Dealers' Bills

(a) Ships. In the event a Canadian dealer's invoice cannot be obtained and paid prior to departure and payment arrangements as prescribed in the paragraph 4336 of reference (be) have not been made, action will be taken as prescribed in items D10307.B.2.a.(1) or D10307.B.2.a.(2) below, when the invoice is received:

1 if the invoice is expressed in U.S. dollars, forward the invoice and supporting documents to DFAS OPLOC, Norfolk, VA, or San Diego, CA, as appropriate, for payment; or

2 if the invoice is expressed in Canadian dollars, forward the invoice and supporting documents to DFAS OPLOC, Charleston, SC, for payment.

(3) Outside the United States

(a) Foreign Currency Controls. Payments to vendors in a foreign country will be made in a currency authorized by local foreign currency control laws or regulations. Department of State officials located in the area will be contacted for guidance and information on currency controls in effect. If there is no Department of State official in the area, the DO must ascertain and comply fully with local foreign currency controls.

(b) Currency Used. Payment to a vendor in a foreign country will be made by U.S. Treasury check or U.S. currency when:

1 payment in U.S. currency is required by the purchase documents; or

2 the foreign currency billed is not available to the disbursing officer serving the activity billed or to another overseas military DO, unless the foreign currency is listed as excess or near-excess in Chapter 12 of this volume.

When the bill is stated in foreign currency and payment is made in U.S. currency or by U.S. Treasury check, the rate of exchange current at the time of payment will be used. If the foreign currency billed is listed in excess or near-excess and such currency is not available to the disbursing officer serving the shore activity billed, the bill will be forwarded for payment to a U.S. military disbursing officer having access to the currency involved, or if none, to the DFAS OPLOC, Charleston, SC.

c. Entries Made by the Paying Officer

(1) Payment Data. The paying officer must enter the following data in the upper right payment block on the face of the public voucher:

(a) the word "Paid" (not required on vouchers bearing the pre-printed word "Paid" in the space provided for payment data);

(b) unit identification code (UIC) and the name of ship to which the disbursing officer is assigned;

(c) business day (date); and

(d) disbursing station symbol number (DSSN) of the disbursing office.

The required data must be legible on all copies of the voucher.

(2) Lower Payment Data Lines

(a) Cash Payments. If either partial or full payment is made in cash, the amount and date of payment, and the name of the payee must be shown on the designated line on the original and all copies of the public voucher. At the time of actual payment, the signature of the payee will be obtained on the original of the public voucher unless his or her signature, acknowledging receipt of the payment, already appears on a sundry voucher supporting the public voucher, for example, when the SF 1164 is used as a sundry voucher.

(b) Check Payments. If full payment is made by a single check drawn to the order of the payee shown in the heading of the public voucher, it is sufficient to insert the serial number of the check on the original public voucher only. The date and amount need not be shown. The serial number of the check may be inserted on the public voucher by typewriter, autographically, or by numbering machine.

D. AFLOAT FOREIGN CURRENCY TRANSACTIONS

1. Procurement. Afloat disbursing officers will comply with the following procedures in connection with obtaining foreign currency for visits to foreign ports.

a. Purchase from Government Sources

(1) Disbursing officers of ships arriving in an operational area may request, via official communication channels, excess foreign currency from the disbursing officers of ships leaving the area.

(2) Disbursing officers, in units within the same operational area should advise other fleet units of their requirement, in case an excess of foreign currency exists.

(3) Ships within the group also may be assigned as the foreign currency coordinator.

(4) Department of Defense DOs of shore commands, within the operational area, also may be able to provide the type of currency required.

(5) American Embassies or Legations also may be able to provide needed foreign currency.

b. Purchase from DoD Contract Military Banking Facility (MBF) and Commercial Sources. Currency can be obtained from MBFs. Commercial foreign banking facilities may be used when MBFs and other government sources are not available. See Chapter 13 of this volume.

2. Disposition. Afloat DOs will comply with the following procedures in connection with disposition of foreign currency, prior to leaving the foreign port or operational area.

a. Sale to Authorized Personnel

(1) Navy DOs assigned to afloat units are authorized to provide accommodation exchange sales to assigned personnel without prior approval.

(2) Sales of the currency will not be made at a rate that results in a loss by exchange. Sales will be made at rates as near as possible to that at which the currency is carried without causing a loss or requiring the holding of currency in units of insignificant value.

(3) Gains or losses resulting from sales or revaluation will be vouchered as gains or losses by revaluation. See figures D-6 through D-9.

(4) A daily DD Form 2664 (Currency Exchange Record) will be maintained for each sale.

(5) Repurchase of foreign currency is authorized provided:

(a) the disbursing officer will be able to dispose of the currency prior to departing the operational area;

(b) the disbursing officer maintains a DD Form 2664 to reflect the amount and source of funds;

(c) the repurchase from the authorized individual is not for an amount greater than the last purchase; and

(d) the authorized individual or unit is departing the area.

b. Priority for Disposal of Foreign Currency. DOs should attempt to dispose of the foreign currency in the following order:

(1) sales to other DoD DOs (i.e., ships arriving in the operational area, afloat foreign currency coordinator or DoD shore activities);

(2) sales to DoD-contracted MBF;

(3) sales to commercial sources (i.e., foreign banks); or

(4) deposits to the Federal Reserve Bank of New York by shipment, if all other methods are determined to be impractical, to avoid loss through the exchange rates.

3. Miscellaneous Procedures Affecting Foreign Currency

a. Protection of Foreign Currency in Transit in Foreign Countries. Provide the same security as for U.S. currency. However, consideration of host country laws pertaining to carrying weapons must be taken into account. Contact the American Embassy or Legation for local guidance.

b. Foreign Coin. Although acquiring foreign coin is discouraged, afloat DOs may find that some coin is required when paying local vendors in foreign currency. However, crew members must be advised that the DO will be unable to repurchase foreign coins in their possession

c. DD Form 2663 (Foreign Currency Control Record). This form is required to be maintained for each foreign currency used.

d. DD Form 2664 (Currency Exchange Record). This form is required when accommodation exchanges are made to crew members. In addition, afloat DOs must ensure that any authorized individual requesting repurchase is not converting an amount greater than he or she last purchased as recorded on the DD Form 2664.

e. Quarterly Foreign Currency Reports. A series of quarterly reports are required at the end of each quarter (see sample report in figure D-10). A negative report is not required.

E. MISCELLANEOUS DISBURSING OFFICER ACCOUNTABILITY PROCEDURES

1. Purpose. This section highlights the unique procedures in maintaining accountability relative to afloat disbursing officers.

a. Appointment and Acceptance of a Deputy Position. Deputy DOs are appointed by the DO with a formal letter of appointment addressed to the individual. The letter shall state the specific duties authorized to be performed by the deputy. The letter must be signed by both the DO and by the deputy who acknowledges that "I agree to hold myself accountable to the United States for all public funds received." See Chapter 2 of this volume.

b. Common Daily Transactions. Figures D-11 through D-14 are provided to illustrate entries on the DD Form 2657 (Daily Statement of Accountability). These are the most common transactions to afloat DOs connection with check cashing and ship's store collections.

c. Safeguarding Funds and Related Documents. When DO, deputies, agents and cashiers aboard tactical units and Navy vessels have custody of government funds, each shall be provided with a separate secure container which is assigned exclusively forhis or her use. The combination of the safe or container shall be known only to the DO, deputy, agent or cashier and shall not be divulged orally or in writing to any other individual. See Chapter 3 of this volume.

d. Detailed Analysis of Cash and Other Assets

(1) General. In order to provide the supporting DFAS OPLOC with an accurate picture of the status of the DO's assets, all tactical units and Navy vessels will prepare a Detailed Analysis of Cash and Other Assets in support of Section I, Parts B and C of the SF 1219 (Statement of Accountability). This information will enable the individual assigned to examine the financial returns and the disbursing settlement clerk in determining if cash holdings are within authorized limits, whether deposits are being made on a timely basis, and whether aggressive action is being taken to clear non-cash items.

(2) Heading. The page will be headed by the name of the ship or shore activity to which the disbursing officer is assigned, followed by the title "Detailed Analysis of Cash and Other Assets." Following the title will be the name of the DO, DSSN, and the month and year of the corresponding SF 1219. If the period covered by the financial returns is other than a full month, the beginning and ending dates will be cited.

(3) Cash Authorized to be Held at Personal Risk. State the total amount of cash authorized to be held by the DO at personal risk, the title of the approving authority, and the date of the approval letter. This amount includes cash held by deputies, agents, and cashiers in the main disbursing office. Therefore, a breakdown of authorized levels by main office deputies and agents is not necessary.

(4) Analysis of Incumbent Officer's Accountability. Each group of cash and other asset items will be identified by the applicable line number in Section I, Part B of the SF 1219. If the amount on any particular line is zero, the line number may be omitted.

(a) Line 6.1. List the total U.S. dollar equivalent of cash on deposit in designated depositaries. No further breakdown is required.

(b) Line 6.2. List the total amount of cash held as defined for line 6.2 of the SF 1219. If holdings are entirely in U.S. currency, no further breakdown is required. If foreign currency is included, state the name and country of origin of each currency, the U.S. dollar equivalent for each currency, and the total U.S. dollar equivalent for all currency held. The sum of lines 6.1 and 6.2 should not exceed amounts authorized to be held at personal risk. If multiple currencies are held and there is insufficient space to enter all required data on the Standard Form 1219 a subsidiary schedule should be prepared.

(c) Line 6.3. List the total dollar amount of undeposited collections and the total number of instruments on hand for each of the following categories: U.S. Treasury checks, personal checks, and all other negotiable instruments. For each of the latter two categories, state the date of the oldest instrument on hand.

(d) Line 6.4. Leave blank.

(e) Line 6.5. Cash held by accountable persons outside the main office will be broken down into three major categories and described as follows:

1 Deputies, Agents and Cashiers at Branch Offices. List each accountable position number, the amount authorized to be held at personal risk, the title of the authorizing official, the date of the authorization, and the amount actually held as included on the SF 1219. The last figure should also be totaled. If the advance is in foreign currency, the name and country of origin and the U.S. dollar equivalent should be listed.

2 Deputies, Agents and Cashiers under Other Commands. Provide the same information as required above for deputies, agents and cashiers at branch offices.

3 Imprest Fund Cashiers, Agents and Others. List the title of the individual holding the advance and the date of the DD Form 1081 (Statement of Agent Officer's Account). Also provide a total of all advances in this category as well as a grand total of all cash held by government cashiers. For advances made in foreign currency also list the name of the currency, the country of origin, and the U.S. dollar equivalent.

(f) Line 6.6. Leave blank.

(g) Line 6.7. List each individual item included on the SF 1219 as funds in transit. For an exchange-for-cash check, list the check number, the amount, date of mailing, and the organization to which the check was mailed. For all counterfeit or altered currency, list the denomination and the date the request for removal of the deficiency was forwarded.

(h) Line 6.8. List the total amount of funds held for regular payrolls by the DO and deputies, agents and cashiers located in the main disbursing office. A breakdown by individual accountable officer or agent is not necessary. Identify any foreign currency by name of the currency, country of origin, and U.S. dollar equivalent. Also state the most distant payday for which the funds are being held. Shore based disbursing offices should specify whether the funds are being held for military or civilian payroll, and if both, separate amounts for each type of payroll should be listed.

(i) Line 6.9. Identify each other cash item, including a brief description of action being taken to effect clearance of the item.

(j) Line 7.1. List each deferred charge by type (e.g., travel advances, civilian payroll, military payroll) and by amount. If an entire payroll is deferred, list the payroll number rather than the individual payees.

(k) Line 7.2. List each check issue overdraft receivable by check number, date of check, payee, and amount. Briefly describe action being taken to effect clearance.

(l) Line 7.3. List each loss of funds by name and position of the accountable officer or agent and the amount. In addition, for cash deposits which have been determined to be lost in transit, include the deposit number and date presented or mailed. For all items listed, include the date the loss was reported and a brief description of action being taken to clear the deficit.

(m) Line 7.4. List each dishonored check by debtor's name, date and number of the applicable debit voucher, and amount. Also, list each deposit which was composed of only checks and money orders and determined to be lost in transit by deposit ticket number, date presented or mailed, and amount. Include a brief description of action being taken to clear the deficit for each item listed.

(n) Line 7.5. Since a breakdown of advance payments is provided by a separate report, no further breakdown is required.

(o) Line 7.9. Identify any other non-cash item, including a brief description of the action being taken to effect clearance of the item.

(5) Analysis of Predecessor Officer's Accountability. DOs at shore-based activities performing settlement duties on the accounts of previous DOs of that activity will report items included in Section I, Part C of the SF 1219. If no entries are made in Section I, Part C, this portion of the analysis may be omitted.

(a) Line 9.2. List each check issue overdraft receivable by name of accountable DO, check number, date of check, payee, and amount. Briefly describe action being taken to clear the deficit.

(b) Line 9.3. List each loss of funds by name of accountable DO, name and position of accountable agent if applicable, amount of loss, and date the loss was reported. If the loss was a cash deposit determined to be lost in transit, include the deposit number and date presented or mailed to the depositary. Also, include a brief description of action being taken to clear the deficit.

(c) Line 9.4. List each dishonored check item by name, date and number of the applicable debit voucher, and amount. If the deficiency includes a deposit composed of only checks and money orders determined to be lost in transit, list the name of the accountable DO, deposit number, date presented or mailed to the depositary, and the amount. Include a brief description of action being taken to clear the deficit for each item listed. See figure D-15.

e. Appointing the Cash Verification Team. The appointment shall be made in writing and include at least two qualified personnel. For tactical units and Navy vessels, the senior member on the cash verification team should be the supply officer or a senior member of the Supply Department. See Chapter 3 of this volume.

f. Records of Balancing and Cash Verification. Appendix A of this volume requires each custodian of public funds to prepare a DD Form 2665 (Daily Agent Accountability Summary) and each DO to prepare a DD Form 2657 (Daily Statement of Accountability) for the close of business of that day and turn it over to the cash verification team. After proving all the entries for cash and other assets by the preceding verifications, the cash verification team will stamp the DD Form 2657 with the statement shown in Appendix A of this volume. In addition, the following statement will be inserted on each DD Form 2665:

"On (date) at (time) the undersigned verified by actual count cash in the amount of $_____, and vouchers held as cash in the amount of $_____, total $_____, which is (or is not) in agreement with the DD Form 1081 held by the disbursing officer."

A copy of the DD Forms 2665 and DD Form 2657 will held as part of the retained disbursing records.

F. SUSPENSE ACCOUNTS

1. General. Reports of the status of suspense accounts will be made by disbursing officers prior to the 15th calendar day of the month following the end of each quarter. Separate reports will be made for Budget Clearing Account, 17F3875, and Suspense, Navy, 17X6875.1220. Each report will show the DSSN and the following:

a. The balance in the suspense account at beginning of the quarter.

b. The net amount of collections and transfers during the quarter with subtotals for each month of the quarter.

c. The total disbursements during the quarter with subtotals for each month of the quarter.

d. The balance in the suspense account at end of the quarter.

The ending balance will be checked to ensure agreement with the balance of the control ledger and with the total of the appropriate documents or records. Any discrepancies will be investigated and corrected prior to submission of the report, if practicable. If the correction requires a current transaction or if the investigation is not completed, the report will be so annotated. The report will be certified as follows:

"I certify that the balance reported herein is in agreement with records maintained."

When necessary, and in the event local efforts have been unsuccessful, DOs will request assistance from their respective support offices or commands on uncleared items remaining in a suspense account in excess of three months. Deposits on contracts may remain in a suspense account until completion of the contract.

2. Budget Clearing Account, 17F3875, and Suspense, Navy, 17X6875.1220. All Navy DOs will forward separate quarterly reports for suspense accounts 17F3875 and 17X6875.1220 to the supporting DFAS OPLOC. The balance reported by each disbursing office for each account will be recorded by the OPLOC in a column to the right of the applicable balance on each of the summary reports prepared in accordance with current machine procedures. The amount of any difference between the two balances will be entered in an additional column to the right. A credit (CR) difference will indicate that the DO's balance is less than the summarized balance. A notation will be made on the summary report that differences will be investigated and clearance action initiated. The DFAS OPLOC will submit the original summary reports to the DFAS-Cleveland Center on or before the 15th calendar day of the second month following the end of the quarter. Quarterly reports received from DOs will be retained together with a copy of the summary reports and copies of correspondence initiated to eliminate differences between the OPLOC records and DO reports.

G. NAVY POSTAL FUNDS

1. The Navy Postal Service. Regulations and instructions concerning operation of the Navy Postal Service, including procedures for custody and handling of postage stamp stock and funds, the conduct of postal money order service, and the audit and inspection of Navy and Marine Corps post offices are set forth in the current DoD 4525.6-M, Volume I (reference (bh)) and Chief of Naval Operations Instruction (OPNAVINST) 5112.6 (reference (bi). In accordance with these references, money order auditing and custodial officers and postal effects custodial officers will be designated in writing by commanding officers afloat. These duties may be assigned to the DO or his/her deputy unless personnel are attached who hold the postal rating (PC) and pay grade E-7 or above. The procedures in this section are provided to clarify the provisions of references (bh) and (bi), which take precedence over this information. It is recommended that disbursing officers are provided a copy of chapters 5 and 7 of reference (bh) for guidance in the performance of these duties.

2. Money Order Service

a. Custody and Control. The money order custodial officer will maintain custody of blank money order stock and comply with the instructions in references (bh) and (bi) regarding custody, control and distribution of money order forms. Blank money order forms will be stored in a three-number combination safe or equivalent secure storage to which the custodial officer has exclusive access. A DD Form 885 (Money Order Control Record) will be maintained for all blank money order forms that are:

(1) received from the accountable postmaster or other source.

(2) issued to the money order clerk,

(3) unused by the money order clerk, and

(4) remaining as a balance on hand.

Sufficient blank money order forms will be issued to the money order clerk each day for the anticipated business requirements of that day. Unused blank money order forms will be returned to the custodial officer by the money order clerk at the close of business each day along with the daily report of money order business. Due to extenuating circumstances, the commanding officer may authorize the money order clerk to hold blank money orders overnight provided a secure storage area is available. The exchange of blank money order forms between custodial officers and money order clerks will be recorded and signed for in the DD Form 885. The custodial officer and money order clerk(s) will maintain separate DD Forms 885 for control and accountability purposes. See figure D-16.

3. Money Order Funds. At the end of each day, money order clerks are required to turn over to the disbursing officer all funds derived from the sale of money orders that day. The funds will be counted by the disbursing officer in the presence of the money order clerk. If the amount of the funds is $100 or more, the disbursing officer will issue an exchange-for-cash remittance check payable to the Disbursing Officer, U.S. Postal Service, for transmission with the daily report of money order business. If the amount of money order funds is less than $100, the funds may be accepted by the DO as a safekeeping deposit until accumulation of $100 or more and then converted to an exchange-for-cash check. However, if it is more convenient, the exchange-for-cash check may be issued for remittance to the Disbursing Officer, U.S. Postal Service even though the amount of money order funds is less than $100.

4. Audit of Money Order Accounts. An audit and verification of money order business is required to be conducted at the close of money order business each day. The audit will be conducted by a commissioned or warrant officer or a senior petty officer (E-7 and above) designated by the commanding officer as the responsible auditing officer.

5. Postal Stamp Stock and Funds

a. Duties. The requirements and procedures in references (bh) and (bi) will be followed in the custody and handling of postage stamps and funds. The designated postal effects custodial officer will maintain custody of that portion of the postage stamps and funds that are in excess of the amount authorized to be in the custody of the custodian of postal effects (COPE). The stamps and funds will be received and handled as a safekeeping deposit from the COPE, except that the safekeeping deposit will be identified as "postage stamp fund" rather than in the name of the COPE. Stamps will be issued to the COPE in exchange for funds derived from the sale of stamps. The custodial officer will maintain a duplicate of the PS Form 3295 (Daily Record of Stamps, Stamped Paper and Nonpostal Stamps on Hand). See figure D-17.

b. Stamp Replenishment. When replenishment of stamps is required, postage stamp funds will be converted to an exchange-for-cash remittance check payable to the accountable postmaster. Requisitions are prepared and submitted on a PS Form 17 (Stamp Requisition) which is prepared in quadruplicate. The original and a duplicate copy, together with the remittance check are forwarded by mail in accordance with Rule 3, Table 5-1 of reference (bh) and an additional copy is forwarded in accordance with Table 5-1, Note 1. A signed copy of the PS

Form 17 is retained by the postal effects custodial officer with the postage stamp fund safekeeping deposit. Upon receipt and verification of the stamps requisitioned, the accompanying duplicate copy of PS Form 17 is returned to the COPE for the post office files and the copy retained by the postal effects custodial officer should be destroyed. The postage stamp funds must not be commingled with any other safekeeping deposit or other funds, including money order funds. New safekeeping receipts are required to be issued only when there is a change in the amount of the fund or a change in either the accountable postal clerk or custodian.

6. Audit of Money Order Business

a. Frequency. At the close of money order business each day, the money order clerk is responsible for preparing the PS Form 6019 (Military Post Office (MPO) Report of Money Order Business) and submitting it to the designated officer for audit and verification. See figure D-18. The commanding officer immediately will be notified if a satisfactory accounting for money order funds and forms is not made by the money order clerk at the close of business each day.

b. Audit Procedures. Designated money order auditing officers will ensure their audits are in compliance with the requirements and procedures regarding money order service set forth in the current editions of references (bh) and (bi). Follow the steps below to conduct the daily audit of money order business:

(1) Check the date and heading on the PS Form 6019 for accuracy of preparation.

(2) Verify that the serial number of the first money order used is the next succeeding serial number after the last money order used the preceding business day.

(3) Verify that the first serial number of the unused money order forms is the next succeeding serial number after the last one used that day.

(4) Ensure that all unused money order forms are accounted for and that they are returned to the custodial officer.

(5) Examine by numerical sequence the money order post office vouchers to ensure that all used and spoiled money orders are accounted for.

(6) Verify the "No. Used" and "No. Spoiled" entries in Section I, "Money Orders Issued".

(7) Prepare an independent adding machine tape from the money order post office vouchers to prove the grand total money order amount and fee entered in Section I.

(8) Check the adding machine tape of money orders issued and fees prepared by the money order clerk for submission with the original report to ensure that it has been prepared correctly and signed by the money order clerk.

(9) Examine the paid money orders to verify correctness of serial numbers and amounts shown in Section II, "Paid Money Orders." Prepare an independent adding machine tape from the paid money orders to prove the total shown in Section II, "Total Paid Money Orders".

(10) Examine the reverse side of the paid money orders to confirm that each paid money order has been signed by the proper payee, purchaser, or endorsee and that the money order clerk has entered the date stamp and his or her initials below the endorsement.

(11) Verify the entries in Section II, "Checks" to ensure that U.S. Treasury checks (including the exchange-for-cash remittance check) are properly identified by serial number, symbol number, and amount. Prepare an independent adding machine tape from the checks to prove the total shown in Section II, "Total Checks".

(12) Verify that the totals in Section I and II are properly carried forward to the appropriate items of Section III, "Cash Summary".

(13) Verify Section III, Item 1, "Balance From Item 13 of Previous Report" with the auditing officer's retained copy of the previous report.

(14) Check entries in Section III, Items 6 and 12, "Debit Corrections" and "Credit Corrections" with the PS Form 1908, Financial Adjustment Memorandum.

(15) If an entry is shown in Section III, Item 13, "Balance Carried to Items of Next Report", confirm that the cash was verified by actual count and accepted by the disbursing officer as a safekeeping deposit of the amount shown.

(16) If an excess or a shortage of money order funds exists, verify that it is properly handled in accordance with references (bh) and (bi).

(17) Verify that when excess funds have been remitted, the remittance is reported by entry in Section III, Item 4, opposite the typed-in caption "Overage" or "Excess Funds".

(18) Prepare an independent adding machine tape to prove the "Total Debit" and the "Total Credit" (Items 7 and 14 of Section III), and compare them for agreement.

(19) Prepare one independent adding machine tape showing each section of the report. Verify the accuracy of the tape, then sign the tape and attach it to the auditing officer's retained copy of the report.

(20) When two or more money order clerks issue money orders on the day being reported, verify that the name of clerks who do not prepare the report are listed in the remarks section.

(21) Ensure that the original and all copies of the report have been signed by the money order clerk and stamped with the post office dating stamp.

(22) After completion of the audit and determination that the report is correct, sign the original and all copies of the PS Form 6019.

c. Disposition of PS Form 6019. The original PS Form 6019, accompanied by the paid money orders, remittance checks, spoiled money orders, post office vouchers for money orders issued with the money order clerk's adding machine tape, and additional supporting documents, when required, will be returned to the money order clerk to be forwarded, via registered mail, to the Money Order Division, Postal Data Center, St. Louis, MO. One signed copy of PS Form 6019 will be retained by the money order clerk and one signed copy will be retained by the auditing officer with the signed adding machine tape prepared by the auditing officer. The auditing officer's file will be maintained in chronological order with each calendar day, including Saturdays, Sundays, and holidays, accounted for. Money order records will be retained in accordance with references (bh) and (bi).

d. No Business Reports. A PS Form 6019 "NO BUSINESS" report will be combined with a business report, when appropriate, covering preceding days on which no business was conducted. An entry shall be made in the block "No Business was Conducted" to account for the entire period that no money order business was conducted.

H. AUTOMATED TELLER MACHINE (ATM) AT SEA PROCEDURES

1. Purpose. The ATM at Sea pay delivery system is described in detail in Chapter 26 of this volume. The purpose of this section is to illustrate some of the procedures for maintaining accountability of funds in the ATM system.

a. ATM Appointment Letters. Various types of appointment letters are listed in section D110 of this guide.

b. Custody of Blank Unissued ATM Cards. See figure D-19.

c. Automated Teller Machine. In addition to the ATM procedures prescribed in Chapter 26 of this volume, tactical units and Navy vessels will accomplish the following:

(1) Maintain a separate DD Form 2671 for any negative adjustments made to a member's ATM account.

(2) For a negative adjustment to close a transferred member's account and refund the balance to the member, enter the check number in the column "WITHDRAWAL - CASH" of the DD Form 2671

(3) Attach a copy of the end-of-session Grand Total Terminal Balance report and a copy of all DD Forms 2671 to the retained copy of the voucher prepared for the ATM transaction.

I. LETTERS OF AUTHORITY, NOTICES AND INSTRUCTIONS

1. General. The following sample letters of authority, notices and instructions are available on the DFAS-CL bulletin board.

a. Letters of Authority, Notices and Instructions

(1) Appointment of deputy disbursing officer.

(2) Advancement of cash for change.

(3) Authority for the procurement of foreign currency, cashing of checks and money orders, custodian of postal stamp stock and funds, and designation as money order auditing and custodial officer.

(4) Appointment of agent/ cashier and receipt.

(5) Appointment of paying agent.

(6) Authority to sign documents affecting pay and allowances (for agent/cashier).

(7) Authority to sign documents affecting pay and allowances.

(8) Authority to hold cash at personal risk (disbursing officer).

(9) Authority to hold cash at personal risk (deputy disbursing officer), first endorsement, and approval.

(10) Authority to hold cash at personal risk (agent/cashier), first endorsement, and approval.

(11) Deposits and withdrawals of safekeeping deposits.

(12) Authorization to approve special pay requests.

(13) Disbursing office operating procedures.

(14) Relief of disbursing officer.

(15) Appointment as senior member of the cash verification board.

(16) Quarterly verification of official funds in the custody of the disbursing officer.

(17) Appointment as member of the cash verification board.

(18) Letter of introduction.

(19) Disbursing office security.

(20) Notice of commencement of disbursing duty.

(21) Appointment as agent/cashier (assistant custodian) for ATMs.

(22) Appointment as customer service clerk for ATMs.

(23) Appointment as custodian of blank ATM cards.

(24) Transfer of NAVCOMPT Form 8/8a, Record and Receipt of Deposits and Withdrawals of Safekeeping Funds.

(25) Transfer of blank U.S. Treasury checks.

(26) Transfer of blank U.S. Postal Money Orders.

(27) Internal procedures and controls for disbursing operations.

J. ASSEMBLY AND TRANSMITTAL OF FINANCIAL RECORDS

1. Detachment with Relief. Retained disbursing records will be packaged in accordance with Chapter 21 of this volume and forwarded to the following DFAS-CL OPLOC:

a. Disbursing officers under the Commander in Chief, U.S. Atlantic Fleet:

DFAS Operating Location Norfolk
Code IEBBA
9712 Virginia Avenue
Norfolk, VA 23511-3297

b. Disbursing officers under the Commander in Chief, U.S. Pacific Fleet:

DFAS Operating Location San Diego
Code SDBRR
937 North Harbor Drive
San Diego, CA 92132-5111

2. Detachment Without Relief. When an afloat disbursing officer is detached without relief, or when a vessel or unit is decommissioned, the disbursing officer should contact the appropriate DFAS OPLOC for guidance.

3. Assembly and Transmittal. Records will not be shipped without a SF 135, Records Transmittal and Receipt, National Stock Number (NSN) 7540-00-634-4093, and appropriate cartons (NSN 8115-00-117-8249 or 811-00-290-3379). See figure D-21.

4. Disbursing Office Files and Miscellaneous Information

a. Daily. Files will contain the following and will be held in the disbursing officer's safe:

Original: DD Form 2657 (Daily Statement of Accountability)
DD Form 2665 (Daily Agent Accountability Summary)
DD Form 1081 (Statement of Agent Officer's Account)

Original: Attachments (with supporting documents)
Public Vouchers
Collection Vouchers
Other

Documents will be maintained in date of payment order.

b. Monthly. Retained files will contain the following documents:

Original DD Form 2657 (Daily Statement of Accountability)
DD Form 2665 (Daily Agent Accountability Summary)
DD Form 1081 (Statement of Agent Officer's Account)

Copies: Attachments (with supporting documents)
Public Vouchers
Collection Vouchers
Other

Documents will be maintained in a separate folder by month in date of payment order.

c. Vouchering. Disbursing officers will annotate the payment voucher or collection voucher number on the face of each DD Form 2657.

d. Special Distribution of Vouchers. One copy of each paid voucher (with supporting travel orders, endorsements and worksheets) which contain the appropriations and subheads shown in table D-1 will be forwarded to:

Bureau of Naval Personnel
Permanent Change of Station
Variance Component
1240 East 9th Street
Cleveland, Ohio 44199-2088.

Appropriation Symbol	Subhead	Authorized Accounting Activity	Purpose
17*1804	22MB	000179	Permanent Change of Station (TEMDUINS 20 weeks or less)
17*1804	22TD	000179	Consecutive Overseas Tour

Table D-1. Special Distribution of Vouchers (PCS Travel)

CASH COLLECTION VOUCHER		DISBURSING OFFICE COLLECTION VOUCHER NO. CV 1234	
		RECEIVING OFFICE COLLECTION VOUCHER NO.	
RECEIVING OFFICE	ACTIVITY (Name and location) (Include ZIP Code)		
	RECEIVED AND FORWARDED BY (Printed name, title and signature)		DATE
DISBURSING OFFICE	ACTIVITY (Name and location) (Include ZIP Code) USS JOHNSTON (CG 5) FPO AE 09501		
	DISBURSING OFFICER (Printed name, title and signature) J.A. HANCOCK, LTJG, SC, USN	DISBURSING STATION SYMBOL NO. 7834	DATE RECEIVED SUBJECT TO COLLECTION 8 JUNE 19XX

PERIOD: FROM TO

DATE REC'D	NAME OF REMITTER OR DESCRIPTION OF REMITTANCE	DETAILED DESCRIPTION OF PURPOSE FOR WHICH COLLECTIONS WERE RECEIVED	AMOUNT	ACCOUNTING CLASSIFICATION
6/8	W.A. CAPP, MMC, USN 123-45-6789	DEPOSIT TO OFFSET CHECKAGE ON MPA DUE TO OVERPAYMENT OF LSL	494.79	1741453.2202 011 12600 0 000022 2D 000000 000000071130
TOTAL			494.79	

DD Form 1131, APR 57 REPLACES EDITION OF 1 APR 56 WHICH IS OBSOLETE. Form approved by Comptroller General, U.S. 24 January 1958
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Figure D-1. DD Form 1131 (Cash Collection Voucher) (Refund)

Standard Form 1080 Revised JUNE 1979 Department of the Treasury 1 TFM 2-2500	USE DOV# ON ORIGINAL AND COV# ON COPY VOUCHER FOR TRANSFERS BETWEEN APPROPRIATIONS AND/OR FUNDS	VOUCHER NO. (DOV#) DOV#1110 SCHEDULE NO. (COV#) COV#2220
Department, establishment, bureau, or office receiving funds MARINE CORPS BASE CAMP LEJEUNE NORTH CAROLINA 28542		BILL NO. PAID BY XXXXX XXXXXXXXXX 01 AUG 19XX XXXX
Department, establishment, bureou, or office charged NAVY REGIONAL MEDICAL CENTER (68093) CAMP LEJEUNE, NC 28542		

ORDER NO.	DATE OF DELIVERY	ARTICLES OR SERVICES	QUAN-TITY	UNIT PRICE		AMOUNT
				COST	PER	DOLLARS AND CENTS
		WEEKLY INSPECTION OF TELEPHONE SYSTEM				9.88
		TELEPHONE OPERATOR SERVICE				644.29
					TOTAL	654.17

Remittance in payment hereof should be sent to -

ACCOUNTING CLASSIFICATION - Office Receiving Funds

1701106.2720 003 67001 0 067001 3C 000000 4HCAN0342091 9.88
1701106.2720 003 67001 0 067001 3C 000000 4HCBN0332091 644.29

CERTIFICATE OF OFFICE CHARGED

I certify that the above articles were received and accepted or the services performed as stoted and should be charged to the appropriation(s) and/or fund(s) as indicoted below; or that the odvance payment requested is approved and should be paid os indicated.

I.R. SMITH, LCDR, MSC, USN
(Authorized administrative or certifying officer)

01 AUG 19XX
(Date)

CHIEF FISCAL & SUPPLY SERVICE
(Title)

ACCOUNTING CLASSIFICATION - Office Charged

AA1701804.1880 000 68093 0 068093 2D 000000 00Q230060000 644.29
AB1701804.1800 000 68093 0 068093 2D 000000 00Q230800000 9.88

Paid by Check No. NO CHECK

Figure D-2. Standard Form 1080 (Voucher for Transfers Between Appropriations and/or Funds) (Sample Entries)

RATION AND SALES REPORT
NAVSUP FORM 1357 (5PT) (REV. 12-97)
NAVSUP REPORT : 7330-47

ACTIVITY (Nsma and mailing addreas)	PERIOD	FACILITY OPERATED	UIC
USS NEVERSAIL FPO AP XXXXX-XXXX	01 SEP XX THRU 30 SEP XX	(No. of dsys) 27	12345

RECEIPTS 1/ WITH CHANGE	AMOUNT (Nearest doller)
	28,513

RATION BREAKDOWN

Type of Personnel and Code			Rations Fed
Nsvy Rsguler 1/		1	5589
Other			
Rstions sold for cssh		2	159
Other	Rsserves	3	
	ROTC W/	4	
NAVY	Midshipman 2/ (Navel Academy)	5	
MAR. CORP	Regulsr	6	
	Reeervs	7	
ARMY	Reguler	8	
	Reserve	9	
	Nationsl Gusrd 2/	10	
AIR FORCE	Regulsr	11	
	Nationsl Guard 2/	10	
Coest Guerd 2/		12	
Foreign 2/		13	
2/		14	
TOTAL OTHER PERSONNEL 1/ (Codes 2 through 14)		15	159
GRAND TOTAL 1/ (Codes 1 snd 15)		16	5748

CASH STATEMENT

1. Undeposited sales beginning of month/petrol cycle (Line 5 previous month brought forwsrd)	$ 4,585
2. Breakdown on aelas*	
a. Ssla of anlisted dining fecility mesls (Excluding surcherges)	$ 740
b. Sale of epecial meels (NAVSUP FORM 1340)	$ 0
c. Ssla of bulk food items	2,775
d. Total seles (Sum of a, b, and c)	$ 3515
e. Surcharges on anlisted dining fscility mesls	0
f. TOTAL (eum of d snd e)	$ 3,515
3. Cssh deposited with disbursing officer	7,000
4. Other aales of msals (Collection on STD Form 1080, DD Forms 114 & 1131)	0
5. Undepoalted aales and of month/pstrol cycle (1+2f-3-4)	1,099

NOTE: ALL THE ABOVE VALUES ROUNDED TO NEAREST DOLLAR

DSSN asalgned by disbursing office

CERTIFICATION: I certify I have received cash in the amount of - 7000.27 representing deposits described sbove, which will be included in my statement of accountablity for 1-30 Sep XX.

Disbursing Officer (Typed nsme): JOHN DOE, LTJG, SC, USN
Date: 30 SEP XX
DO Symbol: 5678
Signature (Disbursing Officer sign here efter revisweing)
Col'n vou no.: 1555

COUNTRY CODE:

ACCOUNTING CLASSIFICATION

Insert lest digit of current FY	Appropriation	Sub-head	Obj. Clsss	Buresu Cont. No.	Sub-Allot	Auth'n Acc't Act'y	Trans Type	Prop. Acc't Act'y	Cost Cods (Sellsrs UIC, fund/acct. no.)	Amount
Sales	17*1804	22TF	007							7000.27
Sur-chargss MPN	17*1453	2202								
Sur-cherges O&MN	17*1804									

The total of amounts entered on these lines must agree with the DD Form 2657 ----------→

1/Total entries on thia form for three months of querter must agree with NAVSUP Form 1358 for sems period.

2/ Prepsre certification in accordence with Food Service Msnsgsment, NAVSUP Publication 488, chpster 2, volume 1.

Food Service Officer (Signsture): JESSE BROWN, ENS, SC, USN
Date: 05 OCT XX

S/N 0180-N-501-2572

Figure D-3. Sample NAVSUP Form 1357 Showing Entries Disbursing Must Verify

Standard Form 1034 Revised January 1980 Department of the Treasury 1 TFM 4-2000	PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL	Voucher No. 1333
U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION UIC SHIP'S NAME AND HULL NO. FPO ADDRESS	DATE VOUCHER PREPARED ENTER DATE	SCHEDULE NO.
	CONTRACT NUMBER AND DATE	PAID BY XXXXXXXXXX XXXXXXXX XXXXXXXXX
	REQUISITION NUMBER AND DATE	
PAYEE'S NAME AND ADDRESS MORALE, WELFARE AND RECREATION FUND SHIP'S NAME AND HULL NO. FPO ADDRESS		DATE INVOICE RECEIVED DISCOUNT TERMS PAYEE'S ACCOUNT NO.
SHIPPED FROM	TO / WEIGHT	GOVERNMENT B/L NO.

NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary).	QUANTITY	UNIT PRICE COST	UNIT PRICE PER	AMOUNT
		DISBURSEMENT OF SHIP'S STORE PROFITS TO MORALE, WELFARE AND RECREATION FUND				6,500.00
		The expenditure authorized here is considered necessary (or desirable) for the recreation and amusement of the personnel under my command. J.W. ADAMS, CDR, USN, Commanding Officer				
(Use cont. sheet if necessary)		(Payee must NOT use the space below)	TOTAL			6,500.00

PAYMENT	APPROVED FOR	EXCHANGE RATE =$1.00	DIFFERENCES	
PROVISIONAL [x] COMPLETE [ ] PARTIAL [ ] FINAL [ ] PROGRESS [ ] ADVANCE	BY[2] J. O'LEARY, ENS, SC, USN (ENTER DATE) TITLE SHIP'S STORE OFFICER		Amount verified correct for (Signature or initials)	

Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.

(ENTER DATE)	J. O'LEARY, ENS SC, USNR	DISBURSING OFFICER
(Date)	(Authorized Certifying Officer)	(Title)

ACCOUNTING CLASSIFICATION

17X8723.2301 000 10001 0 000023 2I (SHIP UIC) 00(UIC)75401 6,500.00

PAID	CHECK NUMBER	ON ACCOUNT OF U.S. TREASURY	CHECK NUMBER	ON (Name of bank)
	CASH	DATE	PAYEE[3]	

1 When used in foreign currency, insert name of foreign currency.
2 If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided over his/her official title.
3 When a voucher is receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he/she signs must appear. For example: John Doe Company, per John Smith, "Secretary or Treasurer", as the case may be.

PER

TITLE

Figure D-4. Standard Form 1034 (Public Voucher for Purchases and Services Other Than Personal) (Disbursement of Ship's Store Profits to Recreation Fund)

RATIONS COMMUTED TO THE PRIVATE MESS
USS SPEARHEAD (DDG 10)

TYPE	FAN
USNA Midshipmen	71412
NROTC College Program Students	71782
NROTC Scholarship Students	71722

PERIOD: From: 01 Aug XX To: 31 Aug XX

MESS MEMBERS AND GUEST MEALS			784
ENLISTED PERSONNEL MEALS		+	170
TOTAL MEALS SERVED			954
PERCENTAGE OF MEALS EATEN BY ENLISTED PERSONNEL (Obtained by dividing # enlisted personnel meals by total meals served)	0.178		
BEGINNING INVENTORY		$	50.00
PROVISIONS PURCHASED			1752.00
TOTAL			1,802.00
(MINUS) ENDING INVENTORY			40.00
VALUE OF RATIONS CONSUMED			1,762.00
(MULTIPLIED BY) PERCENTAGE OF MEALS EATEN BY ENLISTED PERSONNEL	0.178		
VALUE OF PROVISIONS EATEN BY ENLISTED PERSONNEL		(1) $	313.64
VALUE OF COMMUTED RATIONS (4 ENL MBRS X 31 DAYS X $3.21)		(2) $	398.04

THE LESSER AMOUNT OF (1) OR (2) WILL BE PAID TO THE MESS TREASURER BY THE DISBURSING OFFICER

Figure D-5. Sample Computation of Payment of Commuted Rations for Enlisted Personnel Assigned to Private Messes Afloat

CASH COLLECTION VOUCHER		DISBURSING OFFICE COLLECTION VOUCHER NO. CV 1237	
		RECEIVING OFFICE COLLECTION VOUCHER NO.	
RECEIVING OFFICE	ACTIVITY (Name and location) (Include ZIP Code)		
	RECEIVED AND FORWARDED BY (Printed name, title and signature)		DATE
DISBURSING OFFICE	ACTIVITY (Name and location) (Include ZIP Code) USS SPEARHEAD (DDG 10) FPO AE 96311-2271		
	DISBURSING OFFICER (Printed name, title and signature) D.R. ADAMSON, ENS, SC, USN	DISBURSING STATION SYMBOL NO. 5330	DATE RECEIVED SUBJECT TO COLLECTION 10 AUG 19XX
PERIOD: FROM		TO	

DATE REC'D	NAME OF REMITTER OF REMITTANCE DESCRIPTION	DETAILED DESCRIPTION OF PURPOSE FOR WHICH COLLECTIONS WERE RECEIVED	AMOUNT	ACCOUNTING CLASSIFICATION
8/10		GAIN DUE TO REVALUATION OF FOREIGN CURRENCY (L. LIRE). SEE ATTACHED REVALUATION CERTIFICATE	10.00	17*6763.0000 000 10001 0 000012 3C 000000 00(UIC)98004
TOTAL			10.00	

DD Form 1131, APR 57 REPLACES EDITION OF 1 APR 56 WHICH IS OBSOLETE. Form approved by Comptroller General, U.S. 24 January 1958
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Figure D-6. DD Form 1131 (Cash Collection Voucher)
(Gain Due to Revaluation of Foreign Currency)

Standard Form 1034 Revised January 1980 Department of the Treasury I TFM 4-2000	PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL	Voucher No. 1234

U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION	DATE VOUCHER PREPARED	SCHEDULE NO.
DEPARTMENT OF THE NAVY	21 AUG 19XX	
	CONTRACT NUMBER AND DATE	PAID BY XXXXXXXXXX XXXXXXXX XXXXXXXXX XXXXXXXXXX
	REQUISITION NUMBER AND DATE	

PAYEE'S NAME AND ADDRESS	DISBURSING OFFICER USS SPEARHEAD (DD 901) FPO AE 09501	DATE INVOICE RECEIVED DISCOUNT TERMS PAYEE'S ACCOUNT NO.

SHIPPED FROM	TO	WEIGHT	GOVERNMENT B/L NO.

NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary).	QUANTITY	UNIT PRICE COST	UNIT PRICE PER	AMOUNT[1]
		Loss due to revaluation of foriegn currency (l. Lira). See Attached revaluation certificate				10.00
(Use cont. sheet if necessary)		(Payee must NOT use the space below)	TOTAL			10.00

PAYMENT	APPROVED FOR	EXCHANGE RATE =$1.00	DIFFERENCES	
[ ] PROVISIONAL				
[x] COMPLETE	BY[2]			
[ ] PARTIAL				
[ ] FINAL			Amount verified correct for	
[ ] PROGRESS	TITLE		(Signature or initials)	
[ ] ADVANCE				

Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.

21 AUG 19XX	R. ADAMSON, LTJG, SC, USN	DISBURSING OFFICER
(Date)	(Authorized Certifying Officer)	(Title)

ACCOUNTING CLASSIFICATION

17*6763.0000 000 10001 0 000012 21 000000 00(UIC)98004 10.00

PAID BY	CHECK NUMBER	ON ACCOUNT OF U.S. TREASURY	CHECK NUMBER	ON (Name of bank)
	CASH	DATE	PAYEE[3]	

[1] When used in foreign currency, insert name of foreign currency.
[2] If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided over his/her official title.
[3] When a voucher is receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he/she signs must appear. For example: John Doe Company, per John Smith, "Secretary or Treasurer", as the case may be.

PER

TITLE

Figure D-7. Standard Form 1034 (Public Voucher for Purchases and Services Other than Personal) (Entry for Loss Due to Revaluation of Foreign Currency)

DAILY STATEMENT OF ACCOUNTABILITY			1. DSSN 5330	2. DATE 01 MAY 19XX
SECTION I - TRANSACTIONS AFFECTING ACCOUNTABILITY				
a. LINE NO		b. DESCRIPTION	c. TODAY	d. MONTH-TO-DATE
1.0		ACCOUNTABILITY - Beginning of Dey	50,000.00	50,000.00
2.1A	I	CHECKS ISSUED IN PAYMENT OF VOUCHERS		
2.1B	N	CHECKS ISSUED - ALL OTHERS		
2.3	C	OTHER TRANSACTIONS (Do not report on SF 1219)		
2.34	R	DISCREPANCIES IN DO ACCOUNT - CREDITS (Do not uss this lins)		
2.36	E	PAYMENTS BY ANOTHER DO (Do not use this line)		
2.37	A	TRANSFERS FROM OTHER DOs		
2.6	S	OPAC PAYMENTS AND COLLECTIONS		
2.9	E	TOTAL ACCOUNTABILITY INCREASES	0.00	0.00
3.0		GROSS ACCOUNTABILITY	50,000.00	50,000.00
4.1A		Gross Disbursements		
4.1B		Less - Refunds		
4.1C		Net Disbursements	0.00	0.00
4.1D		Less - Receipts		
4.1E		Less - Reimbursements		
4.1F	D	NET EXPENDITURES	0.00	0.00
4.2A	E	DEPOSITS PRESENTED OR MAILED TO BANK		
4.2B	C	EFT DEBIT VOUCHERS		
4.3	R	OTHER TRANSACTIONS (Do not report on SF 1219) REVALUATION LOSS	10.00	10.00
4.34	E	DISCREPANCIES IN DO ACCOUNT - DEBITS (Do not uss this lins)		
4.36	A	PAYMENTS FOR OTHER DOs (Do not use this line)		
4.37	S	TRANSFERS TO OTHER DOs		
4.9	E	TOTAL ACCOUNTABILITY DECREASES	10.00	10.00
5.0		ACCOUNTABILITY - End of Day	49,990.00	49,990.00

SECTION II - DISTRIBUTION OF ACCOUNTABILITY - INCUMBENT DO				
a. LINE NO	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
6.1	DESIGNATED DEPOSITARY			
6.2A	U.S. CURRENCY/COINAGE ON HAND			40,000.00
6.2B	FOREIGN CURRENCY/COINAGE ON HAND		10.00	9,990.00
6.3A	UNDEPOSITED COLLECTIONS - GENERAL			
6.3B	OTHER UNDEPOSITED INSTRUMENTS ON HAND			
6.4	CUSTODY OR CONTINGENCY CASH			
6.5	FUNDS WITH AGENTS			
6.6	ADVANCES TO CONTRACTORS			
6.7	CASH IN TRANSIT			
6.8	PAYROLL CASH			
6.9	OTHER			
7.1	DEFERRED VOUCHERS			
7.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
7.2B	ACCOUNTS RECEIVABLE - OTHER			
7.3	LOSS OF FUNDS			
7.4	DISHONORED CHECKS RECEIVABLE			
7.5				
7.6				
7.7				
8.0	TOTAL INCUMBENT DO ACCOUNTABILITY	0.00	10.00	49,990.00

SECTION III - DISTRIBUTION OF ACCOUNTABILITY - PREDECESSOR DOs				
a. LINE NO	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
9.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
9.2B	ACCOUNTS RECEIVABLE - OTHER			
9.3	LOSS OF FUNDS			
9.4	OTHER			
10.0	TOTAL PREDECESSOR DO's ACCOUNTABILITY	0.00	0.00	0.00

SECTION IV - DISTRIBUTION OF ACCOUNTABILITY - COMBINED				
a. LINE NO	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
11.0	TOTAL DSSN ACCOUNTABILITY	0.00	10.00	49,990.00

3. DISBURSING OFFICER NAME, RANK OR GRADE, TITLE *(Type or Print)*	4. DISBURSING OFFICER OR DEPUTY	5. DATE
J.A. HANCOCK, LTJG, SC, USN		01 MAY 19XX

DD Form 2657, AUG 93

Figure D-8. DD Form 2657 (Daily Statement of Accountability)
(Accumulating Losses of Foreign Currency Before End of Month Vouchering)

DAILY STATEMENT OF ACCOUNTABILITY			1. DSSN 5330	2. DATE 31 MAY 19XX
SECTION I - TRANSACTIONS AFFECTING ACCOUNTABILITY				
a. LINE NO		b. DESCRIPTION	c. TODAY	d. MONTH-TO-DATE
1.0		ACCOUNTABILITY - Beginning of Day	60,000.00	60,000.00
2.1A	I	CHECKS ISSUED IN PAYMENT OF VOUCHERS		
2.1B	N	CHECKS ISSUED - ALL OTHERS		
2.3	C	OTHER TRANSACTIONS (Do not report on SF 1219)		
2.34	R	DISCREPANCIES IN DO ACCOUNT - CREDITS (Do not use this line)		
2.36	E	PAYMENTS BY ANOTHER DO (Do not use this line)		
2.37	A	TRANSFERS FROM OTHER DOs		
2.8	S	OPAC PAYMENTS AND COLLECTIONS		
2.9	E	TOTAL ACCOUNTABILITY INCREASES	0.00	0.00
3.0		GROSS ACCOUNTABILITY	60,000.00	60,000.00
4.1A		Gross Disbursements VOUCHERED LOSS FROM LIME 4.3	10.00	10.00
4.1B		Lsss - Refunds VOUCHERED GAIN	10.00	10.00
4.1C		Net Disbursements	0.00	0.00
4.1D		Less - Receipts		
4.1E		Less - Reimbursements		
4.1F	D	NET EXPENDITURES	0.00	0.00
4.2A	E	DEPOSITS PRESENTED OR MAILED TO BANK		
4.2B	C	EFT DEBIT VOUCHERS		
4.3	R	OTHER TRANSACTIONS (Do not report on SF 1219) LOSS VOUCHERED ON 4.1A	(10.00	(10.00
4.34	E	DISCREPANCIES IN DO ACCOUNT - DEBITS (Do not use this line)		
4.36	A	PAYMENTS FOR OTHER DOs (Do not use this line)		
4.37	S	TRANSFERS TO OTHER DOs		
4.9	E	TOTAL ACCOUNTABILITY DECREASES	(10.00	(10.00
5.0		ACCOUNTABILITY - End of Day	60,010.00	60,010.00

SECTION II - DISTRIBUTION OF ACCOUNTABILITY - INCUMBENT DO				
a. LINE NO	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
6.1	DESIGNATED DEPOSITARY			
6.2A	U.S. CURRENCY/COINAGE ON HAND			50,000.00
6.2B	FOREIGN CURRENCY/COINAGE ON HAND	10.00		10,000.00
6.3A	UNDEPOSITED COLLECTIONS - GENERAL			
6.3B	OTHER UNDEPOSITED INSTRUMENTS ON HAND			
6.4	CUSTODY OR CONTINGENCY CASH			
6.5	FUNDS WITH AGENTS			
6.6	ADVANCES TO CONTRACTORS			
6.7	CASH IN TRANSIT			
6.8	PAYROLL CASH			
6.9	OTHER			
7.1	DEFERRED VOUCHERS			
7.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
7.2B	ACCOUNTS RECEIVABLE - OTHER			
7.3	LOSS OF FUNDS			
7.4	DISHONORED CHECKS RECEIVABLE			
7.5				
7.6				
7.7				
8.0	TOTAL INCUMBENT DO ACCOUNTABILITY	10.00	0.00	60,000.00

SECTION III - DISTRIBUTION OF ACCOUNTABILITY - PREDECESSOR DOs				
a. LINE NO	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
9.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
9.2B	ACCOUNTS RECEIVABLE - OTHER			
9.3	LOSS OF FUNDS			
9.4	OTHER			
10.0	TOTAL PREDECESSOR DO's ACCOUNTABILITY	0.00	0.00	0.00

SECTION IV - DISTRIBUTION OF ACCOUNTABILITY - COMBINED				
a. LINE NO	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
11.0	TOTAL DSSN ACCOUNTABILITY	10.00	0.00	60,000.00

3. DISBURSING OFFICER NAME, RANK OR GRADE, TITLE *(Type or Print)*	4. DISBURSING OFFICER OR DEPUTY	5. DATE
J.A. HANCOCK, LTJG, SC, USN		31 MAY 19XX

DD Form 2657, AUG 93

Figure D-9. DD Form 2657 (Daily Statement of Accountability)
(Vouchering Gains and Losses of Foreign Currency At End of Month)

QUARTERLY FOREIGN CURRENCY REPORT

To: DFAS OPLOC Norfolk
Code IEBBA
9712 Virginia Ave.
Norfolk, VA 23511-3297

From: Disbursing Officer
USS XXXXXXXXXX (XX XXX)
FPO AE XXXXX-XXXX

Period Covered: 01 APR 19XX thru 30 JUN 19XX DSSN: 1234

I. Cumulative Report of Foreign Currency Purchased with U.S. Dollars from sources outside U.S. Government.

	Current Quarter	Cumulative (Fiscal Year)
Country of Currency:		
Monetary Unit:		
Number of Units Purchased:		
Total Dollar Outlay:		
Memorandum-Dollary Outlay for Accomodation Exchanges:		

II. Report of the Balance of Foreign Currency Held Under Dollar Accountability.

Country of Currency: _____
Monetary Unit: _____
Number of Units: _____
Dollar Equivalent: _____
Rate of Exchange: _____

III. Report of Foreign Exchange Received by DO's and Credited Immediately to Miscellaneous Receipts Accounts of the Treasury.

Country of Currency: _____
Monetary Unit: _____
Number of Units: _____
Dollar Equivalent: _____
Rate of Exchange: _____

Certified by:

_____
(Disbursing Officer/Rank)

Figure D-10. Format for Foreign Currency Report

DAILY STATEMENT OF ACCOUNTABILITY			1. DSSN 5330	2. DATE 01 APR 19XX
SECTION I - TRANSACTIONS AFFECTING ACCOUNTABILITY				
a. LINE NO	b. DESCRIPTION		c. TODAY	d. MONTH-TO-DATE
1.0	ACCOUNTABILITY - Beginning of Day		50,000.00	50,000.00
2.1A	I	CHECKS ISSUED IN PAYMENT OF VOUCHERS		
2.1B	N	CHECKS ISSUED - ALL OTHERS		
2.3	C	OTHER TRANSACTIONS (Do not report on SF 1219)		
2.34	R	DISCREPANCIES IN DO ACCOUNT - CREDITS (Do not use this line)		
2.36	E	PAYMENTS BY ANOTHER DO (Do not use this line)		
2.37	A	TRANSFERS FROM OTHER DOs		
2.8	S	OPAC PAYMENTS AND COLLECTIONS		
2.9	E	TOTAL ACCOUNTABILITY INCREASES	0.00	0.00
3.0	GROSS ACCOUNTABILITY		50,000.00	50,000.00
4.1A	[redacted]	Gross Disbursements		
4.1B	[redacted]	Less - Refunds		
4.1C	[redacted]	Net Disbursements	0.00	0.00
4.1D	[redacted]	Less - Receipts		
4.1E	[redacted]	Less - Reimbursements		
4.1F	D	NET EXPENDITURES	0.00	0.00
4.2A	E	DEPOSITS PRESENTED OR MAILED TO BANK DEPOSIT 425.00 DEBIT VOUCHER 100.00	325.00	325.00
4.2B	C	EFT DEBIT VOUCHERS		
4.3	R	OTHER TRANSACTIONS (Do not report on SF 1219)		
4.34	E	DISCREPANCIES IN DO ACCOUNT - DEBITS (Do not use this line)		
4.36	A	PAYMENTS FOR OTHER DOs (Do not use this line)		
4.37	S	TRANSFERS TO OTHER DOs		
4.9	E	TOTAL ACCOUNTABILITY DECREASES	325.00	325.00
5.0	ACCOUNTABILITY - End of Day		49,675.00	49,675.00

SECTION II - DISTRIBUTION OF ACCOUNTABILITY - INCUMBENT DO				
a. LINE NO	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
6.1	DESIGNATED DEPOSITARY			
6.2A	U.S. CURRENCY/COINAGE ON HAND			49,150.00
6.2B	FOREIGN CURRENCY/COINAGE ON HAND			
6.3A	UNDEPOSITED COLLECTIONS - GENERAL			
6.3B	OTHER UNDEPOSITED INSTRUMENTS ON HAND 425.00 CKS		425.00	425.00
6.4	CUSTODY OR CONTINGENCY CASH			
6.5	FUNDS WITH AGENTS			
6.6	ADVANCES TO CONTRACTORS			
6.7	CASH IN TRANSIT			
6.8	PAYROLL CASH			
6.9	OTHER			
7.1	DEFERRED VOUCHERS			
7.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
7.2B	ACCOUNTS RECEIVABLE - OTHER			
7.3	LOSS OF FUNDS			
7.4	DISHONORED CHECKS RECEIVABLE CHECKS ON DEBIT VOUCHER	100.00		100.00
7.5				
7.6				
7.7				
8.0	TOTAL INCUMBENT DO ACCOUNTABILITY	100.00	425.00	49,675.00

SECTION III - DISTRIBUTION OF ACCOUNTABILITY - PREDECESSOR DOs				
a. LINE NO	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
9.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
9.2B	ACCOUNTS RECEIVABLE - OTHER			
9.3	LOSS OF FUNDS			
9.4	OTHER			
10.0	TOTAL PREDECESSOR DO's ACCOUNTABILITY	0.00	0.00	0.00

SECTION IV - DISTRIBUTION OF ACCOUNTABILITY - COMBINED				
a. LINE NO	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
11.0	TOTAL DSSN ACCOUNTABILITY	100.00	425.00	49,675.00

3. DISBURSING OFFICER NAME, RANK OR GRADE, TITLE *(Type or Print)*	4. DISBURSING OFFICER OR DEPUTY	5. DATE
J.A. HANCOCK, LTJG, SC, USN		30 APR 19XX

DD Form 2657, AUG 93

Figure D-11. DD Form 2657 (Daily Statement of Accountability)
(Entries Posting a Deposit Ticket and a Debit Voucher for Returned Checks)

DAILY STATEMENT OF ACCOUNTABILITY			1. DSSN 5330	2. DATE 10 MAY 19XX
SECTION I - TRANSACTIONS AFFECTING ACCOUNTABILITY				
a. LINE NO		b. DESCRIPTION	c. TODAY	d. MONTH-TO-DATE
1.0		ACCOUNTABILITY - Beginning of Day	50,000.00	50,000.00
2.1A	I	CHECKS ISSUED IN PAYMENT OF VOUCHERS		
2.1B	N	CHECKS ISSUED - ALL OTHERS		
2.3	C	OTHER TRANSACTIONS (Do not report on SF 1219) SHIPS STORE COLLECTION	375.00	375.00
2.34	R	DISCREPANCIES IN DO ACCOUNT - CREDITS (Do not use this line)		
2.36	E	PAYMENTS BY ANOTHER DO (Do not use this line)		
2.37	A	TRANSFERS FROM OTHER DOs		
2.6	S	OPAC PAYMENTS AND COLLECTIONS		
2.9	E	TOTAL ACCOUNTABILITY INCREASES	375.00	375.00
3.0		GROSS ACCOUNTABILITY	50,375.00	50,375.00
4.1A		Gross Disbursements		
4.1B		Less – Refunds		
4.1C		Net Disbursements	0.00	0.00
4.1D		Less – Receipts		
4.1E		Less – Reimbursements		
4.1F	D	NET EXPENDITURES	0.00	0.00
4.2A	E	DEPOSITS PRESENTED OR MAILED TO BANK		
4.2B	C	EFT DEBIT VOUCHERS		
4.3	R	OTHER TRANSACTIONS (Do not report on SF 1219)		
4.34	E	DISCREPANCIES IN DO ACCOUNT - DEBITS (Do not use this line)		
4.36	A	PAYMENTS FOR OTHER DOs (Do not uee this line)		
4.37	S	TRANSFERS TO OTHER DOs		
4.9	E	TOTAL ACCOUNTABILITY DECREASES	0.00	0.00
5.0		ACCOUNTABILITY - End of Dey	50,375.00	50,375.00

SECTION II - DISTRIBUTION OF ACCOUNTABILITY - INCUMBENT DO				
a. LINE NO	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
6.1	DESIGNATED DEPOSITARY			
6.2A	U.S. CURRENCY/COINAGE ON HAND	300.00		50,300.00
6.2B	FOREIGN CURRENCY/COINAGE ON HAND			
6.3A	UNDEPOSITED COLLECTIONS – GENERAL			
6.3B	OTHER UNDEPOSITED INSTRUMENTS ON HAND	75.00		75.00
6.4	CUSTODY			
6.5	FUNDS WITH			
6.6	ADVANCES			
6.7	CASH IN			
6.8	PAYROLL			
6.9	OTHER			
7.1	DEFERRED VOUCHERS			
7.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
7.2B	ACCOUNTS RECEIVABLE – OTHER			
7.3	LOSS OF FUNDS			
7.4	DISHONORED CHECKS RECEIVABLE			
7.5				
7.6				
7.7				
8.0	TOTAL INCUMBENT DO ACCOUNTABILITY	375.00	0.00	50,375.00

INCREASE CASH (LINE 6.2A) OR UNDEPOSITED IN

SECTION III - DISTRIBUTION OF ACCOUNTABILITY - PREDECESSOR DOs				
a. LINE NO	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
9.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
9.2B	ACCOUNTS RECEIVABLE – OTHER			
9.3	LOSS OF FUNDS			
9.4	OTHER			
10.0	TOTAL PREDECESSOR DO's ACCOUNTABILITY	0.00	0.00	0.00

SECTION IV - DISTRIBUTION OF ACCOUNTABILITY – COMBINED				
a. LINE NO	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
11.0	TOTAL DSSN ACCOUNTABILITY	375.00	0.00	50,375.00

3. DISBURSING OFFICER NAME, RANK OR GRADE, TITLE *(Type or Print)*	4. DISBURSING OFFICER OR DEPUTY	5. DATE
J.A. HANCOCK, LTJG, SC, USN		10 MAY 19XX

DD Form 2657, AUG 93

Figure D-12. DD Form 2657 (Daily Statement of Accountability)
(Accumulation of Vending Machine Collections Until End of Month Vouchering)

DAILY STATEMENT OF ACCOUNTABILITY			1. DSSN 5330	2. DATE 31 MAY 19XX
SECTION I - TRANSACTIONS AFFECTING ACCOUNTABILITY				
a. LINE NO		b. DESCRIPTION	c. TODAY	d. MONTH-TO-DATE
1.0		ACCOUNTABILITY - Beginning of Day	50,000.00	50,000.00
2.1A	I	CHECKS ISSUED IN PAYMENT OF VOUCHERS		
2.1B	N	CHECKS ISSUED - ALL OTHERS		
2.3	C	OTHER TRANSACTIONS (Do not report on SF 1219) VOUCHERED DN LINE 4.1E	(3,256.03	(3,256.03
2.34	R	DISCREPANCIES IN DO ACCOUNT - CREDITS (Do not use this line)		
2.36	E	PAYMENTS BY ANOTHER DO (Do not use this line)		
2.37	A	TRANSFERS FROM OTHER DOs		
2.8	S	OPAC PAYMENTS AND COLLECTIONS		
2.9	E	TOTAL ACCOUNTABILITY INCREASES	(3,256.03	(3,256.03
3.0		GROSS ACCOUNTABILITY	46,743.97	46,743.97
4.1A		Gross Disbursements		
4.1B		Less - Refunds		
4.1C		Net Disbursements	0.00	0.00
4.1D		Less - Receipts		
4.1E		Less - Reimbursements COLLECTIONS FRDM LINE 2.3	3,256.03	3,256.03
4.1F	D	NET EXPENDITURES	(3,256.03	(3,256.03
4.2A	E	DEPOSITS PRESENTED OR MAILED TO BANK		
4.2B	C	EFT DEBIT VOUCHERS		
4.3	R	OTHER TRANSACTIONS (Do not report on SF 1219)		
4.34	E	DISCREPANCIES IN DO ACCOUNT - DEBITS (Do not use this line)		
4.36	A	PAYMENTS FOR OTHER DOs (Do not use this line)		
4.37	S	TRANSFERS TO OTHER DOs		
4.9	E	TOTAL ACCOUNTABILITY DECREASES	(3,256.03	(3,256.03
5.0		ACCOUNTABILITY - End of Day	50,000.00	50,000.00

SECTION II - DISTRIBUTION OF ACCOUNTABILITY - INCUMBENT DO

a. LINE NO	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
6.1	DESIGNATED DEPDSITARY			
6.2A	U.S. CURRENCY/COINAGE ON HAND			50,000.00
6.2B	FOREIGN CURRENCY/COINAGE ON HAND			
6.3A	UNDEPOSITED COLLECTIONS - GENERAL			
6.3B	OTHER UNDEPOSITED INSTRUMENTS ON HAND			
6.4	CUSTODY OR CONTINGENCY CASH			
	FUNDS WITH AGENTS			
6.6	ADVANCES TO CONTRACTORS			
6.7	CASH IN TRANSIT			
6.8	PAYROLL CASH			
6.9	OTHER			
7.1	DEFERRED VOUCHERS			
7.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
7.2B	ACCOUNTS RECEIVABLE - OTHER			
7.3	LOSS OF FUNDS			
7.4	DISHONORED CHECKS RECEIVABLE			
7.5				
7.6				
7.7				
8.0	TOTAL INCUMBENT DO ACCOUNTABILITY	0.00	0.00	50,000.00

SECTION III - DISTRIBUTION OF ACCOUNTABILITY - PREDECESSOR DOs

a. LINE NO	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
9.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
9.2B	ACCOUNTS RECEIVABLE - OTHER			
9.3	LOSS OF FUNDS			
9.4	OTHER			
10.0	TOTAL PREDECESSOR DO's ACCOUNTABILITY	0.00	0.00	0.00

SECTION IV - DISTRIBUTION OF ACCOUNTABILITY – COMBINED

a. LINE NO	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
11.0	TOTAL DSSN ACCOUNTABILITY	0.00	0.00	50,000.00

3. DISBURSING OFFICER NAME, RANK OR GRADE, TITLE *(Type or Print)*	4. DISBURSING OFFICER OR DEPUTY	5. DATE
J.A. HANCOCK, LTJG, SC, USN		31 MAY 19XX

DD Form 2657, AUG 93

Figure D-13. DD Form 2657 (Daily Statement of Accountability) (Vouchering of Ship's Store Collections at End of Month)

Optional Form 1017-G (9-79)
Title 7, GAO Manual
501017-810

JOURNAL VOUCHER

J.V. No. 3

Date 5 Dec 19XX

REFERENCE	*EXPLANATION*	*DEBIT*	*CREDIT*
12/5	*Cash Collection from EDF SH2 McDonald*		*200.00*
	Cash Received BMSN Jacob - Redeem dishonored check	*50.00*	*50.00*
	Total	*50.00*	*50.00*

Prepared by *J.A. HANCOCK, LTJG, SC, USN*
(Signature)

~~*DISBURSING OFFICER*~~
(Title)

Approved by
(Signature)

(Title)

Figure D-14. OF 1017-G (Journal Voucher)

Detailed Analysis of Cash and Other Assets

U.S. Naval Station, Naples, Italy

O.E. Leature, LT, SC, USN, DSSN 8754 August 19XX

Cash authorized to be held at personal risk:
$65,000.00 Approved by CO USNAVSTA Naples, Italy, 1 July 19XX

6.1	24,000.00					
6.2	U.S. Dollars		18,000.00			
	Italian Lires		2,000.00			
	British Pounds		900.00			
	Japanese Yen		400.00			
	TOTAL		21,300.00			
6.3	239 U.S. Treasury checks			63,000.00		
	60 Personal checks			5,000.00	(08/27/XX)	
	4 other negotiable instruments			300.00	(06/13/XX)	
	TOTAL			68,300.00		
6.4	CD 738659 08/30/XX		9,000.00			
	CD 738565 06/04/XX (Argentine pecos)		150.00			
	TOTAL		9,150.00			
6.5	Deputies and agent cashiers at branch offices.					
	68150	03002	5000.00	CONAVSTA	07/01/XX	4,000.00
	68150	03002	1,000.00	CONAVSTA	07/01/XX	0.00
	68597	03001	3,500.00	CONAVSTA	07/01/XX	3,500.00
	64483	03001	8,000.00	CONAVSTA	01/14/XX	6,200.00
					TOTAL	13,700.00
	Deputies and agent cashiers under other commands.					
	55642	02001	11,000.00	NISRA	10/17/XX	10,000.00
	63636	02001	5,000.00	CDR SHYD	06/10/XX	5,000.00
					TOTAL	15,000.00
	Other Agents					
	Imprest Fund cashier, NAVSTA (Italian lire)			08/30XX	2,000.00	
	Collection agent, NAVSTA (General Mess)			05/02/XX	50.00	
				TOTAL	2,050.00	
				GRAND TOTAL	30,750.00	
7.4	S.T. Jones DV dtd 02/21/XX (Member will make remittance by 09/07/XX)					300.00
	C.D. Hall DV dtd 06/13/XX (Ltr to member's new duty station, NAS Miramar 08/03/XX)					100.00
					TOTAL	400.00

Figure D-15. Sample Detailed Analysis of Cash and Other Assets

MONEY ORDER CONTROL RECORD

BLANK M.O. FORMS RECEIVED BY		RECEIVED FROM		
	APO NO.	X	PM	Import location or APO No.
X	FPO NO. 09542		FPO	NEW YORK, NY

SERIAL NUMBERS (Inclusive)[1]		NO. OF BLANK FORMS RECEIVED	DATE RECEIVED	REGISTRY NO.	SIGNATURE OF CUSTODIAN
FROM	TO				
8,012,748,000	8,012,749,999	2,000	10 JAN XX	B633707026	J. J. JONES, LTJG

MONEY ORDERS ISSUED TO MILITARY POSTAL CLERKS

SERIAL NUMBERS (Inclusive)		SIGNATURE OF CLERK TO WHOM ISSUED. IF MAILED - UNIT NO. APO REGISTRATION NO.	DATE ISSUED	NO. OF FORMS ISSUED	NO. OF FORMS REMAINING ON HAND	CUSTOMER'S INITIALS
FROM	TO					
8,012,748,000	8,012,748,099		11 JAN XX	100	1,900	
8,012,748,076	8,012,748,099		11 JAN XX	24	1,924	
8012,748,076	8,012,748,199		15 JAN XX	124	1,800	
8,012,748,156	8,012,748,199		15 JAN XX	44	1,844	

[1] Use separate form for each series received.

Figure D-16. Sample DD Form 885 (Money Order Control Record)

DAILY RECORD OF STAMPS, STAMPED PAPER AND NONPOSTAL STAMPS ON HAND

Use separate sheet for each item number. Complete heading by filing in the description, denomination, item number and price.

1. Value of Stamps per Book or Coil: $
2. Value of Envelopes per Thousand: $
3. Denomination: 32
4. Item No.:
5. Description: 32 Cent Stamps

Date	Quantity		Balance			Date	Quantity		Balance		
19 XX (1)	Received (2)	Issued (3)	Quantity (4)	Value (5)		19 XX (6)	Received (7)	Issued (8)	Quantity (9)	Value (10)	
		Brought Forward →	600	192	00						
16 Sep	10,000		10,600	3,392	00						
17 Sep		1,000	9,600	3,072	00						
22 Sep		500	9,100	2,912	00						

PS Form 3295, September 1988

Figure D-17. Sample PS Form 3295 (Daily Record of Stamps, Stamped Paper and Nonpostal Stamps on Hand)

U.S. POSTAL SERVICE

MILITARY POST OFFICE (MPO) REPORT OF MONEY ORDER BUSINESS

APO/UIC NO.	UNIT NO.	SHIP OR BRANCH NAME OR NO. (Navy Offices)
MPO Office IO No. 036659	Parent	See DODINST 4525.6-M

MAILING ADDRESS	NO BUSINESS WAS CONDUCTED FROM	TO	
Commanding Officer USS ENTERPRISE (CVN 65) FPO AP 90636	22 July 19XX	23 July 19XX	
	TRANSMITTED UNDER REGISTRY NO. 627	FOR BUSINESS OF (Date) 24 July 19XX	

INSTRUCTIONS

* AIR FORCE OFFICES: SEE CHAPTER 3, AFR 182-1
*ARMY OFFICES: SEE CHAPTER 6, AR 65-1
*NAVY OFFICES: SEE OPNAVINST 2700.14 SERIES

SECTION I — MONEY ORDERS ISSUED

BLOCK SERIAL NOS. USED

FROM	0004363000
THRU	0004363008
NO. USED	
NO. SPOILED	
NO. ISSUED	

TOTAL	AMOUNT	FEE
	634.90	2.00

BLOCK SERIAL NOS. USED

FROM	
THRU	
NO. USED	
NO. SPOILED	
NO. ISSUED	

TOTAL	AMOUNT	FEE

BLOCK SERIAL NOS. USED

FROM	
THRU	
NO. USED	
NO. SPOILED	
NO. ISSUED	

TOTAL	AMOUNT	FEE
GRAND TOTAL	634.90	2.00

NOTE:
* Carry Grant Total Amount to Item 2, Section III
* Carry Grand Total Fees to Item 3, Section III

SECTION II — PAID MONEY ORDERS AND CHECKS INCLUDED IN SUMMARY

PAID MONEY ORDERS

	SERIAL NO.	AMOUNT
1.	1231234455	25 00
2.	2234558967	50 00
3.		
4.		
6.		
6.		
7.		
6.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
18.		
17.		
18.		
19.		
TOTAL (To Item 8, Sec III)		75 00

CHECKS

SERIAL NO.	SYMBOL NO.	AMOUNT
11847712	5149	536 90
12478127	6230	25 00
TOTAL (To Item 9, Sec III)		561 90

SECTION III — CASH SUMMARY

DEBITS	AMOUNT
1. Balance from Item 13 of previous report	
2. MO's Issued (Amount total Section I)	634 90
3. Fees (Fee Total Section I)	2 00
4.	
5.	
6. Debit Correction *	
7. TOTAL DEBIT	636 90

CREDITS	AMOUNT
8. Paid money orders (Total Section II)	75 00
9. Checks as listed (Total Section II)	561 90
10.	
11.	
12. Credit Correction *	
13. Balance carried to Items of next Report	
14. TOTAL CREDIT	636 90

*Enter date of Money Order Division Report

If the balance on hand (Item 13, Sec III) includes cash totaling $100 or more, give reason for not remitting.

POSTMARK

CERTIFIED TO BE CORRECT:		REVIEWED AND VERIFIED:	
W. D. Doe	PC3	J. T. MOORE	PCCS
MILITARY POSTAL CLERK	GRADE	DESIGNATED OFFICER	GRADE

APDS

PS Form 6019

Figure D-18. Sample Money Order Report

CARD NO.		RECIPIENT NAME	DATE ISSUED	SIGNATURE
From	To			
0000001	0000400	Beginning Inventory	01 Aug XX	
0000001	0000002	ATM Test Cards	01 Aug XX	
0000003	0000010	DK1 Chavez	15 Aug XX	
0000011	0000400	Inventoried	31 Aug XX	

Figure D-19. Sample ATM Bulk Card Log

DISBURSING OFFICE ATM CASH TRANSACTION LEDGER

DATE a.	TRANS NO. b.	MEMBER'S NAME c.	SSN d.	DEPOSIT + CASH e.	WITHDRAWAL - CASH f.	MEMBER'S SIGNATURE g.	DISBURSING SIGNATURE h.
8/13/XX	*001*	*JONES, JOHN*	*123-45-6789*		*3.00*		
8/13/XX	*002*	*SMITH, JEFF*	*234-56-7890*		*4.00*		
8/13/XX	*003*	*DOE, R.*	*345-67-8901*	*400.00*			
8/13/XX	*004*	*CAPLAN, D.*	*456-78-9012*		*100.00*	*EXCASH CK 123456*	
8/13/XX	*005*	*COWARD, B.*	*777-66-8888*		*200.00*	*NEG ADJ/NC 3060*	
1. TOTAL CASH DEPOSITS (+) 400.00			2. TOTAL CASH WITHDRAWALS (-) 307.00			3. DIFFERENCE *((+) to DO (-) from DO)* 93.00	

DD Form 2671, AUG 93

Figure D-20. DD Form 2671 (Disbursing Office ATM Cash Transaction Ledger) (Sample ATM Ledger Showing Transactions Between End of Sessions)

RECORDS TRANSMITTAL AND RECEIPT	Complete and send original and two copies of this form to the appropriate Federal Records Center for approval prior to shipment. See specific instructions on reverse.	PAGE	OF
		1	1 PAGES

1. TO (Complete the address for the appropriate records center serving your area)	5. FROM (Enter the name and complete mailing address of the office retiring the records. The signed receipt of this form will be sent to this address.)
Federal Archives and Records Center General Services Administration As shown in → Bldg. 22, Military Ocean Terminal FMFR 101-11.410-1 Bayonne, NJ 07002	Disbursing Officer Personnel Support Activity Detachment Box 48 FPO New York 09540

2. AGENCY TRANSFER AUTHORIZATION	Transferring Agency Official (Signature and title) Edward D. Lacrews, LT, SC, USN	DATE 23 JUL XX
3. AGENCY CONTACT	Transferring Agency Liaison Official (Name, office, and telephone no.)	
4. RECORDS CENTER RECEIPT	RECORDS RECEIVED BY (Signature and title)	DATE

RECORDS DATA

Accession Number									Completed by Records Center			
RG	FY	NUMBER	VOLUME (cu. ft.)	AGENCY BOX NUMBERS	SERIES DESCRIPTION (With inclusive dates of records)	RESTRICTION	DISPOSAL AUTHORITY (Schedule and item number)	DISPOSAL DATE	LOCATION	SHELF LAFN	CONTENTS	ADJUSTOP
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
					Retained records/returns of Mary Rose Parese, LT, SC, USNR, 5792, for period 10/01/XX through 4/30/XX							
			5	1 of 5	All public vouchers (except payroll) (Group 1)	N	SECVAINST P5212.5B Part 2, par. 7250(1)	07/30/XX				
				2 of 5	All payroll vouchers (Group 2)							
				3 of 5	All collection vouchers (Group 3)							
				4 of 5	All checking account records (Group 4)							
				5 of 5	Cashbooks (Group 5); Balance sheets (Group 7); Schedule of Confirmed Deposits (Group 9); Statement of Accountability (Group 10); and Listings of Instruments Deposited, Unavailable Check Cancellations, and Debit vouchers (Group 11)							

Standard Form 135 (Rev. 6-76)
Prescribed by GSA
FMFR (41 CFR) 101-11.4

Figure D-21. Sample Standard Form 135 (Records Transmittal and Receipt)

★APPENDIX E

RESPONSIBLE OFFICE FOR CLAIMS, ADVANCE DECISIONS, REQUESTS FOR RELIEF OF LIABILITY AND WAIVERS

FUNCTION	RESPONSIBLE OFFICE
CLAIMS	
Involving military members: 1. Pay 2. Allowances 3. Travel 4. Transportation 5. Retired Pay 6. Survivor benefits	Defense Office of Hearings and Appeals (DOHA) Claims Division P. O. Box 3656 Arlington, VA 22203 (703) 696-8524
By transportation carriers involving amounts collected from them for damage or loss of property shipped at Government expense	
Involving Federal civilian employees compensation and leave	Office of Personnel Management (OPM) Claims Adjudication Unit Office of General Counsel 1900 E Street, NW Washington, DC 20415 (202) 606-1700
Involving Federal civilian employees travel, transportation and relocation expenses and allowances	General Services Administration (GSA) Board of Contract Appeals (GSBCA) 18th and F Streets, NW Washington, DC 20405 (202) 501-0116
ADVANCE DECISIONS	
Regarding military members' pay, allowances, travel, transportation, retired pay, and survivor benefits	DoD General Counsel's Office (Draft opinions on advance decision requests will be prepared by DFAS Office of General Counsel and forwarded to DoD General Counsel)
On use of appropriated funds	Office of the General Counsel U.S. General Accounting Office Claims Division 441 G. Street NW Washington, DC 20548 (No phone number available)
Involving Federal civilian employees compensation and leave	Office of Personnel Management (OPM) Claims Adjudication Unit Office of General Counsel 1900 E Street, NW Washington, DC 20415 (202) 606-1700
Involving Federal civilian employees travel, transportation and relocation expenses and allowances	General Services Administration (GSA) Board of Contract Appeals (GSBCA) 18th and F Streets, NW Washington, DC 20405 (202) 501-0116
RELIEF OF LIABILITY	
Physical loss of funds and	Center Director or designee

FUNCTION	RESPONSIBLE OFFICE
Erroneous payments	or Director for Finance (when the accountable official operates from the DFAS Center)
WAIVER OF ERRONEOUS PAYMENT	
Pay and Allowances (includes military members and civilian employees)	Defense Office of Hearings and Appeals (DOHA) Claims Division P. O. Box 3656 Arlington, VA 22203 (703) 696-8524
Annuity Payments (includes military survivor annuity payments)	DFAS Director or Director's designee

INTERNET DOCUMENT INFORMATION FORM

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B. DATE Report Downloaded From the Internet: 09/22/00

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