DoD 7000.14 - R

DEPARTMENT OF DEFENSE

FINANCIAL MANAGEMENT REGULATION

VOLUME 5: "DISBURSING POLICY"

UNDER SECRETARY OF DEFENSE (COMPTROLLER)

VOLUME 5, CHAPTER 1: "PURPOSE, ORGANIZATION, AND DUTIES"

SUMMARY OF MAJOR CHANGES

All changes are in blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are in ***bold, italic, blue, and underlined font*.**

The previous version dated August 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
010102	Added submission of recommendations for change and requests for exception or deviation.	Addition
010103.B.	Updated systems and forms in use on this volume's original publication date, December 16, 1993.	Revision
010202	Changed organizational name from DFAS Disbursing and Debt Management Policy Division to DFAS Disbursing Policy and Treasury Initiatives Division	Revision
010203	Updated responsibilities for adherence to this volume, specifically as it relates to a commander's responsibility to monitor disbursing operations. Incorporated former paragraph 010204 (renumbers former paragraph 010205 accordingly).	Revision
010303	Cancelled Director, Accounting and Finance Policy, OUSD(C) Memorandum, August 22, 2006, "Department of Defense (DoD) Accountable Officials – Local Nationals Abroad and Contractor or Contractor Support Personnel." Expanded on definition and responsibilities of accountable officials to include disbursing officials, certifying officers, and departmental accountable officials to include appointments of foreign local nationals.	Cancelation
010305	Added internal management controls.	Addition
010305.C.	Added and expanded electronic and digital signature.	
010306	Moved Foreign Assets Control Regulations from Chapter 23 and expanded it to address all payments to ineligible recipients.	Addition

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CHAPTER 1

PURPOSE, ORGANIZATION, AND DUTIES

0101 PURPOSE

010101. Authority

This Department of Defense (DoD) Financial Management Regulation (DoD FMR) volume is issued by authority of ***DoD Instruction 7000.14***, DoD Financial Management Policy and Procedures); and implements ***Treasury Financial Manual (TFM) – Volume I***; and establishes policies for disbursing throughout the DoD. It applies to the Office of the Secretary of Defense, Military Departments, Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, Combatant Commands, DoD Inspector General, Defense Agencies, and DoD Field Activities (collectively known as DoD Components). It establishes disbursing requirements, principles, standards, responsibilities, and pecuniary liability standards for disbursing officers (DOs), certifying officers, and other accountable officials throughout DoD. If new legislation conflicts with this volume, the highest level guidance governs.

*010102. Recommended Changes and Requests for Deviation or Exception

Send these through command channels to the Deputy Chief Financial Officer (DCFO), Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), Room 3E769, The Pentagon, Washington, DC 20301-1100. Each level of command includes an appropriate recommendation and may disapprove the action on its own initiative.

010103. Use of This Volume

A. This volume cites specific Department of the Treasury (Treasury) accounts (e.g., **F3880) where the asterisks ** represent the appropriate DoD Component designator, i.e., 17 for Navy and Marine Corps, 21 for Army, 57 for Air Force, or 97 for Defense.

* B. This volume prescribes the use of specific forms (see the ***DoD Forms*** Management Program website. DoD Components using systems and producing their own forms in lieu of those prescribed that were in operation at the time of this Volume's initial issuance (December 16, 1993), may continue using these systems and forms until DoD implements a single standard disbursing system. A Component electing to use a computer-generated version of a prescribed DD Form must either use an exact replica of that form or submit a request for exception in accordance with Chapter 5, ***DoD 7750.07-M***, DoD Forms Management Program Procedures Manual, to the address in paragraph 010102. The forms examples in this volume are for illustrative purposes only; and not intended for reproduction and use.

C. Refer to the Glossary for definitions of terms used herein.

0102 ORGANIZATION

010201. Defense Finance and Accounting Service (DFAS)

DoD Directive (DoDD) 5118.5 established DFAS under the authority vested in the Secretary of Defense by Title 10, United States Code (U.S.C.), section 113 (***10 U.S.C. 113***). DFAS is under the direction, authority, and control of the USD(C). The Director, DFAS is the principal DoD executive for finance and accounting requirements, procedures, and functions, and performs the duties identified in the directive.

*010202. DFAS Disbursing Policy and Treasury Initiatives Division

The Director, DFAS, ATTN: DFAS-ZPFA/IN, 8899 East 56th Street, Indianapolis, IN 46249-0500 or ***disbursing-debtmanagementpolicy@dfas.mil***) is under the direction, authority, and control of the Director, Strategy, Policy and Requirements. This division is responsible to:

A. Develop and promulgate standard DoD disbursing, cash management, and debt management guidance and procedures.

B. Respond to all procedural inquiries pertaining to disbursing, cash management, and debt management within DoD.

C. Initiate, change, and implement DoD disbursing, cash management, and debt management procedures and guidance according to Treasury regulations.

D. Act as the point of contact for all non-criminal investigating officers in relation to loss of funds investigations.

E. Perform technical reviews of relief-of-liability cases for DoD Components and activities, including the quarterly minor loss reports.

F. Manage disbursing station symbol numbers (DSSN) within DoD, to include their establishment and deactivation, ordering U. S. Treasury checks, maintaining DO and deputy DO (DDO) appointments and signature specimens, and ordering and storing signature media.

*010203. DoD Disbursing Offices and Officers

DoD Component Heads, through command channels, ensure that DOs in their commands follow this volume. Commanders monitor disbursing operations, requiring DOs and DDOs under their purview to adhere to this volume. DOs, in turn, direct disbursing operations accordingly.

010204. Certifying Officers and Departmental Accountable and Payment Review Officials

Commanders ensure that certifying officers and departmental accountable and payment review officials in their commands follow Chapter 33.

*0103 ACCOUNTABILITY AND RESPONSIBILITY

010301. General

Accountable individuals have personal and pecuniary liability for their acts involving the expenditure and receipt of public funds. See Chapter 6.

010302. Knowledge of Laws Governing Disbursements

Accountable individuals whose duties pertain to the disbursement of public funds must be knowledgeable of and adhere to applicable laws.

*010303. Accountable Officials

"Accountable individual," "accountable official" and "accountable officer" are used synonymously throughout this volume. The term "accountable official" is used in ***31 U.S.C. 3527*** to refer to the class of officers or employees of an agency who are pecuniarily liable for repayment of losses or deficiencies of public money, vouchers, checks, securities, or records. Such officials are appointed using ***DD Form 577*** (Appointment/Termination Record - Authorized Signature). Only officers and employees of an agency are eligible for appointment as accountable officials.

A. Disbursing Officials. These include DOs, deputy DOs, and subordinate disbursing agents, paying agents, cashiers, change fund custodians, collection agents, and imprest fund cashiers. Under ***31 U.S.C. 3321(c)(2)***, the Secretary of Defense is required to designate personnel of the agency as disbursing officials to disburse public money available for expenditure by the agency. See Chapter 2.

B. Certifying Officers. Under ***31 U.S.C. 3325(a)(1)***, a disbursing official in the executive branch of the United States (U.S.) Government "shall disburse money only as provided by a voucher certified by the head of the executive agency concerned, or an officer or employee of the executive agency having written authorization from the head of the agency to certify vouchers." Thus, a DoD agency cannot disburse a payment unless it is certified by a properly appointed certifying officer. These statutory "certifying officers" must be officers or employees of the Federal agency concerned, and are "accountable" because unless granted relief they are pecuniarily liable under ***31 U.S.C. 3528(a)*** for any payments they erroneously certified. Appointment as a certifying officer is a precondition to enforcement of pecuniary liability under section 3528(a).

C. Departmental Accountable Officials (DAO). In certifying payments, DoD's statutory certifying officers often are required to rely on information and data provided by agency systems and by other personnel. Because of this, Congress authorized DoD to impose potential pecuniary liability to an additional class of agency officers and employees: those who are formally appointed as a DAO under ***10 U.S.C. 2773a***. Under section 2773a, the Secretary of Defense may designate any DoD civilian employee or member of the U.S armed forces under the Secretary's jurisdiction as a DAO. In the performance of their duties, DAOs are responsible for providing certifying officials with information, data, or services that are directly relied upon by the certifying

officer in the certification of vouchers for payment. Section 2773a does not, however, statutorily mandate that the DoD organizations appoint DAOs to perform such activities; instead, appointment of DAOs to perform any particular function or class of functions is an option available to management for inclusion in management's internal controls program. See paragraph 010305. When considering whether to require that only persons appointed as DAOs perform duties that generate the information, data, or services relied on by certifying officers, agency managers and appointing authorities take into account considerations that include mission requirements and functions under their responsibility, the availability of resources, the sufficiency of other internal controls, and whether or not a governing policy or directive mandates performance of some function only by a properly appointed DAO.

D. Foreign National Personnel. In deciding whether to appoint foreign local nationals in overseas areas as certifying officers and DAOs, organizations should take into account whether enforcement of pecuniary liability of such individuals to the U.S. is precluded as a legal or practical matter by status of forces agreements, other international agreements, or local laws. If enforcement is not precluded by such agreements or local laws, foreign national direct hire employees are eligible for appointment both as certifying officers and DAOs because the agency is the legal employer and such individuals qualify as officers or employees of the U.S. If not constrained by such agreements or by local law, the DoD has the ability to enforce pecuniary liability against these employees because it has statutory authority to withhold amounts from their pay accounts. Foreign national indirect hire employees cannot be appointed as certifying officers or DAOs because the U.S. cannot enforce pecuniary liability by unilaterally setting off indebtedness against their pay accounts and because the agency is not the legal employer. However, this regulation does not prohibit organizations from assigning indirect hire employees to duties that DAOs otherwise would perform, nor does it mandate that organizations appoint DAOs to provide the information or data, or to perform services relied upon by certifying officers to certify payment vouchers. Organizations operating in overseas areas may permit or assign foreign national indirect hire employees to perform such operational duties without appointing them as DAOs if adequate internal controls are in place to support voucher certification.

E. Contractors and contractor-support personnel may not be appointed as DAOs or Certifying officers.

010304. Accountable Officials and Inherently Governmental Functions

Public Law (P.L.) 105-270 (The Federal Activities Inventory Reform (FAIR) Act of 1998 (***31 U.S.C. 501***) provides that, "the making of value judgments in making decisions for the Federal Government, including judgments relating to monetary transactions and entitlements" is an inherently-governmental function, i.e., "a function that is so intimately related to the public interest as to require performance by Federal Government employees." For further information regarding inherently governmental functions, see the Office of Management and Budget's (OMB) Office of Federal Procurement Policy Letter ***11-01***, Performance of Inherently Governmental and Critical Functions, which provides a single definition of an inherently

governmental function built around the well-established statutory definition in the FAIR Act, as well as establishing criteria for the identification of critical functions and for ensuring sufficient levels of internal agency oversight and management of functions closely associated with inherently governmental functions.

*010305. Internal Management Controls

Internal management controls are specific policies, procedures, and/or activities an organization establishes and implements to manage risk. They are the methods by which an organization governs its activities to accomplish its mission, and are required by OMB Circular ***A-123***, Management's Responsibility for Internal Control, which implements ***31 U.S.C. 3512(c)(1)***. Consistent with the guidelines in this paragraph, DOs implement these controls to eliminate opportunities to conceal errors or irregularities and assign work so that no one individual controls multiple phases of a transaction. Inspections and audits of disbursing offices must include a review of internal management controls to determine their adequacy, compliance, and effectiveness.

A. Standards of internal control. Management determines applicability of these standards at the operational level.

1. Control Environment. Management and employees establish and maintain an environment throughout the organization that sets a positive and supportive attitude toward internal control and conscientious management.

2. Risk Assessment. Provide for an assessment of the risks the organization faces from both external and internal sources.

3. Control Activities. Internal control activities ensure the implementation of management's directives, and should be effective and efficient in achieving an organization's control objectives.

4. Information and Communications. Record and communicate information to management and others within an organization who need it, in a specific form and inside a time frame that enables them to carry out their internal control and other responsibilities.

5. Monitoring. Assess the quality of performance over time and ensure the findings of audits and other reviews are promptly resolved.

B. Separation of duties. Separation of duties precludes errors or attempts at fraud or embezzlement from going undetected. Internal controls generally require a four-way separation of the contracting, receiving, voucher certification, and disbursing functions. Assign key duties such as certification of fund availability; contracting (obligating the government); authorizing, approving, and recording transactions; issuing or receiving assets; certifying and making payments; preparing and signing checks; and reviewing or auditing payments to different individuals to minimize the risk of loss to the government to the greatest extent possible.

1. Do not assign DOs duties that create potential conflicts of interest (see Chapter 2).

2. Separation of duties is not always practical or possible due to time constraints, manpower shortages, or the use of electronic systems. For example, payments and collections through the Intra-governmental Payment and Collection (IPAC) system can occur outside the disbursing work center without weakening internal controls because the payee is always another Federal agency and recovery of an improper payment is assured, or financial systems which allow for adjustments to the data outside of the normal application include appropriate controls and audit trails for those adjustments. Other situations may require closer scrutiny. Commanders and DOs must be aware of situations where valid, long-standing separation of duties cannot be achieved, recognize that internal controls have been weakened as a result, and make every effort to mitigate the risks. Report situations of inability to separate appropriate responsibilities to the appropriate DFAS or Service commander, with a request for a waiver and recommendations to mitigate the risks.

* C. Electronic and digital signatures

1. General. Personnel may use electronic and digital signatures to receive, accept, and certify financial documents processed through automated information systems.

2. Requirements. ***15 U.S.C. 7001*** and ***7021*** require that either of these media used by a person to sign (e.g., certify) any type of financial document be:

a. Unique to that person;

b. Under that person's sole control or custody;

c. Linked to the data signed throughout their processing so that if any of the data are changed, the electronic or digital signature is invalidated; and

d. Capable of being verified by the paying DO.

3. Digital Signature. A digital signature is an electronic signature (see ***DoD Instruction 8520.02***, Public Key Infrastructure (PKI) and Public Key (PK) Enabling). Digital signature technology encrypts data; detects changes to digitally-signed documents; and enables "authentication" of digital messages, assuring the recipient of a digital message of both the identity of the sender and the integrity of the message.

a. Digital signatures and certificates authenticate identity, control access through authorized user levels and Public Key Infrastructure (PKI) certificates or passwords, and provide an encryption capability for information in transit or at rest.

b. Secure digital signatures cannot be repudiated. Except in a case of a compromise of system security resulting in a forged electronic signature, the signer of a document cannot later disavow the validity of the signature, claiming it was forged. The recipient of a digitally signed message has the capability to verify both the document's author and that the document was not altered either intentionally or accidentally after signature.

010306. Prohibited Payments

Personnel involved in the payment certification and disbursement processes must preclude payments to ineligible recipients. Many tools to aid in this effort are available, among them the ***Specially Designated Nationals (SDN) List*** maintained by Treasury's Office of Foreign Assets Control. This is a list of individuals and entities covered by Executive Order 13224 (Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism). Do not initiate, certify, or make payments or draw checks or warrants payable to individuals or organizations on this list. See also ***I TFM 4A-2025***.

0104 PUNITIVE PROVISIONS

010401. Misuse of Public Funds

18 U.S.C. 641 governs crimes of embezzlement and theft. Individuals charged with safekeeping of public funds must handle those funds with utmost care. The loan, exchange for other funds, conversion of funds for one's own use or that of another, or deposit of public funds except as authorized by law, may subject the individual entrusted with the funds to criminal sanctions.

010402. Conspiracy to Defraud the Government

Any person entering into an agreement or conspiracy to defraud the U.S. by obtaining or aiding in obtaining the payment or allowance of any false, fictitious, or fraudulent claim is subject to fine, imprisonment, or both as prescribed by ***18 U.S.C. 286***.

VOLUME 5, CHAPTER 2: "DISBURSING OFFICES, OFFICERS, AND AGENTS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated December 2009 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Revised the entire chapter to include administrative updates and hyperlinks.	Update
020201B; 020202B; 020203B & C; 020205A1, B3, and C3; and 020303D	Provided guidance on use of DD Form 577 to appoint DOs deputies and agents, as well as, termination of those appointments, thus eliminating the need for separate letters of appointment and termination.	Update
Former 0202	Renumbered "Closing a Disbursing Office" as section 0203.	Update
Former 0203	Renumbered "Disbursing Officers, Deputies, and other Accountable Positions" as section 0202.	Update
Former 0204	Incorporated the "Commencement of and Relief from Disbursing Duty" into paragraph 020202D & E.	Update
Former 0205	Incorporated the "Change in the Status of Disbursing Officers or Deputies" into paragraph 020204.	Update
Former 020402A9	Deleted paragraph that addressed ATMs. Chapter 26, Vol. 5 (ATMs) was deleted due to the cessation of the ATMs-at-Sea in favor of the Navy Cash program.	Delete
Former 0206	Incorporated "Agents of Disbursing Officers" into paragraph 020205.	Update
Former 0207	Renumbered "Imprest Funds" as section 0204.	Update
Former 020707D	Deleted the "Note" at the bottom of this paragraph regarding altering certified vouchers.	Delete

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CHAPTER 2

DISBURSING OFFICES, OFFICERS, AND AGENTS

0201 ESTABLISHING A DISBURSING OFFICE

020101. Request for Establishment

A requesting activity sends a request to establish a disbursing office at a new activity, or at an activity receiving disbursing services from an external source, by memorandum through its chain of command to the Defense Finance and Accounting Service (DFAS), Strategy, Policy & Requirements, ATTN: DFAS-ZPFA/IN, 8899 East 56th Street, Indianapolis, IN 46249-0500. Include in the request:

A. Reason(s) why establishing the office is necessary;

B. Anticipated office workload in terms of the number of military personnel to be supported, civilian personnel to be paid, and commercial vouchers to be settled;

C. Proposed date of establishment;

D. Name and location of the nearest Federal Reserve Bank (FRB) or branch and its distance from the proposed disbursing office. If there is no FRB or branch within a reasonable distance, include the name and location of the nearest general depositary, if any, and its distance from the proposed office;

E. An estimation of United States (U.S.) Treasury checks for the first year of operation and whether checks will be procured through the normal requisition process or if an emergency supply will be needed (see Chapter 7);

F. Name, social security number (SSN) and rank or grade of the proposed disbursing officer (DO), if known;

G. Estimate of monthly cash requirements (see Chapter 3); and

H. Information on plans to implement an automated disbursing system.

020102. Department of Defense (DoD) Component Commander Recommendation

When a military commander decides that establishing a disbursing office is required for the efficient functioning of the activity, he or she endorses the request to indicate concurrence and provides any additional information required by the approving official. In all cases, provide a statement justifying why an additional disbursing office is required and why the disbursing operation cannot be conducted by an existing disbursing activity.

020103. Disbursing Station Symbol Number (DSSN)

A. General. DFAS-ZPFA/IN obtains a DSSN from the Treasury's Financial Management Service (FMS). DSSNs are permanent and, from the Department of the Treasury's Financial Management Service (Treasury FMS) perspective, are either open or closed. Those that are open are open for an indefinite period. Some open DSSNs may be inactive and may be either:

1. Contingency, available for use in a military contingency operation;

2. Temporarily deactivated for a specific reason, (e.g., a ship undergoing extensive overhaul for a period of several months may arrange for disbursing service from a shore-based disbursing office or activity). To eliminate the necessity of submitting monthly financial and checking account reports during the period of inactivity, the DO deposits all currency, coin, and negotiable instruments; closes the limited depositary checking account, if applicable; properly disposes of all undeliverable checks; submits the memorandum required for closure of disbursing offices with additional information that the account is closed temporarily; and retains blank U.S. Treasury check stock for use when the disbursing operation is reactivated. See Chapter 7 for inventory and storage requirements. The DO may reopen that same DSSN at any time by submitting the report of commencement of disbursing operations. NOTE**:** A DO may not close a DSSN temporarily 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 monthly submission of a Standard Form ***(SF) 1219*** (Statement of Accountability); or

3. In settlement pending closure. See section 0203 and Chapter 22.

B. Change in Designation or Location. Coordinate proposed changes in the designation or location (mailing address) of an operating DSSN to include tactical deployment, with DFAS-ZPFA/IN, who will advise Treasury FMS.

C. Use of DSSN. The DSSN must appear on all payment and collection vouchers and U.S. Treasury and limited depositary checks processed by the disbursing activity.

020104. Reporting Activation of a Disbursing Office

The DO activating a disbursing office notifies Treasury FMS, Check Reconciliation Branch, through DFAS- ZPFA/IN by memorandum immediately upon commencement of disbursing operations. Include in the memorandum the name of the disbursing activity, the DSSN assigned, the DO's name and rank or grade, and the opening date of the account. Send a copy of the memorandum to the supporting DFAS site.

020105. Employer Identification Number (EIN)

DOs who are required to report tax information must obtain an EIN from the nearest Internal Revenue Service office.

020106. Equipment, Publications, and Blank Forms

A. Check-signing Machines. A DO issuing more than 2,000 checks per

month may purchase and use a check-signing machine. DOs issuing fewer than 2,000 checks per month may request approval from the supporting DFAS site to purchase and use a check signing machine. See Chapter 7 for machine specifications, signature plate requirements and ordering procedures.

B. Publications. Disbursing activities obtain publications governing their operations and keep them current for reference purposes.

C. Supply of Blank Forms. The DO prepares an estimate of the types and quantities of blank forms needed to sustain the actual or anticipated volume of business and updates it periodically to avoid stockpiling seldom-used forms.

D. Miscellaneous Office Supplies. The DO requisitions miscellaneous office supplies, such as rubber stamps and stationery, using established supply procedures.

020107. Internal Controls

See Chapter 1.

*0202 DISBURSING OFFICERS, DEPUTIES, AND OTHER ACCOUNTABLE POSITIONS

020201. Persons Authorized to Have Custody of Public Funds

Title 31, United States Code, Section 3321(c)(2) (***31 U.S.C. 3321(c)(2)***) requires the Secretary of Defense to designate disbursing officials to disburse public moneys available to DoD. A DO is thus an agent of the U.S. Treasury. To ensure proper security of and accounting for public funds, and fix responsibility for custody and authorized disposition, limit the number of persons authorized to receive, maintain custody of, and disburse or otherwise dispose of public funds.

A. Accountable Positions. Individuals designated to distribute salary checks or appointed as disbursing agents, cashiers, paying agents, collection agents, change fund custodians, and imprest fund cashiers also serve in accountable positions. Except as otherwise specifically provided, only DOs, their appointed deputies, and other agents may regularly receive and maintain custody of public funds. While these functions are not direct DO responsibilities, DOs are accountable for erroneous (i.e., illegal, improper, or incorrect) payments and for errors in their accounts even though they may have relied on deputies, agents, or cashiers who caused the errors.

B. Appointments. Use ***Department of Defense (DD) Form 577*** (Appointment/ Termination Record–Authorized Signature) to make appointments for accountable positions. Use a separate form to appoint each individual. Appointees acknowledge appointment acceptance in Section III of this form.

C. Exceptions

1. General. An individual who occasionally receives public funds need not be appointed formally to one of the positions listed in paragraph 020201A. Funds may be received at times, at locations, and under circumstances that preclude any advance arrangement for their receipt. At some activities, collections are so infrequent that it is impractical to have a formal designation in effect. Persons other than those formally designated promptly send funds received to their servicing disbursing office or to another person formally designated to receive them. Those responsible for property and the funds derived from that property need not formally designate any 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 enough 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 these funds.

2. DOs at DFAS sites may hold more than one DSSN and may also serve concurrently as deputy DOs (DDO) to other DFAS DOs. Each DDO appointed by a DFAS DO may serve under one or more of the DSSNs assigned to the appointing DO and may also serve more than one DFAS DO concurrently. DOs and DDOs at DFAS sites holding multiple DSSN appointments complete separate DD Forms 577 for each applicable DSSN.

3. DOs aboard Navy vessels also may serve concurrently in other accountable positions, (e.g., ship's stores officer, food service officer) when the ship's manpower authorization does not provide Supply Corps officers for each accountable function.

4. When directed by appropriate authority in accordance with the law and regulation, DOs, DDOs, and agents may accept, safeguard, account for, and dispose of personal funds and valuables received for safekeeping. Also, where personnel resources are limited, persons serving as DOs or other accountable officials may also serve as safekeeping custodians at their commander's discretion. See Chapter 27.

D. Restrictions. Except as specifically authorized in this volume, do not assign DOs additional duties of order approving authority, certifying officer, custodian of any fund, or other conflict-of-interest assignment. Also, do not appoint individuals performing duties listed in paragraph 020201A concurrently to other accountable positions involving the handling, custody, or accountability for other funds.

E. Terminations of Appointments. Terminate appointments using Section IV of the appointing DD Form 577.

020202. Disbursing Officers (DO)

A. Eligibility. To be eligible for appointment as a DO, an individual must be a U.S. citizen or a member of the U.S. Armed Forces and either have previous experience as a DO or have completed (or agree to complete) specific DO training.

B. Appointment. Use DD Form 577 to appoint a DO following paragraph 020201B. Include in Item 14 of the form the DSSN, email address, and specific duties and

special instructions. The appointee acknowledges acceptance of the appointment in Section III of the form. Send a copy of the DD Form 577 and the required original specimen signature forms cited in paragraph 020202C1 to DFAS-ZPFA/IN to be maintained in the DO files.

C. Submission of Signature Card and Specimen Signatures

1. Official Signature. Before commencing disbursing operations, a DO and all appointed DDOs determine which of their given names and/or initials will comprise their official signatures, and use them on all checks, vouchers, correspondence, and official papers pertaining to the DoD, Government Accountability Office (GAO) and U.S. Treasury. Send these signatures, together with the appointing DD Form 577 to DFAS-ZPFA/IN on completed original FMS Forms 5583 (Signature Card) (see Figure 2-1) and 3023 (Specimen Signatures) (see Figure 2-2), having used permanent dark blue, blue-black, or black fade-resistant ink that is not readily soluble in water for manual signatures. The commander/director of the activity where the DO is located certifies the signature on the FMS Form 5583. For deputies, the DO certifies the FMS Form 5583. When the DO and deputy DO are not collocated, the commander of the installation certifies the deputy DO's signature.

2. Official Signatures to Other Depositary. If checks will be drawn on a depositary other than the U.S. Treasury, send the DO's official signature (as well as those of DDOs authorized to sign depositary checks) to the depositary. An officer whose signature is known to the depositary must certify the forms.

3. Change of Official Signature. A DO or DDO may change his or her official signature by submitting new FMS Form(s) to DFAS-ZPFA/IN. A DO signs FMS Forms 5583 and 3023 and the DDO signs FMS Form 3023.

4. Furnishing Additional Signatures When Transferred to a New Station. The original FMS Form 5583 becomes a permanent part of DFAS-ZPFA/IN records. It is therefore normally not necessary to furnish a subsequent FMS Form 5583 when assuming disbursing duty at a different disbursing activity. Since an individual's signature may change over a period of years, DFAS-ZPFA/IN may request additional signatures if needed. When a DO frequently changes disbursing offices, the supply of specimen signatures furnished on FMS Form 3023 may become exhausted. DFAS-ZPFA/IN files specimen signatures under each DSSN used and furnishes them to different banks upon request for use in cashing and processing checks, and may request that a DO or deputy furnish an additional FMS Form 3023.

D. Commencement of Disbursing Duty. Immediately upon commencement of disbursing duties, a DO activating a new disbursing office, reactivating a disbursing office that has been temporarily closed, or relieving another DO, prepares a memorandum that includes: the name of the activity, the DSSN assigned, his or her rank or grade, the opening date of the account, and the beginning and ending serial number of all blank U.S. Treasury checks on hand in each check range. If applicable, also include in the memorandum the relieved DO's name and rank or grade. Keep the original memorandum in the disbursing office and sends copies to DFAS-ZPFA/IN and the supporting DFAS site.

E. Relief from Disbursing Duty

1. Joint Action by the Outgoing and Incoming DOs. The outgoing and incoming DOs establish the date when transfer of accountability will occur, subject to command approval. It is preferable that the transfer occur on the last day of the month to preclude the need to submit two sets of financial reports in the same month. When the transfer occurs, the outgoing and incoming DOs:

a. Verify cash on hand.

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

c. Verify and inventory all blank U.S. Treasury checks and prepare a letter of transfer for them. Both the outgoing and incoming DOs sign the letter. The incoming DO reports all checks issued by the outgoing DO that were not reported to the U.S. Treasury before the transfer of accountability and for resubmitting any rejected entries. Include the numbers of the blank checks the incoming DO receives in the commencement of disbursing duties announcement memorandum. The first check in the series must be the next sequential number after the last check listed on the outgoing DO'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 outgoing DO. Research any checks missing or out of sequence and void them if necessary.

d. Verify any postal money orders on hand.

e. Verify any safekeeping deposits. See Chapter 27.

f. Prepare a memorandum of relief for submission to the commander if required by local regulations.

g. Verify and transfer all backup documentation for balances in the **F3880, **F3875, and **F3885 clearing accounts. The Treasury Financial Manual (TFM), Volume I, Part 4, ***Chapter 7000***, requires these accounts be cleared to proper appropriations or funds as expeditiously as possible. To clear account **F3880, the outgoing DO presents a detailed list of individual subsidiary transactions, supporting documentation or backup information, and current status. Documented evidence includes certification that the DO or primary deputy personally reviewed the balances in the account within the last month. See Chapter 8.

h. Validate unreconciled differences (e.g., check issue and deposit discrepancies, Intra-governmental Payment and Collection (IPAC) system differences). If the outgoing DO cannot provide documentation supporting the unreconciled items, he or she processes them as losses or overages of funds; see Chapter 6.

2. Action by Outgoing DO. Upon relief from disbursing duty:

a. Terminates all deputy, agent and cashier appointments and

clears all related ***DD Forms 1081*** (Statement of Agent Officer's Account).

b. Transfers all cash, negotiable instruments, money accounts, books, property, vouchers and other retained records to the incoming DO.

c. Prepares and submits a final ***SF 1219*** marked "FINAL." The incoming DO signs a certificate of acceptance of total accountability on the SF 1219 as prescribed in Chapter 19 (see Figure 2-3a and 2-3b).

d. Prepares and submits a final ***SF 1179***. The incoming DO signs and marks the SF 1179 as "FINAL."

e. Sends a copy of the incoming 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 where financial reports are submitted.

f. Prepares and sends a memorandum to the supporting DFAS site and DFAS-ZPFA/IN advising of the date and check number of the last check issued.

g. Unless retention of signature plates or digitized signature media is required under paragraph 020202E3a(2)(b), sends the plates or digitized media being withdrawn from service (i.e., not to be used again), to DFAS-ZPFA/IN either for destruction or retention for possible future use. When the plate or digitized medium has been destroyed, DFAS-ZPFA/IN notifies the outgoing DO of the date of destruction. If the digitized medium is a computer diskette (CD) containing the DOs signature and that signature has been loaded to the printer or check signer software, the DO sends the CD to the DFAS issuing entity along with a certificate of destruction certifying that the signature has been permanently removed from the software.

h. Transfers custody of the check-signing machine to the incoming DO, if applicable.

i. Verifies balances in suspense accounts are properly documented.

3. Action by Incoming DO. The incoming DO ensures that all actions listed in this section are accomplished, documented, and verified before signing for the accountability. The actions listed summarize the actions to be taken by an incoming DO before reporting to the new disbursing office or activity as well as actions required as part of the relief process:

a. Upon receipt of orders to disbursing duty:

(1) Send original specimen signatures to DFAS-ZPFA/IN on FMS Forms 5583 and 3023. If signatures have been furnished previously as a DO or DDO, submission of new specimen signatures is not required unless specifically requested or a change of official signature is desired. If, however, the outgoing DO has a limited depositary

checking account, send specimen signatures to the limited depositary.

(2) Contact the disbursing office or 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 media required).

(a) If the incoming DO has never had a signature medium, provide three official signature specimens in addition to those required by paragraph 020202C, and request the required medium be ordered in enough time to arrive before the actual date of relief. If a signature medium compatible with the check signing machine is in safekeeping at DFAS-ZPFA/IN, request that office send the medium to the new disbursing office.

(b) If a signature medium cannot be received or obtained before the actual date of relief, the incoming DO may request DFAS-ZPFA/IN authorize the use of the outgoing DO's signature medium until a new one arrives to allow continued efficient operations of the disbursing office. The incoming DO is pecuniarily liable for improper payments made on or after the date of assuming responsibility.

b. Upon commencement of disbursing duty:

(1) Send a memorandum to DFAS-ZPFA/IN and the DFAS site that receives the DO's financial reports advising them of the commencement of disbursing duty.

(2) Appoint at least one DDO and send the required copies of the ***DD Form 577*** and FMS 3023 to DFAS-ZPFA/IN. Appoint agents, cashiers and other internal designations as necessary.

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

(4) Change the combination of all safes, including those assigned to other accountable individuals.

(5) Review cash-on-hand requirements. If the current cash authority is valid, the incoming DO may retain it until the normal resubmission date. Otherwise, the incoming DO submits a new request as soon as possible after assuming the account.

(6) Order all required official publications not on hand.

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

020203. Deputy Disbursing Officers

A. Eligibility. An officer, enlisted member, or civilian employee satisfactory to the DO and who is a U.S. citizen or member of the U.S. Armed Forces may be appointed as a deputy DO.

B. Appointment. DOs appoints their DDOs using DD Form 577 following paragraph 020201B. Include in item 14 of the form the DSSN and any specific duties and special instructions. Appointees acknowledge their acceptances in Section III of the form. Send a copy of the DD Form 577 and the required original specimen signature forms (FMS Forms 5583 (see Figure 2-1) and 3023 (see Figure 2-2)) to DFAS-ZPFA/IN to be maintained with the DO files.

C. Termination of Appointment. A DO may revoke a DDO's appointment at any time by completing Section IV of the appointing DD Form 577. When a DO is relieved from disbursing duties, he or she revokes the appointments of all DDOs. In all cases, send a copy of the revoking DD Forms 577 to DFAS-ZPFA/IN. If another individual will succeed a DDO, send a copy of the appointing DD Form 577 and the required original specimen signatures for the new DDO with the copy of the notice of revocation; see paragraph 020202E3b(2). If a DDO appointment is terminated for cause, include the reason for termination when sending the revoking DD Form 577 to DFAS-ZPFA/IN.

020204. Change in the Status of Disbursing Officers or Deputies

A. Authorized Absence of DOs or Deputies at Branch Offices. During an authorized absence, the DO remains accountable for the account unless or until it is officially transferred. It need not be transferred unless, in the DO's judgment, not doing so would impair proper supervision. The DO must maintain an adequate system of controls to avoid errors and ensure the implementation and effectiveness of those controls. For relief of liability to be considered, the DO must show clearly what the procedures were and how they were implemented during the absence (e.g., records must show that any loss incurred was not the result of bad faith or lack of reasonable care).

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

1. General. When a DO dies, is incapacitated, or is removed from disbursing duty for cause (including unauthorized absence), a DDO, under ***10 U.S.C. 2773***, may continue to disburse in the name of and under the accounts of the DO through the last day of the second month after the month of death, incapacity, or removal. If there is more than one deputy, the Military Service commander, DFAS Director, or designee, as appropriate, designates one deputy to disburse in the DO's name.

2. Responsibility of the Military Service Commander or DFAS Director. The Military Service commander, DFAS Director, or designee as appropriate:

a. Seizes and seals all disbursing spaces, keys, property and

safe(s) to ensure the security of the funds, property and spaces involved.

b. Appoints a board of at least three disinterested but qualified persons to inventory the vouchers, funds and property on hand. See paragraph 020204B3.

c. Based on the disbursing needs of the activity:

(1) Appoints a custodian of the disbursing office's vouchers, funds and property. See paragraph 020204B4; or

(2) Appoints a suitable person (normally a DDO) to take charge of the DO's vouchers, funds, and property involved and perform 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 paragraph 020204B5.

d. Notifies the supporting DFAS site by message or email of all actions taken and provides an information copy to DFAS-ZPFA/IN.

3. Responsibility of the Inventory Board. The board appointed as prescribed in paragraph 020204B2b inventories all public funds, including advances to deputies, agents and cashiers; vouchers evidencing receipt, transfer, or disbursement of funds; safekeeping deposits; Navy/Marine Cash, if applicable; and property of the DO in the presence of the immediate custodians and the appointed custodian, acting accountable DO, or incoming DO. The board verifies all official records to determine that the cash on hand agrees with the records, verifies that all checks issued in the current accounting period have been properly accounted for, and inventories blank checks to determine if any are missing. If the board discovers a shortage or deficiency, the commander takes the actions prescribed for losses of funds or deficiencies in the DO's account as prescribed in Chapter 6. All members of the board prepare and certify an original and four copies of the inventory as true and accurate. The board turns over all public funds and property certified on the inventory to the appointed custodian, acting accountable DO, or incoming DO, who receives the original inventory and retains a copy of the inventory report, gives the commander the original of the inventory report, with each member of the board keeping a certified copy.

4. Responsibility of the Custodian. The custodian, on receipt of the original inventory, assumes custody of the public funds and property held by the former DO. No transactions other than collections may be conducted. When the incapacitated DO returns, or a new, permanent DO reports, the custodian and the DO inventory and transfer all vouchers, funds and property as prescribed in the relief procedures.

5. Responsibility of the Acting Accountable DO. The DDO appointed to serve as the acting accountable DO performs all official duties that would have been required of the DO, to include submitting financial reports for the DO as of the date of death, incapacity, or unauthorized absence. Include only those vouchers actually paid by the former DO in the reports. The deputy submits the reports in the name of the former DO (e.g., "John Hancock by G. C. Garland"). Include in the reports information on the date of death, incapacity,

or unauthorized absence, and the fact that transactions included were made by the former DO. Include vouchers for which checks have been drawn but not delivered in the first reports covering transactions made by the DDO. Submit subsequent financial reports at the normally prescribed times in the name of the former DO, signed by the DDO, and include an explanation that the reports include only transactions made by the DDO under authority of this paragraph subsequent to the death, incapacity, or unauthorized absence of the former DO. Do not merge the financial reports of transactions performed by an acting accountable DO with those of the officer for whom he or she was appointed, or with those submitted by the regular relief after the disbursing duties are assumed. The DDO signs all checks drawn in the manner normally used when the deputy signs checks. If the volume of checks warrants, the acting accountable DO may use the former DO's signature plates. The DDO, not the former DO or the former DO's estate, is both liable legally and is responsible for all payments and official acts subsequent to the death, incapacity, or removal of the DO.

6. Responsibility of the Incoming DO. If the commander appoints an individual as DO to relieve the deceased, incapacitated, or removed DO, the incoming DO is responsible for performing all actions required in paragraph 020202E3, and for rendering financial reports in his own name the same as any other DO.

7. Administration of the Accounts of a Deceased, Incapacitated or Removed-for-Cause DO. The commander should strive to protect the rights of a deceased, incapacitated, or removed DO, as well as the custodian, acting accountable DO, or incoming DO so that, for any differences discovered during settlement of the accounts, responsibility may be assigned to the appropriate individual. The acting accountable or incoming DO completes the vouchers, closes the accounts, maintains custody of records, and renders the final reports of the outgoing DO. Further, the individual signs documents prepared in connection with the administration and settlement of the accounts of the outgoing DO 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. The commander of a DO restored to duty following arrest, suspension, or other incapacity directs a second inventory to be taken by the restored DO and the custodian, acting accountable DO, or relief. The DO restored to duty or the incoming DO is accountable only for the vouchers, funds and property on hand when the second inventory is taken. The custodian, acting accountable DO, or incoming DO is accountable for all vouchers, funds, property and transactions which took place from the date the original inventory was receipted.

8. DDO at Branch Disbursing Office. Upon the death, incapacity, unauthorized absence, arrest or other emergency absence of a DDO at a branch disbursing office, the local commander advises the DO as expeditiously as possible. Depending upon the

circumstances, the DO requests the commander of the activity where the branch office is located appoint a board to inventory of the vouchers, funds, and property of the DDO and appoint a suitable person to take custody of the vouchers, funds, and property until the DO can take an inventory. If practical, the DO takes an inventory of the vouchers, funds and property in the presence of a competent witness.

020205. Other Agents of Disbursing Officers

A. General. Officers, enlisted members, or civilian employees satisfactory to both the appointing officer and DO may be appointed as agents, (e.g., disbursing agents, cashiers, paying agents, collection agents, change fund custodians, imprest fund cashiers). No agent may be appointed or used over protest of the accountable DO, serve concurrently in any other accountable position, or be charged with the handling or custody of any other funds. See paragraph 020201D.

1. Include in item 14 of the appointing ***DD Form 577*** specific duties and limitations, and the name of the individual being relieved, if any. See paragraph 020201B.

2. DOs' agents are pecuniarily liable under accountable officer laws for losses from public funds in their possession. When appointing agents, appointing authorities should consider carefully appointing non-U.S. citizens to accountable positions. In some instances, foreign nationals and other non-U.S. citizens may not be held pecuniarily liable for losses of funds. See Chapter 1.

3. From a security standpoint, do not allow an excessive number of individuals access to public funds.

4. The DO keeps appointing documents in a permanent file at the activity for at least six months after an individual ceases to serve in a position. Appointments as agents of DOs are effective only while the DO continues to serve as DO of that disbursing activity.

5. The appointing officer terminates appointments when appropriate (e.g., when the DO is relieved, when the agent ceases to perform the duties for which appointed, or for cause (see paragraph 020202E2a)), using Section IV of the original appointing DD Form 577.

B. Disbursing Agents (DA)

1. Duties and Responsibilities. A disbursing agent is a DO's agent who is not a DDO and therefore cannot sign U.S. Treasury checks.

2. Establishment of Position. The appropriate major command or Defense agency establishes DA positions in writing.

3. Appointments. The DO appoints DAs following paragraph

020201B, gives the original DD Form 577, which includes the appointee's acknowledgement, to the DA, sends a copy of the DD Form 577 to the office where the duties are performed, and retains a copy for file.

C. Cashiers

1. Selection Procedure. An officer, enlisted member, or a civilian employee with working knowledge of the cash functions and operations may be appointed as a cashier. The DO or disbursing agent should investigate the candidate thoroughly to ensure that he or she is of unquestionable integrity by examining personnel records and interviewing the individual and other persons as necessary. The DO or disbursing agent should also obtain a credit report if access to a credit reporting service is available, charging the associated costs to the Operations and Maintenance funds available to the activity. Safeguard credit reports against unauthorized access.

2. Duties and Responsibilities. Cashiers disburse, collect, and account for cash, and perform other duties as required concerning the receipt, custody, safeguarding and preparation of checks. To facilitate training and effective personnel use, cashiers may perform other duties when not performing as cashiers. A cashier may prepare DO accountability reports, but the DO, DDO, or DA must personally review them.

3. Appointments. The DO appoints cashiers following paragraph 020201B, gives the original DD Form 577, which includes the appointee's acknowledgement, to the cashier, sends a copy of the DD Form 577 to the office where the duties are performed, and retains a copy for file.

4. Restrictions. A cashier may not:

a. Sign checks.

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

c. Prepare billing documents and accept collections for the same items. This restriction also applies to agents performing cashier duties.

d. Prepare vouchers that they will later pay.

e. Prepare vouchers on days when they perform cashier functions.

D. Paying Agents

1. Appointments. Commanders appoint paying agents only when adequate payment, check cashing, or currency conversion service are not otherwise available. See paragraph 020201B. Appointments are for either a specific transaction, or a definite or

indefinite time period. Do not appoint paying agents solely as a convenience when a DO, DDO, DA, or cashier can make the required transactions. In unusual situations (e. g., payments or currency conversions must be made at remote locations where use of checks is not feasible), the DO may request a remote location commander appoint a paying agent to make the necessary payments for and in the name of the DO from cash advanced for that purpose.

2. Restrictions. Paying agents may not act as certifying officers (see Chapter 33) or purchasing officers; escort officers serving as paying agents for expenses related to official travel may likewise not be purchasing officers.

E. Collection Agents

1. Establishing Positions. Commanders may establish collection agent positions 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 appropriate.

2. Appointments. Appointing authorities appoint collection agents following paragraph 020201B. Unless revoked by the appointing authority, collection agent appointments remain in effect through succeeding appointing authorities.

F. Change Fund Custodians

1. Duties and Responsibilities. A change fund custodian receives a change fund from the parent DO, safeguards it, is pecuniarily liable for any loss, and makes change for sales transactions. The commander provides a detailed description of duties to be performed.

2. Establishing Positions. The sales activity commander (e.g., hospital, commissary) establishes the position.

3. Appointments. The activity commander or designee appoints a change fund custodian following paragraph 020201B, and in coordination with the parent DO.

G. Imprest Fund Cashiers. The activity commander appoints an imprest fund cashier following paragraph 020201B to make authorized cash payments for materials and non-personal services, maintain custody of funds, and file periodic vouchers to account for and replenish the imprest fund. An imprest fund cashier may be an officer, enlisted person, or civilian employee who is not responsible for originating, approving and processing imprest fund requirements. An imprest fund cashier (or alternate) may not have access to or control of more than one fund. The commander keeps the appointing document and approval for establishment of the imprest fund in a permanent file, and furnishes two copies of these documents to the cashier and one copy each to the DO and installation or activity contracting office. See section 0204.

H. Alternate Agents

1. General. When required, one or more alternate agents may be designated to serve only during the absence of an appointed primary agent. Alternate agents for DDOs are not permitted. The official authorized to appoint the primary agent also appoints alternates following paragraph 020201B. When serving in place of the primary agent, the alternate agent is subject to all regulations applicable to the primary. Alternate agents may not merge funds received with those of the primary agent, and maintain records separate from those of the primary agent to establish the amount for which each is responsible. Alternate agents may not conduct operations involving the handling of public funds concurrently with the primary.

2. Alternate Imprest Fund Cashier. Under paragraph 020201B, a commander may appoint an alternate imprest fund cashier to provide service during a principal's absence. Appointment requirements for principal cashiers apply to alternate cashiers. In planned absences of the principal cashier and with the appointing official's written authorization, the principal may advance cash to the alternate in any amount up to the limit of the fund, using a ***DD Form 1081*** for the advance. When the principal cashier resumes duty, the alternate returns the DD Form 1081 along with all paid receipts, subvouchers and residual cash. In the unforeseen absence of the principal cashier, the DO may advance funds to the alternate in the normal manner; these funds are in addition to the amount advanced to the principal under the established fund, but may not exceed the authorized amount of the fund. Upon return of the principal, the alternate returns paid receipts, subvouchers and residual cash to the DO.

I. 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 appropriate commander follows paragraph 020204B8 for deputies at branch offices, but appoints relieving agents following procedures applicable to the position involved. In the case of an imprest fund cashier, the relieving imprest fund cashier prepares the final voucher.

*0203 CLOSING A DISBURSING STATION SYMBOL NUMBER

020301. General

Only the U.S. Treasury may close a DSSN. See paragraph 020103B. Follow the policies and procedures in this section to pursue closing a disbursing office permanently. Once a disbursing office has been closed, it may be used only for settlement purposes. If the disbursing office is to be reopened, the DO must request and receive approval for reactivation from the Treasury FMS through DFAS-ZPFA/IN. Treasury FMS also must approve a new check range.

020302. Designation of a Settlement Office

The supporting DFAS site designates another disbursing office as the settlement office to handle uncleared transactions for the closed office. See Chapter 22.

020303. Notification of Deactivation Pending Closure

The DO will:

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

B. Notify Treasury FMS by memorandum through DFAS-ZPFA/IN that the disbursing office is being deactivated pending closure. State in the memorandum the DSSN, date of deactivation, the office to which the accounts and records have been/will be forwarded for settlement, and the last check number of each check range issued by the DSSN. Also include the date and check number of the last check signed in each check range by each DDO where separate check series are assigned to DDOs at branch offices. Send a copy of the memorandum to the supporting DFAS site. Once a disbursing office is reported to Treasury FMS as being in a settlement status, it may not be reopened or transferred to another location without Treasury FMS approval. Once the settlement office has met all requirements in Chapter 22 pertaining to closing the disbursing office, Treasury FMS will close the DSSN permanently;

C. Notify commanders and request termination of appointment for all agents they appointed;

D. Issue terminations of appointments to all DDOs, agents, and cashiers. See paragraph 020201E;

E. Notify commanders and request termination of DO's and agents' authority to hold cash at personal risk; and

F. Clears all outstanding agent advances, (e.g., imprest fund cashier and change fund custodian).

020304. 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). See Chapter 5.

020305. Deposit Fund Account Balances

Transfer deposit fund account balances that could not be cleared before deactivation to the designated settlement office. Send a detailed list of the persons owed or funds to be reimbursed with any documents or backup information with the ***SF 1081*** (Voucher and Schedule of Withdrawals and Credits) to the settlement office. The SF 1081 is the basis for adjusting the general ledger for the amounts transferred.

020306. Undeliverable Checks

Cancel all undeliverable checks and return checks forwarded by other DOs as undeliverable to the forwarding DOs for cancellation. See Chapter 8.

020307. Blank U.S. Treasury Check Stock

Destroy remaining blank check stock (see Chapter 8) and report them on the ***SF 1179*** (Month End Check Issue Summary) and Checks-Issued Report (Report 72) as "VOIDS" (zero-dollar-value issues). See Chapter 9.

020308. Standard Form (SF) 1219 (Statement of Accountability)

Prepare and submit an ***SF 1219*** (marked "FINAL") covering the period from the first day of the accounting period through the close of the last business day. See Chapter 19.

020309. Standard Form (SF) 1179 (Month End Check Issue Summary)

Prepare and submit an SF 1179 (marked "FINAL") covering the period from the first day of the accounting period through the close of the last business day. Include all checks issued during the period as well as the blank check stock destroyed and reported as "VOIDS" (zero-dollar-value issues). See Chapter 8.

020310. Equipment

Notify the supporting DFAS site of the availability of useable office equipment. The supporting DFAS site advises other DOs of the equipment available and facilitates transfers between disbursing offices, if requested. If no other disbursing office needs the equipment, the DO turns over the equipment to the supporting property disposal office. See Chapter 7 for disposition of signature plates.

020311. Retained Records

Send the retained records to the designated settlement office; See Chapter 21.

020312. Discrepancies

A DO preparing an office for closure ensures that no discrepancies exist in his/her accountability. The supporting DFAS site reviews all accounts transferred to settlement offices and may order collection action against a relieved DO who submits a disbursing account to a settlement office with unresolved deficiencies in accountability (e.g., dishonored personal checks, unconfirmed deposits, check issue records and reports, physical losses of funds and unresolved open debit items in **F3875, **F3880, and **F3885 clearing accounts.).

0204 IMPREST FUNDS

020401. General

This section prescribes DoD policies and procedures for using imprest funds to make small purchases of supplies or services. The imprest fund cashier should maintain an organizationally and physically convenient location on the installation or activity to make

payments to vendors or carriers. Detailed regulations concerning establishing, using and accounting for imprest funds, including the responsibilities of designated imprest fund cashiers and alternates are in:

A. TFM, ***Volume I, Part 4, Chapter 3000***;

B. GAO Policy and Procedures Manual for Guidance of Federal Agencies, ***Title 7 (Fiscal Guidance), Chapter 6***; and

C. The Federal Acquisition Regulation (FAR), ***paragraph 13.305***.

020402. Authority

Imprest funds are generally not authorized for DoD activities. Exceptions are allowed for contingency and classified operations. Submit specific requests for exception in accordance with Chapter 1. Include adequate justification and demonstrate that the use of a government purchase card, third party draft, purchase card convenience check, government travel card, or other reasonable alternatives are not feasible for the specific situation. In lieu of imprest funds, use the government purchase card for micro-purchases of supplies and/or services and the government travel card for travel payments formerly made from the imprest funds. If an imprest fund is authorized, the DO and the imprest fund cashier keep a copy of the signed authorization to establish and maintain the fund.

020403. Amount of Imprest Funds

The maximum amount of an imprest fund approved by the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), as prescribed in the previous paragraph, may not exceed the estimated average monthly disbursements from the fund, and may not exceed $10,000 in any case. Print "Not valid for an amount exceeding $10,000" on the face of any negotiable instrument drawn for an advance to an imprest fund cashier. A single imprest fund transaction may not exceed $500. Do not split a single requirement totaling more than $500 into multiple transactions to avoid the use of the conventional purchasing techniques and procedures. Submit exceptions or waiver requests to these limitations as prescribed in Chapter 1. Keep copies of approvals of such requests for audit review.

020404. Review of Imprest Funds

Review the imprest funds on the same basis as the quarterly cash verification prescribed in Chapter 3 to determine its continuing need, and to validate the amount of the fund based on average monthly disbursements. During periods of contingency operations as specified by the Joint Chiefs of Staff (JCS), the designated area commander may increase the ceiling on cash holdings to $100,000 per imprest fund. Consider appointing paying agents as an alternative to imprest funds, unless these appointments would hinder the operation (e.g., a lack of contracting or procurement personnel).

020405. Advancing and Replacing Imprest Funds

The DO serving the activity to which the imprest fund cashier is attached advances funds to the imprest fund cashier to establish the imprest fund. The appointing authority furnishes the DO with a signed copy of the imprest fund cashier's appointing ***DD Form 577*** (see paragraph 020201B) and a copy of the approval to establish the fund. Document the advance following Chapter 3. The DO replenishes an imprest fund for the exact amount of properly made and documented disbursements. If the average monthly dollar value of the imprest fund purchases decreases and the authorized amount of the fund is greater than required, the DO replenishes the fund only in the amount justified by the volume of purchases made. This is not 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.

020406. Safeguarding Imprest Funds

Safeguard cash and disbursement documents at all times (e.g., safes, locked cash drawers) as prescribed in Chapter 3. Do not commingle imprest funds with other cash funds (e.g., disbursing funds, change funds, or cash receipts for other funds). The imprest fund cashiers must be able to account for the full amount of funds being held at any given time. The responsible imprest fund cashier is accountable to the advancing DO for receipts or subvouchers supporting temporarily unreimbursed expenditures from any imprest fund, together with the cash on hand, in support of the total amount of the fund.

020407. Uses of Imprest Funds

A. Uses. Imprest funds may be used for small purchases:

1. When the use of the imprest fund is considered as advantageous to the government;

2. When supplies or services are available for delivery within 60 days either at the contractor's place of business or at destination;

3. When the purchase of supplies or services does not require detailed technical specifications or inspection; or

4. During JCS specified contingency operations, the designated area commander may increase the limitations on imprest fund transactions to $3,000.

5. In addition, imprest funds may also be used for:

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

b. Payments to civilian volunteers participating in approved

medical research projects; or

c. Other expenditures not related to small purchases when they are authorized by other regulations:

(1) Travel advances when no DO is available in the immediate area to make payment and using the government travel card is impractical;

(2) 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 make payment;

(3) Transportation charges not related to purchases;

(4) Money orders required to:

(a) Transmit collections for deposit;

(b) Deposit part of the fund when the fund will be reduced or liquidated;

(c) Make approved cost-effective mail order purchases for single acquisitions of reference manuals, publications or pamphlets, catalog type items, and one-time purchase of books or periodicals. Do not use this procedure to circumvent controls on the procurement of periodic subscriptions; and

(d) Pay interlibrary loan fees for professional books.

NOTE: Attach a legible copy of the money order (showing purchasing activity, amount, and payee) to the requisition file and an annotation of the date mailed. The imprest fund cashier keeps the original money order receipt to support disbursement of the money order fee.

(5) Postage stamps; and

(6) Transportation passes or tokens.

B. Prohibited Uses. Imprest funds may not be used to:

1. Pay salaries and wages;

2. Pay travel or any other advances, unless otherwise authorized;

3. Pay travel claims except as permitted in paragraph 020407A5c;

4. Pay public utility bills;

5. Cash checks or other negotiable instruments;

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

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

8. Make repetitive purchases from the same contractor when another method of purchase (e.g., a blanket purchase agreement) would be more appropriate; and

9. Pay spot awards.

020408. Procedures

A. Purchases. An authorized purchase requisition is the basis for an imprest fund purchase. Place orders to suppliers orally without soliciting competition if prices are reasonable. Distribute purchases equitably among qualified suppliers. Solicit prompt payment discounts and make payments for goods and services that have been procured by authorized personnel in accordance with the ***FAR***. Separate responsibilities for determining requirements, making purchases, and receiving materials and services among several individuals. Imprest fund purchases need not be supported by purchase orders unless doing so would provide an advantage to the government, (e.g., vendor discounts). In these cases the cashier may use a regular purchase order form annotated "payment to be made in cash." Obtain receipts for each payment from an imprest fund. Since purchases with imprest funds are of relatively small value, government tax exemption certificates are not required.

B. Receipt of Material. A designated receiving activity accepts delivery of all material purchased using imprest funds. The receiver examines the material to ascertain that the quantities and items described on the purchase request and the supplier's sales documents are present and in satisfactory condition. If the material is acceptable, the receiver stamps "Received and Accepted" on the supplier's sales document, dates and signs the document, and passes it to the imprest fund cashier for payment. A supplier's sales document (e.g., ***DD Form 1155*** (Order for Supplies or Services/Request for Quotations), ***DD Form 1348-1A*** (Issue Release/Receipt Document) or ***DD Form 1348-2*** (Issue Release/Receipt Document with Address Label)) may be used to record the receipt of purchases made from an imprest fund. When delivery of material at destination on a C.O.D. basis is impractical, advance arrangements for the pick-up of material are permissible. The imprest fund cashier may then advance cash to an authorized individual to pick up and pay for the material. The individual certifies receipt and acceptance of the material on one of the documents indicated in this paragraph. Use the receipt for cash payment as the imprest fund receipt. When prior arrangement for pick up of material is impractical, the imprest fund cashier may advance cash to an authorized individual to make the purchase.

C. Advance of Funds. An individual receiving a cash advance from an imprest fund cashier must sign a receipt for the cash. After making the purchase, the individual returns unused cash to the imprest fund cashier with the proper receipt, acceptance, and cash

payment certifications. The imprest fund cashier "voids" the receipt for cash. Account for cash advanced under these provisions daily. In unusual circumstances, cash may be advanced for a longer period (not more than 7 calendar days). An individual receiving public funds under this paragraph is subject to pecuniary liability regulations.

D. Certification of Cash Payment. Stamp the original receipt (or a copy thereof) to the imprest fund cashier for payment with a certification containing:

1. A statement that cash payment was received in full;

2. The amount paid;

3. The date of payment; and

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

E. Imprest Fund Cashier Responsibilities. Pending receipt of material, the imprest fund cashier keeps a file of purchase request documents for imprest fund purchases. Before payment or acceptance of a document tendered for settlement of an advance, the cashier verifies the certification of receipt and the supplier's billed price or the price paid. If a supplier's receipt is not present for a cash payment of $15 or less, the imprest fund cashier completes the cash receipt document and has the person receiving the payment sign it. A receipt for U.S. parcel post C.O.D. charges is required. If a receipt for C.O.D. purchases is unobtainable, imprest fund cashiers located in foreign countries may certify the receipt document by stating "Delivered by (name of post office or carrier); no receipt given." Remove the C.O.D. label from the parcel and affix it to the receipt document to support the reimbursement voucher. Imprest fund cashiers generally may accept signed C.O.D. receipts to support subvouchers if the carrier refuses to sign a government form. After settlement, number each subvoucher consecutively beginning with "1" each fiscal year by placing this number on the original paid receipt. These subvouchers support the cashier's claim to replenish the imprest fund. The imprest fund cashier may 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, the cashier starts action 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. The imprest fund cashier or other authorized person pays the supplier or supplier's agent on presentation of an authorized document and the required certification of receipt for supplies or services.

2. Receipt From Common Carrier or Post Office. Certification of a C.O.D. payment may be made on a list of the packages provided by the post office or common carrier, supported by copies of the applicable sales documents, if available.

3. Periodic Payments. If a blanket purchase agreement is not suitable, periodic imprest fund payments may be made for supplies delivered on a repetitive basis, so long as it is administratively convenient and agreeable to the supplier, and the accumulated amount of the deliveries for the specified period does not exceed the dollar limitation imposed by paragraph 020403.

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, use an ***SF 1034*** (Public Voucher for Purchases and Services Other than Personal) to make payment. Under these circumstances, the receiver prepares the certificate of receipt and sends it to the imprest fund cashier. Send the shipping, receiving, and supporting documents to the DO for payment.

G. Replenishment of Imprest Funds

1. Replenish an imprest fund using ***DD Form 1081*** supported by an SF 1034 and receipts for purchases made by the imprest fund cashier. The cashier prepares and submits the DD Form 1081 in triplicate to the DO as frequently as necessary, but no less than once a month. See Chapter 19.

2. At the close of the fiscal year, the imprest fund cashier submits a DD Form 1081 covering all purchases through September 30 before closing the account for the month. The cashier keeps one copy of the DD Form 1081 pending return of the signed copy of it with the replenishment checks or currency in the amounts requested by the cashier.

3. 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. Place the retained copies, identified to the reimbursement voucher involved, in a sealed envelope, and give the envelope to the official who signed the DD Form 1081.

4. When supplier refunds cash before submission of the SF 1034 covering payment, the imprest fund cashier accepts the refund, returns the money to the imprest fund and enters the amount of the refund on the original of the supplier's receipt. When the refund is made after submission of the applicable SF 1034, the imprest fund cashier enters the amount of the refund on the retained copy of the reimbursement voucher, and submits the refund and a properly prepared ***DD Form 1131*** (Cash Collection Voucher) to the DO, who provides a receipt for the cashier's records.

H. Accounting. Imprest fund recordkeeping should be as simple as possible consistent with the maintenance of adequate controls. A file of suppliers' receipts for amounts paid and not yet vouchered for reimbursement and copies of paid reimbursement vouchers normally will suffice for the record of the imprest fund cashier.

I. Review. An imprest fund cashier may have to account for the established fund at any time by cash on hand, paid suppliers' receipts, unpaid reimbursement vouchers, and interim receipts for cash. Unannounced inspections of an imprest fund, to include cash counts,

are required no less frequently than quarterly by a cash verification team appointed by the commander who established the fund and appointed the imprest fund cashier. See Chapter 3. These cash counts are also the discretion of the advancing DO. Chapter 6 provides for the reporting of discrepancies and investigations, as appropriate.

020409. 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 these institutions. OUSD(C) approval is required to establish such an account; See Chapter 1 for the appropriate address for submitting a request to establish an account. The imprest fund cashier keeps this approval as part of the official records. For depositary accounts:

A. Financial institutions selected to maintain an imprest fund cashier's account must meet the eligibility requirements of ***31 Code of Federal Regulations, Part 202***.

B. Signature cards for access to the account must be signed by both the principal cashier and the DoD Component Head or designee (not lower than the senior financial management officer of the installation).

C. The DoD Component Head or designee sends a letter to the financial institution advising that the funds deposited are official funds of the U.S. Government and are not subject to claim by a surviving relative of any individual designated to sign on the account.

D. Only the imprest fund cashier may make withdrawals, using checks made payable only to "Cash." Checks may not be made payable to fellow employees, vendors, or other payees. Automated teller machine withdrawals are not authorized. Specific internal controls are required to prevent unauthorized withdrawals.

E. Accounts may be interest bearing or non-interest bearing. Limit balances to immediate disbursing needs. Deposit interest earned from such accounts to the applicable DoD Component's miscellaneous receipt account. Upon notification that interest has been credited to the account, the DO prepares a DD Form 1131 crediting 20*3220, General Fund Proprietary Receipts, Not Otherwise Classified, All Other for the U.S. dollar equivalent of the interest, and records the transaction as both a collection and an increase of cash on deposit in the account.

F. The imprest fund cashier maintains a minimum balance sufficient to preclude service charges, unless payment of the service charge is more advantageous to the U.S. Government. The DoD Component charges applicable operating funds for service charges, other fees related to the account, or for cashing U.S. Treasury checks.

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

H. The imprest fund cashier may not deposit replenishment checks to the account until funds are needed.

I. The DoD Component head or designee determines the maximum size of the account, but under no circumstances may it exceed $10,000.

J. The imprest fund cashier reconciles the depositary demand account monthly using an ***SF 1149*** (Statement of Designated Depositary Account). The cashier submits the SF 1149 to the official who approved establishment of the imprest fund. The cashier retains copies of the completed SF 1149 as part of the official records. Comply with ***I TFM, Part 4, Chapter 8000*** and Chapter 14 regarding reconciliation, audit trails, verification, and accountability.

020410. Requests for Deviation

Follow the guidance in Chapter 1 to submit requests for deviations to the imprest fund policies and procedures prescribed in this section. 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 to support use of third party payment drafts; and

C. Keep copies of approvals for post review by representatives of the U.S. Treasury or the cognizant DoD Component audit organization.

Figure 2-1. FMS Form 5583, Signature Card

SIGNATURE CARD

Print Name _____

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 Financial Management Service of any change in this address.

Sign here, in form to be used on checks:

I certify that the above signature is that of the disbursing officer named.

The signature of the person certifying should be known to the Financial Management Service *Title*

Date: _____.

When signed forward immediately to the Financial Management Service
Washington, D.C. 20227

FMS FORM 10-88 **5583** EDITION OF 10-87 IS OBSOLETE DEPT. OF THE TREASURY FINANCIAL MANAGEMENT SERVICE

Figure 2-2. FMS Form 3023, Specimen Signatures

Department of the Treasury
Financial Management Service
Headquarters Operations
Reconciliation Branch
Check Records Section
Hyattsville, MD 20782

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.

The above privacy act notice requirement should be associated with each TFS Form 3023 and/or each TRS Form 5583 upon release.

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 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 Fiscal Requirements Manual, Part IV Chapter 5000 in the issue, care, and use of checks.

Print Name	Signature and Date

When the signagraph is used, submit additional signatures on blank sheets.

SPECIMEN SIGANTURES	SPECIMEN SIGNATURES

FMS FORM 3023 2-91 FORMERLY TFS FORM 3023 (4-87) WHICH MAY BE USED DEPARTEMENT OF THE TREASURY FINANCIAL MANAGEMENT SERVICE

Figure 2-3a. SF 1219, Statement of Accountability (Final upon Relief)

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 20XX THROUGH 30 NOV 20XX	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		
6.1	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 **FINAL** J. A. HANCOCK COM. (619)952-2222 DSN 496-2222	SIGNATURE AND TITLE OF CERTIFIER J. L. RICHARDS _____	

NSN 7540-00-634-4245(OVER) PREVIOUS EDITION NOT USABLE 1219-106

Figure 2-3b. SF 1219, Statement of Accountability (Reverse)

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 CHECKS ISSUED THIS PERIOD	ADJUSTMENTS FOR PRIOR MONTH'S ISSUES (+ or -)				TOTAL CHECKS ISSUED + *(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	
5219	8,000.00					8,000.00
TOTALS						
PART B. - SUMMARY OF DEPOSITS PRESENTED OR MAILED TO BANK (Line 4.2)						
DEPOSIT SYMBOL	DEPOSITS PRESENTED 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 MAILED TO BANK ** *(Column 2 + 4)*
		MONTH PRESENTED OR MAILED TO BANK		AMOUNT		
(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.

VOLUME 5, CHAPTER 3: "KEEPING AND SAFEGUARDING PUBLIC FUNDS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by a * preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by *underlined, bold, blue, italic font*.

The previous version dated **August 2011** is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
030302.A.4	Added guidance regarding use of locally-available mission funds to acquire armored-car service when necessary to provide security for transport of cash.	Add
0305	Changed section title from "Advancing Funds to Friendly Foreign Nations" to "Advancing Funds to Agents of Friendly Foreign Nations."	Update
0306	Added new section, "DoD Rewards Program to Assist in Combating Terrorism," authorized by 10 U.S.C. 127b, as amended.	Add
Former sections 0306 and 0307	Reversed sequencing and renumbered as sections 0307 and 0308.	Update

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CHAPTER 3

KEEPING AND SAFEGUARDING PUBLIC FUNDS

0301 CASH OPERATIONS

030101. Appropriated Funds

A. Deposit Funds. The Department of the Treasury (Treasury) holds funds appropriated by the Congress subject to disbursement by disbursing officers (DOs) of the United States (U.S.). Disbursements may be made by electronic funds transfer (EFT), U.S. Treasury check, or cash. A DO authorized to make disbursements is identified by a disbursing station symbol number (DSSN). The Treasury charges each disbursement to the DSSN making the disbursement. DOs outside the U.S. may maintain official checking accounts, known as limited depositary accounts (LDAs) in local or third country currencies, with banks designated by the Treasury. See Chapter 14.

B. Cash Funds. When it is necessary to make disbursements in cash, upon approval of the commander or other authority, DOs may maintain on hand, at their own personal risk, currency and coin required for official disbursements and accommodation transactions. See paragraph 030103.

C. Selection of Payment Method. Payments may be made by EFT, U.S. Treasury check, or cash as prescribed throughout this volume. In the U.S., use EFT as the method of payment to the maximum extent possible. When EFT is not practical, e.g., payments going to a foreign country address where EFT is not available, the International Treasury Services (ITS.gov) is the preferred method of payment. See Chapter 11.

030102. Cash Held at Personal Risk

Funds that qualify as cash held at personal risk include U.S. and foreign currency and coin on hand, imprest funds, change funds, cash with agents (e.g., paying agents), and cash on deposit in an LDA. See paragraph 030105. Cash held at personal risk is used to make miscellaneous cash payments, make change, conduct accommodation exchanges, and other specifically authorized transactions.

030103. Approving Authorities

Military Service commanders of installations or Naval ships are the approving authorities for requests to hold cash at personal risk for DOs, Deputy DOs (DDOs), agents, and cashiers within their commands. The Defense Finance and Accounting Service (DFAS) Director or designee is the approving authority for requests for DFAS DOs. DDOs, agents, and cashiers of the DFAS DO outside of the main DFAS disbursing office may hold cash at personal risk when approved by the local activity commander, based on the responsibility of the Department of Defense (DoD) activity commander to safeguard public funds. See section 0303. Keep cash on

hand to the minimum necessary to meet normal requirements. Approving authorities review each request to ensure that good cash management procedures are in effect.

030104. Requests for Approval

A. A DO requests authority to hold cash at personal risk (a cash-holding authority (CHA)) from the appropriate approving authority. Do not include scheduled payday cash requirements including the amount required to cash payday paychecks in the request. The approving authority ensures the amount of the request is within the guidelines in paragraph 030105 and that management controls exist to ensure that routine reviews of cash requirements are conducted. Submit a new CHA request semiannually or whenever a review of cash requirements results in a major change allowing enough time for that authority to become effective on October 1st and April 1st of each year. Submit requests in writing, and include:

1. The name, title, and duty station of the accountable requestor;

2. A description of the payments and transactions requiring the use of cash;

3. A statement that adequate facilities are available to safeguard the cash; and

4. A breakdown of where the cash is held by accountable position.

B. Include in the request the amount to be held personally by the DO as well as the amounts to be held by all of the DO's, DDOs, agents, cashiers, and other custodians of public funds. Do not include amounts to be held by authorized imprest fund cashiers and change fund custodians; these are approved separately. The approving authority approves all requests by an appropriate endorsement and returns them to the DO for retention. When requesting authority to hold cash for emergency and extraordinary expense funds, it is permissible to omit security concerns such as duty station, description of payments, location of facility, or other details that may compromise classified information; keep this information on file for review by cleared personnel.

030105. Determining Cash Requirements

A. General. DOs should consider daily cash collections of all DDOs, agents, cashiers, and other custodians of public funds over a representative period of time and average the results to determine cash requirements for disbursing and accommodation transactions. If daily cash collections exceed disbursement and accommodation needs, no additional computation is necessary. Otherwise, compute the cash requirements according to source and availability. See 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. See Figure 3-1 for the suggested average daily cash requirement example. Consider the following types of disbursements which are authorized and/or required 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;

3. Commercial contract travelers checks for travel cardholder temporary duty travel advances;

4. Cash travel advances for non-cardholder temporary duty and permanent change of station travelers;

5. Foreign currency requirements for accommodation exchanges;

6. Requirements for personal check cashing transactions (see Chapter 4); and

7. Cash transactions of remote/satellite DDOs, cashiers, and agents of the DO.

B. Special Circumstances. When special circumstances require DOs to increase their CHA beyond the amounts discussed in paragraph 030105.A (e.g., operational contingencies), describe the circumstances and duration of the expected need for increased cash in the request for approval to increase cash held at personal risk. If the circumstances are more than temporary (over 30 days) or expected to become permanent, the DO re-computes the cash requirements based on the anticipated services and requirements and submits a new request.

C. Cash Collections. Currency and coin received as cash collections may be held for operating cash requirements up to the amount authorized to be held at personal risk. Immediately deposit cash collections that increase cash on hand above the authorized limit. See Chapter 5.

030106. Obtaining Cash for Disbursing Purposes

A. Available Procurement Methods

1. Exchange-for-Cash Checks. DOs may draw exchange-for-cash checks as described in Chapter 7. Draw the check payable to the DO or DDO who procures the cash. The DO or DDO endorses the check to the name of another DO or DDO or the name of the financial institution. Funds may be obtained from other DOs, a Federal Reserve Bank (FRB), a FRB branch, or any commercial bank willing to provide the service to include overseas Military Banking Facilities (MBFs). If a DO or DDO is unable to go to the bank to take possession of the funds due to excessive workload or location, arrangements may be made with the FRB or financial institution to ship the funds by registered mail or armored car. The local commander approves and funds this type of delivery.

2. Electronic Funds Transfer (EFT). DOs or DDOs may procure cash for authorized disbursements and accommodation transactions overseas using EFT. Coordinate with an authorized MBF or local LDA bank for an account to receive the transfer as an Automated Clearing House (ACH) or ITS.gov transaction. The DO or DDO may procure U.S.

dollars or foreign currency. A DO procuring foreign currency determines the exchange rate on the date the funds are credited to his or her account.

B. Notification to the Bank. The ***Treasury Financial Manual, Volume I, Part 6 (Other Fiscal Matters)*** requires that DOs provide the bank with advance notice of their cash requirements. At the time of notification, the DO provides other additional requirements to the financial institution (e.g., the date the currency is required; identification required of the DO or DDO; denominations required; fees charged; and any policies or procedures peculiar to the particular institution (e.g., letter of introduction)).

C. Protection of Currency in Transit

1. Notification to Commander. A DO or another accountable official leaving the disbursing activity with more than $10,000 in official cash funds, or to pick up more than $10,000, notifies the installation commander and the security police. Notification should be provided through the command or other duty officer by reporting the time of departure, destination, estimated time of return, amount, and the source or disposition of the funds, as appropriate, for entry in the ship or station log.

2. Transporting Cash. It is the commander's responsibility to secure cash at all times. Specifically, the responsibility for providing security rests with the commander of the activity requesting the cash. The decision to have an armed escort, how many, or the type of transportation to be used are factors of the command responsibility. The command considers such things as the amount of cash to be protected, distance and terrain to be covered, type of transportation available, and local security forces which may be requested.

3. Liability. An accountable official (DDO, agent, cashier, or other custodian of public funds) who has signed for the cash is pecuniarily liable for the funds until their return to the DO. An accountable official who feels that the command has not provided adequate security may refuse to disburse such funds and return them to the DO.

D. Verification of Money. The accountable official verifies all cash received before acceptance. Verify unsealed money by actual count before acceptance or immediately upon receipt of shipment. Sealed new money bricks presented with the FRBs packaging intact may be bundle counted at the DO's or DDO's risk. When the bundle is needed, verify it immediately upon opening with individuals standing by to witness both the breaking of the seal and the count verification. Report discrepancies immediately by issuing a claim to Treasury via the bank that provided the money. Identify the bundle/brick in question and include a signed statement from the witnesses. If the claim is not approved, follow the request for relief of liability procedures in Chapter 6. Verify and accept cash shipped to the accountable official in front of witnesses immediately upon receipt in accordance with these procedures, depending upon how the money is packaged.

E. Expenses. Charge bank fees and shipping costs that may be incurred when procuring U.S. or foreign currency to the disbursing activity's operating funds.

F. Accounting for Premiums on Sales of Public Moneys or Securities. Under ***31 United States Code (U.S.C.) 3341***, a disbursing official (DO or other custodian of public funds) of the United States Government may not retain the profit or funds received from the sale or disposal of public funds or obligations belonging to the government. The DO must deposit the premium and the proceeds with Treasury or with a depositary for credit to the government (crediting account code "20 3220, General Fund Proprietary Receipts, Not Otherwise Classified, All Other," for the U.S. dollar equivalent).

G. Registered Mail Shipments of Currency. This is the least preferred method of obtaining funds. If this is the only means of obtaining cash, send an exchange-for-cash check to an FRB or MBF by registered mail. If the cash is not received within a reasonable period of time and the DO is aware that the FRB or MBF has shipped the cash, request the shipper to trace the shipment. The DO keeps a copy of the exchange-for-cash check and reports the check as funds in transit on line 6.7 on the Standard Form ***(SF) 1219*** (Statement of Accountability) until the cash is received. If the cash or any portion of the order is not received in a reasonable time, the DO must initiate diligent action under Chapter 5.

H. Obtaining Cash by Transfer from Officer Relieved. Obtaining 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. See Chapter 2.

0302 CASH REVIEW REQUIREMENTS

030201. Quarterly Cash Verification

Cash held must be reviewed no less frequently than quarterly by means of an unannounced physical count of 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 DDOs and agents.

030202. Appointing the Verification Team

Only the commander is authorized to appoint a team of disinterested persons to verify a DO's cash and other assets held by that disbursing operation. If the DO is also the commander, the next higher commander in the administrative chain of command appoints the team. Appoint all team members in writing and include at least two qualified personnel except for small or remote locations where a one person team is authorized. Members of the cash verification team may not be in the DO's chain of command. Whenever possible, at least one person should have accounting or disbursing experience. It is in the best interest of a command to use the most competent personnel available. At small or remote locations, it may be desirable to limit the team to one member or have members appointed from serviced or associated commands. If possible, at least one member should be equal or senior in rank to the accountable DO. 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 appoints the cash verification team. In all cases, the appointing commander requires the cash verification team or individual to

perform a verification of all funds held by DDOs; branch office cashiers; disbursing, paying, and collection agents; imprest fund cashiers; and change fund custodians at least once each quarter. Appoint qualified persons with appropriate security clearances to verify emergency and extraordinary expense funds.

030203. Procedures

Except as modified by this paragraph, the cash verification team complies with the requirements of this volume when conducting cash verifications. When desired by the commander appointing verifying officials, the DO trains the verifying officials and/or provides written instructions with checklists. See Appendix A for specific procedures for conducting a cash verification. The team and the commander jointly ensure the conduct of a quarterly random verification. Verifications routinely performed at or near the end of a quarter are counterproductive. The quarterly cash verification may be omitted for a quarter in which a cash verification is made by representatives of an area audit office or a disbursing on-site examination team, or if a transfer of accountability has occurred.

030204. Report of Verification

A. General. The verification team provides a written report of its findings, routing the original to the commander with a copy to the DO, and retaining a copy. The report must identify funds found to be in excess of the authorized amount to be held at personal risk in accordance with paragraph 030105. Report any shortage or overage in the DO's accountability as prescribed in Chapter 6. The verifying official(s) makes an entry on the face of the DO's daily statement of accountability, stating 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 of Verifying Official

B. Limitations. Each report begins 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. It is mandatory that appropriate members within the chain of command exercise strong management controls to prevent and preclude a loss or fraud.

0303 SAFEGUARDING FUNDS AND RELATED DOCUMENTS

030301. General

This section identifies the responsibilities of commanders and DOs to safeguard public funds, related instruments, and supporting documentation. It applies equally to all accountable officials (DDOs, agents, cashiers, certifying officers, and other custodians of public funds). DOs should minimize the number of accountable officials required to store public funds. Use the most secure container (vault or safe) available to a DO, DDO, agent, cashier, or other custodian of public funds to safeguard, in order of priority, currency, undelivered checks, negotiable instruments, paid vouchers, blank U.S. Treasury and limited depositary checks, signature plates, valuables in safekeeping (see Chapter 27), and other records. The command security program must take into account the maximum amount of each of these items that would normally be on hand at any given time. Do not store public funds and documents in the same containers as classified material and documents.

*030302. Responsibilities

A. Commander

1. Provides every individual entrusted with public funds with a vault, safe or other adequate secure facility (e.g., a strong box) for the exclusive use of the assigned individual. If it is not possible to provide separate safes, furnish separate locked compartments in one safe or separate strongboxes stored in one safe or vault. Never merge public funds with other funds.

2. Develops a security program and publishes it in a command instruction or notice. The program must provide adequate protection for the maximum amount of public funds and related documents and instruments on hand at any given time.

3. Ensures personnel protection is included in the overall disbursing security program. This includes 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. Provides armed guards for the escort of government funds to and from the disbursing office. When necessary, acquires an armored-car service using locally-available mission funds.

5. Provides fire protection of government facilities and funds.

B. Disbursing Officer

1. DOs safeguard all public funds they collect or otherwise have in their custody or control, and are accountable and may be held pecuniarily liable for their loss. DOs may not lend, use, deposit in banks, or exchange public funds in their possession for other funds except as specifically allowed by law. DOs secure public funds until ordered by proper authority to transfer or pay out the funds. When DOs receive orders for transfer or payment,

they faithfully and promptly execute the directed transactions and perform all other duties as fiscal agents of the Treasury imposed by law or regulations in conformity to the law. In case of disaster, DOs should secure and preserve the accounts of all personnel, public money, and other papers and property, in order of their importance, as circumstances permit. See also Chapter 18.

2. DOs, DDOs, agents, cashiers, custodians or alternates with custody of government funds, assign each person a separate secured container. Although all appointed or assigned accountable officials are liable for any loss of government funds in their custody, the DO holds overall responsibility and may be held jointly or severally pecuniarily liable for any losses associated with these personnel. Therefore, DOs ensure that all DDOs, agents, cashiers, imprest fund cashiers, and other custodians of public funds are fully aware of their responsibilities for properly handling and protecting government funds. The DO or designee personally inspects (and keeps a record of each inspection) office security at least semi-annually to ensure:

a. 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;

b. Cash in excess of the amount required and authorized for official purposes is deposited promptly;

c. Windows and doors are limited and barred and/or locked at all times after business hours; or

d. Access to the working area is marked conspicuously with "AUTHORIZED PERSONNEL ONLY". Transactions are conducted from a cage, room, or counter enclosure, constructed to provide a physical barrier to normal traffic with minimal interference from other activities and personnel of the office.

e. Security devices for the check signing machines, digitized signature media, meters, and plates are in the custody of the DO or authorized DDOs at all times.

f. Internal office procedures are established and implemented to provide adequate controls on all undelivered and returned checks. Assign responsibility (receipt, holding, and final distribution) of checks in writing.

g. The commander is informed of any security shortfalls or breaches and any request for adequate safeguarding facilities that has been denied. The supporting DFAS site should be informed of unresolved facility issues that relate to the ability to safeguard government funds.

h. Written and oral instructions are issued to all DDOs, agents, cashiers, and custodians regarding the proper care and handling of cash and other accountable documents. The DO should keep an affidavit from each accountable individual attesting to receipt of such instructions.

i. All cash, blank U.S. Treasury and depositary checks, and related items to which this section refers are kept in a vault, safe or security container that meets minimum security standards prescribed in this section.

j. All fund containers aboard ships and on installations on rollers or weigh less than 750 pounds are stored in a vault or secured in such a way as to prevent movement.

k. A vault, safe, or container visible to the exterior of the office where security patrols pass is illuminated.

l. The combinations of all vaults, safes, and fund containers are changed at least once every 6 months and upon relief, transfer, separation, or discharge of the accountable official. Except for vaults containing only bulk stock of blank checks or several safes or strong boxes (wherein funds are stored) stored inside the vault, the responsible individual may not share the combination or key with anyone. Place the combination of each safe and duplicate key of each strong box in separate sealed, signed, and dated envelopes. The accountable official seals and signs the envelope such that an unauthorized opening can be detected. The DO keeps sealed envelopes of all accountable officials (except his or her own) in his or her safe, but delivers the sealed envelope containing the combination and/or keys to his or her safe or vault to the commander, security officer, or other designated official for retention, to be used only in an emergency requiring the opening of the safe or vault. See Chapter 2 for emergency procedures.

m. A record of combination changes, dated and signed by the accountable official, is kept inside each vault, safe, or container.

n. The dial to the vault, safe, or container is concealed by a shield made of cardboard or other suitable material to limit the possibility of the combination being observed.

o. The name and phone number of the accountable official is posted on the inside of the vault, safe, or container. DOs may use an ***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 stored in vaults, safes, and/or containers. Alternatively, post a unique container number along with a 24-hour duty phone number on the outside of the vault, safe, or container as long as the duty personnel have access to the accountable official.

p. Keys to the workspace or disbursing office are strictly controlled. Keep a record that identifies who has keys, when they were issued and surrendered.

q. All security equipment is tested at least every 6 months for proper operation and a record of the tests maintained.

030303. Intrusion Detection Systems

A. General. An Intrusion Detection System (IDS) is a vital part of any system that provides in-depth protection for a secure area. The DoD supports a policy on the use

of IDS for resource protection purposes. Give first consideration to components of the DoD Joint-Services Interior Intrusion Detection System (J-SIIDS). In special cases, components of the Base and Installation Security System (BISS) (generally used for security applications) may also be available for resource protection requirements.

B. Alarms. Consider using alarms to deter entry to the general disbursing area or 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. Publicize the existence of alarms to gain the full benefit of psychological deterrence and post conspicuous warnings of the existence of alarms.

C. Maintenance. Maintain and regularly test a system maintenance program to ensure the alarm system operates properly. Consistent with DoD requirements, protect against bypassing the alarm system.

D. Alarm Monitor Responsibilities. Train monitors to understand, operate and monitor the alarm system being used so they may work closely with the security police and unit personnel, and act as a liaison in this special role.

030304. Storage Containers

A. Categories

1. Vaults and Safes

a. Vaults. When possible, provide a disbursing office a built-in, fire-resistant vault with at least a three-position, dial-type combination lock; with the door and vault being able to resist a fire for a minimum period of 2 hours. Store all safes containing funds and, when possible, the instruments and documents cited in paragraph 030304.B, in the vault. Construct new vaults, doors, and intrusion devices following the requirements of the ***DoD Physical Security Equipment Guide.***

b. Safes. When vaults are not available, DOs, DDOs, agents, cashiers, and other custodians of public funds use combination three-tumbler lock, tool-resistant safes appearing on General Services Administration (GSA) or Federal Supply Schedules (FSS) to store public funds. If such a safe is not available, use a field safe secured properly to an immovable object. Post a guard in an unsecured building at the direction of the installation commander. Store checks, bonds, or other perishable records which cannot be replaced in combination three-position, dial-type, built-in fire-resistant, insulated money cabinets/safes. Class 5 file cabinets which have three-position, dial-type, built-in combination locks protected against forced entry may be used for temporary storage. File cabinets with steel lock bars or without forced-entry protection are not adequate.

2. Security Containers. GSA approved security containers have the following Federal specifications (Class 1 and Class 5 cabinets are rated to provide the greatest protection against forced entry.):

a. Class 1 or Class 2 cabinet. AA-F-357 (GSA-FSS).

b. Class 4 or Class 5 cabinet. AA-F-358 (GSA-FSS).

c. Class 5 or Class 6 Map and Plan File. AA-F-363 (GSA-FSS).

d. Class 6 Drawer File. AA-F-358 (GSA-FSS).

3. Burglary Resistant Safes. Burglary resistant safes are designed to prevent forced entry. The numerical value cited represents the time in minutes that the safe will resist forced entry. These safes provide a greater degree of protection than GSA rated security containers. Commercial burglary resistant safes are certified by Underwriters Laboratories according to the following classifications:

a. Tool-Resistant Safe - TL-15.

b. Tool-Resistant Safe - TL-30.

c. Torch and Tool-Resistant Safe - TRTL-30.

d. Torch and Tool-Resistant Safe - TRTL-60.

B. Requirements

1. Currency and Negotiable Instruments. DoD Component security and resource protection programs ensure compliance with the following minimum requirements for storing currency and negotiable instruments. Note that previously approved storage containers currently in use may continue to be used.

a. Under $7,500. The commander establishes fund container requirements. Any of the security container or burglary resistant safe listed in paragraph 030304 is acceptable. Additionally, the Naval Sea Systems Command may designate specific containers for use on Navy ships.

b. $7,500 - $50,000. Use a security container with a Class 1 or Class 5 rating, or a burglary resistant safe with at least an Underwriters Laboratories classification of Tool-Resistant Safe, TL-15, and having a Group 1R combination lock.

c. $50,000 or more. Use a burglary resistant safe or vault with at least an Underwriters Laboratories classification of Tool-Resistant Safe, TL-30 and having a Group 1R combination lock.

2. Other Than Currency and Negotiable Instruments. Store blank checks, signature plates, and collection or disbursement vouchers representing cash which have been processed in either a security container with at least a Class 1 or Class 5 rating or a burglary resistant safe or vault. Do not include items other than currency, negotiable instruments, or personal valuables held for safekeeping as defined in Chapter 27, in net disbursements in the daily or monthly statements, financial reports to be forwarded to the supporting DFAS site, or other disbursing records and documents. The Naval Sea Systems Command may designate specific containers for use on Navy ships.

0304 ADVANCING FUNDS TO AGENTS

030401. DDOs, Agents, and Cashiers of the DO

A. Procedure. DOs may entrust funds for official use to the custody of their DDOs, agents, and cashiers under this section using a Department of Defense ***(DD) Form 1081*** (Statement of Agent Officer's Account). DOs may replenish DDOs', agents', or cashiers' funds with exchange-for-cash checks payable to them, with instructions to negotiate the checks only as funds are needed or by EFT. An un-negotiated U.S. Treasury check does not represent an interest burden on the Treasury and is not considered a part of an individual's (or the DO's) approved cash authority. The DO reports un-negotiated checks as Funds with Agents; DDOs, agents, or cashiers report them as "Cash on Hand". Report funds in the custody of DDOs, agents, and cashiers in the main disbursing office as "Cash on Hand" on the ***SF 1219***, and funds in the custody of DDOs, agents, and cashiers outside the main disbursing office as "Cash in the Custody of Government Cashiers." See Figure 3-2 for an example of a properly executed DD Form 1081 showing an advance of funds to DDOs, agents, or cashiers. See also Chapter 19.

B. Amount Limits. Under normal conditions, the amount of funds advanced to a DDO, agent, or cashier may not exceed their cash holding authority. On occasions, (e.g., during the authorized absence of the DO, on paydays, and at such other times to maintain efficient operations) funds may be entrusted to the custody of DDOs, agents, or cashiers in other amounts. This depends on the total amount held by the DO, DDOs, agents, and cashiers and the amount does not exceed the total amount authorized to be held by the DO.

C. Custody. Each DDO, agent, or cashier stores the funds entrusted to him or her in a safe or adequate container assigned for his or her exclusive use as specified in section 0303. Only the assigned DDO, agent, or cashier may know the combination of the safe or container. See paragraph 030302.B.2.l. If, in the opinion of the commander, it becomes necessary, to gain access to the safe or container, open it and verify the contents following Chapter 2.

D. Balancing. All DDOs, agents, and cashiers entrusted with official funds balance the funds in their custody using the balancing requirements for DOs using ***DD Form 2665*** (Daily Agent Accountability Summary) as the permanent record of balancing. See Chapter 19. The DO ensures that each DDO, agent, or cashier is aware of the frequency for balancing and submission of the DD Form 1081, and uses it as a summary of cash transactions and receipt for cash and vouchers on hand. Each submits a DD Form 1081 no less frequently than monthly. See Figure 3-3. A DDO, agent, or cashier who will be absent for more than 5 workdays returns all

funds and accountable documents to the DO with properly executed DD Forms 2665 and 1081 before departure. Report any shortage or overage of funds immediately as prescribed in Chapter 6.

E. Collections and Disbursements

1. DDOs, Agents, and Cashiers in the Main Disbursing Office. Account for all negotiable instruments, collection and disbursement vouchers, and other accountable documents on DD Form 2665 and turn them in to the DO daily with a covering DD Form 1081. Retain currency collected over and above the currency disbursed when authorized by the DO if the total funds held are within the limitations specified in paragraph 030105. The ***DD Form 1081*** also serves as a receipt for the funds that remain in the custody of the DDO, 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 prepares a DD Form 1081 for the amount of funds advanced as described in Chapter 19.

2. DDOs, Agents, and Cashiers at Branch Disbursing Offices. When DDOs, agents, and cashiers are serving in branch offices such that reporting transactions in person is impractical, the DO may authorize transmittal of the transactions electronically, by mail or messenger. Account for these transactions on ***DD Form 2665*** with a covering DD Form 1081. The DDO, agent, or cashier signs the original and duplicate of the DD Form 1081 and sends it with the DD Form 2665 and substantiating vouchers, negotiable instruments, and documents to the DO. After the DO's examination and acceptance of the DD Form 1081, he or she acknowledges receipt on the duplicate copy of the DD Form 1081 and returns it to the DDO, agent, or cashier. The DO may replenish funds as described in paragraph 030401A.

3. DDOs, Agents, and Cashiers under Other Commands. DDOs, agents, or cashiers who are not under the same command as the DO, such as the investigative service, investigative support center, intelligence command, and U.S. Defense Attaché Offices, deposit negotiable instruments whenever possible. If the total of deposits is $5,000 or more, mail or present the deposit to the nearest FRB or branch. Transmit deposit tickets, collection and disbursement vouchers, and other accountable documents electronically, or send them by mail or messenger to the DO. Account for the transactions on DD Form 2665 with a covering DD Form 1081, preparing the DD Form 1081 as described in Chapter 19, except that on the determination of the DO, the volume of transactions may be few enough to allow submission of a single DD Form 1081 monthly.

F. Records. Identify transactions made by other than the DO by the name of the DDO, agent, or cashier. The DO determines the method to be used. Identify negotiable instruments cashed by someone other than the DO as prescribed in Chapter 4.

030402. Paying Agents

The DO furnishes written instructions to the paying agent to ensure he or she observes all pertinent disbursing procedures properly including safeguarding funds, identifying payees and obtaining their signatures, required vouchers, documents, and certifications, and return of funds

and vouchers. Use DD Form 1081 to document funds entrusted to authorized paying agents to make payments, currency conversions, or check-cashing transactions. Establish and implement controls to preclude advancing amounts in excess of requirements for the specific payments, check cashing, currency conversions, or other anticipated valid requirements to be made by the paying agent. Paying agents may not commingle funds advanced to them with any other funds nor advance them to any other person. Normally, paying agents may not retain advanced funds overnight, but promptly return the paid vouchers, negotiable instruments, and any balance of funds to the DO with a properly completed DD Form 1081. When circumstances require a paying agent to retain funds overnight, follow the custody requirements in this chapter and return the paid vouchers, negotiable instruments, and balance of funds as soon as possible after making the authorized payments, normally within 24 hours. See Chapter 19 for ***DD Form 1081*** preparation and submission procedures. The DO notifies the paying agent's commanders when the paying agent fails to return paid vouchers, negotiable instruments, and funds promptly, or if a 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 limit and authorization as prescribed in Chapter 2. When an imprest fund is established, the DO advances the funds only after receiving a copy of the authorization for its establishment from the appropriate commander or designee and the imprest fund cashier's appointment. After receiving a copy of an approved increase of funds in an existing imprest fund from the commander or designee, the DO increases the advance up to the newly established level.

B. Advance of Funds. Advance funds by cash, or by check payable to the imprest fund cashier. If desired by the imprest fund cashier, the DO may issue a series of checks in the desired denominations (round figures or specific amounts). The DO prepares a DD Form 1081 for the amount of funds advanced, and the imprest fund cashier signs and returns the original to the DO. All DD Forms 1081 for imprest fund advances must include a statement that the imprest fund cashier will immediately inform the DO who advanced the funds of any loss or shortage.

C. Accounting. Report imprest fund advances on the ***SF 1219*** as cash in the custody of government cashiers.

D. Reimbursement and Liquidation. The amount of an imprest fund remains constant. The imprest fund cashier prepares and submits a DD Form 1081 to the DO as often as necessary, but no less frequently than monthly to replenish the fund. The DO reimburses the imprest fund cashier for the amounts expended and properly documents the transactions as prescribed in Chapter 2. If there is a reduction in the amount of the imprest fund, the imprest fund cashier may send the difference between the original and the reduced amounts to the DO by money order(s), deducting the cost of the money order(s) from the amount transmitted and accounted for as prescribed in Chapter 2. The imprest fund cashier prepares a DD Form 1081 to document the return of the funds. The DO signs the duplicate of the DD Form 1081 and returns it to the imprest fund cashier. Upon relief of the imprest fund cashier or disestablishment of the fund, the cashier accounts for all unreimbursed transactions on a DD Form 1081. Immediately

upon reimbursement for the final DD Form 1081, the imprest fund cashier returns the total amount of the imprest fund to the DO. When the imprest fund advance is fully accounted for, the DO signs the duplicate copy of the DD Form 1081 and returns it to the imprest fund cashier. Upon relief of the DO, he or she transfers the DD Form 1081 receipting the amount held by the imprest fund cashier in the imprest fund to the relieving DO.

E. Shortage or Overage of Imprest Fund. In the event of a shortage or overage in an imprest fund, see Chapter 6.

030404. Change Funds

A. Authorization. When the efficient and economical operation of a clothing sales store, government laundry, or other appropriated fund activity engaged in selling property or services requires cash for making change, the activity's officer in charge requests that the commander establish a change fund. After approval, the commander or designee appoints a change fund custodian. The appointment document specifies the amount of funds to be advanced by the DO or DO's agent who issues written instructions to the custodian at the time the advance is provided covering the custodian's responsibilities for safeguarding the funds, and their pecuniary liability for losses. The DO or agent providing disbursing service to the installation or activity where the sales activity is located provides the authorized change fund advance and records the advance in his or her accountability as cash in the custody of government cashiers.

B. Fund Limit. A change fund may 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 consistent with good cash management principles. Upon approval of the commander, authorized collecting agents may also be change fund custodians to facilitate making change.

C. Fund Increases

1. A 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 (e.g., Sunday operations), a commander may approve an additional amount of up to $50 per cash register when there is limited or no banking support.

D. Documentation. The DO or agent, as applicable, prepares a ***DD Form 1081***. The change fund custodians signs and returns the originals to the DO or agent for the amounts of funds advanced. The change fund custodian returns all funds to the DO or agent upon termination of their appointment and prepares a DD Form 1081 to document the return of the fund. The DO or agent acknowledges receipt of the fund by signature on the duplicate copy of the DD Form 1081, which he or she returns to the custodian. A DO or agent may recall a change fund when it is necessary to verify the cash in the possession of the DO or agent, as applicable. On completion of such verification, the DO or agent re-advances the funds to the

change fund custodian. In addition, unannounced inspections, including cash counts of change funds, are required at least quarterly by the cash verification team.

E. Shortage or Overage of Change Fund. In the event of a shortage or overage in a change fund, the custodian follows Chapter 6 and informs the officer who advanced the funds immediately of any fund irregularity.

0305 ADVANCING FUNDS TO AGENTS OF FRIENDLY FOREIGN NATIONS

030501. Authority

A. Basic Agreement. Under ***10 U.S.C. 2396(b)*** DoD DOs may advance cash to cashiers, other DOs, or individual members of an armed force of a friendly foreign nation to make payment of pay and allowances to their members or enable that armed force to purchase necessary supplies and services under a basic intergovernmental agreement between the governments of the friendly foreign nation and the U.S. negotiated in accordance with ***DoD Directive 5530.3***, International Agreements, to include coordination with the affected Combatant Commander and U.S. Ambassador or Chief of Diplomatic Mission. See Figure 3-4.

B. Supplemental Agreement. A supplemental agreement establishes:

1. The type of personal identification required for a DO or individual member when drawing an advance of funds;

2. The maximum amount that may be advanced to an individual service member;

3. The lender nation is protected against loss due to fluctuating exchange rates;

4. The address of the respective settlement offices to which the lender nation DO forwards receipts for fund advances with requests for reimbursement;

5. Settlements are made locally when feasible or, if not feasible, between the signatory nation's representatives in Washington, DC or other designated location;

6. That settlement may be made in cash or by check, and in the type of currency used to make the advance. Make settlement in the lender nation's medium of exchange (when possible); and

7. Such other provisions local conditions may require.

030502. Conditions

Advance funds 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:

A. To a DO of an armed force of a friendly foreign nation wanting to provide pay and allowances for troops or purchase necessary supplies and services. The DO must present proper personal identification and the unit must be serving in an area where personnel temporarily are unable to obtain funds from their own nation.

B. To individual armed force members of a friendly foreign nation in need of funds, serving in an area temporarily separated from their units and the DO of that force is not available to make payments. The individuals must be able to identify themselves satisfactorily as members of an armed force of a friendly foreign nation with which an intergovernmental agreement for advances exists.

030503. Documentation

The receipt must include the name, rank, service number, title, organization, and country of the individual receiving the advance; purpose for which the advance is needed; type and amount of currency to be advanced; prevailing rate of exchange to one U.S. dollar at the time the advance is made, if applicable; and name, rank, organization, and address of the DO making the advance.

*0306 DOD REWARDS PROGRAM TO ASSIST IN COMBATING TERRORISM

030601. Authority

Title ***10 U.S.C. 127b***, as amended, authorizes the payment of rewards to assist in combating terrorism. See Volume 12, Chapters ***7*** and ***17*** of this Regulation. When payment of these rewards by U.S. personnel is not practical, DOs may advance funds to members of friendly foreign nations' armed forces to make these payments; the international agreement and authorities in paragraph 030405 are not applicable to DoD Rewards Program activities.

030602. Controls

Allied paying agents appointed under Chapter 2 are agents of the DOs who advance to such individuals. Commanders and DOs have the same oversight and internal control responsibilities with respect to the activities of these agents as they do for U.S. paying agents. DOs may advance cash to properly appointed allied paying agents only in amounts required to pay specific approved reward payments to identified payees.

0307 WEAPONS FOR CASH PROGRAM

030701. Authority

This program requires Secretary of Defense (SecDef) approval.

030702. Funding Authorization

The senior operational commander provides funding authorization for weapons procurement. The total amount advanced to paying agents under this program may not exceed the funding authorization established by the commander. Before providing additional funds, the commander first must adjust the funding authorization.

030703. Paying Agents

Use paying agents appointed under Chapter 2 as needed to ensure successful operation of the program. The DO advances funds following paragraph 030402 in the currency of the country involved, referring to Chapter 12 for guidance on obtaining the required foreign currency.

030704. Weapons Purchases

Proper accounting is required for each disbursement for a weapons purchase. Use SF 44A (Purchase Order-Invoice-Voucher) or other available chain-of-custody type receipt. Each disbursement document (receipt from the seller) must include the seller's name and (if possible) identification number, weapon description and serial number, and amount disbursed. The paying agent ensures the seller's signature appears on the receipt. Prepare the original and three copies of the disbursement document (receipt from seller). Turn the original and one copy in to the DO, attach one copy to the weapon (for inventory control), and give one copy to the seller.

030705. Clearing or Replenishing the Paying Agent's Account

To clear his/her account, a paying agent prepares a ***DD Form 1081*** for the total amount of all disbursement documents (receipts) turned in, which includes the original and one copy of each document (receipt) plus any residual cash advanced from the DO or designated representative, and a copy of the approval to establish a weapons for cash program. If replenishment of the paying agent's account is necessary, the paying agent prepares the DD Form 1081 as prescribed and submits the completed document to the supporting DO. Subject to the funding limitations described in paragraph 030702, the DO replenishes the paying agent's account for the approved amount shown on the DD Form 1081.

0308 TRAVELERS CHECK PROGRAM

030801. Overview

This section prescribes policy and procedures; assigns responsibility for ordering, receiving, controlling, safeguarding, disbursing, refunding, and accounting for travelers checks; and governs when conflicts or differences exist in the user's guide.

030802. Travelers Checks in Lieu of Cash

Commanders or their specifically designated representatives may disburse travelers checks in lieu of cash to employees and members as travel advances.

030803. Misuse of Travelers Checks

Advise employees and members to use travelers checks as intended, i.e., for the purchase of goods and services while in a travel status. Discourage cashing or depositing travelers checks in financial institutions. Use available media to advise and periodically reemphasize the intent of travelers checks to all employees and members.

030804. Appointment of Designated Representative

Each DoD participant in the travelers check program designates one or more individuals as the activity's travelers check representative(s). The commander appoints the designated representative using ***DD Form 577*** (Appointment/Termination Record–Authorized Signature) for accountable positions. Appointees acknowledge appointment acceptance in Section III of this form. See Chapter 2. The original form is given to the cashier and keep a copy for filing. Keep appointments and terminations in a permanent file at the activity to show the successive holders of each position; retain them for at least 6 months after the individual ceases to serve in the position.

030805. 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; safeguard them as prescribed in this chapter. A person appointed as a cashier to maintain custody of travelers checks, disburse them to employees and members, and account for them may be held pecuniarily liable under the same principles and procedures as DOs and their DDOs, agents, and cashiers. Do not include the value of travelers checks in the DO's cash accountability or authority to hold cash at personal risk, or in the custody of the cashier on the DO's ***DD Form 2657*** (Daily Statement of Accountability) or ***SF 1219***.

B. Control Record. Record the receipt of shipments and records of disbursement of travelers checks on either ***DD Form 2667*** (Subsidiary Accountability Record) or the automated inventory system adopted by the travelers check issuing company. The DD Form 2667 is easily adaptable for use as an inventory, receipt, and disbursement record. Use a separate DD Form 2667 for each denomination of travelers checks to permit their recording by denomination in serial number sequence. If travelers checks are maintained in more than one currency (i.e., U.S. dollars and one or more foreign currencies), use separate DD Form 2667 for each currency as well as each denomination of the checks. Disburse travelers checks in package and serial number sequence.

030806. 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 furnishes 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

provides the personal computer, modem, and telephone line for this system, which fulfills the requirement to track, add, tally, and report travelers check sales.

C. Obtaining Travelers Checks. The DoD activity's designated cashier authorizes the initial travelers check order, determines the amount of checks to be received as a standard order and makes any subsequent changes to this amount. The travelers check provider determines how standard order travelers checks are packaged. The cashier prepares and forwards an enrollment form as the provider directs. If travelers checks are to be disbursed in other than U.S. currency, the cashier so advises the provider.

030807. Receipt of Travelers Checks

A. Receipt. The cashier inventories and documents receipt for each book of travelers checks and for single (loose) travelers checks received in shipment. The inventory includes:

1. Counting the number of books and/or loose checks;

2. Verifying the denomination and serial numbers of all travelers checks in each shipment; and

3. Sorting the books or loose checks by denomination (and currency, if applicable).

B. Discrepancies. Contact the travelers check provider immediately when travelers checks received in shipment do not coincide with the agreement or shipment forms. Do not disburse any travelers checks from a discrepant shipment until the provider acknowledges and agrees in writing to correct or adjust the discrepancies.

030808. Reordering Travelers Checks

There are two resupply options under the program: automatic and on-request. DoD has chosen the automatic resupply option for all its Components. This system monitors stock-on-hand based on sales data reported. Each cashier initially establishes a "percentage of sales" or dollar limit (maximum level). This limit becomes the automatic resupply level for the cashier. The cashier also establishes a minimum level ("trigger point"). The trigger point generates an order for a new supply of checks needed to bring stock level back to the maximum level.

030809. Change of Cashiers (Representatives)

Both the outgoing and incoming DoD activity cashiers perform a complete, joint inventory and document all travelers checks on hand. Both sign the completed inventory, and the activity commander prepares and signs a letter transferring the account. The DoD activity keeps the original inventory and transfer letter, and advises the travelers check provider by letter each time there is a change of designated cashier. The letter includes the cashier's agent code

number and the names of persons authorized to order and receive travelers checks. Signature specimens are not required.

030810. Disbursing Travelers Checks

A. General. Travelers checks issuance fees are based on the method of payment to the travelers check provider under this program. Participating DoD activities may use payment option A or B; option B is preferred for DoD activities.

1. Payment Option A. The travelers check provider must receive payment plus related fees within 5 calendar days of the date travelers checks are disbursed. The disbursing office providing disbursing support to the DoD Component activity participating in the program is the paying disbursing office. Use this option 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 under payment option B. See subparagraphs 030810.B and 030811.A for specific procedures for reporting disbursement of travelers' checks and payment for the checks and related fees.

2. Payment Option B (Preferred). Methods of payment.

a. Centrally Billed Accounts (CBA). The CBA method of payment operates under a concept similar to the central billing procedures for purchase and payment for airline tickets. The participating DoD Component activity obtains an activity travel charge card account. This account is charged for all travelers checks disbursed to individuals who are not participants in the U.S. Government Travel Card Program. The travelers check provider bills the DoD activity monthly for all travelers checks disbursed, plus related fees.

b. Individual Charge Card Accounts. The individually-billed account method applies to all individuals participating in the U.S. Government Travel Card Program. Travelers checks are charged to the individual cardholder's travel card. The provider bills the individual cardholder monthly for the travelers checks plus 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 – Option A. Cashiers disburse travelers checks to employees and members only upon presentation of approved travel orders and appropriate identification, limiting the maximum amount of travelers checks disbursed to the amount of the travel advance authorized in the travel order. The cashier completes a Purchaser Application Form (PAF) for each travelers check disbursement, referring to the travelers check provider user's guide for disbursing travelers checks and completing the PAF. Under this payment option, the cashier:

1. Selects the appropriate travelers check amount;

2. Completes a PAF for each pack of travelers checks disbursed and a separate PAF for each loose traveler's check disbursed;

3. Ensures the individual inserts his/her name, address, and signature on each PAF;

4. Gives the travelers checks, refund information, and customer copy of each PAF to the individual;

5. Advises the individual to sign each traveler's check in the upper left hand corner immediately. Note that 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; and

6. Retains 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 that 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. When the traveler settles his/her claim, the value of the travelers checks is deducted from the total travel entitlement due the traveler. Also, since the fee for the travelers checks has been paid to the provider, the traveler may not claim reimbursement for it. Failure to report receipt of an advance by travelers checks on the travel claim results in duplicate payment of travel allowances and may be considered an attempt to defraud the U.S. Government.

C. Disbursing Travelers Checks - Option B. Cashiers disburse travelers checks to individuals only upon presentation of approved travel orders and appropriate identification, limiting the amount of travelers checks disbursed to the amount of travel advance authorized in the travel orders.

1. Centrally Billed Account. The cashier:

a. Selects the appropriate travelers check amounts required to make up the amount of travel advance authorized in the travel orders;

b. Obtains authorization to charge the travelers checks to the DoD Component activity charge card account. The cashier refers to the provider user's guide for disbursing travelers checks, completes the required documents, and keys or swipes the travel card (DoD Component activity credit card) into the POS terminal to obtain an approval code;

c. Completes a PAF for each pack of travelers checks disbursed and a separate PAF for each loose traveler's check disbursed;

d. Ensures the individual inserts his/her name, address, and signature on each PAF;

e. Imprints the Record of Charge (ROC);

f. Completes the ROC by recording the approval code, the face value of the travelers checks and the fee amount, ensures the agency account number is recorded in the area for card member account number, and requires the member or employee (customer) to sign the ROC;

g. Gives the travelers checks, refund information, customer copy of each PAF, and top copy of the ROC to the individual;

h. Advises the individual to sign each travelers check immediately in the upper left hand corner. Note that customers who do not sign travelers checks immediately upon receipt forfeit their right to refund. If lost or stolen, then travelers checks must have the customer's signature in the upper left hand corner to qualify for refund; and

i. Retains 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 in the "Note" in subparagraph 030810.B.6 applies to this paragraph.)

2. Individually Billed Account. The cashier:

a. Selects the appropriate travelers check amounts required to make up the amount of travel advance authorized in the travel orders;

b. Obtains authorization to charge the travelers checks to the individual's government travel card account, refers to the provider user's guide for disbursing travelers checks and completion of the required documents, and keys or swipes the individual's travel card into the POS terminal to obtain an approval code;

c. Completes a PAF for each pack of travelers checks disbursed and a separate PAF for each loose traveler's check disbursed;

d. Ensures the individual inserts his/her name, address, and signature on each PAF;

e. Imprints the ROC;

f. Completes the ROC by recording the approval code, face value of the travelers checks and fee amount; ensures the individual's account number is recorded in the area for card member's account number; and ensures the member or employee (customer) signs the ROC;

g. Gives the travelers checks, refund information, customer copy of each PAF, and top copy of the ROC to the individual;

h. Advises the individual to sign each of the travelers' checks immediately in the upper left hand corner. Note that 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; and

i. Retains 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 that travelers checks disbursed under this method do not constitute an advance of travel funds as defined in the JTR and JFTR. Individuals receiving travelers checks under this method do 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 entitled to reimbursement for the fee on the travel claim.

030811. Reporting Travelers Check Disbursements to the Travelers Check Provider

A. Payment Option A. The preparation of the report of disbursement and payment documentation for packaged travelers checks differs from the report for loose travelers checks. At the end of each day the cashier follows the appropriate instructions.

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 (DSSF). Refer to the provider user's guide for instructions.

e. Combine the forms into package sets without stapling the forms together:

(1) Completed DSSF,

(2) PAFs,

(3) Authorizations (travel orders), and

(4) Tape listings.

f. Prepare and certify a ***SF 1034*** (Public Voucher for Purchases and Services Other Than Personal) for the total amount due the travelers check provider (including the fee for the travelers checks disbursed), citing a separate line of accounting (LOA) for each travel order involved. The amount charged to each LOA is the amount of travelers checks plus the applicable fee disbursed to each individual.

g. Send the SF 1034 and two of the package sets to the activity's supporting disbursing office on the same business day, when possible, but not later than the morning of the next business day. Note: Send one package set containing the original DSSF and PAFs to the provider with the U.S. Treasury check issued in payment of the travelers checks and related fees. Keep the second package set in the disbursing office.

h. Keep a complete package set and a copy of the SF 1034 for reconciliation of travelers check inventory and payment documentation. After payment, to complete the cashier's retained records, the cashier obtains a copy of the SF 1034 from the disbursing office, indicating the disbursing office voucher number, payment date, and check number. If a copy of the completed SF 1034 is not available, 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 DSSF is required for loose travelers check disbursements.

c. Combine the forms into package sets without stapling the together:

(1) PAFs,

(2) Authorization (travel orders), and

(3) Tape listings.

d. Prepare and certify a ***SF 1034*** for the total amount due the travelers check provider (including the fee for the travelers checks disbursed). Cite a separate LOA for each travel order involved on the SF 1034. The amount charged to each LOA is the amount of travelers checks plus the applicable fee disbursed to each individual.

e. Send the SF 1034 and two of the package sets to the activity's supporting disbursing office on the same business day, when possible, but not later than the morning of the next business day. Note: Send one package set containing the original DSSF and PAFs to the provider with the U.S. Treasury check issued in payment of the travelers checks and related fees. Keep the second package set in the disbursing office.

f. Keep a complete package set and a copy of the SF 1034 for reconciliation of travelers check inventory and payment documentation. After payment, to complete the cashier's retained records, the cashier obtains a copy of the SF 1034 from the disbursing office, indicating the disbursing office voucher number, payment date, and check number. If a copy of the completed SF 1034 is not available, obtain this information and transcribe it to the retained copy of the SF 1034.

B. Payment Option B. Under payment option B, the travelers check provider bills the DoD activity's CBA or the individual cardholder's account for travelers checks disbursed plus the related fees. The monthly billing is based on the daily report of travelers checks disbursed that the cashier submits to the provider. The cashier refers to the provider's user's guide for complete details on preparing and submitting the daily travelers check disbursement (sales) report. The cashier also complies with the following:

1. Centrally-Billed Account. At the conclusion of each individual travelers check disbursement, the cashier separates the documentation by individual transaction into a package set as shown in this paragraph. Fasten each set together to provide a complete record of travelers check issuance. At the end of each business day, the cashier sends that day's packages as directed by the travelers check provider. The cashier keeps the cashier and disbursing office copies of each package set for use in reconciling the monthly billing and preparing and certifying 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 bill (statement of charges), the cashier reconciles all items appearing on the bill with the cashier's and disbursing office copies of the retained package sets. After reconciliation, the cashier prepares and certifies an ***SF 1034*** for the total amount due the travelers check provider (including the fee for the travelers checks disbursed). Cite a separate LOA for each travel order involved on the SF 1034. The amount charged to each LOA is the amount of travelers checks plus the applicable fee for the travelers checks disbursed to the individual named in the travel order. Send the SF 1034 and two of the package sets to the activity's supporting disbursing office on the same business day, when possible, but not later

than the morning of the next business day. Note: Send one package set containing the original DSSF and PAFs to the provider with the U.S. Treasury check issued in payment of the travelers checks and related fees. Keep the second package set in the disbursing office.

d. Keep a complete package set and a copy of the SF 1034 for reconciliation of travelers check inventory and payment documentation. After payment, to complete the cashier's retained records, the cashier obtains a copy of the SF 1034 from the disbursing office, indicating the disbursing office voucher number, payment date, and check number. If a copy of the completed SF 1034 is not available, obtain this information and transcribe it to the retained copy of the SF 1034.

2. Individually-Billed Account. Individual government travel cardholders are billed for all travelers checks disbursed to them, just as they are billed for ATM cash advances. The individual cardholder is responsible for direct payment to the provider for the amount of the travelers checks plus the related fee. The monthly billing, which is similar to a centrally billed account, is based on the daily report of travelers checks disbursed that the cashier submits to the provider. The cashier refers to the provider's user's guide for complete details on preparing and submitting the daily travelers check disbursement (sales) report. The cashier also complies with the minimum requirements described herein. At the conclusion of each individual travelers check disbursement, the cashier segregates the documentation (by individual transaction) into package sets. Fasten each individual package set together to provide a complete record of travelers check issuance. At the end of each business day, the cashier sends that day's package sets as directed by the travelers check provider. The cashier keeps a copy of each package set for use in reconciliation of travelers check disbursements, as necessary. Note: 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 cardholder.

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, the DO processes the SF 1034 and issues a U.S. Treasury check to

pay for travelers checks and fees disbursed under options A and B. Under option A, payment for travelers checks disbursed plus related fees is due within 5 days of travelers check issuance, and under option B (centrally billed account) within 5 days of receipt of the monthly billing.

030812. Refunds for Individual Cardholders

An individual is not responsible for the amount of lost or stolen checks so long as he/she satisfied all of the requirements in the Recipient Agreement. The provider clears their account to eliminate responsibility for the amount of lost or stolen checks replaced in the form of cash or traditional travelers checks. The provider bills the individual card account upon issuance of the traditional checks or cash. As an alternative, the provider may resupply Government Travelers Checks, which can be ordered through the DoD Component's cashier.

030813. Termination of Agreement

A. DoD Activities. Upon termination of the contract between the General Services Administration and the travelers check provider, DoD activity cashiers destroy all travelers checks on hand by burning or shredding within 15 calendar days. The cashier prepares a ***DD Form 2669*** (Destruction Schedule for Currency) that describes the travelers checks by serial number, currency (U.S. or other), denomination, quantity, and total value, and sends the original DD Form 2669 to the provider; the DoD activity keeps a copy for its records. Also, the cashier returns 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 to:

1. Not cash the remaining travelers checks,

2. Cut out the lower right corner where the chairman's signature appears or write "VOID" across the face of each travelers check in non-erasable ink, and

3. Return all uncashed travelers checks to the provider or the DoD activity cashier. The provider bills the individual credit card account for the amount of travelers checks not returned within 15 calendar days after termination of participation in the program. The individual cardholder must settle his/her credit card account statement on receipt.

030814. 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, employees or member dishonesty, mysterious disappearance, or any other cause, the DoD activity notifies the travelers check provider immediately and reports the loss of funds as prescribed in Chapter 6. All monies due in accordance with the established agreement with the provider will be paid by the DoD activity.

B. DoD Activity Cashier. The loss of travelers checks or proceeds of sale while in the custody of the DoD activity's cashier is a physical loss of government funds. See Chapter 6.

Figure 3-1. Suggested Average Daily Cash Requirement

Foreign Currency Cash or LDA Balance Requirements Example[1, 6] (Separately calculate cash and local depository accounts for each location)	
a. Value of Monthly Disbursements in Local Currency (last 3 months average)[2]	299,420
b. Value of Monthly Accommodation Exchange in Local Currency (last 3 months average)	63,170
c. Value of Monthly Collections in Local Currency (last 3 months average)[3]	(19,086)
d. Value of Monthly Reconversions in Local Currency (last 3 months average)	(4,830)
e. Value of Monthly Local Currency Checks Received (last 3 months average)	4,830
f. Average Net Monthly Local Currency Requirements (a+b-c-d+e)	343,504
g. Number of Business Days per Month[4]	20
h. Average Number of Business Days Required to Obtain Local Currency:	3
i. Contingency/Static Requirements (Command Determination)[5]	20,000
j. Value of Average Currency Required per Business Day (f/g)	17,175
k. Value of Average Currency Required based on Replenishment (h x j)	51,525
l. Value of Total Local Currency Holding Authority (i+k)	71,525
U.S. Dollars (USD) Balance Requirements Example[6]	
a. Value of Monthly USD Cash Disbursements (last 3 months average)	333,047
b. Value of Monthly USD received from FC Accommodation Exchange (last 3 months average)	27,465
c. Value of USD Checks Cashed on Accommodation Exchange (last 3 months average)	26,025
d. Value of Monthly USD Collections (last 3 months average)	(27,375)
e. Value of Monthly USD cash disbursed on Reconversions (last 3 months average)	(2,100)
f. Value of total USD checks received	(43,150)
g. Average Net Monthly USD Requirements (a+b+c-d-e-f)	313,912
h. Number of Business Days per Month[4]	20
i. Average Number of Business Days Required to Obtain USD	5
j. Contingency/Static Requirements (Command Determination)[5]	30,000
k. Value of Average USD Required per Business Day (g/h)	15,696
l. Value of Average USD Required based on Replenishment (k x i)	78,480
m. Value of Total USD Cash Holding Authority (j+l)	108,478

Notes:

[1]Maintain LDAs with checkbook balances as close to zero as possible by forecasting payment requirements in enough time to order currency to correspond with payment due date. See Chapter 14.

[2]Value based on Monthly Worksheet Calculations.

[3]A higher cash holding authority will be required if collections exceed disbursements (i.e. periodic burden-sharing fund deposits). It is generally not cost effective to reconvert currency which will be required for disbursements in the near term.

[4]When recurring variance in demand occurs due to events such as paydays, compute a separate cash holding authority for these periods and exclude it from normal non-peak calculations.

[5]Contingency requirements generally reflect emergency cash needs for operational missions or due to large fluctuations in demand which cannot be forecast in advance. Static requirements reflect subordinate agents, imprest funds, or contractual arrangements such as debit card pool accounts or community bank contingency cash. Validate agent requirements based on usage and frequency of returns/replenishment.

[6]See also paragraph 030105B.

Figure 3-2. Sample of 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 UNIT ADDRESS (Include ZIP Code/APO number and Telephone number.)

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	2,562.00			
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		17,562.00		

STATEMENTS

DISBURSING OFFICER		AGENT OFFICER	
[X] **ON ADVANCE:** I HAVE ENTRUSTED FUNDS AND/OR OTHER ITEMS AS INDICATED IN THIS STATEMENT TO THE ABOVE NAMED AS MY AGENT OFFICER.		[X] **ON ADVANCE:** I, AS AGENT OFFICER, HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ABOVE. I HAVE ASSUMED PECUNIARY RESPONSIBILITY; THEREFORE, 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
[ ] **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

Figure 3-3. Sample Statement of Agent Officer's Account (Return of Funds/Vouchers)

STATEMENT OF AGENT OFFICER'S ACCOUNT

DISBURSING OFFICER'S NAME, ADDRESS, DISBURSING STATION SYMBOL NO.	AGENT OFFICER'S NAME, GRADE UNIT ADDRESS (Include ZIP Code/APO number and Telephone number.)

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		18,762.00	4,662.00	14,100.00

STATEMENTS

DISBURSING OFFICER	AGENT OFFICER
☐ **ON ADVANCE:** I HAVE ENTRUSTED 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; THEREFORE, 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
[X] **ON RETURN:** I HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ON THIS STATEMENT FROM THE ABOVE NAMED AGENT OFFICER	[X] **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

Figure 3-4. Model Intergovernmental Agreement

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.
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.

Figure 3-4. Model Intergovernmental Agreement (Continued)

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 _____, 20_, in the English and _____ languages, both texts being equally authoritative.

Table 3-1. Maximum Levels of Authorized Cash Holdings

LEVELS OF AUTHORIZED CASH HOLDINGS		
If source of funds is	and weekly requirements are:	hold cash to operate for:
Reasonably close (not more than 24 hours required to obtain cash)	$500 or less	4 weeks
	Over $500 but less than $5,000	2 weeks
	$5,000 but less than $100,000	1 week
	$100,000 and over	3 days
Not reasonably close (more than 24 hours required to obtain cash)	$2,500 or less	4 weeks
	Over $2,500 but less than $50,000	2 weeks
	$50,000 and over	1 week
Remote	$50,000 or less	4 weeks
	Over $50,000	2 weeks

VOLUME 5, CHAPTER 4: "CHECK CASHING SERVICE (ACCOMMODATION EXCHANGE)"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated December 2009 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Revised the entire chapter to include administrative updates and hyperlinks.	Update
Table of Contents	Added paragraph numbers for ease of reference.	Update
040201	Restructured paragraph for better organization and logical flow.	Update

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CHAPTER 4

CHECK CASHING SERVICE (ACCOMMODATION EXCHANGE)

0401 EXCHANGE OF CASH FOR NEGOTIABLE INSTRUMENTS

040101. Policy

A. General. ***Title 31, United States Code (U.S.C.), Section 3342***, allows disbursing officers (DOs) to provide check cashing and accommodation exchange services to military and civilian personnel of the United States (U.S.) Government, veterans hospitalized or domiciled in Department of Veterans Affairs facilities or other U.S. Government institutions, contractors engaged in U.S. Government projects (including contractor personnel), and personnel of authorized nongovernmental agencies operating with agencies of the U.S. when satisfactory banking facilities are not available and when persons to be provided this service are U.S. citizens.

B. United States. If on-base commercial banks, other financial institutions, or exchanges are neither available nor adequate to provide check cashing service, the commander may request the Director, Defense Finance & Accounting Service (DFAS), or designee, to authorize the DO to cash the negotiable instruments listed in paragraph 040102 of this chapter. Submit such requests, with justification, through the Disbursing Policy Division, Strategy, Policy & Requirements Directorate, DFAS-Indianapolis (DFAS-ZPFA/IN), 8899 E. 56th Street, Column 329F, Indianapolis, IN 46249-0050. If approved, the provisions of section 0402 of this chapter apply. Only the individuals listed in paragraph 040103 of this chapter are eligible to receive check cashing service.

C. Overseas Areas and Ships Afloat. If military banking facilities, other financial institutions, or exchanges are neither available nor adequate to provide check cashing services, the commander may authorize the DO to cash the negotiable instruments listed in paragraph 040102 of this chapter for only the individuals listed in paragraph 040103 of this chapter. The command must have a written check-cashing policy approved by the theater commander or designee identifying the services to be offered and identifying the personnel eligible to receive them. The policy must provide that the DO may deny check cashing privileges to anyone based on the non-availability of cash or personnel resources. Resources must be available to provide these services without impacting levels of other financial services (e.g., primary disbursing and related functions).

040102. Negotiable Instruments

A DO may cash U.S. Treasury Checks, Money Orders, Travelers Checks, third-party checks (the drawer, drawee, and payee are different parties), state and local government checks, credit card checks, business checks, and personal checks payable in U.S. currency for eligible payees. These negotiable instruments may be processed through the OTC.net system; see Chapter 24 of this volume.

040103. Eligibility

All personnel permanently assigned to units in the area served by the DO are eligible for check-cashing services. Units desiring personal check cashing privileges from DOs of another activity or Component designate a point of contact (POC) to work with the DO, who may require that the POC to furnish a list of personnel on temporary duty/temporary additional duty (TDY/TAD) when approved by the DO's commander. TDY/TAD personnel must provide the DO a copy of their TDY/TAD orders in addition to any other items of identification the DO may require. An authorized agent, usually a dependent authorized pursuant to a properly executed power of attorney, may receive 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 must present valid identification in the course of all transactions. Restrictions which apply to benefiting members apply to their agents under the terms of the executed Department of Defense ***(DD) Form 2761*** (Personal Check Cashing Agreement), which serves as a power of attorney (see Figure 4-1). Eligible individuals are:

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, so long as the theater commander or designee determines that providing this service is not prohibited by the Status of Forces Agreement (SOFA) with the country involved;

D. Hospitalized veterans of the U.S. Armed Forces;

E. Contractors and their employees engaged in U.S. Government projects if the contractor is a U.S. firm and the employees are U.S. citizens. The company's on-site representative must furnish the DO with a list of employees authorized to cash personal checks, and enter into a written agreement with the DO regarding dishonored checks written by company employees. The agreement must stipulate that the DO will suspend check cashing-privileges for that company's employees if the DO receives a dishonored check written by a company employee and the DO is unable to collect for the dishonored check. The DO will notify the company representative when a dishonored check is received from one of its employees and suspend check cashing services for all of the company's employees. The suspension remains in effect until the DO collects on the dishonored check. If the DO is unable to collect after 30 days from the date of notification to the company, the check cashing agreement will be terminated permanently;

F. U.S. citizens who are employees of authorized nongovernment agencies operating with U.S. Government agencies, (e.g., the American Red Cross);

G. Dependents of the personnel named in paragraphs 040103A through 040103F of this chapter:

1. Holding proper identification and powers of attorney and who possess valid DoD identification cards; or

2. Ordered to safe haven posts due to emergency evacuation. See Chapter 12 of this volume for accommodation restrictions.

H. Third-country nationals (civilian employees) under contract to the U.S. Government as contractors or subcontractors and employed by U.S. firms engaged in U.S. Government projects in foreign countries with U.S. Treasury checks or U.S. dollar checks issued by the contractors; and

I. U.S. citizen employees of federal credit unions operating on U.S. military installations in foreign countries that do not permit contractor operated Department of Defense (DoD) military banking facilities to operate on installations.

040104. Internal Controls

Commanders and other individuals in the chain of command ensure the existence and implementation of internal controls adequate to preclude the fraudulent issuance and cashing of negotiable instruments. At a minimum, the following procedures should be followed:

A. All instruments are endorsed, "Pay to the Order of the Disbursing Officer, (name of ship, station, activity, unit, disbursing station symbol number (DSSN), or the DFAS site)."

B. The payee(s) sign or endorse each instrument in the presence of the DO, a deputy DO (DDO), the DO's authorized agent, or a cashier.

C. The identity of the DDO, DO's agent, or cashier who cashes the instrument must be clearly identifiable on that instrument. In the event of an altered or forged instrument, the DDO, agent, or cashier that cashed the instrument may be held pecuniarily liable. If the instrument becomes nonnegotiable and the identity of the DDO, agent, or cashier cashing the instrument is not apparent on the instrument, the DO may be held pecuniarily liable.

D. The DDO, DO's agent, or cashier who cashes a negotiable instrument must properly verify the identity of the person(s) presenting the instrument.

E. Record the payee(s) or endorser(s) identification (e.g., legible name, social security number (SSN), duty station/organization, duty phone, and identification card number) on the negotiable instrument so recovery can be made if the instrument is dishonored. Due to increased concerns of identity theft, a DO may institute an alternate to annotating the SSN on a check. The use and retention of the DD 2761, with a photocopy of the negotiated check, provides such an alternate. For out-of-service debt collection, see Chapter 28 of this volume.

0402 CASHING PERSONAL CHECKS

*040201. General

DOs authorized to cash personal checks under paragraph 040101C of this chapter do not

always receive notification of dishonored checks before the individuals move from the deployed location. In order to expedite collection of dishonored checks, this chapter provides standard overseas and afloat check cashing procedures applicable to DoD appropriated fund civilian and military personnel. Overseas and afloat disbursing offices, appropriated fund civilian payroll offices and, when individually approved by DFAS, DOs within the United States that provide accommodation exchange check cashing services are subject to adequate internal controls implemented by the Commander and the chain of command to preclude fraudulent cashing of negotiable instruments. A commander (i.e., a theater commander, base or installation commander, commanding officer or officer-in-charge, director of a supporting DFAS site, or equivalent civilian head in the chain of command of the DO) may authorize the DO to cash personal checks for certain authorized individuals; see section 0401 of this chapter.

040202. Exceptions

A DO of a Naval vessel may cash personal checks for crew members when the vessel is in a U.S. port and adequate check cashing facilities are neither available nor adequate for nonresidents of the area. A nontactical disbursing activity in the U.S. 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 adequate check cashing facilities are likewise not available. This authority also applies when units, squadrons, or detachments are engaged in training or exercises which preclude use of available check cashing facilities. For situations not described in paragraph 040201 of this chapter, a commander may request the Director, DFAS or designee to authorize check cashing services. Submit the request with justification following paragraph 040101B of this chapter.

040203. Limitations

The Commander establishes maximum check cashing amounts for personal checks that may be cashed by authorized personnel and/or their agents. In overseas areas where personnel of two or more Military Services are operating, the senior commander ensures a uniform policy exists that provides check cashing privileges within sound financial management practices. The command's published written policy and applicable limits are based on the dictates of the local economy and cost-of-living. Deviations from established command maximum limits are published in writing by the supporting DO for each exception. The DO also provides a copy of an authorization to exceed the established limit when requesting removal of deficiencies involving uncollectible insufficient fund checks and associated charges that may be assessed by financial institutions for personal checks they have cashed; see section 0404 of this chapter. Personal checks to be cashed must be drawn in multiples of $5 unless local conditions make that increment impractical. U.S. 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 must be drawn on U.S. financial institutions, overseas branches of U.S. banks or credit unions, or overseas military banking facilities operated under U.S. Government contract; and payable in U.S. currency through U.S. banks or credit unions, to include banks located in U.S. territories (e.g., Commonwealth of Puerto Rico, U.S. Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands). The DO establishes the days and hours during which check-cashing service is available and makes appropriate notification of any changes. This section governs suspension of check cashing privileges for writers of dishonored checks.

040204. Check Cashing

A. 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 any dishonored check. Dishonored checks are not delinquent debts. There is no authority to assess a service charge (penalty), but recover any insufficient fund charges assessed on the DO by financial institutions. Depending on the circumstances, the DO has two options:

1. Option 1. Using ***DD Form 2761***:

a. If the individual's payroll office is not known or if the DO, DDO or his or 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 uses DD Form 2761.

b. The term "authorized agent," as used on the DD Form 2761, pertains to an individual, usually a dependent, authorized by a power of attorney to cash personal checks on behalf of a member or civilian employee as prescribed in this chapter.

c. 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 or employee appoints an agent by providing a name(s) in the block titled "Authorized Agent" of the DD Form 2761. The member or employee must sign the form, and the person cashing the check must verify the agent's signature against a valid form of identification when the check is presented.

2. 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 the members' authorized agents or other classes of individuals authorized check cashing privileges:

a. 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 4-2. The stamp must state:

> "I consent to immediate collection from my pay the amount of this check plus bank charges, if this check is dishonored _____."

b. The DO (or authorized agent) stamps this statement on the front of the check in the presence of the individual and ensures the latter places his or her initials at the end of the statement to validate immediate collection from the individual's pay account if the check is later dishonored.

c. If the stamp is used, record adequate payee identification (verified against a valid identification card) on the negotiable instrument to facilitate recovery if the instrument is dishonored; see paragraph 040104E of this chapter.

B. The following are the responsibilities of DOs and their authorized agents when pay account collection for dishonored personal checks becomes necessary:

1. When a military member is in the same Component and the DO maintains the member's account:

a. Immediate deduction from the pay account is authorized for the face value of the dishonored check(s) plus any charges assessed against the DO by a financial institution for their processing.

b. DOs may not use partial payments as a means of resolving a dishonored check. Partial payments are limited to emergency situations.

2. When a military member is from a different Military Service, or from the same Component but paragraph 040204B1 of this chapter does not apply (e.g., retirees, members on PCS orders, on TDY, or in any other transitory status):

a. When the DD Form 2761is used, the DO makes copies of the form (front and back), certifies on its reverse that the individual consented to voluntary collection, and sends it to the appropriate component payroll office (see Table 4-1) to affect the pay account deduction and make restitution to the negotiating DO. The payroll office annotates the reverse of the DD Form 2761 specifying the action taken for each dishonored check listed.

b. When the stamp is used on the face of a check, the DO prepares a ***DD Form 139*** (Pay Adjustment Authorization) by Component as follows:

(1) Attach a listing showing each military member's name, DoD Component, SSN, unit or duty station, and check amount(s), along with copies of the check(s) (front and back). If the depositary adds a fee to the amount of the dishonored check, include a copy of the Standard Form (SF) 5515 (Debit Voucher) to substantiate its inclusion in the total amount of the deduction. Send all required documents to the appropriate payroll office at the mailing address in Table 4-1 to accomplish pay account deduction.

(2) 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."

3. Process dishonored personal checks for authorized appropriated fund civilian employees as follows:

a. Immediate pay account deductions are authorized for the face value of dishonored checks plus any charges assessed against the DO by financial institutions.

b. The DO makes copies of the ***DD Form 2761*** (front and back), certifies on the reverse side of each form that the individual consented to voluntary collection, and attaches front and back copies (if applicable) of the checks. Where the depositary adds a fee to the amount of the dishonored check, attach a copy of the SF 5515 to substantiate its inclusion in the amount of the pay account deduction. Send all documents to the appropriate payroll office listed in Table 4-1.

4. When a check is returned for a contract employee, the DO must immediately seek reimbursement from the company employee, as indicated in the employee's company agreement.

C. When collection action becomes necessary and the payroll office receives a DD Form 139 or DD Form 2761 from the DO, the payroll office is responsible for:

1. Processing the account deduction using normal payroll procedures;

2. Including, when possible, a statement similar to, "Consensual collection action for a dishonored check" in the remarks column of the leave and earnings statement (LES); and

3. After collection of the debt, the payroll office annotates the DD Form 139 or DD Form 2761 with the action taken for the dishonored check(s) and returns the document together with a certified casual payment voucher charged to the service member's pay account for the amount of the dishonored check to support the DO's issuance of an exchange-for-cash check payable to the disbursing office holding the dishonored check, to support the ***SF 1219*** (Statement of Accountability).

D. When a military member or DoD civilian employee is separated or has resigned and cannot be located to make restitution, the DO follows section 0404 of this chapter.

E. Writing checks in advance of the availability of funds (floating a check) is illegal and is neither condoned nor tolerated. Therefore, deny check-cashing privileges to individuals who abuse this privilege by writing checks against insufficient funds.

F. Retain check cashing documents as follows:

1. For all personal checks honored, the DO cashing them, keeps the original signed DD Form 2761 until 6 months after the individual transfers to a new duty station/installation or separates.

2. For all dishonored checks, keep the original DD Form 2761 with the dishonored check file until resolved. If the consent statement is stamped on the front of the

check and the check is dishonored, the DO, deputies, agents, or cashiers make copies of the front and back (if applicable) of the check and keep it along with a copy of the agreement if the individual is a contractor until the matter is resolved.

0403 ACCOUNTABILITY FOR DISHONORED CHECKS

040301. Checks Accepted from Collection Activities

DOs who accept checks from collection activities for the sale or transfer of something of value (e.g., property disposal sales, clothing sales, commissary sales, ships stores, housing offices, or similar activities) which later are returned unpaid by the depositary on an SF 5515, record the SF 5515 on the ***DD Form 2657*** (Daily Statement of Accountability) as a reduction of deposits (line 4.2.A), prepare a reverse collection voucher as a reduction of reimbursements (line 4.1.E), and send one copy of the collection voucher and one copy of the dishonored check to the collection activity concerned. Collection activities are responsible to pursue collection action in accordance with their regulations and Chapter 28 of this volume. Since these checks were collected into an appropriation and subsequently reversed, there is no deficiency in the DO's accountability.

040302. Checks Accepted to Satisfy an Obligation (Debt) Due the United States

DOs who accept checks to satisfy a debt to the United States (e.g., overpayment of travel allowances) which later are returned unpaid by a depositary must follow paragraph 040301 of this chapter. The activity responsible for originating the charge (e.g., military pay, travel pay, or similar entitlement area) reestablishes the debt based on the dishonored check and the reverse collection voucher and pursues collection action in accordance with their regulations and Chapter 28 of this volume. A DO who is the collecting officer for these types of dishonored checks initiates collection action following Chapter 28 of this volume. Since these checks were collected into an appropriation and subsequently reversed, there is no deficiency in the DO's accountability.

040303. Checks Received as Accommodation Exchange Transactions

For checks accepted in check cashing transactions (accommodation exchanges) authorized by ***31 U.S.C. 3342***, which later are returned unpaid by the depositary on an SF 5515, record the SF 5515 on the DD Form 2657 as a decrease to deposits (line 4.2.A) and as an increase to dishonored checks receivable (line 7.4). Unlike the checks discussed in paragraphs 040301 and 040302 of this chapter, consider these checks as erroneous payments because public funds have been disbursed. The DO pursues collection of these checks following this chapter and Chapter 28 of this volume. Should the checks become uncollectible, the DO reports the loss and requests removal of the deficiency through the Relief of Liability Section, Disbursing Policy Division, Strategy, Policy & Requirements Directorate, DFAS Indianapolis (DFAS-ZPFA/IN), 8899 E. 56th Street, Column 329F, Indianapolis, IN 46249-0050; see section 0404 of this chapter.

0404 REMOVAL OF DEFICIENCIES

040401. Request for Removal

Start appropriate collection action immediately on receipt of notification that a check has been dishonored and pursue it through recovery. If the debtor is no longer employed, in the military service, or is an inactive reservist, all attempts to collect have been exhausted and any further attempts at collection become impractical, the DO submits a written request for removal of the deficiency to the DFAS-ZPFA/IN; see Figure 4-3. The DO sends the request through their command channels and includes the original or a copy of the front and back of the uncollectible check; a copy of the related SF 5515; copies of the documents presented in section 0402 of this chapter, to include the latest available information regarding the debtor's location; a copy of the command's check cashing policy; a copy of the one-time authority to exceed the command's normal check amount, if applicable; and a copy of the request for the DFAS payroll site to pursue collection action against the delinquent debtor. Removal of deficiencies normally is authorized under 31 U.S.C. 3342 if the DO has followed the check cashing policy and collection requirements in this chapter and Chapter 28 of this volume. If the DFAS-ZPFA/IN approves removal of the deficiency, it sends the requesting DO a memorandum authorizing a charge to ***6763.XXXX, Gains and Deficiencies on Exchange Transactions. The DO sends a copy of the memorandum to the activity to which financial reports are submitted. DFAS-ZPFA/IN advises the Debt and Claims Management Office to continue attempts to recover the debt and, if successful, credit the appropriation charged when the deficiency is removed as a result of successful debt recovery processes. If DFAS-ZPFA/IN does not authorize removal of the deficiency, the deficiency cannot be charged to ***6763.XXXX. The DO can either repay the loss or request relief of liability under Chapter 6 of this volume.

040402. Lost Dishonored Check

If a dishonored check held in the disbursing office is lost, handle it as a physical loss of funds.

040403. Forgeries and Other Unusual Cases

Generally, forgeries should be detected if the check cashing procedures in this chapter are followed properly. However, if a forged check is processed and paid, a loss of funds investigation must be completed (see Chapter 6 of this volume). If the investigation is unable to identify the forger, or if recovery from this person cannot be accomplished, then the DO, DDO, agent, or cashier who cashed the forged instrument will be liable for the loss, but eligible for relief of liability pursuant to Chapter 6 of this volume. As such, the DO, DDO, agent, or cashier may submit a request for relief of liability to DFAS-ZPFA/IN for the improper payment. The request should include a copy of the investigation results, all related documents, and a description of the procedures used to preclude forgery.

Figure 4-1 DD Form 2761 (Personal Check Cashing Agreement)

PERSONAL CHECK CASHING AGREEMENT

Form Approved
OMB No. 0730-0005
Expires Feb 28, 2007

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, Executive Services and Communications Directorate (0730-0005). 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 ORGANIZATION. 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 (DoDFMR) 7000.14-R, Volume 5, Chapter 4.

PRINCIPAL PURPOSES: This form is designed exclusively to help overseas and afloat DoD disbursing activities, expedite the collection process of dishonored checks overseas and afloat.

ROUTINE USES: The information on this form may be disclosed as generally permitted under 5 U.S.C. Section 552a(b) of the Privacy Act of 1974, as amended. It may also be disclosed outside of the Department of Defense to Federal, state, or local government agencies, which have identified a need to know, for the purpose(s) identified in the DoD Blanket Routine Uses as published in the Federal Register

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)***		**2. SOCIAL SECURITY NUMBER**
3. ORGANIZATION/LOCATION		**4. RANK/GRADE**
		5. DUTY TELEPHONE NUMBER *(Include Area Code)*
6. BRANCH OF SERVICE	**7. SUPERVISOR'S NAME** *(Last, First, Middle Initial)*	**8. SUPERVISOR'S TELEPHONE NUMBER** *(Include Area Code)*
9. HOME ADDRESS *(Street, Apartment Number, City, State, ZIP Code)*		
10. HOME TELEPHONE NUMBER *(Include Area Code)*	**11. DRIVER'S LICENSE NUMBER**	**12. DRIVER'S LICENSE STATE**

POWER OF ATTORNEY

I desire to execute a power of attorney and I appoint and by these presents do make, constitute and appoint the below listed individual(s) my true and lawful attorney(s)-in-fact to draw, make, endorse, and cash personal checks drawn upon any account which I may have as sole or joint owner. Any act performed hereunder for me or from my account shall be binding on me, my heirs, legal and personal representatives and assigns. Transactions under this authority shall be in my name and all endorsements and instruments executed by my attorney 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 and voluntarily consent to the immediate collection from my current pay, without prior notice or prior opportunity to be heard, the face value of any check cashed by myself or my authorized agents, plus any charges assessed against the government by a financial institution, in the event such instrument is dishonored and returned for insufficient funds or closed accounts."

17. REQUESTOR'S SIGNATURE	**18. DATE**

DD FORM 2761, FEB 2004 PREVIOUS EDITION IS OBSELETE LOCAL REPRODUCTION AUTHORIZED

Figure 4-1 DD Form 2761 (Personal Check Cashing Agreement) (Continued)

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. D.O. 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 FOR ADJUSTMENT			
I CERTIFY that this collection is the result of dishonored personal checks cashed by the cited individual for the amounts stated. The individual has consented in writing, that in consideration for cashing the individual's check(s) the amount of any check returned unpaid for any reason, plus any charges assessed against the government by a financial institution, may be collected from the individual's pay.			
15. FROM			
16. DISBURSING OFFICER			
a. NAME (*Last, First, Middle Initial)*	b. RANK/GRADE	c. SIGNATURE	
I CERTIFY that the adjustment indicated above has been entered on the above-named individual's Pay 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), FEB 2004

Figure 4-2 Samples of Check Endorsements Consenting to Pay Account Collections for Dishonored Check Charges

JAMES A. HANCOCK 123-45-6789
MARY S. HANCOCK 234-56-7890
4567 ASSUMED DRIVE (703) 345-6789
ALEXANDRIA, VA 22310

4620

68-7497
2560

_____ 20 _____

PAY TO THE ORDER OF _____ **$** _____

_____ DOLLARS

XYZ FEDERAL
CREDIT UNION
VIENNA, VIRGINIA

I CONSENT TO IMMEDIATE COLLECTION FROM MY PAY THE AMOUNT OF THIS CHECK PLUS BANK CHARGES, IF THIS CHECK IS DISHONORED

FOR _____ SAMPLE - NON--NEGOTIABLE

|:256074974:|4620:::333333333333||:001

JAMES A. HANCOCK 123-45-6789
MARY S. HANCOCK 234-56-7890
4567 ASSUMED DRIVE (703) 345-6789
ALEXANDRIA, VA 22310

I CONSENT TO IMMEDIATE COLLECTION FROM MY PAY THE AMOUNT OF THIS CHECK PLUS BANK CHARGES, IF THIS CHECK IS DISHONORED

4620

68-7497
2560

_____ 20 _____

PAY TO THE ORDER OF _____ **$** _____

_____ DOLLARS

XYZ FEDERAL
CREDIT UNION
VIENNA, VIRGINIA

FOR _____ SAMPLE - NON--NEGOTIABLE

|:256074974:|4620:::333333333333||:001

Figure 4-3 Sample of a Request for Removal of Deficiency due to Dishonored Checks

(Letterhead Block)

Date

MEMORANDUM FOR RELIEF OF LIABILITY SECTION, DISBURSING POLICY & TREASURY INITIATIVES DIVISION, DFAS INDIANAPOLIS (DFAS-ZPFA/IN), 8899 E. 56TH STREET, INDIANAPOLIS, IN 46249-0500

SUBJECT: Request for Removal of Deficiency

I request removal of deficiency under the provisions of Department of Defense Financial Management Regulation, Volume 5, paragraph 040401, for the following dishonored checks accepted as accommodation exchange transactions. This deficiency is carried on the accountability of disbursing station symbol number XXXX under the account holder Captain XXXXXXX.

NAME	SSN	CHECK #	DATE	AMOUNT
Irwin XXXXXX	xxx-xx-xxxx	185	July 15, 2005	$150.00
James XXXXX	xxx-xx-xxxx	422	July 28, 2005	$150.00
			TOTAL	$300.00

This office has exhausted all means of collection. These individuals are no longer employed in an active duty, reserve, or civilian capacity for the U.S. Government. Members have been notified of their debt and have not responded to the collection letter. Attached are the dishonored check(s), copy of applicable debit voucher(s), copy of the applicable check cashing policy, and the documentation supporting attempted collection.

If you have any questions, please contact Mr. John Doe, at DSN ###-#####, phone (###) ###-####, or by email: John.Doe@dfas.mil.

Signature Block
Disbursing Officer

Attachments:
As stated

Table 4-1 DoD Component Payroll Office Addresses

Branch of Service	Active Duty	Active Reserve/ National Guard	Inactive Reserve	Retired	Civilian	DoD Component Payroll Office Address
U.S. Army	X					Defense Finance and Accounting Service ATTN: DMPO/IN P. O. Box 269009 Indianapolis, IN 46226-9009
		USAR				Defense Finance and Accounting Service ATTN: USAR Liaison Office 8899 East 56TH Street Indianapolis, IN 46249
		ARNG				ARNG Financial Services Center ATTN: NGB-ARC-F 8899 East 56TH Street Indianapolis, IN 46249
U.S. Marine Corps	X	X				Defense Finance and Accounting Service USMC Central Processing Code JFLAF (Pay Adjustment Authorizations) 1240 East 9th Street Cleveland, OH 44199-2055
U.S. Navy	X					Defense Finance and Accounting Service Navy Active Duty Pay Processing Division Code JFLA 1240 East 9th Street Cleveland, OH 44199-2055
		X				Defense Finance and Accounting Service ATTN: Reserve Pay Processing 1240 East 9th Street Cleveland, OH 44199-2055
U.S. Air Force	X					DFAS-Indianapolis Air Force Military Pay ATTN: JFLTBC 8899 East 56th St Indianapolis, IN 46249-1200
		X				Defense Finance and Accounting Service Military Pay Operations ATTN: JFLTAD, NG/RES Supervisor 8899 East 56th Street Indianapolis, IN 46249-1200
U.S. Army, Marine Corps, Navy, Air Force			X			Relief of Liability Section , Disbursing Policy Division Defense Finance and Accounting Service ATTN: ZPFA/IN 8899 East 56th Street Indianapolis, IN 46249-0500
				X		Defense Finance and Accounting Service U.S. Military Retirement Pay P.O. Box 7130 London, KY 40742-7130 or FAX 1-800-469-6559
DoD Civilian					X	Defense Finance and Accounting Service Civilian Payroll Document Imaging System 8899 East 56th Street Indianapolis, IN 46249-1900 or FAX 1-866-401-5849 or DSN 699-9771
U.S. Coast Guard	X					Commanding Officer U.S. Coast Guard Pay and Personnel Center 444 SE Quincy Street Topeka, KS 66683-3591

VOLUME 5, CHAPTER 5: "DEPOSIT AND TRANSFER OF PUBLIC FUNDS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated September 2008 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
050102.C	Modifies address codes for sending requests to deposit with or change general depositaries.	Update
Former 050203	Deletes the information for the deposit of food stamps, and renumbers subsequent paragraphs in this section. Paper food stamps are no longer accepted by the Treasury or Federal Reserve Bank.	Delete
050204	Adds the "Large Dollar Notification" system to notify the Department of the Treasury of large deposits.	Add
050401.B, Tables 5-1 and 5-2	Clarifies the timeframe for reconciling deposits in transit.	Update
050506.A	Adds additional guidance for the recording of a lost shipment by a relieving DO.	Add

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CHAPTER 5

DEPOSIT AND TRANSFER OF PUBLIC FUNDS

0501 DEPOSIT OF FUNDS

050101. General

Under ***Title 31, United States Code (U.S.C.), Section 3302***, custodians of money, e.g., disbursing officers (DOs) holding cash, checks, money orders, in excess of either current requirements or the amount authorized to be held at personal risk, whichever is less, must deposit them promptly in an authorized depositary of the Department of the Treasury (Treasury) for credit to the Treasurer of the U.S. This does not apply to instruments to be returned to remitters in the form in which received, e.g., deposits of unsuccessful bidders for the sale of government property.

050102. Depositaries

A. Federal Reserve Bank (FRB). DOs should use FRBs or branches as depositaries whenever possible, and do not need prior approval. Federal agencies may no longer deposit cash (coin and currency) with an FRB. Also, Federal agencies may no longer tender deposits to an FRB for immediate confirmation of credit in the Treasury General Account (TGA), i.e., receive a signed and dated deposit ticket (Standard Form (SF) 215). See ***http://www.federalreserve.gov/fraddress.htm*** for a listing of FRBs. DOs and/or those who make deposits on their behalf may also deposit funds electronically; see Chapter 24 of this volume for programs available for this purpose.

B. General Depositaries. The ***Treasury Financial Manual*** describes general depositaries as commercial banks or other financial institutions designated specifically and authorized by the Treasury to maintain a demand account in its name to accept deposits to the TGA. These depositaries are designated only 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 has been authorized at a base, station, installation, or command, the local commander must give equal recognition when recommending designation of authorized financial institutions as TGA depositaries. After Treasury approval, the commander should reasonably distribute official financial transactions among the approved depositaries. Do not deposit public funds in a financial institution that has not been approved as a general depositary except as shown in subparagraph 050102.E of this chapter, and do not mail deposits to a TGA without specific Treasury authorization to do so.

* C. Requests to Deposit with or Change General Depositary. DOs formally request authorization to deposit collections with a general depositary or change from one authorized depositary to another, using an Agency Profile Sheet (see Figure 5-1). This requirement includes those instances when on-base banks or credit unions undergo changes such as acquisitions or mergers. Send appropriate requests to the Defense Finance and Accounting Service, DFAS-JJFB/CO, P.O. Box 182317, Columbus, OH 43218-2317 which will, after

review, send the request to the Federal Reserve Bank of St. Louis, TGA Management Team, P.O. Box 790331, St. Louis, MO 63179 for approval. Send the request at least 90 calendar days before the requested effective date to allow the FRB enough time to make necessary arrangements and issue appropriate instructions to the depositary.

D. Need for General Depositary Ceases to Exist. The DO advises DFAS-JJFB/CO of the date on which the need for a general depositary ceases to exist, and the reason therefore.

E. Limited Depositaries. Limited depositaries are designated only to receive deposits made by or on behalf of DOs for credit to their official nonsymbol checking accounts maintained with such depositaries. Limited depositaries are not authorized to accept deposits for credit to the Department of the Treasury. See Chapter 14 of this volume.

0502 DEPOSIT REQUIREMENTS

050201. Frequency

Deposit all funds received for credit to Treasury's account promptly.

A. Make deposits before the depositary's specified cut-off time, but as late as possible to maximize daily deposit amounts. Deposit receipts of $5,000 or more on the day received before the depositary cut-off time. In instances where the disbursing office business day has been advanced due to volume of transactions and balancing requirements, make deposits 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, make the deposit before the depositary's cut-off time on September 8.

B. When same-day deposit is not cost effective, make the deposit the next day. A DO may need to set a cut-off time regarding preparation of deposits. When deposits on the following day and all receipts received after the cut-off for daily deposits of receipts total less than $5,000, the receipts may be accumulated and deposited when the total reaches $5,000, but make deposits by Thursday of each week, regardless of the amount accumulated. DOs should limit their transmittals of deposits to one per day. Agencies must have adequate internal controls to ensure the security of all undeposited funds.

C. DOs separate cash from personal checks and U.S. Treasury checks and prepare a separate SF 215 for each. Convert cash to a cashier's check or money order and mail or deliver it to the FRB along with the check deposits. For Navy vessels in U.S. ports, prepare deposits for U.S. Treasury checks and mail them to the nearest FRB. Present cash deposits to an authorized TGA. Use registered mail, certified mail or courier for deposits of negotiable instruments not presented in person. Since certified mail requires an additional fee to request a copy of the signature record before or after delivery with return receipt, the DO ensures that funding is available. Before depositing with an FRB, the DO confirms that the FRB still accepts check deposits. NOTE: Since the FRB is consolidating site locations, some changes could occur

to the website cited in subparagraph 050102.A of this chapter. Address questions concerning which FRB to utilize to DFAS-NPD/IN at ***disbursing-debtmanagementpolicy@dfas.mil***. Charge costs for cashier's checks and money orders to operations and maintenance or working capital funds available to the DO.

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 instrument(s) 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 prepares the deposits for mailing via registered or certified mail and delivers them to the military post office onboard. The DO may not hold negotiable instruments to be deposited in his/her 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 on board Naval vessels make a deposit on the last regular business day before leaving port and on the first regular business day after returning to port for any at-sea period in excess of 1 week.

050202. U.S. Dollar Deposits

A. Negotiable Instruments. Deposit negotiable instruments (e.g., personal checks, traveler's checks, money orders), payable in U.S. dollars for credit to Treasury's account at an FRB or branch, or an approved general depositary. Use a separate SF 215 to deposit all U.S. Treasury checks to an FRB or its branch, except that DOs may deposit Treasury Checks at Military Banking Facilities (MBF) overseas.

1. All DOs in the United States and activities authorized to deposit to the account of a DO deposit U.S. Treasury checks with an FRB or branch. When using an FRB or branch, prepare a separate SF 215 for each of the following deposits: (1) U.S. Treasury checks and (2) checks (e.g., personal checks, money orders, travelers checks).

2. DOs located outside the continental United States may deposit all U.S. Treasury checks with an established general depositary. U.S. Treasury checks, cash, and other negotiable instruments may not be mailed to a general depositary without Treasury's written permission. See Chapter 8 of this volume for guidance on depositing canceled U.S. Treasury checks. NOTE: All military bases in Europe without local contract MBFs may mail deposits to the MBF at Frankfurt, Germany.

B. Checks Drawn on Foreign Banks in U.S. Dollars Payable through a Bank in the United States. Checks drawn on foreign banks in U.S. dollars, payable through a bank in the U.S., must have an American Bankers Association (ABA) routing and transit number (RTN) printed on the item and a magnetic ink character recognition encoded with the U.S. bank's ABA RTN at the bottom left side of the check. Group these checks on a single SF 215 and deposit them as described in subparagraph 050202.A of this chapter.

C. Manner of Deposit

1. Deposit by DO. The FRB will not accept walk-in deposits. Deposit checks, drafts, or money orders by registered mail, certified mail or courier to an FRB or branch, unless an authorized designated TGA is approved for use by Treasury. If a deposit of cash in person is impracticable at an authorized TGA, the next most preferred method is by armored car. The least preferred method of depositing cash is by registered mail to an authorized TGA. The cash shall be either double wrapped or placed in an inner and outer container. An SF 215 must accompany each deposit. If an error is discovered after an SF 215 has been released to a depositary, do not recall it or prepare a corrected SF 215 and submit it to the depositary. The DO contacts the depositary, provides information on the error and requests the depositary prepare an additional SF 215 for the difference when the deposit amount is to be increased, or a Debit Voucher (SF 5515) for the difference when the amount is to be decreased. Upon receipt of the additional SF 215 or SF 5515, the DO records and reports the document as prescribed in this chapter. Deposit damaged or mutilated currency following paragraph 050507 of this chapter.

2. Deposit by Other than DO. When more time is required to turn in funds personally to the DO and 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 described as follows:

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. These persons follow paragraph 050301 of this chapter for preparation of the SF 215. Submit the confirmed copy of the SF 215 to the DO on the day the deposit is made with the appropriate collection vouchers and memorandum copy of the SF 215.

b. Approved Designated Depositary Not Available for Cash Deposits. When an approved designated depositary is not available, agent officers or any authorized collecting officers may send cash to the DO by postal money order, bank money order, or cashier's check. Pay the fee for purchase of the cashier's check or postal/bank money order in cash at the time of purchase, and attach the receipt to the Cash Collection Voucher (***DD Form 1131***). Deduct the cost of the cashier's check or postal/bank money order from the total amount collected. Show in the body of the DD Form 1131 the total amount collected, the fee for the cashier's check or postal/bank money order, the net collection, and the bank and date of the money order; see Figure 5-2.

050203. Foreign Currency Deposit

See Chapter 13 of this volume.

*050204. Reporting Large Deposits and Fedwire Deposits System (FDS) Deposits

To permit Treasury's Financial Management Service (FMS) to manage the government's cash position at each FRB, large deposits must be reported in advance of the transaction settlement date. DOs 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), must notify the

FMS of the deposits at least 2 business days before making the deposit. If a deposit of $500 million or more is anticipated, the DO must provide at least a 5 business day advance notice. 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). FMS has a web-enabled utility, the ***Large Dollar Notification (LDN) Interface***, to allow a Government Agency to add, update, delete, search, list, and view LDNs. To obtain access to this utility, complete the Cash Track Access Authorization Form and follow instructions (see Figure 11-6 of this volume). DOs may also report information on large deposits by facsimile (fax) transmission to the FMS at (202) 874-9984 using FMS Form 187 (Advance Notice of Large Deposits or Payments of $50 Million or More). If the report is given to the FMS on other than an FMS Form 187, furnish:

A. Name and address of the Component (e.g., Army)

B. Name and telephone number of DO

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

Keep a copy of the report with the DO's monthly retained financial records.

050205. Sorting and Listing of Instruments

A. General Depositaries. Deposit checks (e.g., personal checks, money orders, travelers checks) deposited with general depositaries using an SF 215. NOTE: Deposit U.S. Treasury checks to an FRB or branch, or an approved designated depositary following paragraph 050102 and subparagraph 050202.A of this chapter. Include with each completed SF 215 an adding machine tape or other listing unless other arrangements have been made with the depositary. Deposit cash on a separate SF 215. Sort all currency by denomination, face and top up, and deposit it in full packages (100 notes) of each denomination: $1, $2, $5, $10, $20, $50, and $100. Prepare partial packages for each denomination not containing 100 notes. Secure each package (full or partial) with a currency strap bearing no printed denomination. DOs may obtain these straps from commercial suppliers. Legibly show the total dollar amount and DSSN on each package of currency on each strap. Roll coins whenever possible. Include with each completed SF 215 an adding machine tape or other listing reflecting, by denomination, the total

of currency and coin being deposited.

B. FRBs. DOs deliver checks by registered mail, certified mail or courier to an FRB, and include an SF 215 as described in subparagraph 050202.A.1 of this chapter. Enclose the checks with the SF 215s in a sealed package. Separate checks into bundles of not more than 400 items per bundle. Attach to each bundle of checks an adding machine tape or other listing detailing all items in the bundle, the bundle total, and the DSSN. Provide the totals of each listing and the listing's item count on each SF 215.

050206. Endorsement of Negotiable Instruments

A. Area for Endorsements. The Expedited Funds Availability Act, ***12 U.S.C. 4001*** established restrictions for placement of payee endorsements. Negotiable instruments must be endorsed on the back in the 1 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, endorsements 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 DoD, a DoD Component, another government agency, or the DO for deposit, the endorsement stamp required by subparagraphs 050206.C or 050206.D of this chapter appears 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 requires space beyond the first 1 1/2 inches from the trailing edge, the DO uses 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 when the area assigned for the bank of first endorsement has been used. Such checks are acceptable but may not be processed by the banking system in the prescribed time frames under 12 U.S.C. 4001, which could hamper collection action. Blue or black ink is preferable for endorsements.

B. Endorsement Requirements. Activities with stamps containing additional information may use them so long as the endorsement fits within the 1 1/2 inch space assigned for payee endorsers.

1. Negotiable Instruments Deposited with an FRB or Branch. DOs depositing directly with an FRB or branch may function as the bank of first deposit on behalf of the FRB; prior approval from the FRB is required. Since little advantage is gained by DOs assuming this responsibility, DOs must advise the supporting DFAS site when an FRB or the Treasury requests they function as a bank of first deposit. All checks, drafts, and money orders in payment of an obligation due to the United States, regardless of the payee to which drawn (including the Treasury, DoD, and any officer of the government), must be endorsed on the back of the instrument in the 1 1/2 inch space along the trailing edge (see Figures 5-3 and 5-6).

2. 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, must be endorsed on the back of the instrument in the 1-1/2 inch space along the trailing edge (see Figures 5-3 and 5-8). Insert the Component name (e.g., Army, Navy, DFAS) in the blank following "UNITED STATES," and the four-digit disbursing activity's DSSN in

the blank following "DSSN;" these may be entered manually, mechanically, or be included as a part of the stamp itself. Enter, either manually or mechanically, the date on which the deposit is made in the blank following "Date," to correspond with the bank's business day; see paragraph 050201 of this chapter.

3. Conditional Endorsements. Do not accept checks with conditional endorsements, e.g., "Payment in Full." Return these checks to the drawers and advise them that the DoD cannot legally accept them.

050207. Record of Negotiable Instruments Deposited

DOs keep a complete record of negotiable instruments mailed or presented to depositaries. This may be a scanned or photocopy of both sides of the instruments. If scanning or photocopying is not possible, prepare 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 when other than drawer), date drawn, and amount. Copies of collection vouchers or other documents that show the same data are acceptable as the record of instruments. If an item is lost in banking channels, the DO shall then be held pecuniary liable if the maker of the instrument cannot be identified in order to contact that person for a replacement. Therefore, photocopied, scanned, or prepared lists of instruments deposited shall be kept in active files until receipt of the deposit is acknowledged. Once receipt of the deposits is acknowledged, file these as supporting documents with the retained copy of the SF 215 and the Statement of Accountability (***SF 1219***) covering the period in which the deposits were made.

050208. Lost Negotiable Instruments

When a negotiable instrument is lost, whether before or after deposit, the DO adjusts the affected accounts and immediately requests that the maker of the instrument stop payment and replace it with a new check or other form of payment. DOs must inform members of their legal obligation for the check and offer them another opportunity to replace the check. If the military member refuses, the DO may, as with any other debt, pursue involuntary collection action against the military member's pay.

050209. Disposition of Funds on Transfer or Reassignment without Relief

A DO that is transferred or reassigned without being relieved by another DO deposits all funds in his/her possession prior to the transfer or reassignment. This includes all funds held by deputies, agents, and/or cashiers, including imprest funds and change funds. Report each deposit made during the period, including the final deposit, 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. Deposit Ticket (SF 215)

A. General. Prepare, quintuplicate, an SF 215 for each deposit. This form is designed to be processed on optical character recognition (OCR) equipment; it is therefore essential that the preparer strictly follow these requirements. The SF 215 shall be typed with American National Standards Institute OCR-A font (ANSI OCR-A) 10-pitch type. If an ANSI OCR-A is not available, use Pica 10-pitch. An acceptable, but undesirable type font is Elite 12-pitch. Specialty type fonts such as Adjutant, Advocate, Artisan, Courier, Delegate, Gothic, Italic, Scribe, and Script 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 may not be made to entries in these blocks. The Treasury does not allow DOs or depositaries to change data on the SF 215. Report any violation of this rule by a depositary to the Cash Management Branch, Disbursing/Debt Management Policy Division, Policy and Performance Management Directorate, DFAS Indianapolis (DFAS-NPD/IN), 8899 E. 56th Street, Indianapolis, IN 46249-0050, for further reporting to the Treasury. NOTE: The automated SF 215 contains the same information as the hard copy SF 215. The automated SF 215 may be utilized based on an agreement between the depositor and depositary. Prepare an SF 215 as follows (see Figure 5-9):

1. Deposit Number-Block 1. Each SF 215 contains a preprinted six-digit deposit number used by the Treasury's central accounting and reporting systems as the basis for generating audit and reconciliation reports for depositor agencies. Do not alter, type over, or change this pre-printed number in any manner. It is not necessary to account for voided or spoiled forms, even though they are pre-numbered.

2. Date Presented or Mailed to Bank-Block 2. Enter the date that the document is either mailed to an FRB or branch or, if delivered to a general depositary, enter the banking business date of the depositary at time of presentation. The proper format is two-digit single-spaced groups in month, day, and year order, separated by hyphens; zero-fill for single-digit dates.

3. Eight-Digit Agency Location Code (ALC) or Four-Digit Disbursing Office Symbol-Block 3. Enter the four-digit DSSN, left-justified and single-spaced.

4. Amount-Block 4. Enter the amount of the deposit, including cents. Use normal punctuation of commas and decimal points; omit dollar and cent signs.

5. Date Confirmed by Bank-Block 5 (Memorandum Copy). Leave blank; complete upon receipt of confirmed copy from the depositary.

6. Agency Use-Block 6. Enter descriptive data regarding the deposit such as: “Prepared by,” “Verified by,” and “Deposited by;” with the initials of the persons who performed these tasks. NOTE: For a commissary deposit, enter the commissary store number and location in this block. Also, if the deposit is made with a branch bank, enter the name and location of the branch.

7. Name and Address of Depositary-Block 7. Enter 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 completes this block.

9. Depositor's Title, Department, or Agency and Address-Block 9. Enter the complete mailing address of the office making the deposit for the DO.

B. Distribution and Disposition. Send the original, depositary, and confirmed copies of the SF 215 to the depositary with the funds and/or negotiable instruments being deposited. The DO retains the memorandum and agency copies in a suspense file to assure that all deposits are in fact confirmed by the depositary. The DO follows up on unconfirmed deposits as required by paragraph 050404 of this chapter. Upon receipt of the confirmed copy from the depositary, transcribe the date confirmed to the agency copy. Based on the specific requirements of the supporting DFAS site, submit the confirmed copy as part of the financial reports for that month when available. In instances where a deposit is not confirmed in the same month as mailed, refer to Chapter 19 of this volume. The supporting DFAS site may also 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. As stated in subparagraph 050202.C.2.a of this chapter, an SF 215 may be submitted to a depositary for a DO, with the confirmed and memorandum copies being forwarded to the DO as required. The DO credited with the deposit may not receive these copies in time to submit with his monthly returns, requiring the DO to reconcile all deposits with CA$HLINK II (See paragraph 050401.E of this chapter.) and the appropriate depositing activity prior to preparation of the monthly SF 1219. 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 need be submitted with the monthly financial reports. The DO always retains the agency copy as part of the retained financial records. Report the sum of all deposits presented or mailed to a depositary in Column 2, Section II, Part B of the SF 1219 for the month in which deposits were presented or mailed.

C. Accounting for Deposits. After netting out all SF 5515s (except those used for electronic funds transfer (EFT)) 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 SF 215s received from a depositary to adjust a deposit) on line 4.2A of the Daily Statement of Accountability (***DD Form 2657***). At the end of the accounting period (month), use the memorandum or confirmed copies of each SF 215 (and SF 5515, including those for EFT) applicable to only the current accounting period to prepare the detailed deposit activity report to support 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. Debit Vouchers

A. General. When a check is returned unpaid to the depositary with which the check was originally deposited, the depositary may process 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. SF 5515s may also be issued by depositaries and by the

Treasury to establish other valid charges against a DO's account, e.g., exchange fees and other collection charges assessed in connection with foreign instruments deposited. The DO immediately records all SFs 5515 received on the DD Form 2657. Include the SFs 5515 in the SF 1219 for the month in which received.

B. Action by the DO

1. Nontactical Disbursing Activities. For SFs 5515 received in connection with returned unpaid checks, see Chapter 4 of this volume for guidance on processing dishonored checks. For SFs 5515 received in connection with checks lost after deposit, the DO follows paragraph 050208 of this chapter. Process new checks received pursuant to action taken by the DO as a new deposit. Process charges for handling foreign checks as prescribed in Chapter 13 of this volume.

2. Tactical Disbursing Activities. DOs shall comply with SFs 5515 received from a depositary 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 forwards the SF 5515 by cover letter to the activity designated to settle the former DO's account. In addition to the SF 5515 and 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. Include in the cover letter the most recent information concerning the present location and status of the maker or endorser of the check in question. Send a copy of the cover letter to the issuing depositary.

C. Distribution. The SF 5515 is a four part document. The depositary retains two copies and the DO receives the memorandum and the confirmed copies. The DO sends the confirmed copy to support the monthly financial reports and retains the memorandum copy with his/her retained financial records. See Figure 5-10.

D. Accounting. Account for SFs 5515 as negative deposits. As noted in subparagraph 050301.C of this chapter, net all SF 5515s (except those used for EFT) in the current business day against all deposits for that business day, and record the total on line 4.2A of the DD Form 2657. Record EFT SFs 5515 on line 4.2B. At the end of the accounting period (month), use the memorandum or confirmed copies of each SF 5515 (including EFT SF 5515s) and each SF 215 applicable to only the current accounting period 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. DOs report deposit activity in connection with their financial reports. Each disbursing office prepares and submits the detailed deposit activity report formerly required by the respective Component. Army disbursing offices report SF 215 and SF 5515 information in the Data Element/Accounting Reporting System (DELMARS). Navy disbursing offices use the Uniform Microcomputer Disbursing System (UMIDS), other approved automated format, or prepare and submit the monthly Schedule of Deposit Activity as prescribed in paragraph 050406 of this chapter. Air Force disbursing offices use the Deposits in Transit System (DITS) (6J record). Marine Corps disbursing offices report detailed deposit activity using the Marine Corps Expenditure/Reimbursement Reporting System (MCRRS). The net dollar value of these inputs ultimately is given to the Treasury, which also receives detailed reports from each depositary of all SFs 215 and SFs 5515 received from DOs, or issued by depositaries, as appropriate. Refer to Table 5-1, "Checklist for DFAS Site Responsibilities for Deposit Discrepancies;" Table 5-2, "Checklist for Disbursing Officer Responsibilities for Deposit Discrepancies;" and Table 5-3, "Decision Logic Table for Deposit Discrepancies."

B. Monthly, the Treasury compares the value of deposits and debit vouchers reported by DOs on SFs 1219 and detailed deposit activity reports to the value of deposits and debit vouchers reported through CA$HLINK II. When the Treasury is unable to reconcile the information in the two reporting systems, it sends a Statement of Differences (SOD), Deposit Transactions (FMS Form 6652), with supporting detail of deposits and debit vouchers reported by the depositaries to the applicable DFAS site for redistribution to the appropriate disbursing office for reconciliation. Any deposit discrepancy appearing on a FMS Form 6652 will appear on every subsequent FMS Form 6652 until it is reconciled. Consider all SOD differences on the FMS Form 6652 that have not been reconciled within 2 accounting months, and that have been validated as meeting the criteria of an actual physical loss of funds, as a loss or overage of funds with the associated pecuniary liability as prescribed in Chapter 6 of this volume. Do not consider timing differences and/or reporting errors as a loss of funds, but the DFAS site must pursue aggressive action to clear the differences with appropriate offsetting transactions, via departmental level, Treasury, and/or agency within 2 accounting months of the offsetting transaction appearing on the SOD. The effective date of the deposit discrepancy is the last business day of the accounting month during which the discrepancy was first reported on the FMS Form 6652.

C. DOs must strictly adhere to the preparation requirements for the SFs 215 and SFs 5515 as described in section 0503 of this chapter, and exercise particular care to ensure that these forms are prepared accurately. It is also imperative that DOs report promptly and properly all SFs 215 and SFs 5515. Instructions for reporting SF 215s and SF 5515s using the systems noted in subparagraph 050401.A are in the user's guides for those systems. See paragraph 050405 of this chapter for instructions for manual preparation of the detailed deposit activity report, and paragraphs 050402 through 050405 of this chapter for detailed instructions for clearing deposit differences from the FMS Form 6652. The most common causes of deposit differences are:

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 given 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 the Treasury.

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 prescribes specific instructions to all approved depositaries regarding adjustments of errors discovered subsequent to the day of deposit. Correct any error discovered after release of a deposit to a depositary or differences reported on the FMS Form 6652 through the reconciliation process. DOs must take aggressive action to reconcile and/or clear all differences as rapidly as possible after notification by the Treasury that a difference exists; see subparagraph 050401.B. To maintain control, the DO or the DO's designee(s) monitor deposit activity daily using CA$HLINK II and maintain either a manual or mechanized subsidiary record of all deposit differences. The DO or the DO's designee(s) review the record of differences at least weekly to ensure these differences are cleared. Keep documentation supporting the review process for six years and three months as evidentiary support of the review process. These records need not be certified. Also, each time there is a change of DOs, the incoming DO validates the unresolved differences. If the departing DO cannot provide the incumbent DO with documentation supporting the unresolved items, the departing DO processes the unsupported items as a loss or overage of funds; see Chapter 6 of this volume.

E. CA$HLINK II. CA$HLINK II was developed by the Treasury to assist agencies in reconciling deposit transactions. This system allows early access to deposit transaction information and gives DOs 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 FRBs are available in CA$HLINK II within 1 or 2 days after reporting by the depositary, and all DoD DOs must use it as a tool for deposit reconciliation. Information and application forms for CA$HLINK II are available from the supporting DFAS site or DFAS-NPD/IN. Any DoD component disbursing activity that determines use of CA$HLINK II is not feasible must submit a written justification through their chain of command to the Office of Under Secretary of Defense (Comptroller) (OUSD(C)) through DFAS-NPD/IN. NOTE: The Transaction Reporting System (TRS) is scheduled to replace CA$HLINK II for deposit reconciliation; see Chapter 24 of the volume for more information on TRS.

050402. Improperly Prepared/Reported Deposit Tickets and Debit Vouchers with Incorrect Date, Voucher Number, and DSSN

Deposit differences may result from preparation errors by the preparing disbursing office or the depositary, depending on where a given SF 215 or SF 5515 is prepared. Specific areas of these documents where proper preparation is most critical include the date, DSSN, voucher number, and amount blocks. Errors in any one or more of these blocks always result in deposit

differences. These differences are detectable through daily monitoring of CA$HLINK II. When an error is detected in the DSSN or amount block, the DO or his/her designated representative can request the error be corrected via the "Agency Request Correct Voucher" function under the ALC Reconciler Role in CA$HLINK II. If the error is in the date or voucher number block, the DO or his/her designated representative makes the correction via "Agency Request Correction Voucher" function under the ALC Reconciler Role in CA$HLINK II. The system transmits all agency ALC voucher corrections to Treasury for verification and approval. Treasury will still require the agency to send a copy of the confirmed voucher to support their ALC corrections via fax to: 202-874-8887. If fax is not available, mail the correction to Cash Accounting Division, FMS, Room 500E, 3700 East-West Highway, Hyattsville, MD 20782.

A. Over or Understated Deposit Tickets and Debit Vouchers. A difference occurs when an SF 215 or SF 5515 amount is overstated or understated. An overstated SF 215 exists when the amount entered exceeds the amount of cash or negotiable instruments submitted with it. An understated SF 215 exists when the amount entered is less than the amount of cash or negotiable instruments submitted with it. An overstated SF 5515 exists when the amount entered exceeds the value of the check or EFT payments it covers. An understated SF 5515 exists when the amount entered is less than the value of the check or EFT payments it covers. Treasury regulations for depositaries do not permit changing the amount on an SF 215 or SF 5515. They require the depositary to confirm a deposit as presented and immediately issue either an SF 5515 for the amount of the overage or an additional SF 215 for the amount of the shortage. In either situation, the DO should discover 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 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 discover 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 CA$HLINK II enables early detection of these differences. Upon receipt of the confirmed copy of an adjusting SF 215 or SF 5515, the DO records the document on DD Form 2657. 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 enables a more rapid settlement of the discrepancy in the DO's accountability. If an overage or shortage of funds was not discovered before receipt of the adjusting SF 215 or SF 5515 and recording the document creates an overage or shortage, the DO processes the overage or shortage as prescribed in Chapter 6 of this volume.

B. Even though not authorized by the Treasury, some depositaries change the amount of an SF 215 or SF 5515 rather than issuing an adjusting document. The DO should be able to discover such action through daily monitoring of deposit activity through the CA$HLINK II, upon receipt of the confirmed copy of the original SF 215 or SF 5515, or upon receipt of FMS Form 6652. If the amount of the document (as prepared and submitted by the DO) was incorrect, the DO should have detected a loss or overage of funds condition upon recording the transaction on DD Form 2657. If a depositary consistently changes the amount entered on an SF 215 or SF 5515, the DO reports this to DFAS-NPD/IN as required by section 0503 of this chapter. This

report must include a copy of the SF 215 or SF 5515, FMS Form 6652 and supporting detail, and a printout of the data from CA$HLINK II.

050403. Deposits Not Reported by Depositaries

SFs 215 that have been reported by DOs but not by the depositary do not appear in CA$HLINK II. These appear on FMS Form 6652. Daily monitoring of CA$HLINK II alerts 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. If no confirmation copy is received from the depositary within a reasonable period of time for deposits presented by mail, the DO initiates 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. Tactical DOs consider unit movement schedules and locations when the deposit was mailed. In any event, initiate follow-up action within 30 days from the date of mailing a deposit.

B. Include with a follow-up request to a depositary a copy of the applicable SFs 215 and a description or copies of the instruments included in a deposit. The depositary provides a confirmation copy or confirmation information to the DO in response to the follow-up request. A depositary response acknowledging receipt of the deposit is acceptable as the confirmation copy when the actual confirmation copy cannot be given. If the depositary acknowledges receipt of the deposit but refuses to report the transaction to the Treasury, the DO provides written notification, with copies of all correspondence and documents involved, to DFAS-NPD/IN, which will then pursue resolution of the issue through the Treasury 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 DO reverses the deposit transaction in the current month's business. The DO prepares and processes an ***Optional Form (OF) 1017-G*** to document the reversal. Record the OF 1017-G on the DD Form 2657, line 4.2A as a negative deposit and on line 7.3 as a loss of funds, and include it on the corresponding lines of the SF 1219 at the end of the month. Describe the deposit reversal in Section II, Part B, Column (3) of the SF 1219, and indicate the month and year the deposit was initially reported to the Treasury. Show the amount of the reversed deposit as negative or bracketed. Reverse the deposit in the current month's detailed deposit activity report, using the actual deposit number, month and year of the deposit (as initially reported to the Treasury). Show the amount as negative or bracketed. These actions remove the deposit from the detailed deposit activity report, clear FMS Form 6652, and record the deposit as a loss of funds. Attach a copy of the follow-up memorandum to the depositary, the depositary's response, and FMS Form 6652 which initially included the deposit difference as supporting documents to the OF 1017-G. Report and process the resulting loss of funds as prescribed in Chapter 6 of this volume. If negotiable instruments were included in the lost deposit, follow paragraph 050209 of this chapter for those instruments.

D. When a confirmed copy of the deposit ticket is not received within a reasonable amount of time and the deposit is reflected in CA$HLINK II, verify all information reflected on the agency copy of the SF 215 currently being retained in a suspense file with CA$HLINK II. When the information is an exact match, annotate the retained copy of the deposit ticket with the date of deposit processed in CA$HLINK II. Print a copy of the deposit information in an adobe .pdf format from CA$HLINK II and use it as a replacement for the confirmed copy of the deposit ticket. When the information is not an exact match and corrective action is needed for an incorrect voucher number or date, make the corrections via CA$HLINK II. If CA$HLINK II is not available to make the corrections, send a copy of the agency retained deposit ticket to the servicing DFAS site representative for assistance. Send questions or requests for additional assistance to ***disbursing-debtmanagementpolicy@dfas.mil***. Reconcile monetary discrepancies directly with the financial institution that recorded the deposit.

050404. Debit Vouchers Not Reported by DOs

A. Except for payment by EFT 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 5515s prepared by depositaries are reported automatically to Treasury through CA$HLINK II. The depositary sends memorandum and confirmed copies of the SFs 5515 and supporting documents to the DO for recording and reporting. Unless the DSSN appearing on the SF 5515 is not the DSSN of the DO receiving the document, the DO records the SF 5515 in his/her accountability upon receipt of the memorandum and confirmed copies, and includes it in the detailed deposit activity report. This requirement applies regardless of whether the SF 5515 is deemed erroneous or the reason given for the charge needs further clarification. If the DO fails to record and report the SF 5515 on the DD Form 2657, SF 1219, and detailed deposit activity report for the month that the SF 5515 is issued, the SF 5515 appears on the FMS Form 6652. If the SF 5515 is issued near the end of the month and the DO does not receive and process the transaction in the month of issue, the SF 5515 appears on the FMS Form 6652 as reported by the depositary and not by the DO. Daily monitoring of CA$HLINK II alerts the DO that a depositary has issued an SF 5515. If no confirmation copy is received from the depositary within 30 days after appearing in CA$HLINK II, the DO initiates follow-up action with the depositary to determine the status of the SF 5515. The depositary provides 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 DD Form 2657, SF 1219, and detailed deposit activity report during the month of receipt. The DO ensures the SF 5515 is reported using the month and year of issue (as reported by the depositary in CA$HLINK II), 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 also must 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 receiving disbursing office sends the document to the disbursing office whose DSSN is on the document or returns it to the depositary when it cannot determine the identity and location of the originating disbursing office.

3. If the SF 5515 should have been charged to a different DSSN, follow subparagraph 050404.A.2 of this chapter.

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 FRB prepares the SFs 5515 in lieu of accepting and processing a paper SF 5515 from the DO. In either instance, include these SFs 5515 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 DD Form 2657, SF 1219, or the detailed deposit activity report will create an out-of-balance condition on 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 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 DD Form 2657, SF 1219, and detailed deposit activity report, DD Form 2657 and SF 1219 will not balance. Proper balancing procedures preclude this situation. 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 appears on FMS Form 6652. To correct this difference, the DO must obtain the transaction documentation and process both the payment and the SF 5515 on DD Form 2657, SF 1219, and detailed deposit activity report during the current month. The DO must ensure the reporting of SF 5515 using the month and year the payment was actually made (as reported by the depositary in CA$HLINK II), 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. Include the SF 5515 in the detailed deposit activity report and report it using the actual month and year the SF 5515 was reported by the depositary.

050405. SF 5515s Not Reported by Depositaries

SF 5515s 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 occurs when a depositary receives an SF 5515 and payment file for payment by EFT, but rather than processing and reporting the SF 5515 given by the DO, prepares a new SF 5515 and reports it to the Treasury. The depositary provides the DO with the memorandum and confirmed copies of the SF 5515 it prepared and reported. If the DO reports the SF 5515 given to the depositary and the depositary also reports it, the transaction appears on the FMS Form 6652. The supporting detail given with the FMS Form 6652 indicates a specific SF 5515 reported by the depositary but this detail does not match the data in the DO's detailed deposit activity report. Daily monitoring of CA$HLINK II alerts the DO that the depositary has issued a new SF 5515. DOs using depositaries that routinely process SF 5515s in this manner contact the depositary in writing and request an explanation for the actions and that the depositary process the SF 5515s given by the DO with the payment files. If the depositary refuses to process the SF 5515s given by the DO, the DO then provide written

notification with copies of all correspondence and documents to DFAS-NPD/IN, which will pursue resolution of the issue through the Treasury 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 reports 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 before the end of the month in which the transaction occurred, he/she reports the SF 5515 prepared by the depositary rather than the one prepared by the DO. The DO keeps the memorandum and agency copies of the SF 5515 he/she prepared with the confirmed copy of the SF 5515 the depositary prepared. If the depositary routinely continues to prepare new SFs 5515, include these with the written notification.

B. To clear this type of difference from FMS Form 6652, the DO must reverse the DO's SF 5515 transaction from the current month's detailed deposit activity report and reenter the SF 5515 transaction the depositary reported, using the actual SF 5515 number, month and year as initially reported to the Treasury. Enter the SF 5515 prepared and reported by the depositary exactly as reported by the depositary (as shown by the confirmed copy of the SF 5515 and in CA$HLINK II). Also describe the SF 5515 reversal in Section II, Part B, Column (3) of the SF 1219, and indicate the month and year the SF 5515 was initially reported to the Treasury. Also describe the SF 5515 prepared and reported by the depositary in Section II, Part B, Column (3) of the SF 1219, and indicate the month and year the SF 5515 was reported by the depositary. Since these actions net to a zero, they should not impact the DO's pecuniary liability.

050406. Schedule of Deposit Activity

A. Navy and Marine Corps DOs prepare and submit a monthly Schedule of Deposit Activity as prescribed in subparagraph 050401.A of this chapter. 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 remaining unconfirmed transactions. See Figure 5-11.

B. Preparation

1. General. Prepare the schedule in an original and two copies. Send the original and one copy to the supporting DFAS site with the SF 1219, and keep one copy. Marine Corps DOs send the original with the financial reports and send a 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 show their homeport. Shore

activities 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 II, Part B Deposits or Debit Vouchers Reported This Month. List all transactions affecting the balance reported on line 4.2 of the current month's SF 1219, including corrections described in paragraphs 050402 through 050405 of this chapter.

a. Deposit Tickets. Report SFs 215 in the month the deposit is presented or mailed to the depositary regardless of the month the depositary confirms the deposit. The data shown must be exactly the same as it appears in blocks (1), (2), (4), and (8) of the SF 215. Those data elements may not be changed or altered even when they are erroneous. Display dates in YYMMDD format. The month and year in the date presented or mailed column will 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, report the deposit in the current month. Show the actual date presented or mailed as shown in block (2) of the SF 215 even when 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 should be shown as positive amounts except when deposit difference corrections are processed as described in paragraphs 050402 through 050405 of this chapter.

b. Debit Vouchers. DOs report SFs 5515 in the month they prepare and present them to the depositary for payments by EFT or, if prepared by a depositary, in the month they receive them. Except as provided in paragraphs 050402 and 050405 of this chapter, a DO must report an SF 5515 charged to his/her DSSN when the SF 5515 is considered erroneous or relates to the DO's predecessor. Show debit vouchers as negative amounts except when deposit difference corrections are processed as described in paragraphs 050402 through 050405 of this chapter, placing negative amounts in brackets or parentheses. Enter the same data as that shown in blocks (1), (2), and (4) of the SF 5515. Since most SFs 5515 originate from a depositary or the Treasury (except those prepared by a DO for EFT payments), they already are confirmed; report them as such in section 20.1. Enter the date appearing in block (2) of the SF 5515 in both "Date Presented or Mailed" and "Date Confirmed" columns of the schedule in YYMMDD format. As an exception to this procedure, DOs afloat send SFs 5515 relating to predecessor accounts to the appropriate DFAS site 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 confirmation documents are included with the schedule. A confirmation document is the green (confirmed) copy of the SF 215, authenticated by a representative of the depositary or the blue (confirmed) copy of the SF 5515. List deposits before debit vouchers. Within these two major subdivisions, list transactions in date presented or mailed sequence.

b. Adjustments and Corrections. Accomplish adjustments to deposit activity by issuing separate adjusting documents; see paragraph 050402 of this chapter. For example, if a DO overstated the value of an SF 215, the depositary confirms the original SF 215 in the amount for which issued and issues an SF 5515 for the amount of the overstatement. If the amount of an SF 215 was less than the value of the deposit, the depositary confirms the original SF 215 and issues an additional SF 215 for the amount of the understatement. In these examples, the DO must report both documents. To process corrections to deposit activity see paragraphs 050402 through 050405 of this chapter. Remove an unconfirmed deposit lost in transit from section 32.0 by reporting the lost deposit in section 31.0 as if it was confirmed. Show the date confirmed as the 1st day of the month for which the schedule is being prepared, and include an explanation of the entry with the schedule.

5. Line 20.1-Net of 20.1 Items. Show the net of all items described in 20.1 on line 20.1.

6. Section 20.2--Deposits Reported This Month but Unconfirmed. Use this section 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 consists 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. Do not show SFs 5515 in this section. List transactions in date presented or mailed sequence. Support each entry in this section with the memorandum (white) copy of the SF 215.

7. Line 20.2-Total of 20.2 Items. Enter the total of all items described 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. Draw a solid line 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 as described 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 described in section 31.0.

12. Line 32.0-Deposits Reported in Previous Months But Not Yet Confirmed. Enter the difference between lines 30.0 and 31.0.

13. Section 32.0-Deposits Reported Previous Months But Not Yet Confirmed. List all SFs 215 described in sections 20.2 and 32.0 of the previous month's report which have not been described 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 But Not Yet Confirmed. Enter the amount shown on line 20.2.

15. Line 34.0-Total Deposits Reported Which Remain Unconfirmed. Enter the sum of lines 32.0 and 33.0. Enter this amount on line 30.0 of the schedule for the next month.

0505 SHIPMENT OF PUBLIC FUNDS

050501. General

A. Authority. ***Title 40, U.S.C., Chapter 173***, Government Losses in Shipment, authorize the shipment of valuables. DOs shipping items covered by these provisions follow the procedures described in this section. Shipments are insured under law and no supplementary insurance should be obtained.

B. Authorized Purposes. Shipments of public funds are authorized for deposit of funds to an official checking account; delivery of funds to another DO as an exchange-for-cash transaction; shipment of damaged or mutilated currency; and obtaining funds from a bank or from another DO by exchange of a check for cash.

C. Methods of Shipment. Ship public funds in a manner that provides the greatest possible protection against risk of loss and destruction of or damage to the funds. Public funds may be shipped by registered mail or courier, office messenger, government conveyance, railway express, contract armored car service, or as cargo via Air Mobility Command (AMC) signature security service, depending upon availability of means. The normal methods are registered mail and AMC cargo. Shipment by registered or certified mail is preferred in the case of checks, drafts, and money orders. Shipment by courier is preferred in the case of currency and coin. Do not use certified mail to ship currency and coin. Use shipment by government conveyance or railway express only in the case of currency or coin of excessive weight or bulk. Transfers between DOs afloat using airlift (helicopter) or high-line is also authorized during underway replenishment at sea; attach a buoy or other reliable floatation device to the container to aid in recovery that may be required.

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 Treasury regulations, describe each shipment of funds in detail on ***DD Form 165*** (Shipment of Funds).

050502. Preparation and Distribution of DD Form 165

A. General. Prepare a DD Form 165 for any shipment of coin or currency, regardless of amount. This form is not required for shipments for deposit to the Treasury or to a bank if the shipment consists only of checks and money orders, and the record of instruments deposited required by paragraph 050208 of this chapter is otherwise maintained. In addition to the retained copy of DD Form 165, the shipping DO preserves all registry or other carriers' receipts and any other documents incident to the shipment until assured that the shipment has been completed and no claims actions should be initiated.

B. Preparation. Prepare a DD Form 165 in quadruplicate; see Figure 5-12.

1. In the "To" space enter the complete mailing address of the intended recipient. In the case of transfers of funds to another DO, include the mailing address with the name of the DO.

2. In the "From" space, enter the complete name and mailing address of the shipping DO.

3. In the "Purpose of Shipment" space, enter the purpose of the shipment, e.g., "For deposit to DSSN ####," "Transfer of funds in exchange for a U.S. Treasury check."

4. In the "Shipment Via" space, enter the method of shipment (e.g., registered mail, courier, messenger).

5. In the "Mail Receipt Number and Date" space, enter the registry number or the lock and rotary numbers, if any, under which shipment is made as well as the number of the registry or other carrier's receipt.

6. Enter a complete description of the currency and/or coin being shipped in the spaces given by type, denomination, quantity, monetary unit total, rate of exchange if not U.S. currency/coin, and value in U.S. dollars. List checks and other negotiable instruments individually on the reverse of the form.

7. The DO and one responsible witness personally count the contents of the shipment who then place the contents in appropriate shipping container(s). Both the DO and the witness sign and date the DD Form 165 in the spaces given under the certification: "We have counted, verified, and sealed this shipment." The DO is personally responsible for delivery of the shipment to the carrier.

8. The shipping officer completes the spaces "This shipment was received from shipper and delivered to" and "Delivery date and time" 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.

9. The shipping DO leaves blank the portions pertaining to receipt of

the shipment. The consignee completes these portions upon receipt and verification of the shipment.

C. Distribution. Distribute the DD Form 165 as follows:

1. Include the original and duplicate with the shipment.

2. Send a copy by mail directly to the consignee as a notice of shipment when the amount is equal to or greater than $10,000.

3. The shipping officer keeps a copy. This copy bears the original signatures of the DO and verifying witness for use when necessary to substantiate a claim for loss in shipment.

D. Shipment by Registered Mail or as Cargo via AMC. When shipment is by registered mail or as cargo via AMC, show the registry number and the date the shipment was delivered to the post office or terminal on the copies of the DD Form 165 mailed to the consignee and kept by the shipping officer. Whenever feasible, limit single shipments to $250,000. Package registered mail and AMC shipments to prevent breakage in transit. For registered mail shipments, the appropriate postal official signs the shipping officer's copy in the space beneath the block "Delivery Date and Time." Advice as to adequate packaging is available from military post offices.

E. Shipment by Courier or Office Messenger. When shipment is by courier or office messenger, the shipping DO encloses the funds in a securely sealed envelope, moneybag, 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 may serve as courier for delivery of funds represented by currency, checks, drafts, or money orders. The courier takes all practicable precautions to protect the shipment. The courier signs the copy of DD Form 165 retained by the shipping officer in the space beneath the block "Delivery Date and Time" as a receipt for the shipment. When shipment is through a message center, an authorized message center official enters the registry number in the "Delivery Date and Time" space on the shipping officer's retained copy of the DD From 165. Upon receipt of the shipment, the consignee, after verifying the contents of the shipment, signs the original DD Form 165 in the last signature block, and returns it to the shipper as a receipt. The consignee also signs a copy of the DD Form 165 in the space beneath "Delivery Date and Time" and gives it to the courier as a receipt for the shipment, and annotates the advance copy providing notice of shipment to indicate date of receipt and keeps in his/her retained records. If the services of an office messenger are used, the messenger also signs the consignee's retained copy in the block for "Delivery Date and Time."

F. Shipment by Government Conveyance. When the shipment is of such weight or bulk as to make other methods of shipment impracticable, government conveyance may be used. The DO makes necessary arrangements for the shipment and receives the bill of lading for the delivery with the shipment. In all cases, the DO is the shipper and the consignee is responsible for the receipt for the funds. The DO is 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 it is cost effective and offers the greatest protection against loss. Charge the cost to the operations and maintenance or working capital 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 accepts custody of the funds at the bank and personally turns them over to the armored car carrier for transport. Since FRBs comply with Treasury regulations in making shipments of money, funds may be obtained from an FRB or branch by forwarding an exchange-for-cash check to the FRB or branch 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 the activity receiving shipment) arranges to receive the shipment. Upon receipt, the consignee ensures that the shipment is opened and inspected by one or more responsible employees. The consignee signs the original DD Form 165 and returns it to the shipping officer as a receipt. If a courier made the shipment, the consignee signs and delivers a copy of DD Form 165 to the courier as an acknowledgment of receipt of the shipment. When the shipment represents funds for deposit, the consignee completes the SF 215 and returns the required copies to the DO. The consignee immediately advises the shipping officer of any difference between the amount and quantity indicated on the copy of DD Form 165 and in the actual shipment at the time of opening. If the shipment fails to arrive in due course, the consignee immediately notifies the shipping officer, the post office, or office of other carrier through which delivery was to have been made. The consignee also immediately notifies the shipping officer of any damage to the shipment. All findings of the consignee in such cases are 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) ensures 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. The consignor initiates telephone or message contact with the consignee to ensure the consignee's compliance with paragraph 050503 of this chapter.

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 sends an immediate written report to Bureau of Public Debt, Division of Financial Management, Department of the Treasury, Room 201, P.O. Box 1328, Parkersburg, WV 26106-1328. The shipping officer sends a copy of the report to the

consignee and to DFAS-Indianapolis (DFAS-NPD/IN), 8899 E. 56th Street, Indianapolis, IN 46249-0050. If the loss, destruction, or damage represents a value of $10,000 or more, or if delay in reporting is likely to delay the government's recovering the value of the shipment, the shipping officer transmits the report by message or telegram and promptly confirms it in writing. The report must include the date of shipment; amount and character of the valuables lost, destroyed, or damaged; name and address of the consignee; method of transportation, name of the carrier and the location of the carrier's office from which shipment was made; registry or other receipt number; and cause of the loss, destruction, or damage, if known. The consignor immediately notifies the agent in charge of the nearest United States Secret Service office, the appropriate investigative service, the local post office, or local office of other carrier. The shipping officer also places a tracer on the shipment and takes such other action as may be necessary to facilitate recovery.

050506. Recovery Action

* A. General. Recovery action is primarily the responsibility of the officer accountable for the lost or damaged funds. In the case of funds for which an exchange-for-cash check has been issued, this responsibility and accountability rests with the bank or DO who shipped the funds (consignor). Accountability for the check remains with the check-issuing DO (consignee), who reports the amount of the check on the SF 1219 as funds in transit. The consignee determines what action was taken by the shipping officer and monitors the course of investigative action taken. For coin or currency lost en route to a depositary, accountability rests with the shipping DO. That DO takes the reporting and recovery actions required. In either case, follow Chapter 6 of this volume to report the loss of funds. The shipping DO records the value of the lost shipment on line 7.3 of the SF 1219 as a loss of funds. When the DO is reassigned before recovery can be affected, the relieving DO does not receipt for the loss. The relieving DO will record the lost shipment on line 9.3 of the SF 1219. The relieving officer is also 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 to liquidate the loss.

B. Checks and Money Orders. The DO acts to recover the amount of lost negotiable instruments following paragraph 050209 of this chapter. Since this action is enough to recoup the full amount of the lost deposit, do not file the claims described in subparagraphs 050506.C or 050506.D of this chapter. If this action does not result in full recovery, the DO may request relief of liability for the unrecovered portion of the lost shipment, fully supported by copies of all correspondence pertaining to the unsuccessful recovery action.

C. Claim for $100 or Less 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, and only the consignor (mailer) may file a claim for such a lost shipment. The consignor or consignee (addressee) may file a claim for damage or partial loss. The applicable claim form is Postal Service (PS) Form 565 (Registered Mail Inquiry for Delivery and/or Application for Indemnity). The accountable DO obtains a copy of the completed PS 565, and ensures that he or she is listed on the form as the claimant. For losses exceeding $100, file the PS 565 as a means of tracing the shipment; such a filing does not constitute a claim.

D. Claim in Excess of $100 Against Department of the Treasury. The accountable DO submits claims for the value of lost currency shipments exceeding $100 to Secretary of the Treasury through the supporting DFAS site. Proof of claims include satisfactory proof of loss, destruction, or damage. The claim must include the original DD Form 165, which will be returned after adjustment of the claim. The DO ensures that all applicable blocks on the form are complete and the form is signed, otherwise, the Bureau of Public Debt will not process the claim. The consignor (shipping officer) submits a statement concerning the loss, 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 describes the circumstances relating to the condition in which the shipment was received and the manner of inspection and verification of its contents. The claim must also include affidavits covering the loss, destruction, or damage to the shipment from the consignee and the carrier, as well as statements and recommendations of the investigating officers. In the case of lost shipments for which an exchange-for-cash check was issued to an FRB or another DO, the check-issuing DO requests that the shipping officer provide copies of all documentation. All necessary and reasonable steps to recover the lost, destroyed, or damaged shipment shall continue after filing the claim. DOs ensure that all recoveries and refunds received following favorable consideration of the claim are turned over to the Treasury. Go to ***Title 31, Code of Federal Regulations, Part 361*** for claims under the Government Losses in Shipment Act.

E. Restitution and Relief. The Bureau of Public Debt grants claims for relief for lost, damaged, or destroyed shipments only when the shipping officer strictly followed 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 may be granted only if the accountable officer is judged to have been free from fault or negligence. The request for relief request must therefore clearly and convincingly justify any departure from prescribed regulations. If a claim is approved, the Bureau of Public Debt transmits a refund via the Intra-governmental Payment and Collection (IPAC) system. An ALC must be given prior to transmission. If no IPAC capability exists, the supporting DFAS site shall then must be contacted.

050507. Damaged or Mutilated U.S. Currency

A. Fragments of U.S. Currency. Process 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 sinking, building explosions, or chemical spills as follows:

1. At least three disinterested persons shall inventory the fragments.

2. Package fragments following subparagraph 050507.B and send them to the Bureau of Engraving and Printing for determination of value.

3. If the fragments are contaminated, the DO or other responsible official contacts the Office of Currency Standards, Bureau of Engraving and Printing, at (202) 874-2361 to arrange for an on-site review by Bureau personnel or to obtain special disposition

instructions.

B. Packaging Mutilated Currency. Mutilated currency examiners normally can determine the value of the currency when it has been packed and boxed carefully as described in accordance with the following:

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 any more than necessary.

3. If the currency was in a purse, box, or other container when mutilated, leave it as is, when possible, to prevent either further deterioration of the fragments or their loss.

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.

5. If the money was flat when mutilated, do not roll or fold it.

6. If the money was in a roll when mutilated, do not attempt to unroll or straighten it.

7. Carefully remove coins or any other metal that may be mixed with the currency. Do not send coins or other metal in the same package with mutilated currency, as it may further damage the currency.

8. Send properly packaged currency to Department of the Treasury, Bureau of Engraving and Printing, MCD/OFM, BEPA, Room 344A, P.O. Box 37048, Washington, DC 20013 by “Registered Mail, Return Receipt Requested”. The sender is responsible to insure the shipment. Because the Bureau of Engraving and Printing issues written confirmation for cases that it expects to take longer than 8 weeks to process, DOs in all cases should include a specific request to receive a written confirmation. A DO not receiving confirmation during this time initiates follow-up procedures with Bureau of Engraving and Printing by mail or telephone at (866) 575-2361.

050508. Uncurrent or Mutilated U.S. Coins

A. Worn Coins. Any FRB or branch will redeem at face value any U.S. coins that are merely worn or reduced in weight by natural abrasion, yet are readily and clearly recognizable and are machine countable.

B. Mutilated Coins. U.S. coins that are bent, broken, not whole, or fused and melted together are considered "mutilated." The U.S. Mint will redeem them in accordance with

the following:

1. The U.S. Mint does not redeem mutilated coins if they are fused or mixed; foreign; counterfeit; slugs; altered (e.g., 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. When submitting loose mutilated coins for redemption, when possible, separate them as follows: cents (1 cent, including both copper and copperplated zinc); nickels (5 cents); clad coins (10 cents, 25 cents, and 50 cents), and dollars (any coin dollar).

3. The settlement amount will be based on coin weight and whether they are sorted by denomination ("separated") or are mixed together. If they are not separated, they are considered "mixed" and will be redeemed at a lower rate.

4. Mixed denominations of coins or lumps of coins that are fused together will be redeemed by their weight and metal category (e.g., bronze, cupronickel, or clad) based on date of receipt by U.S. Mint and rates that change quarterly on the 15th of January, April, July, and October.

5. The U.S. Mint redeems bent or partial coins separated by the denomination groups listed 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. U.S. Mint accepts no less than one pound of each denomination of separated coins or two pounds of mixed or fused coins.

7. Mail mutilated coins to the Superintendent, U.S. Mint, P.O. Box 400, Philadelphia, PA 19105. The Mint will mail a settlement check approximately 12 to 14 weeks after it receives the mutilated coins.

8. Refer questions regarding the disposition of mutilated or contaminated coins to the Cashier's Office, U.S. Mint at 1-800-872-6468.

0506 TRANSFERS OF PUBLIC FUNDS

050601. Transfers between Dos

DoD DOs may transfer funds among themselves following the same exchange-for-cash procedures used to procure cash. Transfers to and from DOs of other governmental agencies will be by exchange-for-cash U.S. Treasury check payable to the selling DO for the amount of cash

involved.

050602. Transfer upon Relief

Transfer all funds and accountable documents in the possession of the relieved DO (e.g., 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) to the relieving officer. Deputies, agents, cashiers, and imprest fund cashiers may retain the funds they hold when the relieving DO intends to retain these individuals in their existing accountable positions; otherwise, the DO being relieved recalls the funds and terminate the accountable individuals' appointments before the relief process. The total amount transferred to the relieving DO is the amount of total accountability at the close of the accounting period shown on the final SF 1219 of the DO being relieved. As soon as possible after relief has taken place, the relieving DO issues a new Statement of Agent Officer's Account (DD Form 1081) to each individuals who retained funds. Place a certificate of transfer on the bottom of the final SF 1219 of the officer relieved, as follows:

> "I have received on (date) by transfer from (officer relieved), (total amount), an analysis of which is described in sections I-B and I-C.
>
> (Signature and rank of relieving officer)"

In addition to the regular distribution requirements, prepare two extra copies of the SF 1219, one to be retained with the disbursing records of the relieving DO, and the other to be retained by the officer relieved as a receipt for the funds transferred. Process deficiencies in the account of the officer relieved as prescribed in Chapter 22 of this volume. No certificate of transfer is required if the total accountability of the officer relieved is zero.

050603. Merging of Disbursing Accounts

When a DSSN is being assumed by another DSSN of the same DO, the assuming DSSN purchases the cash and other assets of the DSSN being discontinued by a U.S. Treasury check. The DSSN being discontinued deposits the check to its credit, and report it on its final SF 1219.

0507 COUNTERFEIT OR ALTERED U.S. CURRENCY

050701. Detected Prior to Acceptance

A DO, on determining that U.S. currency presented for exchange or payment of an obligation to the United States is either counterfeit or altered, confiscates it. The DO gives a receipt indicating the type, denomination, and amount of the confiscated currency to the person presenting it, and obtains information from that individual regarding the currency's source. The DO delivers the currency, by letter of transmittal with all available information, to either a representative of the appropriate investigative service (if available) or the nearest military security agency, obtaining a receipt in either case. Since the currency was determined to be

counterfeit before acceptance, no entries in the DO's account are required.

050702. Detected After Acceptance, Reimbursement Obtained

Immediately upon discovering counterfeit currency, the DO requests reimbursement from the source from which received. When reimbursement is received, follow paragraph 050701 of this chapter. No loss to the DO accrues, and no entries in the DO's account are required.

050703. Detected After Acceptance, Reimbursement Not Obtained

If the source of receipt of counterfeit currency is unknown or if the source is known and reimbursement is not obtained, the DO delivers the currency immediately, with a detailed report of all known circumstances, to either a representative of the appropriate investigative service (if available), or the nearest military security agency, obtaining a receipt in either case. Send the receipt for the currency with a signed copy of the DO's report by memorandum, stating the reason why reimbursement was not obtained, through the DO's commander to DFAS-NPD/IN. Report this transaction on the SF 1219 as a physical loss of funds.

050704. Detected After Depositing with Bank

When a bank serving as a TGA notifies a DO that it is holding currency the DO deposited with it because it has determined the currency to be counterfeit, the DO reimburses the TGA for the counterfeit currency. The DO obtains from the TGA a receipt with a complete description of the currency, stating that the currency has been determined to be counterfeit and has been withdrawn from circulation. The TGA surrenders any suspected counterfeit currency to the U.S. Secret Service (USSS). It also provides depositors with a photocopy of Secret Service Form 1604: Counterfeit Note Report, and/or any other documentation that accompanied the surrendered currency. The DO may contact the USSS to ascertain if the surrendered currency was then determined to be counterfeit. DOs must ensure that the TGA processes an SF 215 for the amount of surrendered currency that the USSS determines is not counterfeit. DOs credit the amount of the SF 215 to the appropriation provided by DFAS-NPD/IN that funded the loss.

050705. Miscellaneous Cases

Send any unusual counterfeit currency situation not specifically covered in the preceding paragraphs to DFAS-NPD/IN for disposition instructions.

Figure 5-1. Agency Profile Sheet

AGENCY PROFILE SHEET

AGENCY INFORMATION:

Agency Name:
Agency Location Code (four or eight digits):
Agency Contact Name (Local):
Agency Phone Number:
Agency Address:

FREQUENCY Daily or Weekly	AVERAGE Monthly Deposit ($)	AVERAGE Monthly Currency Deposit ($)	AVERAGE Monthly checks volume (#) ★ Excluding Treasury checks	Delivery Method: Armored Car, Courier or Walk-up (If Armored Car or Courier, please provide name of company)
★Treasury checks: checks volume (#) checks value ($)				

Approximate start date for first deposit:
Are the deposits mixed deposits (checks and cash)?
Approximate number of returned items per month:
Returned item/adjustment address when different:

CURRENT BANK INFORMATION:

Name & Address of Current Banking Location:
Banking location point of contact, phone, and e-mail address:
ABA Number:

REQUESTED BANK INFORMATION (When needed attach additional choices):

Name & Address of Current Banking Location:
Banking location point of contact, phone, and e-mail address:
ABA Number:

JUSTIFICATION: A brief statement outlining distances involved and savings in time and money to be gained by approval of the request.

DISBURSING OFFICER SIGNATURE: _____

Please complete this form IAW DoD FMR, Volume 5, Chapter 5, subparagraph 050102.C and fax to: DFAS Columbus
Attn: DFAS-JJFB/CO
P.O. Box 182317
Columbus, OH 43218-2317 Fax: (614) 693-2442

Figure 5-2. DD Form 1131, Cash Collection Voucher (With Deduction for Cashier's Check)

CASH COLLECTION VOUCHER	1. DISBURSING OFFICE COLLECTION VOUCHER NUMBER
	2. RECEIVING OFFICE COLLECTION VOUCHER NUMBER

3. **RECEIVING OFFICE**	
a. ACTIVITY *(Name and Location) (Include ZIP Code)* HHB (-) Bn 147th FA PO Box 577, Webster, SD 57274	
b. RECEIVED AND FOWARDED BY *(Printed Name, Title and Signature)* John Doe, Major, Collection Agent	c. DATE *(YYYYMMDD)* 20XX1222
c. TELEPHONE NUMBER *(Include Area Code):* COMMERCIAL: (515) 332-4455 DSN: 424-4455	
4. **DISBURSING OFFICE**	
a. ACTIVITY *(Name and Location) (Include ZIP Code)* 4th Finance Battalion, Ft. Carson, CO 80913-5024	
b. DISBURSING OFFICER *(Printed Name, Title and Signature)* Jane Doe, Colonel	d. DISBURSING STATION SYMBOL NUMBER 5570
c. TELEPHONE NUMBER *(Include Area Code):* COMMERCIAL: (313) 456-2546 DSN: 926-2546	d. DATE *(YYYYMMDD)* 20XX1223
5. PERIOD: a. FROM b. TO:	

6. DATE RECEIVED	**7. NAME OF REMITTER DESCRIPTION OF REMITTANCE**	**8. DETAILED DESCRIPTION OF PURPOSE FOR WHICH COLLECTIONS WERE MADE**		**9. AMOUNT**	**10. ACCOUNTING CLASSIFICATION**
	MEAL	NUMBER	RATE		(INSERT ACCOUNTING
	BREAKFAST	00	0.00	0.00	ACCOUNTING
	LUNCH	21	1.50	31.50	CLASSIFICATION TO BE
	DINNER	6	1.50	9.00	CREDITED IN THIS
	SURCHARGE				COLUMN)
	BREAKFAST	00	0.00	0.00	
	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 CASHIER'S CHECK.	(SIGNATURE)			
			11. TOTAL	46.65	

DD FORM 1131, DEC 2003 PREVIOUS EDITION IS OBSOLETE.

Figure 5-3. DO Endorsement on Instruments Deposited to a FRB or Branch

Figure 5-4. DO Endorsement on Instruments Deposited to a General Depositary

00008368
For Credit to U.S. Treasury

October XX, 20XX

Figure 5-3. DO Endorsement on Instruments Deposited to a FRB or Branch

U.S. (Component) DSSN 00008368
For Credit to U.S. Treasury

October XX, 20XX

Figure 5-4. DO Endorsement on Instruments Deposited to a General Depositary

Figure 5-5. DO Endorsement on Instruments Deposited to a Limited Depositary

Figure 5-6. Collecting Official Endorsement on Instruments Deposited to an FRB or Branch

FOR DEPOSIT ONLY TO OFFICIAL ACCOUNT OF
Disbursing Officer,
U.S. (Component)
APO or FPO (location)
DATE (optional)

Figure 5-5. DO Endorsement on Instruments Deposited to a Limited Depositary

00008368
For Credit to U.S. Treasury
(Collecting Activity Depositing on Behalf of the DO)
October XX, 20XX

Figure 5-4. DO Endorsement on Instruments Deposited to a General Depositary

Figure 5-6. Collecting Official Endorsement on Instruments Deposited to an FRB or Branch

Figure 5-7. Collecting Official Endorsement on Instruments Deposited to a General Depositary

Figure 5-8. Collecting Official Endorsement on Instruments Deposited to a Limited Depositary

U. S. (Component) DSSN 00008368
For Credit to U.S. Treasury
(Collecting Activity Depositing
on Behalf of the DO)
October XX, 20XX

Figure 5-7. Collecting Official Endorsement on Instruments Deposited to a General Depositary

FOR DEPOSIT ONLY TO OFFICIAL ACCOUNT OF
Disbursing Officer,
U.S. (Component)
APO or FPO (location)
DATE (optional)
(Collecting Activity Depositing
on Behalf of the DO)
(APO or FPO location)

Figure 5-8. Collecting Official Endorsement on Instruments Deposited to a Limited Depositary

Figure 5-9. SF 215, Deposit Ticket (Deposit to an FRB)

STANDARD FORM 215 (Rev. 5-90)
PRESCRIBED BY DEPT. OF TREASURY
1 TFM 5-3000 215-103

DEPOSIT TICKET

DEPARTMENT OF TREASURY
FINANCIAL MANAGEMENT SERVICE
NSN 7540-01-019-9452

DEPOSIT NUMBER	DATE PRESENTED OR MAILED TO BANK M M Y Y D D	8-DIGIT OR 4-DIGIT AGENCY LOCATION CODE (ALC)	AMOUNT
(1) 46819	(2) 02-12-XX	(3) 5040	(4) 592.00

SINGLE SPACE ALL ENTRIES ON THIS LINE
USE NORMAL PUNCUATION OMIT $ SIGN

(6) AGENCY USE

DEFENSE FINANCE AND ACCOUNTING SERVICE – INDIANAPOLIS
(ATTN: DISBURSING SUPERVISOR)
INDIANAPOLIS, IN 46249-0050

(7) NAME AND ADDRESS OF DEPOSITARY
ST. LOUIS FEDERAL RESERVE BANK
411 LOCUST STREET
ST. LOUIS, M O 64102

For FedlineTransmission, send to:
St. Louis Federal Reserve Bank
081000045

(8) I CERTIFY THAT THE ABOVE AMOUNT HAS BEEN RECEIVED FOR CREDIT IN THE ACCOUNT OF U.S. TREASURY ON THE DATE SHOWN, SUBJECT TO ADJUSTMENT OF UNCOLLECTIBLE ITEMS INCLUDED THEREIN.

M M D D Y Y

(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 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 5-9 (Continued). SF 215, Deposit Ticket (Deposit to a Designated Depositary)

STANDARD FORM 215 (Rev. 5-90)
PRESCRIBED BY DEPT. OF THE TREASURY
1 TFM 5-3000 215-103

DEPOSIT TICKET

DEPARTMENT OF TREASURY
FINANCIAL MANAGEMENT SERVICE
NSN 7540-01-019-9452

DEPOSIT NUMBER	DATE PRESENTED OR MAILED TO BANK M M Y Y D D	8-DIGIT OR 4-DIGIT AGENCY LOCATION CODE (ALC)	AMOUNT
(1) 46818	(2) 02-12-XX	(3) 5040	(4) 245.75

SINGLE SPACE ALL ENTRIES ON THIS LINE
USE NORMAL PUNCUATION OMIT $ SIGN

(6) AGENCY USE

DEFENSE FINANCE AND ACCOUNTING SERVICE – INDIANAPOLIS
(ATTN: DISBURSING SUPERVISOR)
INDIANAPOLIS, IN 46249-0050

(7) NAME AND ADDRESS OF DEPOSITARY
ST. LOUIS FEDERAL RESERVE BANK
411 LOCUST STREET
ST. LOUIS, M O 64102

For FedlineTransmission, send to:
St. Louis Federal Reserve Bank
081000045

(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.

M M D D Y Y

(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 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 5-10. SF 5515, Debit Voucher (From an FRB)

STANDARD FORM 5515 (Rev. 9-78)
PRESCRIBED BY DEPT. OF THE TREASURY
1 TFM 5-3000

DEBIT VOUCHER

DEPARTMENT OF TREASURY
FINANCIAL MANAGEMENT SERVICE

	VOUCHER NUMBER	DATE OF DEBT TO U.S. TREASURY'S ACCOUNT M M D D Y Y	8-DIGIT OR 4-DIGIT AGENCY LOCATION CODE (ALC)	AMOUNT
(1)	30557	(2) 02-12-XX	(3) 5040	(4) 100.00

SINGLE SPACE ALL ENTRIES ON THIS LINE
USE NORMAL PUNCUATION OMIT $ SIGN

(5) ☐ UNCOLLECTIBLE ITEM
☒ OTHER
(Explain in Box 6)

(6) DEPOSITARY USE
DT NO. XXXXXX, DATED XXXXXX, OVERSTATED BY $100

DEFENSE FINANCE AND ACCOUNTING SERVICE-INDIANAPOLIS
(ATTN: DISBURSING SUPERVISOR)
INDIANAPOLIS, IN 46249-0050

(7) NAME AND ADDRESS OF DEPOSITARY
ST. LOUIS FEDERAL RESERVE BANK
411 LOCUST STREET
ST. LOUIS, MO 64102

(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 MONTHLY REPORT TO DEPARTMENT OF TREASURY — **MEMORANDUM COPY**

DEPOSITARY RETAIN THIS COPY — **DEPOSITARY COPY**

DEPOSITARY FORWARD TO DEPOSITOR — **CONFIRMED COPY**

Figure 5-10 (Continued). SF 5515, Debit Voucher (From a Designated Depositary)

STANDARD FORM 5515 (Rev. 9-78)
PRESCRIBED BY DEPT. OF THE TREASURY
1 TFM 5-3000

DEBIT VOUCHER

DEPARTMENT OF TREASURY
FINANCIAL MANAGEMENT SERVICE

	VOUCHER NUMBER	DATE OF DEBT TO U.S. TREASURY'S ACCOUNT M M D D Y Y	8-DIGIT OR 4-DIGIT AGENCY LOCATION CODE (ALC)	AMOUNT
	(1) 30557	(2) 02-03-XX	(3) 5040	(4) 350.00

SINGLE SPACE ALL ENTRIES ON THIS LINE
USE NORMAL PUNCUATION OMIT $ SIGN

(5) ☒ UNCOLLECTIBLE ITEM
☐ OTHER (Explain in Box 6)

(6) DEPOSITARY USE
DT NO. XXXXXX, CK NO. 130, $350.00, NSF

DEFENSE FINANCE AND ACCOUNTING SERVICE-INDIANAPOLIS
(ATTN: DISBURSING SUPERVISOR)
INDIANAPOLIS, IN 46249-0050

(7) NAME AND ADDRESS OF DEPOSITARY
ST. LOUIS FEDERAL RESERVE BANK
411 LOCUST STREET
ST. LOUIS, MO 64102

(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 MONTHLY REPORT TO DEPARTMENT OF TREASURY	**MEMORANDUM COPY**
DEPOSITARY RETAIN THIS COPY	**DEPOSITARY COPY**
DEPOSITARY FORWARD TO DEPOSITOR	**CONFIRMED COPY**

Figure 5-11. 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: JAN 20XX

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	XXOI l	200.00	(a)
123458	YX0117	XX0118	300.00	(a)
63211	XX0116	YX0116	(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	XXOI19	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

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

Figure 5-11 (Continued). 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: FEB 20XX

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	YX0201	250.00	(d)
123465	YXO204	XX0228	100.00	(a)
92791	YX0126	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)

20.3

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. l + 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) 2,600.00

31.0 DEPOSITS REPORTED PREVIOUS MONTHS (CONFIRMATION COPY IS ENCLOSED HEREWITH)

DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD	DATE CONFIRMED YYMMDD	AMOUNT	
123459	XX0119	YXO131	500.00	(i)
123460	XX0124	XX0210	600.00	(i)

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

Figure 5-11 (Continued). Format for Schedule of Deposit Activity (Closing)

SCHEDULE OF DEPOSIT ACTIVITY

ORGANIZATION: USS SELDOMSAIL
LOCATION: HOLY LOCH, UK
DSSN: 1234 DO: A.B. CASE PERIOD OF REPORT:MAR 2OXX

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)

20.2

DEPOSIT/DEBIT VOUCHER NO.	DATE PRESENTED OR MAILED YYMMDD	DATE CONFIRMED YYMMDD	AMOUNT	
123455	XX0105	XX0225	900.00	(j)
123462	YX0127	XX0304	(800.00)	(h)
123469	XX0304	XX0307	150.00	(a)
123470	XX0325	XX0328	1050.00	(a)
674128	XX0314	XX0314	100.00_	(f)

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) 2,500.00

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	(h)
123464	XX0131	XX0315	100.00	(f)
123466	XX0211	YX0320	200.00	(f)
123467	XX0218	YX0325	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

Figure 5-11 (Continued). Schedule of Deposit Activity (Entry Explanations)

(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 SF 215's shall 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 shall be enclosed.

(c) Routine deposit, not yet confirmed. The memorandum copy of the SF 215 shall be enclosed with this schedule.

(d) This deposit should have been reported in January and 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 shall 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 shall be enclosed with this schedule.

(g) Deposits presented or mailed in a previous month but not yet confirmed. Aggressive follow-up action shall 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 shall 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 shall 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 5-12. DD Form 165, Shipment of Funds (Front)

SHIPMENT OF FUNDS *(Items listed are covered by the Government Loss in Shipment Act)*	1. DATE SHIPPED (YYYYMMDD) *XXXX0116*	2. SHIPMENT NO *(By Fiscal Year).* 3-XX

3. TO: (Include Zip Code)	4. FROM: (Include Zip Code) J. A. HANCOCK, LT. SC, USN USS CANBERRA (CG *2)* FPO AP *96601*

5. PURPOSE OF SHIPMENT: Deposit to official U.S. Treasury account DSSN XXXX	6.SHIPMENT VIA: REGISTERED MAIL	7. MAIL RECEIPT: (!f applicable) a. NUMBER P.O. #X5217 Registry #3678	b. DATE (YYYYMMDD) *XXXXO116*	8. GBL NO. (When applicable) .

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	N/A	200.00
U.S.	5	100	500.00	N/A	500.00
U.S.	10	500	5,000.00	N/A	5,000.00
U.S.	20	400	8,000.00	N/A	8,000.00
				g. TOTAL CHECK/ 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	(2) Date signed	b. WITNESS	(2) Date signed
(1) Printed name and Signature J. A. Hancock, LT, SC, USN	*(YYYYMMDD)* *XXXX0116*	*(1) Printed Name and Signature* B. O. Geiger, ENS, USN	*(YYYYMMDD)* *XXXX0116*

11. DELIVERY CERTIFICATION. This shipment was received from the shipper and delivered to: a. ENTER POST OFFICE OR CARRIER.

b. DELIVERY DATE	c. DELIVERY TIME	d. INDIVIDUAL RECEIVING DELIVERY	(2)'Title	(3) Grade/Rank
(YYYYMMDD) *XXXXO116*	1030	*(1) Printed Name and Signature* M.S. DENNIS	POSTAL OFFICER	PC 1, USN

12. RECIPIENT CERTIFICATION. I RECEIVED $13,950 IN THIS SHIPMENT. *(Not Applicable when funds are for deposit. (Return signed original to shipper)*	a RECIPIENT (1) Printed Name and Signature R. B. Coster	(2) Dare signed *(YYYYMMDD)* *XXXX0121*	b. WITNESS *(1)* Printed Name and Signature G. R. JAMES	(2) Date signed *(YYYYMMDD)* *XXXX0121*
	(j).Title CASHIER, FRB, SF	(4) *Grade/Rank*	*(3).Tide* CASHIER, FRB, SF	(4) Grade/Rank

DD Form 165, JAN 2000

Figure 5-12 (Continued). DD Form 165, Shipment of Funds (Reverse)

13. LIST OF CHECKS AND MONEY ORDERS					
a. IDENTIFICATION OF INSTRUMENT			b. PAYEE	c. DRAWER (When Treasury check, show symbol no.)	d. AMOUNT
(1) Type	(2) Date *(YYYYMMDD)*	(3) Number			
				e. TOTAL	250.00

DD Form 165 (Back) JAN 2000

*Table 5-1. Checklist for DFAS Site Responsibilities for Deposit Discrepancies

	DFAS Site Responsibilities for Deposit Discrepancies	Completed Yes	Completed No
1	Did DFAS site receive the DO's Statement of Accountability (SF 1219) and a Schedule of Deposit Activity with a detail of the SF 215s and SF 5515s for the Reporting month?		
2	Did DFAS site balance, consolidate and report the status of SF 215s and SF 5515s for the reporting month?		
3	Is DFAS site using CA$HLINK II as a tool for deposit reconciliation, in accordance with Volume 5, Chapter 5, section 0504 of the DoDFMR?		
4	Did DFAS site analyze the monthly Schedule of Deposit Activity and prepare a detailed report of Unmatched Transactions? Did DFAS site compare the Schedule of Deposit Activity to the support listing of detailed SF 215s and SF 5515s reported by the depositary reporting in CA$HLINK II and/or the Federal Reserve Bank (FRB) from GOALS? Did DFAS site compare the Schedule of Deposit Activity and CA$HLINK II totals to the DO's SF 1219?		
5	Did DFAS site forward to the DO the Detailed Unmatched Listing of all SF 215s and SF 5515s not reported by the DO or the bank?		
6	Did DFAS site receive the Statement of Differences, Deposit Transactions (FMS 6652) from Department of the Treasury?		
7	Did DFAS site distribute the FMS 6652 to the DO for reconciliation?		
8	Did DFAS site track, age, and reconcile all differences? (Amounts must be tracked and aged by DSSN and cleared within 2 accounting months from the effective date of the difference, i.e., not reported on the third FMS 6652 after the effective date).		
9	Did DFAS site monitor the FMS 6652 to ensure all SF 215 and SF 5515 transactions that have not been reconciled after 2 months from the date of the initial transaction are reported as a loss or overage of funds in accordance with Volume 5, Chapter 5, section 0504, of the DoDFMR?		

*Table 5-2. Checklist for Disbursing Officer Responsibilities for Deposit Discrepancies

	Disbursing Officer Responsibilities for Deposit Discrepancies	Completed Yes	No
1	Did the DO report all deposit tickets (SF 215) and debit vouchers (SF 5515) to Department of the Treasury in accordance with Volume 5, Chapter 5, section 0504, of the DoDFMR?		
2	Is the DO using CA$HLINK II as a tool for deposit reconciliation, in accordance with Volume 5, Chapter 5, section 0504, of the DoDFMR?		
3	Has the DO checked the Status of Deposits for all SF 215s and SF 5515s, including EFT, in CA$HLINK II system for any differences from financial institutions (FI)?		
4	Did the totals of the FMS 6652 equal the Detailed Unmatched Listing of all SF 215s and SF 5515s not reported by the DO or the FI by month and DSSN?		
5	Did the DO take necessary actions to resolve the differences (not including timing differences) within 2 accounting months in accordance with Volume 5, Chapter 5, section 0504, and Volume 5, Chapter 6, section 0606, of the DoDFMR?		
6	Was a loss/overage of funds processed for all differences over 2 accounting months from the effective date of the difference? If over 2 accounting months from the effective date of the difference, did the DO then process debit differences as a loss of funds or credit differences as a miscellaneous receipt in accordance with Volume 5, Chapter 5, section 0504, of the DoDFMR?		

Table 5-3. Decision Logic Table for Deposit Discrepancies

RULE	IF	AND	THEN
1	Deposit Ticket (SF 215) and Debit Voucher (SF 5515) recorded by DO but not by Department of the Treasury. (See Note).	Verification is made that the correct Agency Location Code (ALC) has been entered into CA$HLINK II	Contact Cash Accounting Division (CAD), Banking Management Division, Financial Management Service, Department of the Treasury, 3700 East-West Highway, Room 600A, Hyattsville, MD 20782 (Telephone 202-874-7980).
2a	SF 215 and SF 5515 reported by Department of Treasury but not by the DO. (See Note).	Copies of the SFs 215 and 5515 have been requested, are available, and are received. Data is verified and is accurate.	Upon verification of the accuracy of the data, contact the financial institution (FI) or FRB and report the appropriate information on the next SF 1219.
2b	The SF 215 or SF 5515 is reported by Department of the Treasury but not by the DO.	Copies of the SF 215 and SF 5515 have been requested.	Upon verification that data reported by the FI are inaccurate, then contact the FI or FRB to make the appropriate corrections (e.g., correct the ALC if erroneously reported by the FI or the FRB).
3	The SF 215 or SF 5515 is reported in the wrong month by DSSN. (See Note).		Process the adjustment on the SF 1219.
4	SF 215 and SF 5515 are reported by FI in wrong month. (See Note).		Contact the FI and FRB for assistance.
5	SF 215 and SF 5515 reported for wrong amount by FI. (See Note).		Contact the FI and FRB for assistance. Contact Cash Accounting Division (CAD), Banking Management Division, Financial Management Service, Department of the Treasury, 3700 East-West Highway, Room 600A, Hyattsville, MD 20782 (Telephone 202-874-7980)
6	SF 215 and SF 5515 reported for wrong amount by DO. (See Note).		Report difference on SF 1219.
7	Deposit reported as a debit or credit reported as a deposit by DO. (See Note).		Correct reporting on SF 1219.

NOTE: Discrepancies may be detected by reviewing CA$HLINK II on a daily basis; identification via the reconciliation process; DO's review or receipt of an FMS 6652.

VOLUME 5, CHAPTER 6: "PHYSICAL LOSSES OF FUNDS, ERRONEOUS PAYMENTS, AND OVERAGES"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated July 2009 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Revised entire chapter to include rewording, rewriting and renumbering paragraphs.	Update
060205.B.2d.(4)	Revised paragraph to highlight investigation officer's guidance.	Update
060303.B.1.c.(1)	Changed the days of delinquent for erroneous payment debt from 90 days to 180 days.	Update
Table 6-6	Changed textbox to reflect the 180 days update.	Update

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CHAPTER 6

PHYSICAL LOSSES OF FUNDS, ERRONEOUS PAYMENTS, AND OVERAGES

0601 GENERAL

Accountable officials entrusted with public monies are pecuniarily liable for the loss or deficiency of the trusted amount, unless granted relief. This chapter provides information regarding the liability and relief of government officers and employees who are entrusted with public funds or who certify payments.

0602 PHYSICAL LOSSES OF FUNDS

Examples of physical losses of funds are provided in Table 6-1.

060201. Minor

A physical loss of less than $750 without evidence of theft or fraud within the disbursing office is considered a minor loss.

060202. Major

A physical loss is a major loss if it meets one of the following criteria.

A. Equal to or greater than $750.

B. Any loss resulting from a theft regardless of the dollar amount.

C. Any loss, regardless of the dollar amount, where there is evidence of fraud within the disbursing office; for example, embezzlement or fraudulent acts by disbursing personnel, whether acting alone or in collusion with others.

060203. Discovery of Loss

A. General. Any person who believes that an individual entrusted with public funds is misusing those funds must notify the Commander having jurisdiction over the alleged offender of the alleged misuse. See Table 6-2 for an overview of processing physical losses of funds.

B. Disbursing Officer (DO) Responsibilities

1. Verify that all transactions have been properly posted on the Daily Statement of Accountability (***Department of Defense (DD) Form 2657***), and Daily Agent Accountability Summary (***DD Form 2665***).

2. Verify the accuracy of all totals since the date of last balancing on the DD Form 2657 and each deputy's, agent's, or cashier's DD Form 2665.

3. 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 being on hand on the DD Forms 2657 and 2665.

4. Report the loss in writing to the Commander if the loss is not resolved within 24 hours of discovery and is a major physical loss as defined in paragraph 060202 of this chapter.

5. Request that the Commander direct an immediate audit of all disbursing assets by a Cash Verification Team to confirm that a loss has occurred.

C. Commander's Responsibilities. Upon notification of a possible loss, the Commander must request that the Cash Verification Team conduct an audit of the DO's account. If the discrepancy is not resolved and qualifies as a major loss of funds as described in paragraph 060202 of this chapter, then report through the chain of command within 24 hours via email to ***Disbursing-DebtManagementPolicy@DFAS.MIL*** or by mail to the Relief of Liability Section, Disbursing/Debt Management Policy Division, Defense Finance and Accounting Service Indianapolis (DFAS-NPD/IN), Column 329F, 8899 E. 56th Street, Indianapolis, IN 46249. When the Commander is in command of the deputy, agent, or cashier, a copy of the report must be provided to the DO. The report must include:

1. The specific type of loss; such as physical loss, erroneous payments, or fraudulent payment.

2. All known circumstances surrounding the alleged loss of funds.

3. The authorized amount of the imprest fund if the loss occurred in the imprest fund.

4. The date the irregularity occurred and/or was discovered.

5. The dollar amount of the loss.

6. The identity of the accountable individual(s) by name, rank/grade, social security number (SSN), and accountable position (such as DO, deputy, agent, or cashier).

7. The date that an investigation has been or will be convened.

8. The contact information of the investigative officer (IO); including name, email address, and phone number.

9. The completion date of the investigation or the estimated completion date, if applicable.

10. The status of any recovery action in progress or contemplated.

060204. Accounting for Losses of Funds

A. General. Specific instructions for recording and clearing losses on the Statement of Accountability (***Standard Form (SF) 1219***) are found in Volume 5, Chapter 19 of this regulation.

B. Recording a Physical Loss of Funds

1. All physical losses (whether major or minor) are recorded on the DD Form 2657 by increasing line 7.3 (or 9.3, if predecessor DO), "Loss of Funds," and decreasing the appropriate line. For example, if a cash count reveals U.S. currency on hand is short $100, then decrease line 6.2A and increase line 7.3 or 9.3. 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 is granted for the loss.

2. Subsidiary Accountability Record (DD Form 2667) as a Cumulative Record of Physical Losses

a. Support the entry on the DD Form 2657 by recording the loss on the ***DD Form 2667***. Record all physical losses discovered in the DO's account to include those incurred by deputies, agents, cashiers, imprest fund cashiers, and change fund custodians. If more than one physical loss occurs during a single business day, then each loss must be accounted for individually by using each separated lines on the same form.

b. Maintain separate DD Forms 2667 by DO for physical losses recorded on lines 7.3 and 9.3.

c. Balance and reconcile to the DD Form 2657 daily.

d. Keep the DD Form 2667 on file as a subsidiary record supporting the DD Form 2657.

e. Complete the DD Form 2667 as follows (See Figure 6-1 for an example of a DD Form 2667 prepared as a cumulative record of physical losses):

(1) Item 1: DSSN. Enter the Disbursing Station Symbol Number (DSSN).

(2) Item 2: Purpose of Record. Enter "Cumulative Physical Losses of Funds."

(3) Item 3: Name of Disbursing Officer. Enter the DO's name and rank/grade.

(4) Item 4: Address. Enter the DO's organization and address.

(5) Item 5: Date. For each loss of funds, enter the date the loss was recorded in the DO's accountability.

(6) Item 6: Reference or Explanation. For each loss, enter a brief description of the loss, including identification of the person responsible for the loss.

(7) Item 7: Increase. For each loss, enter the amount of the loss.

(8) Item 8: Decrease. If relief is granted or recovery/recoupment is obtained, then record the amount accordingly.

(9) Item 9: Balance. Enter the cumulative total of the losses. This balance must be in agreement with the DD Form 2657, lines 7.3 or 9.3, at all times.

f. Forward the DD Form 2667 to DFAS-NPD/IN within 5 calendar days after the end of each month. Forward the DD Form 2667 either by email to ***Disbursing-DebtManagementPolicy@Dfas.Mil***; or fax to DSN 699-0820; or commercial (317) 212-0820; or mail to DFAS-NPD/IN.

3. Agent 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. The acknowledgement of the loss must be made to the DO. The DO then must reduce the DD Form 2657, line 6.5, for that particular agent and increase line 7.3. The DO must record the loss on the cumulative DD Form 2667.

4. Change Fund or Imprest Fund Loss. Table 6-3 provides guidance for processing a loss which occurs in a change fund or imprest fund.

5. Counterfeit Currency Loss. The DO must record the amount of the loss on the DD Forms 2667 and 2657, line 6.2A, "U.S. Currency/Coinage on Hand" (or 6.2B, "Foreign Currency/Coinage on Hand"), column d, by the amount of the counterfeit currency and increase line 7.3.

060205. Investigating Physical Losses of Funds

All physical losses of funds must be investigated.

A. Purpose of Investigation. The purpose of the investigation is to review and document all facts leading up to and connected with the loss, to include the:

1. Amount, date, time, and place of the loss;

2. Identification of accountable individuals and others involved (name and rank);

3. Authenticity of documentary evidence and oral testimony;

4. Functional capacity of the accountable individual incurring the loss and the physical location of this individual such as disbursing office, functional area;

5. Cause of the loss; and,

6. Adequacy of internal controls and whether they were effectively implemented.

Table 6-4 provides questions to use as part of an investigation and to ensure that all facts of the loss are addressed in order for the investigation to be complete.

B. Type of Losses. The type of loss determines the type of investigation required.

1. Minor Physical Losses

a. $300 or Less (No Fraud). The DO or deputy DO (if the DO is not collocated with the deputy DO) will conduct the investigation and complete the written investigatory report (See Figure 6-2). If the loss is attributable to the DO, then the investigation will be conducted by the primary deputy DO along with the written investigatory report. Under no circumstances will the individual incurring the loss prepare his or her own written investigatory report. In all cases, the written investigatory report must be completed and submitted to DFAS-NPD/IN within 30 days from discovery of the loss.

b. Over $300 (No Fraud). Someone other than the DO or disbursing office personnel (e.g., a member of the Cash Verification Team) must be appointed by the Commander to conduct the investigation and complete the written investigatory report (See Figure 6-2). The individual appointed to investigate the loss must have knowledge of disbursing office operations, especially of the required internal controls, pertinent laws, and applicable directives. In all cases, the written investigatory report must be completed and submitted to DFAS-NPD/IN within 30 days from discovery of the loss through the Commander.

2. Major Physical Losses. An investigating officer (IO) must be appointed when there is a major physical loss.

a. The following individuals have the authority to appoint an IO:

(1) The Commander of the DO who incurred the loss.

(2) For DFAS sites, the Director of the DO who incurred the loss.

(3) In instances where the accountable individual is not located with the DO, the Commander over that individual will appoint the IO. For example, Commander of a disbursing agent located in Afghanistan would appoint an IO when the agent incurs a loss and the DO is located in Indianapolis.

(4) In those instances where the Commander is not authorized to convene an investigation, the Commander must request an investigation through the chain of command.

b. Appointment/Order of IO

(1) Include name of the individual, telephone number, and email address.

(2) State matter to be investigated.

(3) Cite Volume 5 of this Regulation and any authorizing DoD Component regulation as the authority for the investigation.

(4) Specify the approximate period of time allowed for the investigation. NOTE: Investigation must be completed and forwarded to DFAS-NPD/IN within 90 days from discovery of the loss.

(5) Include a copy of the appointment/order in the report of investigation (ROI) as an exhibit.

(6) Provide a copy of the official appointment notification within 5 days of appointment to DFAS-NPD/IN.

c. Individuals Authorized to be IO(s). A Commissioned Officer (O-4 or above) or civilian employee who is senior in rank/grade to the person(s) under investigation and:

(1) Does not have a vested interest in the outcome of the investigation.

(2) Is not in the chain of command of the DO or accountable individuals involved in the irregularity.

(3) Is familiar with investigative techniques.

(4) Has knowledge of financial accounting controls and pertinent laws and directives. (Comptroller personnel must be used only when there is no feasible alternative to appoint an IO from another organizational element.)

NOTE: Investigative officers without extensive backgrounds in investigative or financial matters must be given technical guidance by the comptroller, staff judge advocate, or DFAS Office of General Counsel (DFAS-OGC).

d. Guidance for IOs

(1) Develop all factual information in connection with the loss so that proper action may be taken by higher authority. This includes information regarding the procedures followed by all individuals involved in the loss, as well as safeguards and controls instituted for the entire period in which the loss occurred.

(2) Before interviewing individual(s) for the first time, ensure that each accountable individual receives and reviews this chapter and Volume 5, Chapter 33 of this Regulation regarding liabilities and responsibilities of accountable individuals and statutory authority (Title 31, United States Code (U.S.C.), sections ***3527*** and ***3528***) for relief of liability.

(3) Obtain statements from accountable individual(s) and others involved with the loss. Testimony may be reported verbatim or summarized by the IO. Whenever possible, the transcript or summary of testimony must be reviewed, sworn to, and signed by the witness. (When sworn testimony cannot be obtained, the IO must submit a statement giving the substance of the interview and the reason for absence of attestation.)

* (4) If the IO recommends against relief of the DO or any other accountable individual(s) who is pecuniarily liable for the loss, the report must be given to these individuals for the purpose of requesting relief of liability if desired.

(5) Gather all records, documents, correspondence, 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., Federal Bureau of Investigation (FBI), U.S. Secret Service, or local authorities).

(6) Make a determined effort to resolve or clarify all apparent discrepancies or contradictions in the evidence.

(7) Report every 30 days on the current status of the investigation. This report must be sent through the Commander to DFAS-NPD/IN.

(8) When extraordinary circumstances require an extension to complete the ROI, the IO may request an extension from the Commander. Figure 6-3 can be used as a request for an extension. The Commander must notify DFAS-NPD/IN of any

authorized extension by forwarding Figure 6-3 or similar request to ***Disbursing-DebtManagementPolicy@dfas.mil***.

e. Preparation of the ROI. The ROI must include the following elements:

(1) Facts

(a) Identities of all accountable individuals who are pecuniarily liable for the loss, their SSNs, the amount for which each is accountable, and the involvement of each in the loss.

(b) If any of the individuals involved in the loss are not physically located in the disbursing office, then describe the structure of the chain of command of the activity in which the individual was performing his or her disbursing functions. In addition, describe the financial services supplied by that individual for the activity they serve.

(c) Circumstances leading to and surrounding the loss, and the efforts undertaken to discover the cause of a loss that remains unexplained.

(d) Description of the internal controls prescribed to prevent losses of the type experienced and the steps taken to implement those controls.

(e) Other relevant information that would aid in understanding how the loss occurred and in evaluating whether relief is appropriate for the accountable individuals involved.

(f) Documentary evidence such as statements, transcripts, correspondence, affidavits, investigative reports of other agencies, records, and photographs as exhibits to the ROI.

(g) Information regarding collection activity and any possible offset relating to the loss.

(2) Findings. The IO must make the following findings:

(a) Whether or not there was a loss to the United States (be sure to include amount of loss).

(b) Whether the loss was caused by the fault or negligence on the part of the accountable individual.

(c) Whether or not the loss was proximately caused by negligence or resulted from fraud or theft by an individual other than the accountable individual(s).

(d) The name of all individual(s) involved and when the loss occurred.

(e) Whether or not the accountable individual(s) was carrying out official duties when the loss or deficiency occurred.

NOTE: The IO must make any other findings that are considered necessary and appropriate. It is essential that the findings as indicated in paragraph 060205.B.2.e(2) be supported by documentation. After each finding reference must be made by tab or page number to the supporting documentation.

(3) Recommendations

(a) Whether or not the accountable individual(s) should be relieved of pecuniary liability for the loss. Separate recommendations are required for each accountable individual.

(b) Whether or not any other person or persons should be held pecuniarily liable for the loss, in whole or in part.

(c) Whether any corrective action is needed to improve controls or procedures.

(d) Any other recommendations that are appropriate considering the existing facts, circumstances, and conditions of the case.

f. Submission of ROI

(1) Within 90 days after the loss is discovered (unless an extension has been authorized), the IO must submit the ROI through the Commander (who appointed the IO) to DFAS-NPD/IN.

(2) Commander's Actions

(a) Immediately review the ROI for compliance with requirements as indicated in paragraph 060205.B.2.e

(b) If not complete, then return to the IO explaining the defects and directing supplementation. Notify DFAS-NPD/IN if the ROI cannot be completed and submitted within 90 days from discovery of the loss.

(c) Consider all the facts, findings, and recommendations.

(d) Make additional findings and recommendations pertinent to the investigation.

(e) While considering the facts, circumstances, and conditions of the individual case, determine whether sufficient evidence exists to support a recommendation for relief from liability of each accountable individual involved as a part of the ROI.

(f) If sufficient evidence exists, then recommend relief from liability for each accountable individual involved; otherwise, recommend denial of relief setting forth all evidence supporting this denial recommendation. A separate recommendation is required for each accountable individual involved.

(g) If there is evidence of fraudulent or wrongful conduct and the matter is under investigation by authorized law enforcement personnel, then those investigative entities may request the report be held until completion of their investigation. If so, then continue to follow-up on the status of their investigation and advise DFAS-NPD/IN of the status every 30 days. Copies of the investigative reports may be added as exhibits before forwarding the report through the chain of command to DFAS-NPD/IN.

(h) Forward a copy of the ROI and all attachments to DFAS-NPD/IN within 90 days from discovery of the loss unless the investigation is on hold as indicated in subparagraph (g).

(i) Provide a copy of the ROI to the Commander of the base, station, activity, ship or unit where the accountable individual is located. For Army finance battalions, a copy also must be transmitted to the parent finance group or finance command. The ROI may be used for disciplinary or administrative action considered necessary by the Commander.

(j) Keep one copy of the ROI.

(k) Provide DFAS-NPD/IN any information that becomes available after the ROI has been forwarded.

(l) If report is returned by DFAS-NPD/IN because of lack of sufficient information, ensure that the information is obtained and returned to DFAS-NPD/IN.

3. DFAS-NPD/IN Action on ROI

a. Review the ROI.

b. When the ROI lacks sufficient information (or in the absence of compliance with the provisions for the findings and recommendations), DFAS-NPD/IN may return the report for further investigation and fulfillment of the provisions as indicated in paragraph 060205.B.2.e.

c. When the ROI is sufficient, make a recommendation as to liability.

d. Obtain legal review from DFAS-OGC.

e. Forward the recommendation and ROI to the Director, Policy and Performance Management (DFAS-NP). The Director, DFAS-NP, is the ultimate fact finder and makes the final decision on liability for each case.

f. Advise the appropriate individuals of the decision and in those cases wherein individual(s) are held liable, of their right to submit a rebuttal.

060206. Request for Relief

A. Requests for relief must be in the form of a memorandum and submitted within 30 days after the investigation is completed. A copy of the investigation officer's report must be included as an attachment to the request for relief. Requests for relief must be submitted as follows:

1. DOs. Submit request for relief through the Commander or DFAS site director to DFAS-NPD/IN.

2. DOs Settling Accounts of Former DOs. Submit request for relief on behalf of a former DO to DFAS-NPD/IN.

3. Deputy DOs, Disbursing Agents, Cashiers. Submit requests for relief through the DO responsible for the account to DFAS-NPD/IN.

B. Evidence Required for Granting Relief. An accountable individual entrusted with public monies is held strictly liable for any physical loss of funds placed in the official's care subject to relief of liability as provided by ***31 U.S.C. 3527***. Accordingly, if the Government can establish that a loss has occurred, then strict liability applies to the accountable individual involved with the loss. The accountable individual bears the burden of proving that it is more likely than not that the individual:

1. Was not negligent, or

2. The loss was not proximately caused by the individual's fault or negligence.

C. Information Required. When not supplied in the findings of any court of inquiry, investigation, court-martial, or other proceedings (including endorsements thereto), the following information must be supplied and considered in the request for relief and/or the forwarding endorsements, as appropriate. Failure to include all the information required could contribute to an unfavorable consideration of a request for relief.

1. The specific duty assignment of the accountable individual when the loss occurred.

2. A statement showing when, how, and by whom the loss was discovered.

3. A description of the actions taken to verify the loss and establish how the loss occurred.

4. A statement of when the last cash count and balancing was completed prior to discovery of the loss.

5. A copy of the appropriate standard operating procedures (SOPs) in effect at the time the loss occurred (if no written procedures are available, then a statement must be prepared setting forth the known and utilized procedures at the time the loss occurred).

6. A statement indicating whether pertinent regulations and instructions were followed or, if not followed, then an explanation and justification for any omissions and deviations.

7. A statement of past involvement in any prior losses, if any, by the individual.

8. A statement indicating whether the loss was the result of theft or of some other criminal act.

9. A description of the manner in which the loss is being carried in the DO's account and the identity of the DO.

D. Forwarding Endorsements. Each addressee in the requestor's chain of command (including the DO) must provide a forwarding endorsement that must include a specific opinion as to whether the loss occurred while the accountable individual was in the line of duty and regarding fault or negligence. A specific recommendation as to whether relief should be granted or denied also must be included as a part of the forwarding endorsement.

060207. Statutory Standards for Relief of a Physical Loss

The general authority to relieve accountable individuals and agents from liability is stipulated in 31 U.S.C. 3527. Relief of liability may be granted when:

A. The Secretary of Defense determines that the official was carrying out official duties when the loss occurred;

B. The loss or deficiency was not the result of an illegal or incorrect payment; and

C. The loss or deficiency was not the result of fault or negligence by the official.

060208. Funding for Removal of Physical Losses

In all cases, the ideal method for resolving a loss is recovery of the loss from the beneficiary. For example, recovery of missing cash from the finder or, in cases where the accountable individual(s) is denied relief of liability, collection from the accountable individual(s).

A. When 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.

1. DFAS Employee. If the accountable individual who was responsible for the loss of funds was a DFAS employee or a military member assigned to DFAS when the loss occurred, then DFAS must identify the appropriation and funding necessary to resolve the loss.

2. Other DoD Component Employees. If the accountable individual was a member or employee of another DoD Component when the loss occurred, then that DoD Component must identify the appropriation and funding necessary to resolve the loss.

B. The DO must clear the loss of funds from the DD Forms 2667 and 2657, line 7.3 or 9.3, based on the instructions given by DFAS-NPD/IN.

0603 ERRONEOUS PAYMENTS (ILLEGAL, INCORRECT, AND IMPROPER PAYMENTS)

060301. Definition

A. Any payment that should not have been made or that is an incorrect overpayment under statutory, contractual, administrative, or other legally applicable requirement; and

B. Any payment to an ineligible recipient, any payment for an ineligible service, any duplicate payment, payments for services not received, and any payment that does not account for credit for applicable discounts.

NOTE: This definition applies to accountable individual liability. Improper payments under the Improper Payments Information Act differ, in that, they include both underpayments and overpayments. See Volume 4, Chapter 14 of this Regulation.

060302. Examples of Erroneous Payments

Examples of erroneous payments which do and do not require an investigation are included in Table 6-5.

060303. Discovery of Erroneous Payments

See Table 6-6 for processing an erroneous payment.

A. Fraudulent or Suspected Fraudulent Erroneous Payments. The accountable individual or any individual who suspects a fraudulent erroneous payment was made must notify the Commander within 24 hours of discovery.

1. Commander's Responsibilities

a. Within 24 hours of notification, report through the chain of command to the Relief of Liability Section, Disbursing/Debt Management Policy Division, DFAS-NPD/IN, per paragraph 060203.C of this chapter.

b. Appoint an IO to conduct a formal investigation. See subparagraph 060205.B.2 of this chapter.

c. Ensure the investigation is completed and forwarded to DFAS-NPD/IN within 90 days of discovery of the erroneous payment.

2. DO's Responsibilities

a. If the erroneous payment occurred due to fraudulent actions of accountable individuals under the direct cognizance or control of the DO, then prepare a collection voucher transferring the amount of the fraudulent payment back into the appropriation from which the payment was disbursed. Increase lines 4.1B "Loss-Refunds," 7.3 "Loss of Funds," or for predecessor losses, line 9.3 "Other" on the DD Form 2657. Report the entry on the DD Form 2667 as prescribed in paragraph 060204.B.2 of this chapter.

b. If the erroneous payment occurred due to fraudulent actions by individuals not under the direct cognizance or control of the DO, then the payment(s) must remain charged to the appropriation originally charged.

B. Erroneous Payments – No Fraud

1. Certifying Officer Responsibilities

a. Review the suspected erroneous payment voucher and the supporting documentation.

b. Ensure collection action is taken against the recipient of the payment as prescribed in Volume 5, Chapter 28 of this Regulation. This may require submission of the debt to the DO or other responsible area.

c. Notify the Commander if the recipient of the erroneous payment does not voluntarily repay the amount owed, and

* (1) The debt is delinquent for 180 days, or

(2) The loss cannot be fully recovered within the 2-year period from the time the erroneous payment was made.

2. DO's Responsibilities

a. If the erroneous payment was properly certified, then there are no actions by the DO.

b. If the erroneous payment was not properly certified,

(1) Report the loss to the Commander.

(2) Ensure collection action is taken against the recipient of the payment as prescribed in Chapter 28 of Volume 5. This may require submission of the debt to another responsible area. If the erroneous payment is recouped from the recipient, then collect the proceeds into the appropriation which was originally charged unless the appropriation is canceled. If the appropriation is canceled, then refer to Volume 4, Chapter 3 of this Regulation, for disposition of the collection.

3. Commander's Responsibilities

a. Determine that either a formal or an informal investigation needs to be conducted. Please see 060304 of this chapter for requirement description

b. Appoint an IO to conduct the appropriate investigation.

c. Ensure the investigation is completed and forwarded to DFAS-NPD/IN within 60 days after the discovery of erroneous payments.

060304. Investigation of Erroneous Payments

A. Formal Investigation Guidelines

1. Required when fraud (on the part of the payee, disbursing office personnel, certifying officer, or any other accountable individual) is suspected in connection with the payment.

2. Required when Commander determines necessary.

3. Subparagraph 060205.B.2 of this chapter provides guidance relating to formal investigations.

4. The investigation must be submitted to DFAS-NPD/IN through the Commander who appointed the IO within 90 days from discovery of the erroneous payment.

B. Informal Investigation Guidelines

1. IO must prepare investigatory comments using Figure 6-4 as an example.

2. Investigation must be submitted to DFAS-NPD/IN within 60 days from the Commander's notification of the erroneous payment.

060305. Statutory Requirements to Relieve Accountable Individuals Pursuant to 31 U.S.C. 3527 and 3528

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. Certifying Officer

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

2. The obligation was incurred in good faith, no law specifically prohibited the payment, the U.S. Government received value for the payment, and diligent collection efforts were made to recover the payment.

060306. Completion of Loss of Funds Process

When feasible, all actions required to reach a determination of liability for a loss of funds due to an erroneous payment should be completed within 3 years after the date the SF 1219 is certified.

060307. Settlement of Erroneous Payments

As a general rule, losses due to erroneous 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 Department of the Treasury issues check-issue overdrafts against a DSSN or the payments were made fraudulently by accountable individuals under the direct cognizance or control of the DO.

A. If the erroneous payment is recovered from the recipient, then the appropriation initially charged is credited the amount recouped or collected unless the appropriation is canceled. If the appropriation is canceled, then refer to Volume 4, Chapter 3 of this Regulation, for disposition of the collection.

B. If the erroneous payment cannot be recovered from the recipient and relief of liability has been denied, then the loss must be collected from the DO, certifying officer, and/or accountable individual(s) involved and the proceeds credited to the appropriation originally charged for the payment unless the appropriation is canceled. If the appropriation is canceled, then refer to Volume 4, Chapter 3 of this Regulation, for disposition of the collection.

C. The amount of the erroneous payment must remain charged to the appropriation charged when the payment was made when:

1. Relief of liability is granted, and

2. The loss cannot be recovered from the recipient.

If an adjustment to the appropriation account to which the payment was charged is determined necessary, then the amount of the erroneous payment must be charged as stated in subsection (d)(1) of 31 U.S.C. 3527.

060308. Document Retention

The following documents and information must be retained to properly respond to any audit that may be conducted by the Government Accountability Office (GAO).

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. Reference to pertinent supporting documents, such as pay records, contracts, and vouchers.

C. Description of how the irregularity occurred and how it affected the accountable individual'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.

0604 DECISIONS ON LIABILITY

060401. General

The determination of the Secretary of Defense that relief should be granted is binding. The Secretary of Defense has delegated authority to the Director of DFAS or his/or her designee, to make the required determinations and grant or deny relief on all requests for relief of liability. The Director of DFAS has delegated this authority to the Director, DFAS-NP.

060402. Relief Granted

If relief is granted, then DFAS-NP will provide a memorandum with instructions to remove the deficiency or authority to leave the payment charged to the original appropriation.

060403. Relief Denied

If relief is denied, then DFAS-NP will advise the accountable individual(s) of the decision and of their right to submit a rebuttal. The rebuttal must be submitted within 30 days from the date of notification of the adverse determination to DFAS-NPD/IN. Based on the additional information received, DFAS-NPD/IN will make a recommendation to the Director, DFAS-NP, through the DFAS-OGC, whether to affirm or reverse the previous decision.

A. If the decision is reversed, then the accountable individual(s) will be advised accordingly and the DO will be provided instructions for removal of the loss of funds or authority to leave the payment charged to the original appropriation.

B. If the decision is not reversed, then the Commander and/or DO will be advised to take immediate collection action against the accountable individual(s). Procedures for effecting collection of irregularities are prescribed in Chapter 28 of Volume 5.

0605 OVERAGES OF PUBLIC FUNDS

060501. Overview

Overages are funds held in an amount greater than the amount shown to be on hand by the daily accountability records of the DO.

060502. Recording Overages of Funds

Do not offset an overage of funds against a physical loss of funds unless the two are obviously related and the relationship can be documented. For example, 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 foreign currency). Do not offset apparently related overages against shortages if the shortage

and overage occur on different business days. An overage of funds must 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 must be transferred from **F3875 to the Department of the Treasury's receipt account, Forfeiture of Unclaimed Money and Property, **R1060. Track overages by recording each occurrence on a separate DD Form 2667, maintained specifically for overages. NOTE: Unlike the cumulative DD Form 2667 maintained per paragraph 060204.B.2 of this chapter to support specific lines on the DD Form 2657 and the 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.

060503. Preparation of DD Form 2667 as a Record of Overages of Funds

List each overage occurring during each day on the DD Form 2667. See Figure 6-5 of this chapter 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/grade.

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.

060504. Reporting Overages of Funds

Overages of funds that are $750 or more must be reported to the Commander. However, unless there is an indication of fraud or other criminal act, there is no requirement to report or investigate as in losses of funds. A copy of the DD 2667 must be retained with the original voucher transferring the funds to the **R1060 account.

Figure 6-1. DD Form 2667, Subsidiary Accountability Record (Cumulative Physical Losses of Funds)

SUBSIDIARY ACCOUNTABILITY RECORD

1. DSSN	2. PURPOSE OF RECORD
5995	Cumulative Physical Losses of Funds

3. NAME OF DISBURSING OFFICER	4. ADDRESS
James Harris, Capt	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 (unexplained loss)	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

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Figure 6-2. Minor Physical Losses-No Fraud

MINOR PHYSICAL LOSSES–NO FRAUD				
1. **Loss Amount**	2. **Date of Loss**		3. **Date Loss Discovered**	
4. **Location of Loss**		5. **DSSN**		
Accountable Individuals				
6. **CAPACITY**	7. **NAME**	8. **SSN**	9. **GRADE**	10. **MAILING ADDRESS**
DO				
DEPUTY				
AGENT				
CASHIER				
OTHER				
11. **How did Loss Occur?**				
12. **Did accountable individuals act in a prudent manner in compliance with regulations, procedures, etc.?** **Yes No (If no, provide name of individual(s) and reason(s))**				
13. **Were accountable individuals acting within their line of duty? Yes No (If no, provide name(s) and reason(s))**				
14. **Has the presumption of the accountable individuals' negligence been refuted? Yes No (If no, provide name(s) and reason(s))**				
15. **Where the loss was by a subordinate, did the supervisory DOs(s)/deputy DOs exercise adequate supervision?** **If, YES, identify and attach applicable procedures; e.g., SOPs, training guides, inspection results, etc.** **If NO, provide reasons**.				
16. **I do recommend relief of liability _____**		17. **I do not recommend relief of liability _____**		
18. **The accountable individuals have been counseled regarding appropriate corrective measures to prevent recurrence and the applicable regulatory procedures for minor losses of funds have been reviewed.** **Yes_____ No (provide reasons)**				
19a. **_____ does request relief of liability_____.** **Additional facts provided in separate memo YES___ NO___**		19b. **_____ does not request relief of liability_____.**		
20. **POC for this investigation is _(Name (to include grade/rank), (Phone Number), and (EMAIL address)**				

Figure 6-2. Minor Physical Losses–No Fraud (Continued)

BLOCK	GUIDANCE
1	Insert dollar amount of loss.
2	If known, insert date loss occurred. If unknown, leave blank.
3	Insert date loss was discovered.
4	Insert the location wherein the loss occurred; e.g., Incirlik Air Base, Turkey; USS EISENHOWER; Camp Arifjan, Kuwait.
5	Insert the disbursing station symbol number that incurred the loss.
6	Identify each accountable individual, to include the DO, deputy, and the individual that incurred the loss.
7	Include the full name of appropriate individuals.
8	Provide the social security number of each individual.
9	Include the grade/rank of the appropriate individuals; e.g., GS 4 (civilian) or military rank.
10	Provide the mailing address of each individual.
11	Provide details of how the loss occurred; e.g., "Cashier was performing standard disbursing functions; i.e., check cashing, casual pays, etc., in a combat zone. When cashier returned funds/documents to disbursing agent, a $100 shortage was discovered. Cashier had no explanation for the loss."
12	Respond to this. Note: What “prudent” or “non-negligent” requires applying the standard of reasonable care or ordinary negligence. Negligence is determined by applying a reasonable prudent person (RPP) test. The test requires the fact finder to weigh the facts of the case against what a reasonable person would have done to take care of his or her own property of like description under similar circumstances. Therefore, a determination of negligence is a highly fact-sensitive inquiry and what constitutes “reasonable” or “prudent” under the RPP test is wholly dependent on the facts, conditions and circumstances presented by each case.
13	Provide Response. Normally the response will be "yes." A "no" response would be rare.
14	The fact that a loss or deficiency occurred gives rise to a presumption of negligence on the part of the accountable individual. An accountable individual bears the burden of producing evidence to rebut this presumption. The presumption may be rebutted by evidence that demonstrates that it is more likely than not that the accountable individual was not negligent. In other words, the greater weight of the evidence, though not sufficient to free the mind wholly from all reasonable doubt, is sufficient to incline a fair and impartial mind that the accountable individual was not negligent relating to the loss. Regarding negligence, see guidance in Block 12.
15	When a DO is liable as the result of a physical loss by a subordinate and not as the result of direct involvement, the DO may be relieved if he/she maintained adequate supervisory control over the operations. If this is the case, list those controls; e.g., Cashier SOP, training guides, etc.
16	If you recommend relief, complete with the names of the accountable individuals.
17	If relief is not recommended, complete with the names of the accountable individuals.
18	Indicate if the appropriate individuals have been counseled and applicable regulatory procedures have been reviewed. If not, provide reasons; e.g., individual discharged.
19a	Insert the name of the individual(s) requesting relief. If the individual(s) requests relief and has additional information not included in the investigation, a separate memo must be provided to DFAS-NPD/IN within 30 days after completion of the investigation.
19b	Insert the name of the individual who does not request relief. If the individual chooses not to request relief, he/she must pay the amount of the loss.
20.	Provide the IO’s name to include grade/rank, phone number, and email address.

Figure 6-3. Request for Extension of Investigation

REQUEST FOR EXTENSION OF INVESTIGATION
COMPLETION BY INVESTIGATIVE OFFICER
1. FROM:
2. TO:
3. REQUEST EXTENSION TO COMPLETE INVESTIGATION OF $_____ LOSS OF FUNDS
4. DATE REQUESTED FOR EXTENSION:
5. REASON FOR REQUEST:
COMPLETION BY COMMANDER WHO APPOINTED INVESTIGATIVE OFFICER
6. COMMANDER APPROVED:_____
7. COMMANDER DISAPPROVED/REASON:

Figure 6-4. Erroneous Payments – No Fraud

ERRONEOUS PAYMENTS-NO FRAUD			
1. Loss Amount	2. Appropriation	3. Date of Loss	
4. Date Loss Discovered	5. Location of Loss	6. DSSN	
7. DISBURSING OFFICER/DEPUTY DISBURSING OFFICER			
7a NAME	7b. SSN	7c. GRADE/RANK	7d. MAILING ADDRESS
7e. Was payment made based on properly certified voucher?	Yes	No, provide reason	
7f. Was payment the result of bad faith or lack of reasonable care on part of the DO?	Yes, provide reason	No	
7g. If required, did DO take diligent collection actions?	Yes, provide synopsis of actions taken.	No, provide reasons	
8. CERTIFYING OFFICER			
8a. NAME	8b. SSN	8c. GRADE/RANK	8d. MAILING ADDRESS
8e. Was certification based on official records and the official did not know and by reasonable diligence and inquiry could not have discovered the correct information?			
8f(1) Was obligation incurred in good faith?			
8f(2) Did a law specifically prohibit the payment?	8f(3) Did U.S. Government receive value for the payment?		
8g. If required, did certifying officer take diligent collection actions?	Yes, provide synopsis of actions taken	No, provide reasons	
9. INVESTIGATING OFFICER			
9a. NAME	9b. SSN	9c. GRADE/RANK	9d. MAILING ADDRESS
10. I do recommend relief of liability _____	11. I do not recommend relief of liability _____ (Provide reasons)		
12a. The individual does request relief of liability_____. 12b. The individual does not request relief of liability_____.			

Figure 6-4. Erroneous Payments–No Fraud (Continued)

BLOCK	GUIDANCE
1	Insert dollar amount of loss.
2	Provide the appropriation in which the payment was charged.
3	Insert date loss occurred.
4	Insert date loss was discovered.
5	Insert the location wherein the loss occurred; e.g., Incirlik Air Base, Turkey; USS EISENHOWER; Camp Arifjan, Kuwait.
6	Insert the disbursing station symbol number that incurred the loss.
7a, b, c, d	Identify the DO/deputy DO who made the payment by providing his/her name, social security number, grade/rank of individual(s), and a mailing address.
7e	If the payment was made on a properly certified voucher by a duly appointed certifying officer, check “Yes”. If not, provide the reason(s), it was not.
7f	“Bad faith” can be considered somewhere between negligence and dishonesty, and closer to the latter. Whether the DO exercised reasonable care is determined by applying a reasonable prudent person ("RPP") test. The test requires the fact finder to weigh the facts of the case against what a reasonable person would have done under similar circumstances. Therefore, a determination of reasonable care or negligence is a highly fact sensitive inquiry and what constitutes "reasonable" under the RPP test is wholly dependent on the facts, conditions and circumstances of each case.
7g	If required and the DO took diligent collection action in accordance with the DoDFMR, Volume 5, Chapter 28, please answer “yes” and provide a synopsis of what actions were taken.
8a, b, c, d	Identify the certifying officer who certified the accuracy of facts stated on the voucher, computation of the certified voucher, and legality of the payment by providing his/her name, social security number, grade/rank of individual(s), and a mailing address.
8e	Provide an explanation of what documentation the certifying officer used to certify the payment. If the certification was based on incorrect facts, could the certifying officer have determined the true facts?
8f(1)	Did the certifying officer have, or should have had, doubt regarding the propriety of the payment, and if so, what he or she did about it.
8f(2)	Is there a statute that prohibits the payment? If yes, please provide.
8f(3)	Value received normally implies receipt of goods or services with a readily determinable dollar value; however, an intangible item may constitute value received where the payment has achieved a desired program result.
8g	If required and the certifying officer took diligent collection action in accordance with the DoDFMR, Volume 5, Chapter 28, please answer “yes” and provide a synopsis of what actions were taken.
9a, b, c, d	Investigative Officer must include this information. This will provide DFAS-NP with a point of contact, if needed.
10	If relief is recommended, please complete.
11	If the recommendation is to deny relief, please provide reasons.
12a	If the individual requests relief and has additional information not included in the investigation, a separate memo must be provided to DFAS-NPD/IN within 30 days after completion of the investigation.
12b	If the individual chooses not to request relief and the debt is uncollectible from the recipient of the payment, he/she must pay the amount of the loss.

Figure 6-5. DD Form 2667, Subsidiary Accountability Record (Overage of Funds Record)

SUBSIDIARY ACCOUNTABILITY RECORD

1. DSSN	2. PURPOSE OF RECORD
5995	Overage of Funds

3. NAME OF DISBURSING OFFICER	4. ADDRESS
James Harris, Capt	PACAF, APO AP 96307

5. DATE	6. REFERENCE OR EXPLANATION	7. INCREASE	8. DECREASE	9. BALANCE
4/5/XX	John Doe, cashier, discovered in funds at end of day	5.00		5.00
5/14/XX	Jane Smith, paying agent, discovered in funds	.97		5.97
6/18/XX	Additional funds in DDO's safe	7.43		13.40

DD Form 2667, AUG 93

Table 6-1. Physical Loss of Funds Examples

PHYSICAL LOSS EXAMPLES	
TYPES OF LOSSES	**EXPLANATION**
Public Funds	Loss of cash.
Limited Depositary Account (LDA)	A loss can occur when LDA account is unreconciled, incorrectly reported, or has been subject to a fraudulent transaction.
Records	Loss of debit vouchers, deposit tickets, etc.
Original Vouchers	If the original voucher is lost and the DO's retained copy (and the retained supporting documents) is available, then the copy may be stamped as a certified copy of the original voucher. However, the absence of a signature acknowledging receipt of a cash payment may negate the validity of the certified copy. The same is true when a payee denied receipt of a cash payment and there is no original voucher (with the payee's signature) to provide proof payment was made.
Documentation Supporting Debit Vouchers	A physical loss can occur if open debit items cannot be cleared because of the loss of supporting documentation.
Shipment of Cash	Shipment of cash which becomes lost can result in the liability of the accountable individual(s) when they failed to ship cash as required by Volume 5, Chapter 3 of this regulation, and the loss is not covered under the Government Losses in Shipment Act.
Unexplained Losses	No explanation – money is missing.
Negotiable Instruments	A physical loss can result when a negotiable instrument and all copies held in the disbursing office are lost.
Bank Failure	DO's funds in a bank; e.g., a limited depositary account and the bank closes because of failure.
Counterfeit Currency	Currency in the DO's possession which is determined to be counterfeit.
Change Fund	Cash shortage that cannot be made whole from sales receipts.
Imprest Fund	Shortage of funds advanced to imprest fund cashier.
Fraud within Disbursing	A loss resulting from fraudulent actions of disbursing personnel acting alone or in collusion with others.
Robbery, burglary	A loss of funds resulting when a robbery/burglary transpires.

Table 6-2. Processing Physical Losses of Funds

PROCESSING LOSSES OF FUNDS DUE TO PHYSICAL LOSS

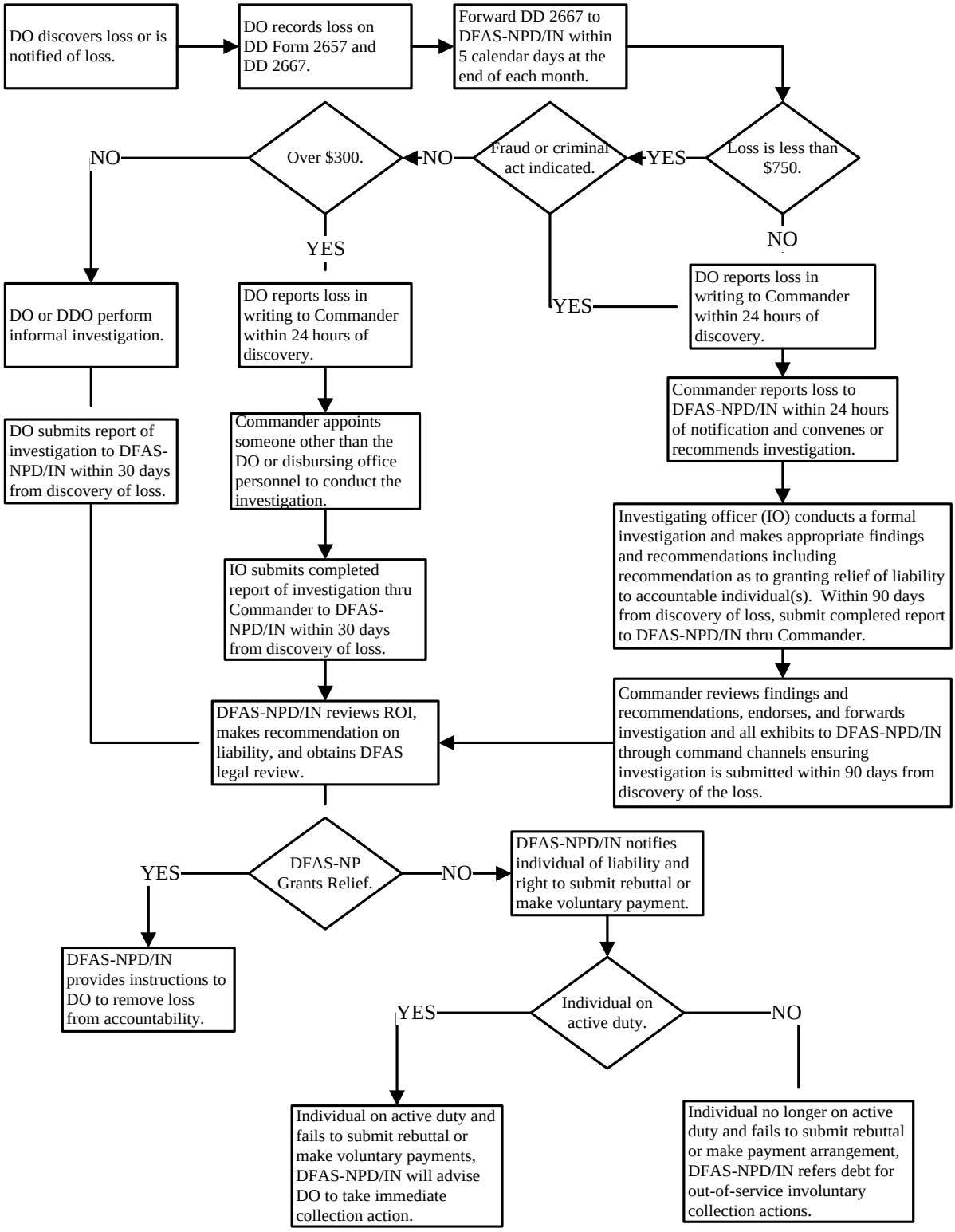


Table 6-3. Processing Change Fund or Imprest Fund Loss

IF	Then	CHANGE FUND CUSTODIAN OR IMPREST FUND CASHIERS MUST	DO MUST	COMMANDER MUST
A cash shortage in the change fund is made whole from sales receipts (property),	There is no loss of funds.			
A cash shortage in a change fund cannot be made whole from sales receipts,	The balance of the shortage is considered a loss from the change fund.	Make a return (on paper only) of the amount of the loss using the Statement of Agent Officer's Account (DD Form 1081).	Upon receipt of DD Form 1081, record the change fund loss on the DD Form 2667 and on the DD Form 2657 as a decrease to line 6.5 and increase to line 7.3.	If loss is a major loss of funds, take actions to report loss and convene or request appropriate investigation as specified in paragraphs 060203.C and 060205.B.2 of this chapter. If loss is a minor loss of funds, ensure investigation is conducted per paragraph 060205.B.1 of this chapter.
A loss of all activity funds (sales receipts and change fund)	It is considered a loss of funds and	Make a return (on paper only) of the amount of the loss using the DD Form 1081.	Upon receipt of DD Form 1081, record the change fund loss on the DD Form 2667 and on the DD Form 2657 as a decrease to line 6.5 and increase to line 7.3.	1. If loss is major loss of funds, report loss as specified in paragraph 060203.C of this chapter. 2. 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 only for the loss of sales receipts. Since the same set of facts and circumstances relates to both the losses of sales receipts and change funds, a separate investigation is not required for the loss of change fund. 3. Send a summary report of the investigation to DFAS-NPD/IN. The report must include: a. Certification that the DO (or authorized agent) advanced the change fund per Volume 5. b. Statement of whether the safeguarding requirements prescribed in Volume 5 were met (and if not met, the reason(s) why). c. Determination 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. d. Copy of the report of survey (and all attachments).

Table 6-3. Processing Change Fund or Imprest Fund Loss (Continued)

IF		CHANGE FUND CUSTODIAN OR IMPREST FUND CASHIER MUST	DO MUST	COMMANDER MUST
A loss occurs in an imprest fund,		Upon discovery, report loss to DO or authorized agent who advanced the funds through the Commander who approved establishment of funds, and Make a return (on paper only) of the amount of the loss using the DD Form 1081.	Upon receipt of DD Form 1081, record the change fund loss on the DD Form 2667 and on the DD Form 2657 as a decrease to line 6.5 and increase to line 7.3.	1. If loss is a major loss of funds, take actions to report loss and convene or request appropriate investigation as specified in paragraphs 060203.C and 060205.B.2 of this chapter. 2. If loss is a minor loss of funds, ensure investigation is conducted per paragraph 060205.B.1 of this chapter.
		Upon receipt of additional advance, if applicable, provide the DO with a signed DD Form 1081.	If Commander determines imprest fund should be restored to its full operational level, make advance following procedures described in Chapter 2 of Volume 5 except the amount of the advance must not be recorded as an increase to DD Form 2657, line 6.5. Record the loss on the DD Form 2667 and record the additional advance on line 7.3 of the DD Form 2657.	Based on information contained in imprest fund cashier's report and amount of loss, volume of imprest fund transactions, and frequency of replenishment, determine whether DO should provide additional advance in amount of loss to restore imprest fund to its full operational level. If decision is to provide additional advance, notify the DO of requirement in writing. a. Include information as to whether imprest fund will be turned over to alternate cashier pending completion of the required investigation(s) and b. Provide instructions of the additional advance to the primary or alternate cashier, as appropriate.

Table 6-4. Questions to Use for Investigations

Question	Cashier Loss	Counterfeit Currency Loss	Agent Officer Loss	Fraud Loss	Imprest Fund Cashier and Change Fund Custodian Loss
Have the DO and any other person who might be held liable for the loss been afforded all the rights and privileges of parties in interest?	X	X	X	X	X
Has testimony been obtained from every person who may have relevant information regarding the circumstances?	X	X	X	X	X
Has each witness been thoroughly questioned?	X	X	X	X	X
Are there inconsistencies among the testimonies of different witnesses?	X	X	X		X
Has a thorough investigation been made in order to discover the full extent of the loss?	X	X	X	X	X
Have other investigations of the loss been considered? (NOTE: Do not consider lie detector test results.)	X		X	X	X
If fraud is involved, have the methods used to defraud the U.S. Government been clearly described?				X	
Has the cause of the loss been clearly established?	X	X	X	X	X
Was a thorough search of the physical area made for missing cash or vouchers?	X		X		X
Were the transactions made during the day of the loss thoroughly reviewed in an effort to determine the cause of the shortage?	X		X		X
Were any individuals contacted in an effort to determine if an overpayment had been made and could be recovered?	X		X		X
Were individuals who made collections contacted to determine if they found a compensating overage in their accounts?	X		X		X
Was all the cash-on-hand counted to make sure that there was no compensating overage?	X		X		X
What was the number of transactions handled by the cashier/agent during the period in which the loss occurred?	X		X		X
Did distracting influences exist or were working conditions poor?	X	X	X		X
Was the cashier/agent working under pressure because of the heavy volume of business?	X	X	X		X
Was the cashier/agent handling new currency that has a tendency to stick together?	X		X		X
Was the cashier/agent experienced or inexperienced?	X		X		X
What procedures and internal controls has the DO established for safeguarding funds and to preclude fraudulent activity?	X		X	X	X
What facilities were furnished to protect cash for which the cashier/agent was accountable, such as a cash drawer with key lock or a separate safe?	X		X		X
What procedures were followed by the DO, deputy DO, and/or disbursing agent in making daily settlements with the cashier?	X				
Has the DO supplied instructions in detecting counterfeit money for those personnel in the office that handle money?		X			
What written SOPs has the DO supplied for guidance?	X	X	X		
Are the SOPs adequate?	X		X		
Did the accountable individual follow the applicable procedures on the day of the loss?	X	X	X	X	X

Table 6-4. Questions to Use for Investigations (Continued)

Question	Cashier Loss	Counterfeit Currency Loss	Agent Officer Loss	Fraud Loss	Imprest Fund Cashier and Change Fund Custodian Loss
Has the DO issued any oral instructions?	X	X	X		
Was the cashier's cage or safe accessible to persons other than the cashier/agent?	X		X		
Did theft occur?	X		X		X
Does the exhibit show the appointment of the individual; i.e., cashier, deputy, agent, etc.?	X		X		X
Was the cashier/agent functioning under the direct cognizance/control of the DO?	X		X		
When, and by whom, was the receipt of counterfeit currency detected?		X			
Was an effort made to determine the source of the counterfeit note(s)?		X			
Does the volume of transactions handled by the cashier/agent preclude a careful inspection of each and every piece of currency?		X			
Do exhibits show the amount the DO entrusted to the cashier/agent, the signature of the cashier/agent in receipt of funds, the turn-in made by the cashier/agent, and the amount of the shortage or a statement of the cashier's/agent's account?	X		X		
If the loss involves funds in the hands of a cashier/agent, has the DO inspected and supervised the cashier/agent office, or arranged for such inspections?	X		X		
Under what functional capacity was the accountable individual acting with regards to the DO?				X	
What is the accountable individual's immediate chain of command within the activity for which they provide disbursing services?				X	
Has all possible collection action been taken?				X	
In the case of military personnel, is collection action being taken in the field or by the supporting DFAS site in cases when personnel have been separated from the Service?				X	
In the case of civilian employees, has the individual involved authorized application of pay to offset the shortage?				X	
Have steps been taken to secure application of final pay to settle the indebtedness?				X	
If the amount of the indebtedness has been determined, has a request been made to Office of Personnel Management for offset against the Civil Service Retirement and Disability Fund?				X	

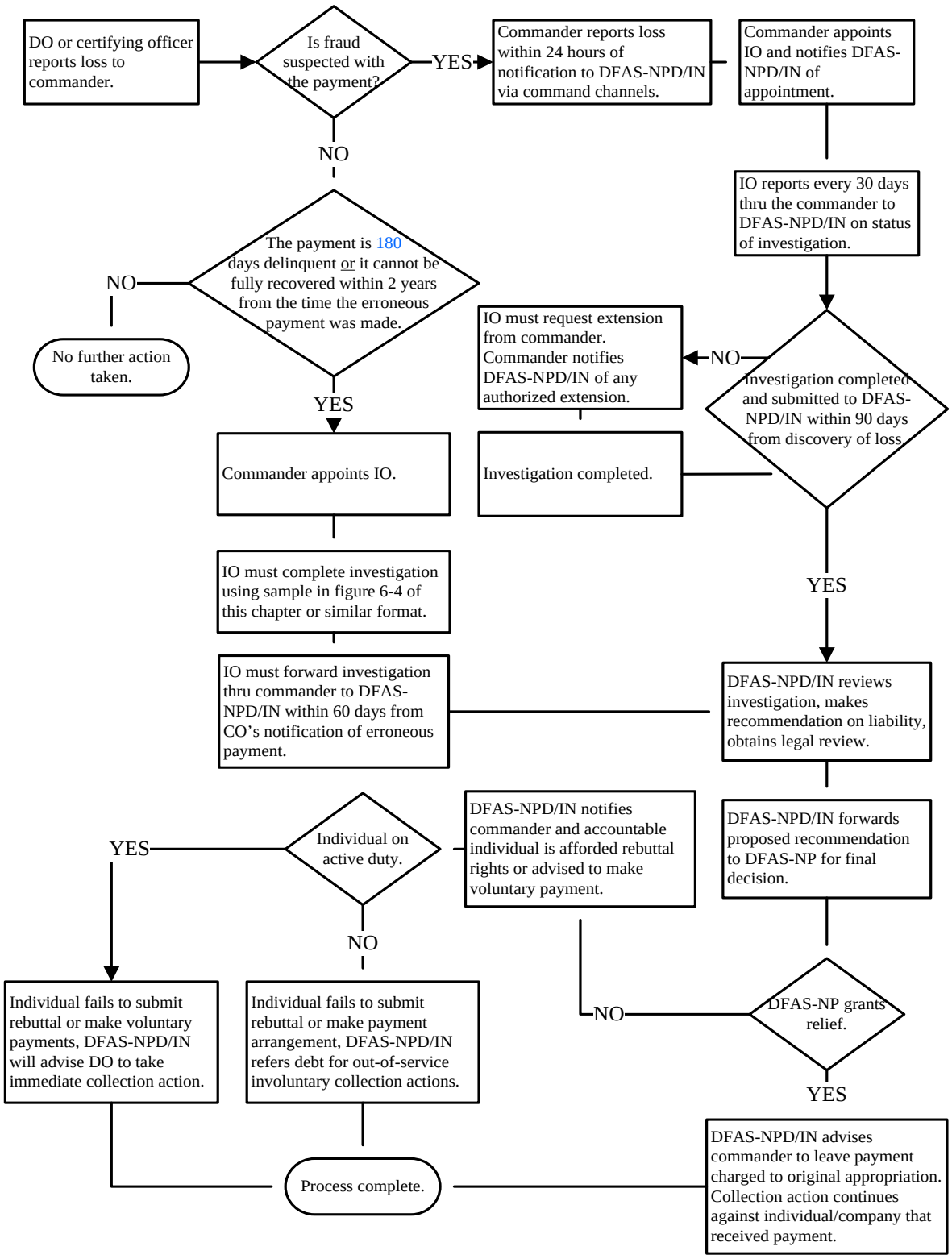
Table 6-5. Examples of Erroneous Payments Requiring an Investigation and Payments Not Requiring an Investigation

ERRONEOUS PAYMENTS WHICH REQUIRE AN INVESTIGATION
1. Any of the following payments in which the debt is delinquent for 180 days or the loss cannot be fully recovered within the 2-year period from the time the erroneous payment was made.
2. Overpayment to a payee.
3. Payment to the wrong payee.
4. U.S. Treasury check issue overdrafts.
5. Negotiation of both original and replacement U.S. Treasury checks.
6. Any payment based on fraudulent, forged, or altered documents prepared or presented by individuals not under the direct cognizance/control of the DO.
7. Payment in violation of a regulation.

ERRONEOUS PAYMENTS WHICH DO NOT REQUIRE AN INVESTIGATION
1. An erroneous payment that is not delinquent for 180 days and can be recovered within the 2-year period from the time the erroneous payment was made.
2. An erroneous payment which is collectible through offset of military pay, civilian pay, retired pay, or contract debt.
3. A valid payment made in accordance with appropriate documentation which through no fault of the certifying officer becomes an overpayment; e.g., (1) A member paid a reenlistment bonus and subsequently does not complete terms of contract; (2) a deceased retiree who is overpaid because death notification not provided; (3) an overpayment on a travel advance.
4. A payment made based on documentation from an individual and certified to be true, correct; e.g., a payment made to the wrong bank account because the individual provided incorrect information.
5. Any payments made based on vouchers not examined under an approved statistical sampling plan.

*Table 6-6. Processing Erroneous Payments

PROCESSING ERRONEOUS PAYMENTS



VOLUME 5, CHAPTER 7: "U.S. TREASURY CHECKS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated November 2009 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks and format.	Update
Table of Contents	Inserted paragraph numbers for ease of reference.	Update
070109 0702 0706	Restructured for better organization.	Update

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CHAPTER 7

U.S. TREASURY CHECKS

0701 GENERAL

070101. Authorized Purposes

Disbursing Officers (DOs) issue United States (U.S.) Treasury checks in accordance with applicable laws and regulations for military pay and allowances, civilian pay, purchases of goods and services, travel claims, authorized advances to travelers and agents, deposits for credit to the Department of the Treasury (Treasury), and exchanges for cash.

070102. Negotiability

Treasury checks are payable for 1 year from the date of issue. This limited payability became effective October 1, 1989; checks issued before that date became void on October 1, 1990. Checks presented for payment that are not negotiable due to this criterion must be verified for validity and replaced, if appropriate, as prescribed in Chapter 8.

070103. Check Types

A. Regular Issue Checks. Regular issue checks are standard checks with preprinted check symbols, serial numbers, and magnetic ink character recognition (MICR) encoding. They are the only instruments which DOs may draw on the account of the Treasury.

B. Test Grid Checks. Test grid checks provide the format of the check by grid lines to test or align 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). They are printed for government-wide use. Ignore the date and dollar boxes since they are not preprinted on checks. Test grid checks are not for issuance.

C. Unnumbered Checks. Unnumbered checks are regular issue checks without preprinted check symbols, serial numbers, or MICR encoding. They are for use only by Defense Finance and Accounting Service (DFAS) sites and are controlled by a preprinted Inventory Control Number (ICN). Special check-writing equipment is required to prepare these checks.

D. Specimen Checks. Specimen checks are identical to unnumbered checks except that they are overprinted with the words “SPECIMEN CHECK - NONNEGOTIABLE” in the signature space. Specimen checks are safeguarded the same as blank checks. In the absence of a specimen check, use a blank check marked “Void - Not Negotiable, No Check Issued Under this Number,” if available; 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.

E. Check Serial Numbers. When all serial numbers of a symbol have been used, Treasury's 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 DO should notify the FMS, Check Analysis Branch, through the Director, Disbursing/Debt Management Policy Division, Policy and Performance Management Directorate (DFAS-NPD/IN), 8899 E. 56th Street, Column 329F, Indianapolis, IN 46249-0500, (or ***disbursing-debtmanagementpolicy@dfas.mil***) to facilitate assigning a new checking account symbol before the next supply of blank checks is ordered. 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. Initial order for serially numbered checks must specify that the numbers begin with 00,001,000 and end in "999." Specify serial numbers on subsequent orders that immediately follow in exact sequence.

070104. Check Features

A. General. Disbursing activities may issue only multi-hued standard size checks against the Treasury's account. A standard size check is 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 5/8 inch up from the bottom of the check. The MICR line consists 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. Inscribe checks drawn on the Treasury to the payee by name, or to a financial institution for credit to the account of the named payee, except when checks are drawn as exchanges for cash. The rules governing exchange-for-cash checks are in section 0705. Never make a Treasury check payable to "cash."

B. Dating and Mailing of Checks. DOs must not issue checks in payment of salaries before completion of the service for which the payment is being made or before the scheduled payday, unless authorized (e.g., advance pay). A Department of Defense (DoD) Component may, however, have a policy of mailing checks to payees before a military or civilian payday to ensure that the payment is available when due. If it is necessary to mail the check before payday, do not date the check before the date of the scheduled payday. Agencies using this method of pay delivery must have internal controls that alert the DO when a payee becomes ineligible for scheduled pay (e.g., 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; e.g., "John K. Smith, Executor (Administrator, etc.) of the estate of James R. Jones." Do not make a check payable to "the estate of" a decedent or to a deceased person.

2. Committee or Guardian. A check may be drawn payable to the order of a legally appointed committee, guardian, or other legal representative of a mentally incompetent payee when specifically authorized; see Volumes 7A, 7B, and 8.

3. Power of Attorney. The payee of a check may authorize another person to receive a Treasury check by execution of a specific power of attorney that clearly states the holder is entitled to receive the check on the payee's behalf. The person picking up the check signs 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. The DO retains a copy of the power of attorney and verifies the identity of the holder. Payments made to the holder of a power of attorney that require "secret" or "confidential identity" are processed using a cover voucher insert. Transmit the original voucher and a copy of the power of attorney to the supporting DFAS site for proper handling and storage.

070106. Signing Blank Checks

The signing of blank checks is prohibited.

070107. Security and Storage

Store blank Treasury checks in a secure container following guidance in Chapter 3. Keep checks in the DO's or deputy DO's (DDO) safe or under lock and key. The DO ensures that the condition of storage prevents any deterioration of the surface tint and design of the check, which is sensitive to moisture, light, and heat. The DO can accept checks which bear printing of a satisfactory color and strength and, if subsequent deterioration occurs, obtain a replacement supply. Check stock may be stored in safes or vaults to which both the DO and the primary DDO 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. The DO maintains control of the check stock. In cases of joint custody, the DO ensures that no break in accountability occurs. The DO or DDO is accountable for the check stock at all times. This is to provide for access to the check stock during periods of brief or unexpected absence of the single individual (either the DO or a DDO) who exercises normal day-to-day responsibility for the check stock.

070108. Blank Check Control Log

A DO maintains a blank check control log for each series of checks used to maintain a perpetual inventory of checks on hand and control the release of checks. At a minimum, the blank check control log contains 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: Central sites that use

unnumbered roll stock use the ICN rather than check numbers. The DO or designee must 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

Issue blank checks from the check stock in blocks of appropriate size by serial numbers. The DO must use a blank check control log as prescribed in paragraph 070108 to release blank checks to check-writers and to monitor return of blank, voided, or spoiled checks to the vault. Also use the control log to control issuance and return of checks between the DO and sites external to the disbursing office where the checks are prepared. The DO must obtain a receipt for checks issued. The person(s) in charge of the working stock must keep a record of checks issued daily to each clerk, examine (daily) the record of checks drawn and checks returned unused by the clerks to account for checks issued, and ensure that no checks are removed without authority. At a minimum of once every 90-days, the DO or designee must inventory the check stock. Any open container must be inventoried by individual count of the checks contained therein. Open all damaged cartons of checks, or those bearing evidence of having been tampered with, and individually count the checks. Keep a record of the inventory and total checks on hand in the disbursing office and provide it 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 notifies the Commander, the nearest office of the U.S. Secret Service (by message or telephone), and the Treasury. Notification is confirmed by a letter to the Treasury FMS, Check Reconciliation Branch, PGMC-2, Room 700A, 3700 East-West Highway, Hyattsville, MD 20782, with copies to: U.S. Secret Service, appropriate DoD Component investigative service, DFAS-NPD/IN, and local banks (if appropriate). The FMS telephone number is (202) 874-8259. The notice may be transmitted to the Treasury by facsimile transmission (FAX) to telephone number (202) 874-8536 or the most rapid means of communication available. Include the Disbursing Station Symbol Number (DSSN); ICNs or 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 U.S. Secret Service for investigation. If the loss involves a range of consecutive serially numbered checks, only the beginning and ending serial numbers of the range is required. Void all checks discovered to be missing, lost, or stolen before issuance (including any items missing from blank check shipments received from the contractor) in accordance with ***I Treasury Financial Manual 4-6045.30*** and reported on hard copy to FMS Check Reconciliation Branch.

070111. Reporting Check Issues

Reports check issues and checks lost or stolen to the Treasury. See Chapter 9 for detailed check-issue reporting procedures. Show an amount of “0” (zero) dollars for each lost or stolen blank check. If any of the checks are negotiated, the Treasury 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, do not record receipt of the FMS

Form 5206 on the Standard Form ***(SF) 1179*** (Month End Check Issue Summary) or the ***SF 1219*** (Statement of Accountability). To clear the item, return the erroneous FMS Form 5206 to the Treasury with a copy of the memorandum reporting the lost or stolen checks. The DO will immediately respond to every FMS Form 5206, with either an explanation to the Treasury or by entry on the SF 1179 and SF 1219, as prescribed in section 0706.

070112. Evidence of Payment

The issuance and mailing of a check to a creditor of the United States does not, by 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 endorsed and negotiated check is the receipt to the government.

*0702 PROCUREMENT OF U.S. TREASURY CHECKS

070201. General

Use Government Printing Office (GPO) Form 2431 (Print Order-Department of the Treasury Checks and Proofs) to order U.S. Treasury checks. 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. Cite such a reason in the "Remarks" section of the GPO Form 2431. 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 checks is 90 days. To ensure continuity of operations, DOs should not allow check stock to fall below a 6 month supply. Therefore checks should be reordered when the on hand check stock reaches the 9 month level. Forward all check orders to the following address using the detailed guidance given by that office. See Figure 7-1.

Defense Finance and Accounting Service-Indianapolis
Disbursing/Debt Management Policy Division
Policy and Performance Management Directorate (DFAS-NPD/IN)
8899 E. 56th Street
Column 329F
Indianapolis, IN 46249-0500

A DO at a newly established DSSN should submit a check order at least 4 months before the planned commencement of disbursing operations. Request cancellations of check orders in writing through DFAS-NPD/IN. The GPO will charge a fee of $10 for each canceled order. In addition, the contractor will charge a separate fee if an order is canceled after check production operations have begun.

070202. Designation of Officials Authorized to Sign Check Requisitions

DFAS-NPD/IN is the sole check-ordering agency for DoD activities and has been designated the authority to sign check purchase orders by completion and submission of an FMS Form 1186 (Signature File-U.S. Treasury Check Orders) to the FMS Check Analysis Branch. This

form is used to verify the signature on check purchase orders to ensure that only authorized officials requisition checks.

070203. Blank Check Assemblies

A. Assembly A. Single check style.

B. 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.

C. 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.

D. 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).

E. Assembly E. Continuous form checks with right stub (4,000 checks and 4,000 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.

F. 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 overplaten feed devices). Checks do not have any preprinted symbol or serial numbers. A consecutive ICN is printed at the top of the check.

G. Assembly F. Continuous form of two checks in tandem in fanfold (8,000 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.

H. 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 overplaten feed devices). The stub may be preprinted with the check serial number and other information desired by disbursing offices.

I. 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 overplaten feed devices). Checks do not have any preprinted symbol or serial numbers. A consecutive ICN is printed at the top of the check. Checks ordered without prenumbered symbols and serial numbers have a consecutive ICN printed at the top.

J. 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 overplaten feed devices). The stub may be preprinted with the check serial number and other information desired by disbursing offices.

K. 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.

L. 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.

070204. Emergency Checks

A. Emergency Check Orders. Send emergency orders for checks to DFAS-NPD/IN. Include the DSSN under which the checks will be issued, the name of the DO, and complete justification for the order. Specify the check quantity, sufficient to last until regular issue checks can be received, in multiples of 1,000. If applicable, include the unfilled check order number and date of that order in the request. Keep emergency check orders to a minimum and place them only as a last resort. Use emergency check stocks completely before using any new stock of regular issue checks. Request cancellation of emergency check orders in writing to DFAS-NPD/IN. No fees are charged for canceling emergency check orders.

B. Emergency Check Stock. DFAS sites with high volume printing equipment capable of printing the check symbol, serial numbers, and related MICR encoding on the blank check stock may use their print systems to produce pre-numbered, MICR-encoded check stock for use by disbursing offices within DoD. An example of an emergency situation is when office "A" has a fire and its entire supply of symbol 1234 check stock is destroyed. DFAS-NPD/IN can request that a DFAS site 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 Treasury FMS Check Analysis Branch. Another example where one emergency check stock system 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. The emergency check stock system is not to be used to compensate for a DO not having ordered checks using normal procedures. Only produce emergency check stock 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 where internal control procedures are in place to prevent issuing duplicate payments bearing the same check symbol and serial numbers. Notify the FMS Check Analysis Branch of the check symbol and serial number ranges involved prior to the use of emergency checks.

070205. Receipt of U.S. Treasury Checks

A. Receipt. Upon receipt of a check shipment, the DO or designee verifies that all checks have been received and, based on a representative sample, examines the accuracy of the printing and verifies the check symbol/serial numbers in the upper right corner of the checks and in the MICR field. Open any box which bears evidence of tampering and individually count each check. An acknowledgment to the vendor of receipt of the checks is not required. If shipment is by means other than registered first class mail, the vendor mails an "Advice of Shipment" form to the ordering activity after a check order is shipped. The upper portion of the form describes the checks being shipped. The lower portion of the form is an inspection receipt report. After receipt and verification of the check order, sign the form and forward it to DFAS-NPD/IN.

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. The office that receives the checks is therefore responsible 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

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 DFAS-NPD/IN.

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 DFAS-NPD/IN, the DO must destroy each check which bears a duplicate serial number. Do not report check serial numbers of the duplicate checks as zero dollar amount in the check issue report, since the remaining checks bearing these same serial numbers may be issued in the normal manner. Mark the checks bearing the duplicate numbers "VOID - NOT NEGOTIABLE" and destroy them locally within 30-days.

4. If checks are discovered missing in the receipt verification process or at any time thereafter, notify both DFAS-NPD/IN 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, immediately contact DFAS-NPD/IN for instructions regarding the shipment.

070206. Transfers Between Dos

Count checks transferred between DOs as a part of the relief from disbursing duty process by both the transferring and the receiving parties when they are not in the original packages. See Chapter 2.

0703 ISSUANCE OF U.S. TREASURY CHECKS

070301. Check Preparation

Issue checks in strict numerical sequence within each series. The information essential to a check includes place of issue, date, serial number, payee, amount, signature of drawer, and other identifying information such as the symbol number and designation of title. Do not print legends such as "SALARIES AND EXPENSES" or "DRAWN FOR ABOVE OBJECT" on the face of a 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. Keep extraneous data to a minimum. Spaces allotted on the printed check form for specific information are only for the purpose intended. Do not leave any spaces unfilled in a manner that would allow or facilitate alterations and additions that could lead to forgery or fraud. A completed check must have an orderly appearance and good legibility for accurate reading in rapid handling. Avoid overprinting, intersecting, and crowding. No check may be issued for more than $99,999,999.99. In instances when the total payment exceeds that amount, issue two or more checks that total the payment required. No deviation in the check writing procedures outlined herein is permitted unless authority first is obtained from DFAS-NPD/IN.

070302. Reporting Large Disbursements by Check

Since the FMS is solely responsible for the management of the government's daily cash position, inform FMS in advance of any check disbursement transaction affecting the cash position. DOs who disburse $50 million or more in a single transaction or in multiple transactions of a common nature, report the disbursement to FMS at least two (2) business days before the payment date. For example, a DO that 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, sends a report to the FMS. A 5-business-day advance notice is required if a disbursement of over $500 million is anticipated. When specific disbursement information has not been finalized, inform the FMS daily (by 9:30 a.m. eastern time) of approximate amount and payment date. Information on large disbursements should be reported by 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 given to the FMS on other than an FMS Form 187, it must contain:

A. Name and address of the DoD Component (e.g., Air Force)

B. Name and telephone number of DO

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.

Retain a copy of the report with the DO's monthly financial records.

070303. Check Print Requirements

A. General. Any data printed or typewritten on checks will be 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. Do not use laser type printers which only lay an image on the surface of the paper. 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 do not use such ribbons 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. Inscribe the payee's name 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 is 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. Completely fill the allotted area with the money amount, preceded by a dollar sign followed by asterisks (e.g., $*****123.45). No space should be left unfilled that otherwise might be susceptible to use for fraudulent insertion. Do not use zeroes as fill-in characters preceding the money amount. Do not use commas in the money amount to reduce opportunities for 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, $******50.75.

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 DO, at his or her option, may insert the disbursing office voucher number or, if applicable, the bureau voucher number. 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, show the invoice number or other data necessary for the payee to identify the purpose of the payment 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 include the following 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, the local activity information must be inscribed on the check so it is readable, does not interfere with any of the other inscribed or preprinted information, and does not appear in the envelope window.

G. Area for Drawer's Signature. Each check issued must bear one of the following: the manual signature of the DO; an approved facsimile signature of the DO; or the manual signature of a DDO who has been appointed as prescribed in Chapter 2. Manual signatures should generally agree with specimens previously submitted to the agency official responsible for maintaining specimen signature files. Checks drawn by a DDO are signed below the printed, typed, or stamped title of the DO for whom he or she is acting, as follows:

Disbursing Officer

By _____
(Deputy DO's Signature)

Use permanent dark blue, blue-black, or black ink for all signatures on checks (whether manual or by facsimile signature). The ink should not be subject to fading and not readily soluble in water.

070304. Erasures and Alterations

The DO must not release checks bearing erasures, alterations, overprinting, or imperfect figures or letters. Such checks are spoiled or voided and a new check issued.

070305. Record of Checks Issued

Each DO must maintain a record of checks issued by his or her DSSN. The record must 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, diskette, or electronic medium designed for data processing use. Include copies of check issue records with 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 site. Do not transmit these supporting documents to the Treasury with the check issue reports. Submit diskettes formatted for check issue reporting to DFAS site for consolidation and entry to Defense Check Reconciliation Module (DCRM). Include all the necessary data for the Treasury's reporting purposes in the electronic flat file. See Chapter 9 for the requirements for submission of the ***SF 1179***.

0704 CHECK SIGNING MACHINES

070401. Machine Specifications

Select check signing machines on the basis of their ability to perform in agreement with the Treasury regulations and standards. Impact check signers using rubber signature dies or approved laser check printers containing digitized signatures may be used. 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 mechanism capable of processing paper checks. Offices issuing checks with detachable stubs ensure that the mechanism's feeding device is capable of handling this type of check.

C. Laser check printers with digitized facsimile signature capability. The DO signature feature must be key controlled or the computer chip containing the digitized signature must be removable. The key and/or the chip controlling the signature capability will be kept in a locked safe or vault or under other equally effective safeguards when not in use.

070402. Signature Media

A. Requisition

1. General. Upon receipt of orders to disbursing duty, the prospective DO contacts the disbursing activity to determine if check signing equipment is available and obtains all necessary information such as type of equipment, model, serial number, and number of plates required. If the prospective DO already has a compatible signature medium, he or she requests DFAS-NPD/IN send it to the new location. Otherwise, the prospective DO sends three specimen official signatures to the new duty station for use in procuring a new signature plate. The signatures must be in black ink on blank, unlined, 3 by 5 inch white cards and accompanied by a statement designating the number to be shown on the plate as explained in subparagraph 070402A2. Upon receipt of the specimen signatures, the outgoing/relieved DO immediately prepares and forwards a request for procurement to the office regularly providing procurement service. Forward the purchase order for signature plates to DFAS-NPD/IN for approval and forwarding to the contractor. DFAS-NPD/IN ensures sequential numbering of the medium. The purchase order must include the following statement:

> "Signature plates for impact type check signers are rubber stamps containing the prescribed facsimile signature of the DO. Digitized signature medium are normally Dual In-Line Memory Module (DIMM) or Single In-Line Memory Module (SIMM) computer chips containing the DO signature or Computer Diskettes containing a digitized signature of the DO that is loaded to the laser printer check signing software."

Additionally, the following information is required:

a. The type, manufacturer's name, model, and serial number of the check signing machine.

b. Whether the signature plate or digitized signature medium is for a machine currently in use.

c. If the plate or digitized signature medium is to be used on a new and undelivered machine, refer 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 and Digitized Signature Medium. The Treasury regulations require that the signature plates or digitized signature medium of each DO be numbered in sequence in the lower left corner of the border beginning with the number 1.

Include on each order for signature plates or digitized signature medium the next sequential number for the ordering DO.

3. Multiple Plates or Digitized Signature Medium. Normally, only one signature plate or digitized signature medium will be used by the DO and authorized deputies. Additional plates, digitized signature medium or multiple types of signature medium may be obtained only upon approval of DFAS-NPD/IN. Requests for additional plates, digitized signature medium or multiple types of signature medium, must contain complete justification of the need for more than one plate for digitized signature medium or multiple types of signature medium. If the check-signing machine uses one set of two plates for signing, additional sets of plates may be obtained only upon approval of DFAS-NPD/IN.

B. Format and Quality of Impression or Digitized Signature. DFAS-NPD/IN will not accept facsimile signatures that do not meet the required standards. Design facsimile signature plates or digitized medium so that the frame or border, which encloses the facsimile signature, is a single wavy line that contains no identifying characteristics. Characterize the impression of the signature plate or digitized signature with sharp lines, a continuous and homogeneous deposit of ink, absence of filling, and absence of pronounced ribbon pattern.

C. Approval of Plates or Digitized Signature Medium. When the plates or digitized signature medium are received, the DO whose signature is reproduced on the plates or digitized signature medium, must run 14 specimen copies of each facsimile signature. The DO certifies two of the copies as true facsimile signatures. Mail all 14 copies to DFAS-NPD/IN with a memorandum requesting approval of the facsimile for signing checks. The reply of approval from DFAS-NPD/IN is 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 DFAS-NPD/IN, 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, DFAS-NPD/IN notifies the contractor and requests correction. NOTE: Do not sign checks by facsimile signatures prior to receipt of DFAS-NPD/IN approval.

D. Custody of Signature Plates and Digitized Signature Medium. The DO establishes the necessary procedures to ensure control and prevent unauthorized use of signature plates and digitized signature medium. Maintain custody receipts for all signature plates and digitized signature medium held by authorized deputies. Also, maintain a record of each run of checks through the check signer and reconcile this report with the report of checks issued. When not in use, keep signature plates and digitized signature medium in an approved safe or vault. If the signature dies or digitized signature medium are not removable from the check signing machine, keep the keys to the machine (or the check signing machine) in an approved safe or vault.

E. Use of Signature Plates and Digitized Signature Medium. Check signing by signature plate or digitized signature medium should be performed by the DO or designated DDOs. When considered necessary for efficient operation of the disbursing office, the DO may authorize (in writing) the holder of a specified position other than a DDO to perform the check

signing function. Do not appoint individuals as DDOs solely to sign checks by signature plate or digitized signature medium.

F. Destruction of Signature Plates and Digitized Signature Medium. If a signature plate or digitized signature medium is to be withdrawn from service (e.g., not to be used again, DO retiring from service), or it is unserviceable, it must be destroyed locally. When the plate or digitized signature medium is to be destroyed, it must be destroyed at the site by someone other than the DO and witnessed by two individuals equal to or senior to the DO. Prior to the destruction of the signature plates or digitized signature medium, the DO verifies the signature plate number and serial number of the digitized signature medium, and witnesses the information on the certificate of destruction. Identify in the certificate of destruction the typed name, title, grade or rank of the DO, complete mailing address of the disbursing station, date of destruction, method of destruction, DSSN, typed name, title, grade or rank of the witnessing individuals, DO's signature, and a statement as to whether the digitized signature medium had or had not been loaded to a printer or check signer software. If a signature plate is destroyed, include in the certificate of destruction the specific plate number and an inked impression of the plate. If a digitized medium containing the DO's signature is destroyed, and that signature has been loaded to a printer or check-signer software, the DO vertifies that the signature has been permanently removed from the printer or check signer software. The DO signs the certificate of destruction only after the actual destruction of the signature plate or digitized signature medium. Immediately upon destruction, the DO forwards the original certificate of destruction to DFAS-NPD/IN for inclusion in the DO's DSSN file and a copy of the certificate of destruction is retained at the disbursing office. DFAS-NPD/IN compares the signature plate number and digitized signature medium serial number listed in the certificate of destruction to the original purchase documents to verify that the witnesses actually monitored the destruction of official plates or signature medium.

G. Disposition of Plates and Digitized Signature Medium. When a signature plate or digitized signature medium is expected to be used again at a new duty station, forward the plate or digitized signature media to DFAS-NPD/IN for safekeeping.

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. A list of persons eligible to receive these checks is in Chapter 4. These checks may be prepared and issued by DoD DOs for official purposes to a DDO, 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 the continental United States. When these checks are issued to advance funds, the DDO, agent, or cashier prepares and forwards the DO a signed Department of Defense ***(DD) Form 1081*** (Statement of Agent Officer's Account) as prescribed in Chapter 3. Exchange-for-cash checks issued as advances of funds must be endorsed to the order of the bank or other institution furnishing the cash or, when cashed by another DO, to that 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 these checks are issued for remitting collections for the sale of postal money orders or personal messages, make them payable to the "Disbursing Officer, U.S. Postal Service," or "Western Union," as appropriate.

070502. Preparation and Handling

When required by security regulations, do not show the name of the remitter and identifying references to invoices on exchange-for-cash checks. These checks to payees within the United States are drawn on the Treasury; those for payees outside the United States are drawn on a limited depositary checking account if such an account is maintained by the DO. DOs may draw these checks payable to themselves, a DDO, or an agent for purposes of obtaining operating or accommodation cash. When authorized in writing by the DO, DDOs may draw these checks payable to themselves for purposes of obtaining operating or accommodation cash. Support these checks with 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

A. Exchange funds found in the personal effects of a person who has died or is missing in action for a U.S. Treasury check payable to the payee designated by the officer having custody of the personal effects. The object for which drawn as "Exchange-for-cash—Remittance; personal effects of (name, rank or rate, file or service number)." Draw a separate exchange-for-cash check for safekeeping deposits of each such person and the object for which drawn, including the safekeeping deposit number in addition to the information noted above.

B. Collect funds found in the personal effects of a person whose whereabouts are unknown (including absentees and deserters) into fund account 20X6133, Payment of Unclaimed Moneys for amounts $25 or more, and into fund account **1060, Forfeitures of Unclaimed Money and Property for amounts less than $25. Make a separate collection for safekeeping deposits of each such person and include the safekeeping deposit number in the collection voucher (see Chapter 27). Provide a copy of the collection voucher to the officer having custody of the personal effects.

070504. Exchange-for-Cash Checks Returned as Not Required

Do not cancel exchange-for-cash checks issued for advances of funds to deputies, agents, and/or cashiers which are returned to the DO as "not required." The DDO, agent, or cashier provides the DO with a completed DD Form 1081 indicating return of the check as prescribed in Chapter 3. The payee's endorsement on the check is not required. The DO endorses the check and deposits it as prescribed in Chapter 5. DOs cannot accept the return of exchange-for-cash checks from any payee other than a DDO, agent, or cashier. Other exchange-for-cash checks are issued payable to the purchaser and must 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 follows Chapter 8. For "Unavailable Check Cancellations," 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. This is necessary 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 DDO, Agent, or Cashier. In the case of lost, stolen, or destroyed exchange-for-cash checks that were issued as advances of funds, the DDO, agent, or cashier remains accountable for the funds. The DDO, agent, or cashier accounts for the check as a loss of funds on the ***DD Form 1081***; see Chapter 6. If considered necessary by the DO due to operational requirements, the lost check may be replaced by a recertified payment check (or a new advance given in cash). Document the recertified payment or the new advance on a DD Form 1081 signed by the DDO, agent, or cashier. Attach a copy of the ***SF 1184*** (Unavailable Check Cancellation) to the DD Form 1081 to document the status of the lost check and the accountability of the DDO, agent, or cashier; see Chapter 8. When credit for the lost check is received, the DO prepares a ***SF 1080*** (Voucher for Transfers Between Appropriations and/or Funds) to transfer the credit from "Unavailable Check Cancellations and Overpayments, Suspense, fund account **F3880", to offset the loss of funds in the DO's accountability. Provide a copy of the SF 1080 to the DDO, agent, or cashier to document the Treasury's cancellation of the lost check and use of the credit to offset the loss of funds. File a copy of the SF 1080 with the unavailable check cancellation documentation. In cases where the lost check is subsequently negotiated after cancellation by the Treasury (in which case, the Treasury will reverse the previous credit), the DDO, agent, or cashier is held accountable for the original lost check and the loss of funds will be re-established. Apply normal loss of funds and relief of liability procedures.

*0706 ACCOUNTING FOR CHECK ISSUE DISCREPANCIES

070601. Adjustment of Duplicate Checks

The Treasury will charge the disbursing office, using a ***SF 5515*** (Debit Voucher), 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 the second check. The DO submits an SF 1184 for the correct original check serial number in order to receive credit. The DO cross-references the SF 1184 with the memorandum copy of the SF 5515 since the disbursing office may, in the future, need a copy of the duplicate check for claim purposes.

070602. Advice of Check Issue Discrepancy

The Treasury uses the FMS Form 5206 (Advice of Check Issue Discrepancy) to notify DOs of check issue discrepancies. The form is computer-generated and contains a complete description of the discrepancy. The Treasury furnishes three copies of the form and a copy of the check referenced on it to the DO, who is responsible for making the required adjustment. The form is a correcting entry and changes the amount reported on the check issue report to the actual amount on the face of the check. (See Tables 7-1, 7-2, and 7-3.)

A. DO Action Upon Receipt of FMS Form 5206. Upon receipt of the FMS Form 5206, the DO researches the check issue date to determine if a payee has been overpaid or underpaid, and collects or disburses the adjustment amount for the check that 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, process the FMS Form 5206 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 must identify the offsetting error(s) to make the transaction net to zero, and prepare a ***OF 1017-G*** to advise the Treasury of the discrepancy. The DO makes the necessary adjustment following the procedures described in this section.

B. For Navy DOs Aboard Ships. If the FMS Form 5206 affects the accountability of a previous DO, the current DO forwards the form with a covering memorandum to the office where the monthly financial reports are submitted for processing. If the form is received during the 90-day record retention period, a copy of the applicable check issue record, SF 1179, and disbursement voucher are reproduced from the former DO's retained records forwarded with the FMS Form 5206.

C. FMS Form 5206 for Another DSSN. If an FMS Form 5206 is received which cites a DSSN different from than that of the receiving disbursing station, forward the form 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, return the form to the Treasury 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, attach a copy of the OF 1017-G to the FMS Form 5206 and return the documents to the Treasury 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 and an FMS Form 5206 has not been received, the DO must notify the Treasury's Check Analysis Branch in writing to request a reporting adjustment. The Check Analysis Branch will issue a Notification of Check Issue Correction-DO Requested for each adjusted check. The DO forwards all adjustment requests to the Check Analysis Branch within one (1) year. Once a "limited payability" cancellation has occurred, the Check Analysis Branch cannot process the requested adjustment.

070603. 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 reviews 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 is to validate that a discrepancy in fact occurred and determine the corrective action required to resolve it. Unless the FMS Form 5206 is erroneous (and this can be supported with copies of the

documents listed above), record the FMS Form 5206 on the DD Form 2657. Refer to subparagraph 070603E for instructions when the DO identifies the discrepancy prior to receipt of the FMS Form 5206 from the Treasury.

B. Distribution of FMS Form 5206. Distribute FMS Form 5206 as follows:

1. The DO completes the first copy of the FMS Form 5206 and attaches it to the current month's SF 1179 to support line 2(a) "Net Dollar Adjustments to Prior Months."

2. Use the second copy 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. Retain the original in the disbursing office.

C. Recording Check Issue Overdrafts. At the end of the month, record the FMS Form 5206 on the SF 1179 (line 2(a) of the Summary portion) and include it in the amount on line 3. Also record the form on the reverse of the SF 1219. If the discrepancy is still unresolved at the end of the month, include the overdraft on line 7.2 (Receivables – Check Overdrafts) of the SF 1219. Keep two copies of all executed FMS Forms 5206 and OF 1017-G (with supporting documents) 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 before 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 non-negotiated check); 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 associate DOs who do not submit daily reports to the central disbursing office.

E. Adjustment After Submission of Financial Reports. When a check issue overdraft is discovered after the financial reports have been submitted (covering the period in which the discrepancy occurred), the DO or DDO makes the following adjustments to financial records and prepares the necessary documents as required below. Prepare an ***OF 1017-G*** for a check issue overdraft as shown in Figure 7-2. Post the ***DD Form 2657*** (Daily Statement of Accountability) 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, record the OF 1017-G on the ***SF 1179*** (line 2(b) of the Summary portion) and include in the amount recorded on line 3. Also record the OF 1017-G on the reverse side of the ***SF 1219***. Attach the original of the OF 1017-G to the SF 1219 and a copy to the SF 1179 for the current reporting period to support the entries thereon. If the discrepancy remains unresolved at the end of the

current reporting period, include the overdraft on the SF 1219 (line 7.2 (Receivables – Check Overdrafts)) and the remaining copies of the OF 1017-G for retention in the uncleared differences file. Reproduce additional copies of the form as required.

F. Resolving Check Issue Overdrafts

1. Resolve overdrafts by collection or 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, incorrect amount. See subparagraphs 070603F2 – 4 for the three ways to clear the overdraft. Make no additional entries 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 prepares an OF 1017-G to document the transaction and posts the DD Form 2657 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, the DO prepares a ***SF 1034*** (Public Voucher for Purchases and Services Other Than Personal) or a one-sided ***SF 1080*** (Voucher and Schedule of Withdrawals and Credits), records it against the undercharged appropriation or fund, and posts the DD Form 2657 to reflect a disbursement and a decrease in Receivables – Check Overdrafts. Do not issue a check in this transaction.

4. By Supplemental Charge to Military Pay Appropriation and Pay Account Checkage. Clear overdrafts caused by undercharging the appropriation for military pay and allowances by actions described in Volume 7A to ensure entry of proper charges to a member's master military pay account. Prepare a SF 1034 (or one-sided SF 1081) to describe the transaction in complete detail, charging the accounting data shown on the original payment voucher. Do not issue a check in this transaction. Post the DD Form 2657 to reflect a disbursement and a decrease in Receivables – Check Overdrafts.

070604. 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 reviews 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 is to validate that a discrepancy actually occurred and determine the corrective action required. Unless the FMS Form 5206 is erroneous (and this can be supported with copies of the documents listed above), the DO prepares a ***DD Form 1131*** (Cash Collection Voucher) crediting the value of the underdraft to

deposit fund "Accounts Payable – Check Issue Underdrafts, fund account **X6999". Record the DD Form 1131 and the FMS Form 5206 on the DD Form 2657 as a decrease to Checks Issued and an increase to Collections. The DO's total accountability is unchanged. At the end of the current reporting period, record the FMS Form 5206 on the SF 1179 (line 2(a) of the Summary portion) and on the reverse of the SF 1219. See subparagraph 070604D for instructions when the DO identifies the discrepancy before receipt of Treasury notification.

B. Distribution of the FMS Form 5206. Distribute the FMS Form 5206 as follows:

1. Complete the first copy of the FMS Form 5206 and attach it to the SF 1179 for the current reporting period to support line 2(a) titled "Net Dollar Adjustments to Prior Months" and include in the amount recorded on line 3.

2. Use the second copy to support the adjusting entry on the reverse of the SF 1219.

3. File two additional copies and at least two copies of the DD Form 1131 in the uncleared differences file pending final resolution of the discrepancy and preparation of the end of month financial reports.

4. Retain the original in the disbursing office.

C. Adjustment Prior to Submission of Financial Reports. In some instances, underdrafts may be discovered before 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 non-negotiated check), 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 apply only to Navy DOs aboard ships and those associate DOs who do not submit daily reports to the central disbursing office.

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, DDO, or agent makes the following adjustments to financial records and prepare the necessary documents as required in subparagraph 070604E. Prepare a DD Form 1131 crediting deposit fund "Accounts Payable - Check Issue Underdrafts, fund account **X6999". Post the ***DD Form 2657*** to record a decrease to Checks Issued and a collection. The DO's total accountability is unchanged. At the end of the accounting period, record the DD Form 1131 on the ***SF 1179*** (line 2b of the Summary portion) and include it in the amount recorded on line 3. Also record the DD Form 1131 on the reverse of the ***SF 1219***. Attach a copy of the DD Form 1131 to the SF 1179 submitted with check issue reports. Retain two copies of the DD Form 1131 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 in the following subparagraphs. Make no additional entries 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, prepare a SF 1034 charging "Accounts Payable – Check Issue Underdrafts, fund account **X6999". Draw a check in favor of the original payee. Post the DD Form 2657 to record a check issue and a disbursement. Total accountability is unchanged.

2. By Credit to an Appropriation. When an underdraft discrepancy is caused by overcharging the appropriation and credit is due the appropriation, the DO prepares a DD 1131 and charge "Accounts Payable – Check Issue Underdrafts, fund account **X6999" and credit the appropriation charged on the original payment voucher. Post the DD Form 2657 to record a collection and a disbursement. Total accountability will be unchanged.

070605. Discrepancies of Less or More Than $1

A. Discrepancies and Claims of $1 or Less. Treasury adjusts discrepancies of $1 or less between the amount of a check as reported issued in level 8 and the actual amount of the check paid by the Treasury. Issue a supplemental check if a disbursing office receives a claim from a payee for an underpayment of $1 or less. Include the check as a regular check issue in Section II, Part A, Column 2 and a minus adjustment of prior month's issues in Section II, Part A, Column 4 on the reverse of the SF 1219. Record the amount of the check as a minus adjustment on line 2(b) of the SF 1179.

B. Discrepancies of $1.01 or More. The DO prepares an OF 1017-G as prescribed in this section to account for a check issue discrepancy of $1.01 or more for any prior or current month's check issue errors that are detected by the disbursing office. Do not prepare a ***OF 1017-G*** for check issue errors detected over one (1) year from the issue month of the check. The DO does not have to wait to receive an FMS Form 5206 from the Treasury. Prepare an OF 1017-G as soon as the DO becomes aware of a discrepancy. Reference the voucher number and date on which the error occurred as well as any other documents affected on all OFs 1017-G.

070606. Adjustments to Financial Reports Previously Submitted

Upon clearance of a check issue discrepancy (overdraft or underdraft), remove the file copy of the FMS Form 5206, OF 1017-G, or ***DD Form 1131*** from the uncleared differences file and use one of the following legends to annotate as appropriate: "See Deposit Ticket No. ____, dated ___;" "See Check No. ___, dated ___;" or "See Adjustment Voucher No. ___, dated ___." Attach the third copy to the document affecting the clearance of the outstanding accountability item in the accounts of the DO for submission with the SF 1219. Retain the fourth copy in the disbursing office files as a record of the completed action on adjusting the discrepancy.

070607. 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, return the FMS Form 5206 to the Treasury with a memorandum stating the reason for returning the document without action. Support the memorandum with copies of the documents used to determine that the FMS Form 5206 is 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 that returns the FMS Form 5206 to the Treasury is sufficiently clear to enable the Treasury to initiate reclamation action through the banking system.

070608. Relief of Liability

Both underdrafts and overdrafts would be either 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, the overpayment amount 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 nor the inclination to make restitution, the DO transfers the debt to the supporting DFAS site for further collection action. In order to meet standards for relief of liability, transfer uncollectible overdrafts to the supporting DFAS site 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.

Figure 7-1. Government Printing Office FORM 2431 (Print Order-Department of the Treasury Checks and Proofs)

GPO Form 2431
(R 1-96) P.51632-5

U.S. GOVERNMENT PRINTING OFFICE
PRINT ORDER — DEPARTMENT OF THE TREASURY CHECKS AND PROOFS

Agency order # _____ _____ (Signature and Title)

2. TYPE OF ORDER
☐ CHECKS ☐ GRID
☐ PROOF ☐ REVISION TO PROOF

GOVERNMENT PRINTING OFFICE INFORMATION

3. PROGRAM	4. JACKET	5. OBJECT CLASS	6. ESTIMATED COST	7. DATE	8. PRINT ORDER
C249--$		24:00			

9. DEPARTMENT	10. REQUISITION	11. BAC	12. TITLE
			TREASURY CHECKS

13. CONTRACTOR	14. PURCHASE ORDER	15. AREA/STATE CODE	16. CONTRACTOR'S CODE

17. SHIP TO:	18. APPROPRIATION CHARGEABLE	19. SHIP DATE	20. QUANTITY
	21. REQUESTED SHIPPING DATES		

AVAILABLE CHECK ASSEMBLIES AND VOLUMES — CHECK QUANTITY PER BOX IF NECESSARY

☐ A. SINGLE ☐ 1,000 ☐ 2,000 ☐ 4,000
☐ B. SINGLE SET W/2 CARBONS ☐ 1,000 ☐ 2,000 ☐ 4,000
☐ C. SINGLE SET W/1 CARBON ☐ 1,000 ☐ 2,000 ☐ 4,000
☐ D. CONTINUOUS — 1 UP ☐ 1,000 ☐ 2,000 ☐ 4,000
☐ E. CONTINUOUS W/RIGHT STUB — 4,000 CHECKS AND 4,000 STUBS
☐ ER. CONTINUOUS W/RIGHT STUB — 40,000 CHECKS AND 40,000 STUBS PER ROLL
☐ ERP. CONTINUOUS W/RIGHT STUB — 40,000 CHECKS AND 40,000 STUBS PER ROLL
☐ ES. CONTINUOUS W/RIGHT STUB — 4,000 PAYROLL STATEMENTS AND 4,000 STUBS
☐ ESR. CONTINUOUS W/RIGHT STUB — 40,000 STATEMENTS AND 40,000 STUBS PER ROLL
☐ F. CONTINUOUS — 2 UP — 8,000 CHECKS
☐ G. CONTINUOUS — W/TOP STUB ☐ 1,000 CHECKS ☐ 2,000 CHECKS
☐ GB. CONTINUOUS — 2,000 CHECKS/STUBS
☐ H. CONTINUOUS — 2 UP ROLL — 80,000
☐ HP. CONTINUOUS — 2 UP ROLL — 80,000
☐ I. CONTINUOUS — W/LEFT STUB ☐ 2,000 CHECKS ☐ 4,000 CHECKS
☐ J. SINGLE SHEET — 3 UP ROLL — 80,000
☐ JS. SINGLE SHEET — 3UP — 1,000 CHECKS AND 2,000 STUBS
☐ K. SINGLE SHEET — 4 UP — 4,000 CHECKS
☐ KS. SINGLE SHEET — 4 UP — 1,000 CHECKS AND 4,000 STUBS

AVAILABLE STATEMENT OPTIONS
(For Assemblies E, ER, ES, G, GS and I only)
OPTION A
OPTION B
OPTION C
OPTION D
OPTION E
OPTION F
OPTION G

25. AVAILABLE CHECK TYPES — REGULAR CHECKS
☐ RP ☐ RP-NB ☐ RB ☐ RB-NB
IF CHECKED, BOX 27 MUST BE COMPLETED

26. CONTROL CHECKS
☐ C ☐ C-NB

27. CHECK SYMBOL, SERIAL AND INVENTORY CONTROL NUMBERS

SYMBOL AND SERIAL NUMBERS MUST BE SHOWN ON ALL ORDERS FOR REGULAR PREPRINTED CHECKS. TYPE RP OR RE-NB
SYMBOL
SERIAL NUMBERS
FROM _____ Ascending ☐
TO _____ Descending ☐

IF CHECK TYPES RB OR RB-NB SHOW SPECIFICN RANGE
INVENTORY CONTROL NUMBERS (ICN)
FROM _____ TO _____

28. PROOF NO. _____ FOR REVISION COPY OF PROOF WITH CHANGES INDICATED ATTACHED

29. PRINT FROM ☐ EXISTING PROOF ☐ CORRECTED PROOF ☐ NEW PROFF

30. TYPE OF CHECK PRINTING EQUIPMENT	31. TYPE OF BURSTING EQUIPMENT	32. METHOD USED TO REPORT CHECK ISSUES ☐ MAGNETIC TAPE ☐ OTHER

33. REMARKS

34. ISSUE STATISTICS AND ESTIMATES *(If quantities differ significantly, explain under REMARKS in item 33 above.)* Ordering Agency to Complete

QUANTITY ISSUED		AVERAGE MONTHLY ISSUE EXPECTED
LAST CALENDAR MONTH	CALENDAR MONTH BEFORE LAST	

FOR QUESTIONS ON THIS ORDER CONTACT *(Ordering Agency)*
NAME _____ TELE NO. ( ) _____ _____

AGENCY NUMBER

PART 1 – VENDOR COPY

Figure 7-1. Government Printing Office FORM 2431 (Print Order-Department of the Treasury Checks and Proofs) (Continued)

Complete GPO Form 2431 blocks as follows:

1. Agency order # **028-4-DSSN-01** (Agency #-FY-DSSN-FY order #)
2. Type of order
4. Jacket No = **304-800** (Effective 10/1/03)
9. Department (**US Navy**)
10. Requisition = **4-00330**
11. BAC = **5001-04**
17. Ship to:
18. Fund Cite **See Block 33**(Add appropriation to blk 33)
20. Quantity
21. Requested shipping dates (when you want the checks to arrive)
23. Domestic or Overseas
24. Available Check Assemblies and Volumes (**D Continuous 1-up**)
25. Available Check Types (**RP-NB**)
27. Check Symbol, Serial, and Inventory Control Numbers Beginning with xx,xxx,000 and ending with xx,xxx,999
28. Proof No. (can be added when order forwarded to DFAS)
29. Print From: **Existing Proof**
30. Type of check writing equipment
31. Type of bursting equipment
32. Method used to report check issue
33. Remarks - (Please put POC and e-mail in this block)
34. Issue Statistics and estimate

Leave the name for questions (at bottom of form) blank. Send the form to:

Defense Finance & Accounting Service-Indianapolis
Disbursing/Debt Management Policy Division
Policy & Performance Management Directorate (DFAS-NPD/IN)
8899 E. 56th Street
Column 329F
Indianapolis, IN 64249-0500

Figure 7-2. Optional Form 1017-G (Journal Voucher)

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)

Table 7-1. Checklist for DO's Check Issue Reporting and Check Reconciliation

	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 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 Department of the Treasury's Check Payment and Reconciliation (CP&R) system?		
6	When the check data is balanced, did the DO process automated or manual Level 8 data daily, weekly, or monthly to the Department of the Treasury 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 Department of the Treasury and Level 8 reporting? (See guidance Chapter 8.)		
11	Did the DO process the Month End Check Issue Summary (***SF 1179***) by consolidating the data into the 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 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)?		
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	When the payee was not overpaid or underpaid, but incorrect check issue information has been reported to the Department of the Treasury, has the DO processed the FMS 5206 on the DO's SF 1179 and SF 1219, or has the DO requested that the Department of the Treasury adjust the Check Issue Report?		

Table 7-1. Checklist for DO's Check Issue and Check Reconciliation (Continued)

	Disbursing Officer's Check Issue Reporting and Check Reconciliation	Completed	
		Yes	No
16	When the DO discovers a discrepancy and prepares a Journal Voucher (***OF 1017-G***) before a FMS 5206 is received from the Department of the Treasury, has the correction been reported on the SF 1219, line 2.12, in accordance with Chapter 19 and on the monthly SF 1179?		
17	Did the DO take necessary actions to clear the FMS Form 5206 discrepancies in accordance with this chapter?		
18	Did 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 Department of the Treasury?		
20	Has the DO taken necessary actions in accordance with this chapter to clear all discrepancies within 60-days of notification from the DFAS sites? DFAS site personnel must monitor all discrepancies to ensure the necessary actions have been taken to clear the discrepancies within 60-days in accordance with this chapter.		

Table 7-2. Checklist for DFAS Sites' Responsibilities for Check Issue Reporting and Check Reconciliation

	DFAS Sites' Responsibilities for Check Issue Reporting and Check Reconciliation	Completed	
		Yes	No
1	Did the reporting DFAS sites monitor output product from DCRM that compares DFAS sites' monthly reported SF 1219 line 2.10 line by DSSN to Level 8 data?		
2	Did the DFAS reporting sites perform oversight and notify DOs to ensure discrepancies are corrected within the month they are notified.		
3	Did the DFAS reporting sites receive from the Department of the Treasury the monthly CP&R and the Checks Issued Report (72 Report) denoting errors and forward reports to the DOs for reconciliation?		
4	Did the DFAS sites 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, FMS 5206 for under/over pay adjustment, void check, or a DO request for adjustment (OF 1017G)?		
6	Did the DFAS sites monitor and age check issue discrepancies on the Outstanding Payment Report, which reflects the range of checks issued and cleared by the Department of the Treasury but not reported by DOs, with the checks reported as missing in DCRM?		
7	Did the DFAS sites contact the DOs to obtain the data for any unreported checks in DCRM?		
8	Did the DFAS site personnel contact the DO about checks reported as missing by the Department of the Treasury but reported in DCRM?		

Table 7-3. Check Issue Discrepancies

CHECK ISSUE DISCREPANCIES			
RULE	**A**	**B**	**C**
	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	if incorrect check issue information was reported to the Department of the Treasury	process FMS 5206 on DOs SF 1179 & SF 1219
5	FMS 5206 is not received by the DO		DO identify and correct offsetting error(s) by preparing and issuing an OF 1017G to the Treasury.
6	the Department of the Treasury reported FMS 5206 but DO did not receive it, contact the Department of the Treasury 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 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.
11	check issue Level 8 data was transmitted but was not processed by the Department of the Treasury	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 Department of the Treasury paid check but Level 8 data was not reported		report check issue data
		check issue data has been reported	work with DCRM regarding missing check data at Treasury

VOLUME 5, CHAPTER 8: "CHECK DISTRIBUTION, DISPOSITION, AND CANCELLATION"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated January 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Updated hyperlinks and format to comply with current	Update

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CHAPTER 8

CHECK DISTRIBUTION, DISPOSITION, AND CANCELLATION

0801 PROMPT DELIVERY OF CHECKS

080101. General

Once prepared, deliver checks promptly to payees. The Department of Defense (DoD) requires participation in the direct deposit program for all newly enlisted, reenlisted, appointed, or retired military personnel and all newly hired civilian personnel, and strongly encourages contractors to participate in that program within the conditions of the contract terms.

080102. Delivery of Checks

A. Properly safeguard checks, handling them as few times and by as few people as practical.

B. Ensure proper custody, signing, and delivery of checks. If checks are handed to the payees, require that payees identify themselves.

C. Promptly return to the disbursing office checks not delivered within the time specified by the disbursing officer (DO).

D. Keep checks in a safe, vault, or locked fireproof cabinet, pending distribution or return to the DO.

E. Designate personnel engaged in pay delivery activities in writing and supervise them 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 United States Postal Service (USPS) to payees' residential mailing address or post office boxes. At overseas activities where payees receive personal mail through organizational address, these are the residential mailing addresses; otherwise, an organizational addresses are not valid. When check delivery by mail is impractical, commanders or their designees may provide specific locations where payees may receive their checks. If checks are mailed to specific locations for delivery, the DO appoints a person in writing at each location to deliver the checks as a designated third party. See paragraph 080105.

080104. Outside the United States

A. Restrictions. Per ***Title 31, Code of Federal Regulations (CFR), Part 211***, the Secretary of the Treasury has directed that agencies not issue checks intended for delivery in the Republic of Cuba (except checks sent to the Naval Base, Guantanamo Bay) and

the Democratic People's Republic of Korea (North Korea). Rather, the DoD Component withholds payment and establishes the liability on its books. See the Department of the Treasury's Office of Foreign Assets Control website, ***http://www.treas.gov/ofac***, for a complete listing of specifically designated nationals and blocked persons.

B. Exceptions. The restrictions in subparagraph 080104A do not apply to checks payable to foreign governments, those issued in payment of salaries or wages, or for goods or services purchased by the U.S. Government.

C. Claims for the Release of Withheld Checks or Proceeds. The agency originally responsible for authorizing issuance of proceeds processes claims for the release of checks withheld from delivery, or their proceeds. If an agency that has withheld payment on its books receives a valid claim, that agency issues a check and decreases the associated liability. If the proceeds of withheld checks were on deposit with the Treasury's Financial Management Service (FMS) before April 1976, and are still on deposit with Treasury FMS in deposit fund account 20X6048, "Proceeds of Withheld Foreign Checks," submit requests for payment with an appropriate recommendation to the Credit Accounting Branch, Financial Management Service, Department of the Treasury, PGMC II – Room 622D, 3700 East West Highway, Hyattsville, MD 20782, or send an email to ***credit.accounting@fms.treas.gov*** for assistance; the telephone number is (202) 874-8740. The Treasury FMS' Credit Accounting Branch keeps a ledger that details the balances for all federal agencies that have submitted deposits to the 20X6048 account.

080105. Delivery of Checks by Designated Third Parties

Personal delivery of multiple checks 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, 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/Termination of Designated Third Parties. The DO appoints individuals in writing to serve as designated third parties for bulk check delivery, and includes:

1. name and title of the appointee,

2. name and location of the DO,

3. applicable disbursing station symbol number(s),

4. date of the appointment, and

5. a description of the types of checks to be delivered.

One or more alternates may be appointed to prevent distribution delays in the absence of the principal. Alternates may also assist in check distribution when conditions warrant. The DO

ensures revocation of appointments upon appointee transfer, when bulk delivery is no longer needed, or as other circumstances warrant.

B. Transporting Checks to Designated Third Parties. Package bulk shipments of prepared checks separately from other correspondence and send them by registered mail. Send bulk shipments for a unit or group of units to a third party for distribution or delivery to payees, or reship them to another third party for delivery where the military unit is located. Include only the checks, transmittal letter, and documentation needed for the specific payments. The Government Losses in Shipment Act does not apply to these shipments.

C. Release of Checks to Other than Payee. Designated third parties may not release checks to anyone other than designated payees. When the payees are absent at the time of delivery, see subparagraph 080105E for handling checks.

D. Judge Advocate or Investigative Agent Third Parties. In cases where advance payments are issued for witnesses subpoenaed for trial, a representative from a DoD Component investigative agency or a judge advocate charged with serving the subpoena delivers the checks when the payees are absent at the time of delivery

E. Third Party Disposition of Undelivered Checks. Unless otherwise directed, return checks for payees not present when a third party attempts delivery to the DO before the close of business that day. Inform payees who were absent, or who for other reasons did not get their checks, 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 absence, return their checks to the DO for disposition. Return checks found to be in error to the DO. The DO issues a new check to the payee after appropriate corrective action.

0802 SPOILED AND VOIDED CHECKS

080201. Spoiled Checks

A. General. When a check is spoiled during the check issue process, the handling method and the replacement method depends on whether or not the check has been reported to the Treasury as issued with a dollar value greater than zero, and the payee's entitlement to payment.

1. If a check is spoiled in the check issue process and has not been reported as issued, void the check and follow paragraph 080202.

2. If a spoiled check has been reported as issued with a dollar value greater than zero and the payee is not entitled to the check or the check is returned, it cannot be voided. Cancel the check using the check cancellation procedures in either section 0803 or 0804.

B. Processing. For available spoiled checks, the DO stamps the check, "Not Negotiable-For Deposit Only; Credit of Agency Location Code XXXX." The DO deposits the

check using a Standard Form (SF) 215 (Deposit Ticket), and processes an ***SF 1098*** (Schedule of Canceled or Undelivered Checks) to credit the proceeds of the deposited check to the appropriation from which it was issued as described in section 0804. For mutilated checks that are not acceptable for deposit, the DO follows procedures for unavailable check cancellations, processing an ***SF 1184*** (Unavailable Check Cancellation (UCC)) using stop code "A" or "D" (at the discretion of the DO based on the facts available), and issuing a recertified payment in accordance with the recertification provisions applicable to the stop code used on the SF 1184; see section 0804. If the check was spoiled during the check production process and has not been released or mailed to the payee, the payee need not complete a ***DD Form 2660*** (Statement of Claimant Requesting Recertified Check) as prescribed in paragraph 080404, but the recertified payment voucher does require certification by a certifying officer. The SF 1184 is automated; Treasury FMS no longer accepts manually-prepared SFs 1184.

C. Exchange-for-Cash Checks. An exchange-for-cash check does not have an appropriation associated with it. Therefore, if the spoiled check is one of these, the DO processes an SF 1184 using a stop code "D" and, upon receipt, transfers the budget clearing account **F3880 (Unavailable Check Cancellations and Overpayments (Suspense)) credit to the Treasury's **X6501 (Small Escrow Amounts) deposit fund account. Since the credit in the **X6501 account is basis for issuing a recertified payment for the exchange-for-cash check, the credit must be transferred before the check can be replaced. Once the credit is established in the **X6501 account, prepare an ***SF 1081*** (Voucher and Schedule of Withdrawals and Credits) to issue a new check charging **X6501 for the disbursement. The recertified payment voucher requires certification by a certifying officer. Since these vouchers do not originate from an entitlement area, a certifying officer should be appointed to certify these types of payments. Although the DO may not appoint the certifying officer, an individual under the DO's direct supervision may be appointed as a certifying officer only in those limited situations set forth in Chapter 33.

D. Record of Spoiled Checks. DOs maintain a record of spoiled checks which may be electronic or manual, and must be part of the Record of Checks Issued required by Chapter 7. This record must include the original spoiled check number and date; the original voucher number; the replacement check number and date; the voucher number of SF 1098 or recertified payment, whichever is applicable; the payee; and the amount of payment. Keep this record as a permanent part of the DO's retained records subject to the retention and disposition policies for check issue records as prescribed in Chapter 21. As this record does not satisfy the requirement to maintain the recertified payment data on the DO's ***DD Form 2662*** (Recertified Payment Register), record spoiled checks that are replaced with recertified payments on the DD Form 2662, per paragraph 080403.

E. Disposition. At least once each quarter, the DO destroys spoiled checks locally by shredding or burning. If the spoiled checks are destroyed by shredding, the fragments must be no larger than 1 inch in width and 1/4 inch in length. If the spoiled checks are destroyed by burning, then the checks must be completely burned. Prepare a certificate of destruction to document the destruction of the spoiled checks as prescribed in the following subparagraphs.

1. Certificate of Destruction. Prepare this certificate in an original and one copy and include the complete mailing address of the disbursing station; date and

method of destruction; disbursing station symbol number (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. List each check in numerical sequence, except that when destroying blocks of checks, show the beginning and ending serial numbers. See Figure 8-1.

2. Verification. The DO and at least one witness 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. Include the original certificate with the monthly disbursing financial reports, and keep a copy in the DO's blank check inventory control records.

F. Certification of Payroll Officer. If a civilian payroll check payee requests issuance of a recertified payment in a name other than the name printed on the original check, the DO obtains a signed statement authorizing the name change from the payroll officer who certified the original payroll before issuing the recertified payment. The DO attaches the statement to the retained copy of the payroll.

080202. Voided Checks

A. General. Void a check that is misprinted or mutilated during the issue process or is determined not to be a proper payment, and has not been reported as a check issue with a dollar amount greater than zero. Report destroyed unused and lost or stolen blank checks as voids. Render checks voided by the DO nonnegotiable 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 XX,XXX,XXX" as appropriate. A check reported to the Treasury under check issue reporting procedures in a dollar amount greater than zero may not be voided under any circumstances. Process the check as either an available or unavailable check cancellation, as appropriate to the circumstances in each case, as described in subparagraph 080201B. If the payment associated with the voided check is otherwise proper, replace it with the next available check in the series and in the same format used for the original voided check. Annotate the original voucher, the copies of the voucher, and the check issue log to indicate the original check was voided and the number of the replacement check used for the payment.

B. Reporting Voided Check Issues

1. Report voided checks to the Treasury as zero dollar value ($0.00) check issues. If a DO reports the check issue detail to the Treasury by sending check issue information to another disbursing office for conversion to data files and/or upload to the Defense Check Reconciliation Module (DCRM), the DO ensures that the voided checks are reported and clearly marked. Stamp or mark the hardcopy check issue listing to indicate that a check is voided and the dollar amount is zero. Do not obliterate the serial number of the voided check from the check listing. When using diskettes to report check issue information, the DO ensures

that they contain the serial numbers and dates of voided checks. If a voided check has not been dated, report a date for the check to facilitate the check issue reporting. DOs submitting their own check issue data to the Treasury ensure inclusion of serial numbers and dates of the voided checks in the transmission with zero dollar values.

2. If the DO erroneously reports a voided check with a dollar value greater than zero to the Treasury and the check is under 1 year old, he or she initiates corrective action as soon as the error is discovered without waiting to receive FMS Form 5206 (Advice of Check Issue Discrepancy), and makes a written request to Treasury for an adjustment to the check issue detail in the Treasury Check Information System (TCIS); see Chapter 9.

3. If the issue date of the erroneously reported check is over 1 year old, the voided check cannot be adjusted in the TCIS. Treasury will issue a limited payability credit for the voided check. Upon receipt of the credit in the **F3880 account, the DO reports the voided check as a check issue on the monthly ***SF 1219*** (Statement of Accountability) and debits the **F3880 account to clear the limited payability credit; see Chapter 9 for more detailed procedures covering voided checks over 1 year old.

C. Disposition of Voided Checks. Store voided checks in the vault or safe, segregated from all other checks until destroyed. The DO destroys the voided checks locally at least once each quarter by either burning or shredding. If destroyed by burning, the checks must be burned completely. If destroyed by shredding, the fragments may be no larger than 1 inch in width and 1/4 inch in length. In either event, prepare a certificate of destruction, signed by the DO and at least one witness, listing the serial numbers and method of destruction following the procedures for preparing and distributing the certificate of destruction for voided checks in subparagraph 080201. See Figure 8-1. For unnumbered checks which are controlled by a preprinted Inventory Control Number (ICN), list the voided check by the ICN on the certificate of destruction.

0803 AVAILABLE CHECK CANCELLATIONS

080301. General

Public Law 100-86, the Competitive Equality Banking Act of 1987 (CEBA) took effect on October 1, 1989, amended ***Title 31, United States Code (U.S.C.), section 3328*** and created a new ***section 3334*** to establish time limits on the payability of U.S. Treasury checks. It affects the time period permitted for the negotiation of U.S. Treasury checks, initiating and processing claims on those checks, recovering monies from financial institutions, and the replacement of those checks. It does not affect the underlying obligation of the United States for which a U.S. Treasury check was issued. It also does not affect Electronic Funds Transfer (EFT) limited depositary checking account payments. CEBA requires that U.S. Treasury checks be negotiated within 1 year from their issue dates. DOs may cancel checks within this 1-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. If check is over one year old, a DO may not cancel it using the procedures in this section. 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. DOs cancel U.S. Treasury checks in their possession within 3 workdays of receipt in the disbursing office.

080302. Exceptions

A. Stamp original checks recovered by or returned to a DO after being processed with an SF 1184 "Not Negotiable, Previously Treated as Canceled-SF 1184 UCC dated _____." The DO retains the checks in his/her safe or vault for 90 days and then shreds them. Note the date of destruction on DD Form 2662 and supporting documentation. A DO receiving a returned check for an activity or DSSN that is no longer in operation stamps the check "Not-Negotiable" and sends it to the successor or settlement DO.

B. For checks involving holder-in-due course claims, see section 0806.

C. For mutilated checks when substantial portions are missing, see the Treasury Financial Manual, Volume I, chapter 5, section 5030 *(**I TFM 5-5030**)*.

D. For U. S. Treasury checks that are at least 1 year old from the date of issue (stale dated), see section 0805.

080303. Undeliverable Checks

The DO keeps a record of undeliverable checks using ***DD Form 2658*** (Returned and Undeliverable Check/Bond Record), indicating the dates the checks are returned, check numbers, check dates, amounts, payees, voucher numbers, disposition, and dates of disposition. An electronic system is acceptable to record undeliverable checks provided it includes all of the information required on the DD Form 2658 and it is accessible for a 6-year 3-month period. See Figure 8-2. The DO provides the information or a copy of DD Form 2658 to agents, cashiers, and appropriate entitlement offices for their use. Do not remove undelivered checks from the safe or vault or allow deputies, agents, or cashiers to hold them except for immediate delivery to payees, or for cancellation and deposit.

A. Safekeeping of Checks. DOs keep undeliverable checks in a safe or vault, filing them in an order best suited for ready identification when claimed or for mailing upon obtaining a proper address. At a minimum they:

1. Open, extract and deface returned U. S. Treasury checks in the presence of two people,

2. Limit access to the returned U. S. Treasury checks processing area to those individuals responsible for processing the checks, and

3. Secure the checks in a locked container if there is a delay between the time the checks are received and when they are defaced.

B. Time Limit for Holding Undeliverable Checks. DOs attempt to deliver checks to the proper payees. If delivery is not accomplished within 3 workdays of receipt, dispose of them as follows:

1. Cancel undelivered checks held by the issuing DSSN and credit them to the issuing appropriations or to a suspense account, and deposit them following paragraph 080305.

2. Except as provided in subparagraph 080105E, a DO other than the one that issued the original undeliverable checks returns them to the issuing DO by registered mail or by another method of delivery with the ability to track the shipment. Mail the checks within 3 workdays along with a reason for non-delivery. If the address of the issuing DSSN is unknown, contact the DSSN Management Section, Disbursing/Debt Management Policy (DFAS-NPD/IN), 8899 E. 56th Street, Indianapolis, IN 46249-0050, or send an email to ***disbursing-debtmanagmentpolicy@dfas.mil*** for assistance.

C. Undeliverable Due to Death of Payee

1. Deceased Military Members. The issuing DSSN cancels checks payable to deceased military members promptly and credits the value to the individual's pay account pending payment to a properly designated beneficiary.

2. Deceased Civilian Employee. For special instructions on the handling of checks drawn to deceased civilian employees, see Volume 8.

3. Other Payees. Deposit checks drawn to other deceased individuals as undeliverable checks. Obtain an ***SF 1055*** (Claim against the United States for Amounts Due in the Case of a Deceased Creditor) and process it as prescribed in Volumes 8 and 10. See paragraph 080306 for the accounting data chargeable and references required on the voucher.

D. 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 due to consolidation, transfer of function, or other reason, the relieving DO or gaining activity assumes custody of the undelivered checks for processing as prescribed in this section. If the DO is transferred from disbursing duty without a relief or the disbursing function is not assumed by another activity, process the undelivered checks as collections on an SF 1098 and deposit them whether or not the 3-workday holding period has elapsed. Provide the DD Form 2658 to the office designated to settle the DO's accounts.

E. Special Actions on Canceled Checks Held by the Disbursing Office

1. Military Payrolls. When a check issued in payment of military pay and allowances is canceled, the DO follows Volume 7A and processes the appropriate adjustment to the Master Military Pay Account.

2. Civilian Payrolls. When a check in payment of a civilian payroll is canceled, the DO notifies the payroll preparing office to make the appropriate payroll adjustment.

080304. SF 1098 (Schedule of Canceled or Undelivered Checks)

A. General. Credit a check that is undelivered within 3 workdays of receipt in the disbursing office to the appropriation originally charged using an SF 1098 prepared in triplicate. In the body of the form show for each check the month and year of issue, check serial number (and DSSN if different from the DSSN shown in heading of the form), name of payee, applicable voucher number, 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 budget clearing suspense account **F3875. Include on the SF 1098 all information available as to the identity and location of the payee of the check. Keep a copy of the documentation in a separate file to support each item in the suspense account. The DO acts aggressively to identify the proper appropriation and removes the item from the suspense account as soon as possible. Process an SF 1081 to transfer the funds to Treasury's miscellaneous receipt account **R1060 (Forfeitures of Unclaimed Money and Property) after 60 days even if the proper appropriation has not been determined.

080305. Disposition of Canceled Available Checks

A. General. Process canceled check transactions authorized by this section in a manner similar to that for collections. Upon receipt of a check to be canceled, prepare an SF 1098 as the collection voucher and credit the appropriation originally charged for the payment. Note: Show all lines of accounting data charged and credited on the original disbursement voucher 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. Deposit the canceled checks for credit to the DSSN used by the DO canceling the checks. No payee endorsement on the reverse of the check is necessary; only the DO's endorsement stamp is required.

B. Defacing Returned Checks. Stamp the face of each U.S. Treasury check to be canceled, "Not Negotiable." Ensure that the stamp is in a color other than black (preferably red) and is of prominent enough size to remove all possibility of negotiation.

C. Deposit Ticket. Deposit canceled checks on an SF 215 separate from other negotiable instruments. DOs with Paper Check Conversion Over the Counter capabilities may deposit their canceled checks through this system. The same process used for accommodation checks may also be used with canceled U.S. Treasury checks.

D. Frequency of Deposits. Checks received for cancellation need not be deposited daily, but may be held in the DO's safe or vault pending preparation of a consolidated SF 215. Send deposits to the Federal Reserve Bank (FRB) not later than the 25th of the month of receipt. Process checks received for cancellation during the remainder of the month as collections but, if desired, retain and deposit them in the following month. All Continental United States (CONUS) DOs deposit all canceled U.S. Treasury checks with the nearest FRB.

DOs in Alaska, Hawaii, and foreign countries deposit them with the general depositary normally used for making deposits for credit to the Treasury's General Account. See Chapter 5 for deposit reconciliation requirements.

080306. 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, the disbursing office that collected and deposited the original undeliverable check pays the claim on payroll or other vouchers prepared, processed, and certified the same as a current payment. This does not preclude an undeliverable military paycheck from being canceled by the issuing DO so that the member may be paid at a new duty station. Use an ***SF 1034*** (Public Voucher for Purchases and Service other than Personal) to make these payments and charge them to the accounting data credited on the SF 1098, referencing the original undeliverable check by serial number, amount, DSSN, month, year, and account in which the undeliverable check was collected. Pay claims received for items transferred to the **R1060 (Forfeitures of Unclaimed Money and Property) account from the 20X1807 (Refund of Moneys Erroneously Received and Covered) account. Record the claim and its disposition on the DD Form 2658.

0804 UNAVAILABLE CHECK CANCELLATIONS

080401. General

Cancel unavailable U.S. Treasury checks less that 12 months old reported to the DO as lost, stolen, mutilated, or not received by the payee using the procedures in this section, or when the payee is not entitled to a check's proceeds. Such situations include death of the payee before the check issue date, non-receipt of a recertified payment 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 one year from the check-issue date to file a claim of nonreceipt with the issuing disbursing office which, in turn, submits an SF 1184 to the Treasury within 13 months of that date. The Treasury has 18 months from the date a check is paid to reclaim monies from the financial institution if the payee files a claim of forgery or unauthorized endorsement. 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. Such a payment bears a new check serial number and is vouchered, certified, and recorded as a new disbursement using the procedures in this section. Control, cross-reference, and track original and recertified payments indefinitely or until both have been paid, recovered and destroyed, or canceled.

080402. DD Form 2662 (Recertified Payment Register)

Maintain DD Form 2662 to assure the necessary cross-reference and control over unavailable check cancellations. An electronic log is acceptable if it contains the required information and is accessible for 6-years and 3 months. The DD Form 2662 requires information to identify the original check serial number, date, amount, payee, and status of the check as provided by the Treasury, identifying information regarding the recertified payment, payee's claims, and collection information. See Figure 8-4.

080403. SF 1184 (Unavailable Check Cancellation (UCC))

The SF 1184 is required for all cancellations covered by this section. The servicing DFAS site reports each unavailable check to be canceled to Treasury using an SF 1184. Bulk losses of original checks require the preparation of an SF 1184 for each check. Use SFs 1184 to stop payment, obtain photocopies, or check the payment status of unavailable U.S. Treasury checks. Input stop reason codes to designate the desired action. Although an SF 1184 allegedly stops payment on a check, there is no true stop payment action. The payee may still negotiate the check, and the DO is responsible to recoup the money. If the check is presented for payment after Treasury has given the DO a credit to the **F3880 account, Treasury will reverse the cancellation credit and provide the DO the documentation, including a photocopy of the paid check. The DO must then research and take the appropriate corrective action, including collection efforts when dual negotiation has occurred. See paragraph 080404 for guidance on preparing and submitting an SF 1184, and paragraph 080411 for procedures on handling the credits and reversals of credit in the **F3880 account.

080404. Processing an SF 1184

Process SFs 1184 daily using the Defense Check Reconciliation Module (DCRM) Unavailable Check Cancellation (UCC) subsystem. Transfer SFs 1184 to the Treasury biweekly. See the *User Instructions for Disbursing Offices* for procedures for accessing the DCRM reporting system to add, change, inquire, or delete an SF 1184 request; contact the appropriate DFAS site for a copy of this manual, or for questions on the SF 1184.

Defense Finance and Accounting Service Cleveland
DFAS-JAFBBA/CL
North Point
1240 E. Ninth Street
Cleveland, OH 44199-2056
or via email to: ccl-mb-check-issue@dfas.mil

Defense Finance and Accounting Service Columbus
DFAS-JDBB/CO
PO Box 182204
Columbus, OH 43218-2204
or Fax (216) 367-2204

Defense Finance and Accounting Service Indianapolis
DFAS-ADRPT/IN
8899 East 56th Street
Indianapolis, IN 46249-8673
or via email to: dcrmindy@dfas.mil

080405. Claims of Nonreceipt, Destruction, Loss, or Theft

Treasury will deny a claim of nonreceipt, destruction, loss, or theft of a U.S. Treasury check issued on or after October 1, 1989 unless it is presented by the payee to the issuing disbursing office within one year from the date of issue. The disbursing office will document the claim on an SF 1184 and process it through the supporting DFAS so the Treasury receives it within 13 months of the check-issue date. If Treasury denies a cancellation credit, it issues a Daily Advice of Status (DAS) with one of the status codes in Table 8-2. The DO advises the payee of the check status. If the check has been negotiated and the payee wishes to continue the claim process, he or she initiates FMS Form 1133 (Claim Against the United States for the Proceeds of a Government Check) and the FMS Form 3858 (Claims Document). The DO sends these two forms, the photocopy of the check, and any other supporting documentation for the claim to Treasury for processing. If the payee files a FMS Form 1133 to claim forgery or unauthorized endorsement against the check, a recertified payment is not authorized before receipt of a FMS Form 3859 (Claims Disposition Notice) from the Treasury. See paragraph 080413.

080406. DD Form 2660 (Statement of Claimant Requesting Recertified Check)

A. Payee Request. A payee who reports the loss, theft, mutilation, or nonreceipt of a U.S. Treasury check submits a written statement to the DO. The statement is mandatory to substantiate the payee's entitlement to a recertified payment, and must include the payee's name, Social Security Number (SSN), and address; member's name and SSN if different from the payee; type of payment entitlement; whether the check was received and if so, whether it was lost, stolen, destroyed, or mutilated; whether the check was endorsed by the payee or had a limited endorsement such as "for deposit only"; circumstances surrounding the loss, theft, destruction, or mutilation if the check was received; and the signed statement of certification of the payee. The DD Form 2660 is the preferred form for the required statement, but a DO may accept a signed letter from the payee in lieu of that form provided that the letter contains the required information and the certification statement found on the DD Form 2660. It is very important that the letter contain the signed certification statement as it reads above block 10 on the DD Form 2660. See Figure 8-5. Failure to obtain the payee's certified statement could hinder collection efforts if a dual negotiation occurs. Also, if the payee is the one that negotiated both checks, then the statement could also be used to establish fraudulent intent.

B. Disbursing Officer Action. Upon receipt of the signed statement, the issuing DO, or the settlement officer assigned to settle accounts for the issuing DO, completes the information required to identify the check (issue date, check number, amount, voucher number, etc.). Before processing an SF 1184, the DO must verify that the check has not been returned as undeliverable by verifying that the check is not listed on the DD Form 2658. If the check is listed and the disposition indicates that the check was re-mailed at a later date, then the DO notifies the payee of the later mailing date and allows enough mail delivery time before processing the claim of nonreceipt. If the check has not been returned and enough time has passed to allow for mail delivery, the DO uses the information on the DD Form 2660 to process an SF 1184 to cancel the unavailable check. Do not submit an SF 1184 involving non-receipt of future dated checks, such as those issued for pay and allowance entitlements, before the date of payment. Do not process an SF 1184 involving nonreceipt until the third working day after the check payment date. For each claim received, establish an individual case file containing the written request for a recertified payment (DD Form 2660); documentation pertaining to the SF

1184; the daily advice of status (DAS); copies of vouchers done evidencing the transfer of the **F3880 credit; the issuance of the recertified and original payments, if obtained; and all other applicable correspondence concerning the case. The DO sends a copy of the claimant's DD Form 2660, or other written statement, and a copy of the SF 1184 documentation to the appropriate entitlement area, which must certify that the entitlement for payment still exists before the DO may issue a recertified payment.

080407. Daily Advice of Status (DAS)

With the exception of the transmittal documents, Treasury returns a 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 received and processed all submissions. Follow up incomplete file items within 30 days through the supporting DFAS site by telephone and, if necessary, by submitting a second SF 1184. See Table 8-2 for the status codes the Treasury uses on the DAS. Once Treasury 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. A photocopy of the check will not be available until the check is presented for payment through the banking system. Therefore, once a disbursing office has received a DAS with a status code of "Outstanding," no additional SFs 1184 may be submitted for that check number. If the original check is ever presented through the banking system for payment, the DO will receive notification that the Treasury has reversed the credit to Unavailable Check Cancellations and Overpayments, Suspense, **F3880. Treasury will then provide a photocopy of the original check, a claims document, and a claim form (FMS Forms 3858 and 1133).

080408. Payments Accounting Claims Enhancements Reconciliation (PACER) On-Line System

Treasury's PACER On-Line (POL) system is available to obtain digital check images and view check status on-line. This system only contains information and images for checks issued since October 1997. Digital images are available only if the check has been paid. The time for receiving a digital image depends on how the image is requested (either on-line or batch), how long the image has been in the FRB archive, and whether or not the image has ever been requested before. Images under 6 months old or have been previously requested within the past 30 days are available for immediate viewing. Images archived by the Federal Reserve System in the preceding 6 months will normally be available within a few hours of the request; images archived for more than 6 months will usually be available within 24 hours. If the check is not immediately available, the IMAGE AVAIL field on the SELECT AVAILABLE IMAGES/ DOCUMENTS panel will have a "N" (for NO). An image can be requested by typing "X" in the SEL IMAGE AVAIL field and pressing F9=IMAGE. A paper copy of the check may be requested by typing "X" in the SEL field and pressing ENTER. When requesting a digital image, if the message NO IMAGES AVAILABLE FOR CHK/TRACE NUMBER appears, the check may be outstanding and/or unreconciled. The Inquiries on Payments and Claims option allows inquiries on the status of a single payment or multiple payments at the same time. The POL system is available for use Monday through Friday from 6 a.m. to 12 midnight Eastern

Time. No software purchase is required to access this system. See ***www.fms.treas.gov/pacer*** under Equipment Requirements for system requirements. To request access to the POL system, contact Treasury's Check Resolution Division, Office of the Director at (202) 874-7620.

080409. Authorization to Issue Recertified Payments

A. General. As stipulated in ***31 CFR 245 and 248***, Treasury has delegated authority to DoD 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. Treasury 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 receives immediate replacement and the risk of loss from overpayment to the payee is low. Subject to the restrictions in the following paragraphs, DOs may issue recertified payments as replacements for original checks at any time commencing with the submission of the SF 1184. The circumstances associated with each unavailable check govern the timing of issuance of a replacement check.

B. Limitations.

1. Do not issue a recertified payment check if:

a. payee of the original check is not entitled to the proceeds,

b. payee died before the original check issue date,

c. sufficient mail time has not lapsed from the date the original check was mailed or re-mailed to allow for delivery and possible return of the original check (see Chapter 7),

d. payee has an outstanding obligation against which the payment can be offset, and/or

e. original check is more than 12 months old.

2. Situations that involve high-dollar-value unavailable checks, payees involved in adverse actions that could result in early discharge or termination, or nonpermanent employees with no vested retirement benefits or sustained work history require thoughtful consideration before issuance of a recertified payment. Also consider 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. For deactivated and closed DSSNs, the designated settlement office is normally responsible for issuing recertified payments. In some situations, such as consolidation, the DO supporting the activity that assumed the disbursing and accounting responsibility for the deactivated or closed office may issue a recertified payment on behalf of the deactivated or closed office. Except as prescribed in subparagraph 080201C, issue recertified payments only as a disbursement from the appropriation charged on issuance of the original check or, if that appropriation is no longer available, then a current appropriation available for the same general purpose subject to limitations on its use.

C. Issue Before Receipt of Treasury Status. Delays in issuing checks may affect military and civilian employees' personal financial affairs, DoD relations with private business, and other intangible benefits. Immediate issuance of replacement checks may therefore be appropriate. DOs may use stop code "A" on the SF 1184 to support immediate check issuance 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. Limit this service to:

1. Military and civilian personnel for payment of pay and allowances;

2. Banks, credit unions, and other financial institutions unless the DO decides that obtaining the Treasury status is in the government's interest before issuing a recertified payment;

3. Agencies of the U.S. Government;

4. Foreign governments. Where doubt exists as to the status of a foreign payee, treat the payment as a foreign business transaction and issue a recertified payment only after receipt of the Treasury status as prescribed in subparagraph 080410.D; and

5. Any composite/consolidated check regardless of amount.

D. Issue After Receipt of Check Status. Submit unavailable check cancellations using stop code "D" or "G" and issue a recertified payment only after the Treasury reports the check status as outstanding for:

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 replacement check issued to replace it,

3. Payees who have received more than 3 replacement check payments in the past 6 months or more than 4 replacement check payments in a 12-month period,

4. Payees who report nonreceipt of a recertified payment,

5. Payees requesting replacement of an original check more than 30 days old, and

6. Payees other than a deputy, agent, or cashier requesting replacement of an exchange-for-cash check.

E. Issue When the Check Status Is Paid. Except as prescribed in paragraph 080414, do not issue a recertified payment check when the DAS from the Treasury indicates the check status is paid.

080410. Accounting for Recertified Payments

A. General. Treasury provides all credits for canceled unavailable checks and charges resulting from negotiation of a previously canceled unavailable checks through budget clearing account **F3880 (Unavailable Check Cancellations and Overpayments (Suspense)). This account is restricted to unavailable check transactions; do not use it for any other purpose. It is available to hold credit or chargeback amounts only pending identification of the appropriation or fund charged for the original check issuance. Do not charge the **F3880 appropriation directly for any payment, but transfer amounts in this account to the original appropriation as expeditiously as possible. Do not allow transactions in this account to become stale or unidentifiable, as an unidentifiable balance may result in a DO loss of funds and an associated pecuniary liability. Note: As indicated in Chapter 7, exchange-for-cash checks generally are for advances to deputies, agents, or cashiers; or as an accommodation service for a payee's benefit. Exchange-for-cash transactions are not charged to an appropriation on fund. If a deputy, agent, or cashier loses such a check, treat the loss as a physical loss of funds under Chapter 6. If the Treasury determines the check to be outstanding, apply the unavailable check credit to offset the loss of funds. If the unavailable check is negotiated later and the Treasury reverses the credit, reestablish the physical loss of funds. If a payee who received an exchange-for-cash check as an accommodation service loses the check, apply the unavailable check credit to reimburse the payee for the loss. Transfer the **F3880 amount to the **X6501 (Small Escrow Amounts Deposit Fund) account and charge the latter account for the disbursement. Issue the recertified payment check only after receipt of the **F3880 credit. Do not disburse from **X6501 account before the **F3880 credit is received and transferred. Use discretion when authorizing recertified payments to individuals for lost exchange-for-cash checks issued as accommodation exchange transactions based on the risk associated with recovery of the funds if dual negotiation occurs. If the exchange-for-cash check was for the sole benefit of the payee and risk of loss is high, the DO should consider waiting until the check has been cancelled by limited payability.

1. Credits Resulting from Submission of SFs 1184. If an unavailable check is outstanding, Treasury will issue a DAS indicating that the check is outstanding and that it will credit the agency with the proceeds. The Treasury will cancel the check and credit the funds derived from the cancellation to the **F3880 account. DFAS-Cleveland and DFAS-Indianapolis will receive cancellation credits from Treasury electronically daily as needed. A hardcopy of the SF 1081 follows the electronic submission. The proceeds of these canceled checks are forwarded to the DFAS-Cleveland and DFAS-Indianapolis through the Government On-line Accounting Link System II/Intra-Governmental Payment and Collection system (GOALS II/IPAC), and will reflect any identifying information provided in the original check issue data submission as detail in the credit transmission.

2. Reversals of Cancellation Credits. If a canceled unavailable check is negotiated by a financial institution after cancellation by Treasury, Treasury will reverse the cancellation credit and provide a DAS indicating the check has been negotiated and the credit reversed. The Treasury Receivable Accounting and Collection System (TRACS) will generate an SF 1081 and other documents to report reversals of cancellation credits to DFAS-Cleveland and DFAS-Indianapolis. These documents indicate the total dollar amount of the credit or charge entered into the DO's F3880 account. The SF 1081 is the DO's documentary evidence

that Treasury FMS entered the credit or charge to the F3880 account. Credits and charges are listed separately and are not commingled on the same SF 1081. DO's record the amounts as increases or decreases to the F3880 account.

B. Agency Reporting of Treasury FMS Transfers to the **F3880 Account. TRACS accomplishes transfers to the **F3880 account via IPAC, and monthly IPAC transaction detail documents them. After receiving an SF 1081 and recording the credit or charge to the **F3880 account, the DO prepares an ***Optional Form (OF) 1017-G*** (Journal Voucher) to clear the credit or charge from the that account, returning the funds to the appropriation charged or like fund that has been identified. At the end of each month, the DO reports the journal voucher transactions on line 2.39 (line 2.8 for electronic versions) of the SF 1219; see Chapter 19. The accounting cutoff date for credits and charges transferred to the **F3880 account from TRACS is the second-to-last business day of each month. Account for transactions processed after that date in the next accounting month.

C. Distribution. ***31 U.S.C. 3334(a)(2)*** requires the return of proceeds from canceled checks to the appropriation(s) charged when the check(s) were issued originally, and treatment of the canceled check(s) as account(s) payable. Within 15 days of receipt, DFAS-Indianapolis and DFAS-Cleveland should forward the check cancellation and credit detail information to the disbursing office (except as noted in subparagraphs 080411.C.1 and 080411C2) that issued the check(s), and to the disbursing offices' supporting accounting offices. Any reversal of previous cancellation credits issued by Treasury should also be forwarded in the same manner to the applicable disbursing and accounting offices.

1. DFAS-Cleveland and DFAS-Indianapolis forward the check credit information including the detail information applicable to the disbursing accounts that DFAS Columbus manages to DFAS-Columbus. DFAS-Cleveland processes or distributes cancellation credit information for Marine Corps disbursing offices.

2. DFAS-Cleveland posts monthly, upon receipt, the current **F3880 reports for ALC 1700 on the website ***https://mzd-2.mech.disa.mil/cashwork***, Recert Detail and Payability Detail, for use by DOs and accounting offices it supports. As the **F3880 reports are cumulative, only the latest reports are accessible.

D. Accounting Office. When canceled check credits are received, the accounting office transfers the individual check credits promptly from **F3880 to the original appropriations charged when the payments were issued, and establishes accounts payable. If a DO replaces an unavailable check before receiving credit from Treasury, the accounting office establishes an account receivable in the appropriation or fund charged for the original check issued, and removes the receivable upon receipt of the credit. Also, promptly transfer the reversal of a previous credit from **F3880 to the original appropriation.

E. Review of **F3880 Balances. The DO reviews the **F3880 account monthly to ensure all necessary actions are taken to clear these transactions. Also, each time the DO's account is transferred, the incoming DO validates balances in this account, as prescribed in Chapter 2. If the departing DO cannot provide the incumbent DO with documentation

supporting the **F3880 items, the departing DO processes the unsupported items as losses of funds as prescribed in Chapter 6.

F. Research. Upon receipt of a DAS indicating cancellation credit or reversal information from the supporting DFAS site, the DO initiates research on the check issue data submitted to Treasury to ensure the accuracy of the detailed information, i.e., the DSSN, check serial number, date of issue, and issue amount provided in the cancellation credit or reversal which must agree with the original check issue data reported to Treasury. Research any discrepancy in this data to determine its cause and correct it. In the case of a reversal, the DO determines if a dual negotiation occurred by verifying the status of the replacement check. The DO submits an SF 1184 on the replacement check using Stop Reason Code "F" for non-entitlement. If the check for the recertified payment is outstanding, the DO receives a credit to offset the charge for the reversal previously received. If the check has been paid, the DO receives a photocopy of the paid check, a claim form, and a claims document. If both the original and recertified payment checks have been negotiated, the DO begins collection action as outlined in paragraph 080414.

1. The disbursing office also must notify the appropriate entitlement or subject matter area (e.g., military pay, civilian pay, travel pay, or commercial accounts payable) that Treasury has returned a credit to the activity because the check was not negotiated or has reversed a credit previously received and provided a copy of the DAS.

2. The DO requests the accounting department re-obligate funds to cover the issuance of a recertified payment. Once assured that funds are re-obligated and available, the DO may issue a recertified payment check citing the original appropriation. If the original appropriation is closed, use a current year appropriation for the same or similar purpose.

3. When Treasury provides a reclamation credit, the DO requests the accounting department re-obligate funds to cover the issuance of a recertified payment.

G. Entitlement to Payment. When notified that an unavailable check has been canceled, the credit has been received, and a recertified payment has been requested, the appropriate entitlement or subject matter area determines if the liability for payment of the underlying obligation is valid before preparing a recertified payment, which is prohibited if the entitlement to payment no longer exists.

H. Recertified Payments. All recertified payments including immediate replacements under stop code "A" must be vouchered, certified by a certifying officer, and charged to the appropriation or fund charged for the original payment. Recertified payments may be made 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 080409.);

2. After the disbursing office has been advised by the DAS code that the original is outstanding and credit will be provided; or

3. After the credit has been received from Treasury.

Making a recertified payment under the first two provisions listed in this paragraph requires the establishment of an account receivable, supported by a copy of the SF 1184 and/or DAS, in the appropriation or fund for the amount due on cancellation of the original check.

080411. Preparation and Disposition of Replacement Checks

A. General. Prepare and distribute replacement checks in the same manner as regular checks as described in Chapter 7. If a payee claims nonreceipt, loss, or destruction of a replacement check, the unavailable check cancellation procedures in this section also apply to the replacement check.

B. Undeliverable Replacement Checks. Process an undeliverable replacement check the same as any other undeliverable check immediately after it is found to be undeliverable. The 3-workday limit for holding undelivered checks does not apply to undeliverable replacement checks. Cancel the check on an SF 1098, crediting the appropriation charged when it was issued in accordance with paragraph 080410, and deposit it with the nearest FRB or branch on an SF 215 as prescribed in section 0803.

C. Returned and Recovered Replacement Checks. When a replacement check is returned by the payee after the original check which it replaced has been found and negotiated by the payee, cancel the replacement check on an SF 1098 and credit the proceeds to the appropriation charged when it was issued. Deposit it with the nearest FRB or branch on an SF 215 as prescribed in section 0803. Transfer the chargeback to the **F3880 account from Treasury for the negotiated original check to the appropriation charged when the original check was issued.

080412. Check Forgery Insurance Fund (CFIF)

The CFIF is a revolving fund established to settle payee/claimant claims of non-receipt when an original check has been fraudulently negotiated. Only Treasury FMS' Check Claims Branch may adjudicate claims of forgery against U.S. Treasury checks. As explained in section 0805, a claim against the CFIF is governed by the 1-year statute of limitations provided in the CEBA, since a claim against the CFIF constitutes a claim on account of a U.S. Treasury check. Therefore, a claim of forgery must be presented within 1 year from the date the check was issued, otherwise the claim on the check is barred and the payee is not entitled to payment from the CFIF. Also, the DO must submit an SF 1184 on the check within 13 months from the check issue date. The statutory 1-year limit on the claim against the CFIF does not affect the underlying obligation of the government for the payment. If the Treasury determines a check endorsement was forged and the payee's claim meets the statutory requirements, Treasury will institute reclamation procedures to recover the proceeds of the forged check through the banking system. The CEBA also sets an 18-month statutory time limit from the date a check is negotiated to accomplish bank reclamation. If the statutory requirements for the claim are met and the proceeds of the check

cannot be recovered from the banking system through bank reclamation procedures, Treasury issues the settlement check and charges the payment to the CFIF.

080413. Processing Forgery Claims

A. General. When Treasury determines that an original check was negotiated and paid by the Treasury FMS on a forged or unauthorized endorsement, a payee may have a valid claim against the CFIF; see paragraph 080412. The Treasury FMS' Check Claims Branch (CCB) is the approval authority for settlement checks issued to replace checks paid over forged endorsements. The address for the CCB is: Check Claims Branch, Financial Processing Division, Financial Operations, Financial Management Service, Department of the Treasury, 3700 East-West Highway, Room 800D, Hyattsville, MD 20787. Treasury FMS issues settlement checks out of the CFIF if it determines that the payee or special endorsee has established that:

1. payee or special endorsee presented a timely claim of non-receipt, i.e., filed a claim within one year after the date of check issue;

2. original check was lost or stolen due to no fault of the payee or special endorsee;

3. original check was negotiated and paid by Treasury FMS on a forged or unauthorized endorsement of the payee's or special endorsee's name; and

4. payee or special endorsee has not participated in any part of the proceeds of the negotiation or payment of the original check.

Treasury FMS does not charge the CFIF for losses resulting from negotiation of checks issued to deceased payees or to payees who were not entitled to the payment.

B. DO's Action. A payee reports the loss, theft, or nonreceipt of a U. S. Treasury check follows paragraph 080406. A DO whose research determines that the check was negotiated requests a digital image of the check. For checks issued on or after October 1, 1997, see paragraph 080408 for instructions on how to obtain a digital check image using the PACER On-line System. For checks issued before October 1, 1997, DOs use the SF 1184 process to determine the check status; see paragraph 080403. When follow-up action with Treasury FMS is required, DO's prepare and submit an FMS Form 3864. See Table 8-3.

C. Payee/Claimant's Action. When the check status is "Paid," Treasury provides a photocopy of the original check, FMS Form 1133 (Claim Against the United States for the Proceeds of a Government Check), and FMS Form 3858 (Claims Document). If, after examining the check copy, a payee/claimant who denies having negotiated the check completes and signs the FMS Form 1133 and returns it along with the check copy to Treasury FMS. FMS Forms 1133 and 3858 are combined four-page form sets. FMS Form 1133 is for the payee's declarations and information concerning the unavailable check. FMS Form 3858 is the claim reference document that contains the necessary information for U.S. Treasury Check Claims

Operations to identify the check. Attach a copy of the FMS Form 3858 to any correspondence with Treasury concerning the unavailable check.

D. Treasury FMS Action. Upon receipt of the FMS Form 1133, the CCB reviews the claim form. If the FMS Form 1133 is not complete, the CCB returns it to the payee/claimant with a letter advising of the corrections needed. If the payee/claimant admits negotiating the check or does not return the FMS Form 1133, no further action is taken. An FMS Form 1133 is considered complete when all questions are answered and all required signatures are present. If a payee/claimant signs by mark, the mark must be witnessed in the space provided. If the FMS Form 1133 is complete, the CCB advises the DO of the status of the claim using a Claims Disposition Notice (CDN) and begins the adjudication process. If the CCB determines that the payee/claimant was not involved in the negotiation of the check and did not participate in the proceeds from the check, it settles the claim by initiating a request to issue a check to the payee/claimant or transfer the funds to the DO as follows:

1. Stop Reason Code A. If the criteria for settlement from the CFIF are met, the CCB charges the CFIF and transfers credit to the DO via IPAC and sends a CDN to the DO with the message "Forgery Established – Treasury is Crediting Your Account." The DO transfers the credit to the correct appropriation and reissues the payment, using the CDN as supporting documentation.

2. Stop Reason Code D. If the criteria for settlement from the CFIF are met, the CCB issues a settlement check to the payee/claimant charging the CFIF and sends a CDN to the DO with the message "Forgery Established – A Settlement Check Is Being Sent To The Payee."

3. Stop Reason Code E. For checks greater than $25, Treasury FMS credits the DO for deceased payee checks once it receives the reclamation credit from the financial institution. For checks of $25 or less, the CCB issues a CDN with the message "Paid-The Issue Amount Is $25.00 Or Less. No Further Action Will Be Taken."

4. Stop Reason Code F or G. If forgery is substantiated, the CCB requests reclamation action against the financial institution, refers the case to the Secret Service, and sends a CDN to the DO with the message "Forgery Established. Claim Valid But Settlement Not Appropriate Based On Your Non-entitlement Code. Treasury Will Credit Your Account When The Funds Are Collected."

E. Appeal Process. If the CCB denies a claim, a payee/claimant may appeal in writing to the CCB. The appeal must be postmarked no later than 60 days after the date of the denial letter. The appeal must include a copy of the denial letter, a signed statement, and any additional information or documentation for further investigation. The appeal must also include the check and symbol number identified in the denial letter.

080414. Collections of Double Negotiations

A. General. A double negotiation occurs when an original check and its replacement have both been reported as paid by Treasury. The loss actually occurs on negotiation of the replacement check; the order in which the checks are cashed is irrelevant. A double negotiation is an illegal or improper payment for purposes of pecuniary liability. The DO initiates collection action to recover illegal or improper payments made by his/her office. If the payee separates from government service, the DO is still responsible to pursue collection action. Normally, collections for illegal or improper payments are one-time cash refunds or lump-sum collections by salary offset, and do not warrant installment liquidation. Limit installment repayments to cases of extreme personal hardship.

B. Procedures

1. Collection Action

a. When Treasury notifies a DO that it has reversed a previous credit to the **F3880 account from the cancellation of the original check, the DO immediately researches the situation to ascertain if a double negotiation has occurred by determining the payment status of the replacement check. Once a Treasury response confirms a double negotiation, the DO immediately begins collection action. Afford the payee due process rights of collection specified in Chapter 28 in each case. Normally, the most effective means of achieving expeditious recovery is to present the payee a photocopy of the paid original and replacement checks and a copy of the claimant's signed statement acknowledging he/she was not entitled to both the original and recertified payments, 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, the payee's right to complete the FMS Form 1133 provides this opportunity.

b. If, when presented with copies of the negotiated checks, the payee asserts that one of the checks was negotiated over a forged endorsement, do not begin collection should until Treasury's CCB adjudicates the payee's claim of forgery. If Treasury determines the check was forged, the payee does not owe the debt. If Treasury denies the payee's claim of forgery (i.e., Treasury determines the check was not forged), the full amount of the check is due and subject to immediate collection. If the payee fails to provide the properly completed FMS Form 1133 within the time frame allowed to present documentation as to why the debt is not owed, he/she is deemed to have acknowledged the debt and the DO takes immediate collection action. In either situation, complete collection action within 90 days of the receipt of the DAS from Treasury indicating the canceled unavailable original check has been paid, or within 90 days of receipt of the FMS Form 3859 from Treasury indicating the payee's claim of forgery is denied, as applicable to the circumstances of each individual case.

c. The DO documents all attempts to collect illegal or improper payments. If all reasonable steps have been taken to collect and the illegal or improper payment becomes locally uncollectible within the 90-day time limit, the DO transfers the debt to the appropriate office designated to pursue collection of locally uncollectible debts. See Chapter 28 for debt collection processes. If the dual negotiation involves a check issued to a contractor

or vendor, see Volume 10 for applicable debt collection procedures. Although the debt is transferred to another office for further collection action, the DO remains pecuniarily liable for the illegal or improper payment until the debt has been collected or relief has been granted. See paragraph 080414A.

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, he/she follows Chapter 6 to report the event, and for possible resultant investigative and/or disciplinary action. Pursue collection action as specified in this volume.

080415. Relief of Liability for Uncollectible Illegal or Improper Payments

The DO may request relief of liability for illegal or improper payments following the procedures in Chapter 6 based on ***31 U.S.C. 3527***.

080416. Separation of Duties

The payment recertification process is subject to the same management controls as other routine disbursements. The same individual may not authorize, process, and review recertified payment transactions. See Chapter 1. The minimum acceptable separation of duties consists 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 and certification 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 disbursement voucher is prepared in disbursing because of limitations imposed by automated disbursing system processes or the combination of entitlement and disbursing functions into one unit, as is the case at small activities and most tactical units, the DO ensures that the duties of preparing the SF 1184, preparing the disbursement voucher, reviewing the transaction and supporting documents, and preparing the check are performed by different individuals.

0805 U.S. TREASURY CHECKS CANCELED UNDER LIMITED PAYABILITY

080501. General

Treasury automatically cancels checks issued on or after October 1, 1989 which have not been negotiated by a financial institution within 12 months of the date of issue. This cancellation occurs in the 14th month after the date of the check.

A. Pre-CEBA. Before CEBA's effective date, ***31 U.S.C. 3328(a)*** allowed a U.S. Treasury check to be paid (negotiated) 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) U.S. Treasury check. Under the Barring Act, the administrative statute of limitations limits jurisdiction to consider claims to those filed within 6 years after they arise. The following hypothetical examples illustrate these principles.

1. In December 1978, an individual submitted a $1,000 claim for lump sum leave to DFAS. In January 1979, DFAS issued a U.S. Treasury check to the claimant, who did not negotiate the check until 1986. In this example the underlying obligation is $1,000 or the amount due to satisfy the claim for lump sum leave. Since the claim for payment was submitted in 1978, the provisions of the Barring Act were suspended (or tolled), meaning a claim was filed within the required 6-year period. Once the U.S. Treasury check was issued (1979), the individual also became entitled to a separate claim on that check, which, in 1979, was payable in perpetuity (***31 U.S.C. 3328(a)*** (1982)). Thus, before CEBA, the individual's right to obtain a replacement check based on the claim to the original un-negotiated U.S. Treasury check masked the effect of the Barring Act on the underlying obligation.

2. Modifying the example above shows the effect of the Barring Act on the underlying obligation. 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 for 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 6 years had lapsed from the accrual of the original claim.

B. Competitive Equality Banking Act of 1987 (CEBA).

1. The CEBA established a 1-year time limit in which to negotiate a Treasury check. This negotiation period does not affect the obligation underlying the check. The CEBA left the two causes of action separate; that is, one on the underlying obligation and one on the U.S. Treasury check. It imposed a statutory limitation on the period during which a U.S. Treasury check may be paid and on any claim on account of a U.S. Treasury check. It requires the negotiation of a U.S. Treasury check within 1 year of its issuance date and states that any claim on account of that check is barred unless the agency which issued the check receives a claim within 1 year of the issuance date. After this 1-year period, a request for payment based on the check is forever barred. The payee may still be entitled to payment based on the underlying obligation subject to the 6-year statute of limitations in the Barring Act (31 U.S.C. 3702(b)). Accordingly, after the 6-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 to the example in subparagraph 080502A, consider the following: If the individual submitted the claim in December 1989 and the check was issued January 1, 1990, then a claim on the check expired 1 year after the date of issue, December 31, 1990. Thus, the individual had to complete his claim on the U.S. Treasury check before the 1-year period expired in order to obtain a replacement check.

2. The fact that a replacement check is no longer available does not affect a claim on the underlying obligation. In this example, because a claim for payment was submitted timely (December 1989), the period of limitation as prescribed in the Barring Act was tolled, and a check may be issued even if more than 6 years has passed. 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 check. Therefore, a claimant who submitted a valid claim to toll the statute of limitations on the underlying obligation may obtain a replacement check even if more than 6 years have passed since the claim accrued or the check was issued. Tolling the Barring Act on the underlying obligation does not permit payment in perpetuity. Entitlement to payment is not unlimited; any appropriate defense remains available to the government. If a claimant waits an inordinate period of time to request payment on the underlying obligation of a U.S. Treasury check under CEBA, then Doctrine of Laches (a legal term based on neglect or omission to do what one should, thus warranting presumption that one has abandoned right or claim; i.e., if a payee neglects or fails to file a timely request, the payer can presume that the payee has abandoned the claim.) may apply. Further, Treasury records show only if a check has not been presented to it for payment, not whether it was presented to and paid by an intermediary bank.

080502. U.S. Treasury Check Payability

Treasury has canceled all U.S. Treasury checks issued before October 1, 1989. Those issued on or after October 1, 1989 bear the legend "Void After One Year." Treasury will decline payment of all checks not negotiated to a financial institution within 1 year from their issue dates. Financial institutions will advise a payee to contact the check-issuing agency because the check is no longer negotiable. Stamp checks returned to the disbursing office as no longer payable (negotiable) "VOID - NOT NEGOTIABLE" and shred them after confirming receipt of the limited payability cancellation credit. U.S. Treasury checks issued before October 1, 1989 have already been mass canceled; shred them without confirmation of receipt of a Limited Payability cancellation credit.

080503. U.S. Treasury Check Claimability

Any claim on account of a U.S. Treasury check is barred unless it is presented to the agency that issued the check within 1 year after its issue date. Since CEBA established a 1-year statute of limitations for claims against a U.S. Treasury check, DOs may not process any claim for replacement of a check which is over 12 months old from its issue date. Therefore, under CEBA provisions, DOs must reject all claims against U.S. Treasury checks as time barred (e.g., claims for replacement of U.S. Treasury checks) that are not received before the expiration of the 12-month period of negotiability (from the date of issue) of the check. DOs should notify the claimant that a claim of nonpayment 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.).

080504. Limited Payability Check Cancellation Process

During the 14th month after the date of issue, Treasury will identify and cancel all checks that have not been negotiated within 12 months from their issue dates. When check issues are not reported timely and are submitted after the limited payability processing period (14 months), Treasury will cancel those that are outstanding at the end of the month in which the check issued data is submitted. When check issue data is submitted after the limited payability period, Treasury will cancel those that are outstanding at the end of the month in which the check issue data is

submitted. Treasury will credit funds derived from the cancellation of checks dated on or after October 1, 1989 to the Unavailable Check Cancellations and Overpayments (Suspense) Account, **F3880. DFAS-Cleveland and DFAS Indianapolis will receive limited payability cancellation credits monthly from Treasury with an SF 1081 and a listing of checks canceled; the listing will include identifying information for the checks canceled. Where possible, Treasury will send the proceeds of these canceled checks through the GOALS II/IPAC system; the transmission will include any detailed identifying information provided in the original check issue data submission. DFAS-Cleveland and DFAS-Indianapolis will forward check credit information (including the detail information) applicable to DFAS Columbus disbursing accounts to DFAS Columbus. DFAS Cleveland will process or distribute applicable cancellation credit information for Marine Corps disbursing offices. Note: All checks issued before October 1, 1989 which were not negotiated by October 1, 1990 also were canceled by Treasury (referred to as "mass cancellation"). The proceeds of these canceled checks were not returned to the check issuing agency but were applied to Treasury's uncollectible accounts receivable.

080505. Reversals of Limited Payability Cancellations Credits

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 Treasury's Reconciliation Branch will prevent the payment from being applied to the TCIS before limited payability cancellation has occurred. In these instances it will be necessary for Treasury to reverse the cancellation credit and provide a copy of the paid check. Reversal transactions will be separate from the monthly cancellation credits.

080506. Accounting for Limited Payability Cancellation Credits or Reversals

A. DFAS Indianapolis, DFAS Cleveland and DFAS Columbus. Title ***31 U.S.C. 3334(a)(2)*** requires the return of proceeds from canceled checks to the appropriation from which the checks were issued originally and treatment of the canceled checks as accounts payable. Within 15 days of receipt, the check cancellation and credit detail information must be forwarded to both the disbursing office that issued the check and the accounting office that supports the disbursing office. Any Treasury reversal of previous cancellation credits also should be forwarded to the applicable disbursing and accounting offices.

B. Accounting Adjustments. Transfer limited payability credits or reversals of credit promptly from the **F3880 account to the appropriation charged when the check was issued. In the case of exchange-for-cash checks, post the credits or reversals to Treasury's deposit fund account 20X6133 (Payment of Unclaimed Moneys). The accounting office should establish either an account payable for each credit or an account receivable for each reversal, as applicable. Account for returned canceled check credits as current liabilities, as the amounts are subject to payment on request upon establishment of a valid claim to the funds. Base entries to these new accounts on the transactions recording the return of canceled check credits to an appropriations account, and reductions for replacement payments to the payee or transfers to miscellaneous receipts upon expiration of the statute of limitations.

C. Research. Upon receipt of the detailed limited payability cancellation credit or reversal information from DFAS-Indianapolis, DFAS-Cleveland, and DFAS-Columbus, the DO initiates research on the check issue data submitted to Treasury to ensure that the detailed information provided is accurate, i.e., 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 Treasury when the check was issued. Research any discrepancy in this data to determine its cause and appropriate action taken to correct it. In addition, DO researches disbursing records to determine if a claim of loss, theft, nonreceipt, 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 payment, or other type of replacement check. The disbursing office also should notify the appropriate entitlement or subject matter area (e.g. military pay, civilian pay, travel pay, or commercial accounts payable) that Treasury 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 in subparagraphs 080305.A through 080305.D, and advise the entitlement area whether the original U.S. Treasury check was canceled, negotiated, or previously replaced.

080507. Claims of Nonpayment of the Underlying Obligation

Whether a U.S. Treasury check may be replaced after limited payability cancellation depends on whether a timely claim on the underlying obligation has been submitted to toll the applicable statute of limitations, ***31 U.S.C. 3702 (a)*** which grants authority to settle claims, and the 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. A claim against the government must include the signature and address of the claimant or an authorized representative, and must be received by the official responsible for settling the claim or by the agency that conducts the activity from which the claim arises within 6 years after the claim accrues. Paragraph 080503 requires that when a DO receives a U.S. Treasury check claim or replacement request more than 1 year after the check issuance, the DO or the appropriate entitlement area should notify the claimant that a claim on account of the U.S. Treasury check is barred, and that any claims on underlying obligations should be filed by the payee or authorized agent with the appropriate entitlement area or agency controlling the underlying obligation. In all cases, the appropriate entitlement area must determine entitlement to payment on these claims. For approved claims, the source of funding for the recertified payment must be the appropriation charged when the original check was issued, or if that appropriation is 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, 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 is the appropriation charged when the original payment was made. If that appropriation is 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

prepares and certifies the payment voucher and sends it and supporting documentation to the DO for payment. This section does not apply to a claim in excess of $25,000.

A. Claim of Individual Payees

1. Uniformed Service Members. Submit claims of nonpayment of uniformed service members' pay (to include active duty, reserve, retired, and annuitant), allowances, travel, transportation, payments for unused leave, retired pay, survivor benefits; and claims submitted by transportation carriers involving amounts collected from them for loss or damage incurred to property incident to shipment at government expense to the appropriate payroll office for determination of entitlement and that a timely claim on the underlying obligation was submitted. Note: U.S. Treasury checks issued in payment of obligations relating to uniformed service members' pay and allowance entitlements ordinarily are not issued in response to claims. Consequently, the payee will not normally present a claim before issuance of the original check, thereby tolling the Barring Act. 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, send the claim through the appropriate Component's Assistant Secretary for Financial Management to the General Counsel, Office of the Secretary of Defense requesting a waiver of the statute of limitations on the claim. If the General Counsel determines that the claimant is entitled to payment of a claim and if a payment voucher is prepared and sent with supporting documentation to the disbursing office, the DO determines if a replacement check should be issued based on the criteria in paragraph 080508. Include in the package the original check or facsimile and the original documentation from the claimant. When the claim of a member of the armed forces accrues during war or within 5 years before war begins, the claim must be received within 5 years after peace is established or within 6 years after the claim accrues.

2. Civilian Pay. Claims of nonpayment of Federal civilian employees' compensation, wages and leave 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: U.S. Treasury checks issued in payment of obligations relating to Federal civilian employees pay entitlements ordinarily are not issued in response to claims. Consequently, the payee will not normally present a claim before issuance of the original check, thereby tolling the Baring Act. If it is determined that the payee has submitted a timely claim and that the payee has not been paid, the entitlement office certifies the claim and sends it to the appropriate disbursing office for payment. See paragraph 080508.

3. Civilian Travel Pay. Claims of nonpayment of Federal civilian employees' expenses incurred for official travel and transportation, and for relocation expenses incident to transfers of official duty station must be submitted to the appropriate travel office for determination of entitlement and that a timely claim on the underlying obligation was submitted. Note: U.S. Treasury checks issued in payment of obligations relating to travel pay entitlements ordinarily are issued in response to claims presented in the form of travel vouchers submitted by a claimant. Unlike military and civilian pay cases, the Barring Act's 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 entitlement office certifies the claim and sends it to the appropriate disbursing office for payment. See paragraph 080508.

4. Residual Claim Categories. U.S. 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. 1346(b)*** and ***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 for 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: U.S. Treasury checks for 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 limitations in residual claim 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 has not been paid, the entitlement office certifies the claim and sends it to the appropriate disbursing office for payment. See paragraph 080508.

B. Claims of Commercial Payees. As used herein, "commercial payees" includes vendors, contractors, and any individual under contract for miscellaneous services. Claimants of nonpayment from commercial payees or their authorized agents submit their claims to the contracting officer. Once the contracting officer determines the claimant's entitlement to payment, he or she sends the claim with supporting documentation to the disbursing office for payment. See paragraph 080508.

080508. Claim Processing Procedures

Upon receipt of a claim approved by the designated settlement authority, a certified payment voucher from the appropriate entitlement area, and the proper supporting documentation, the issuing DO, or the settlement officer assigned to settle accounts for the issuing DO:

A. Verifies that the original check was either mass canceled or canceled under limited payability;

B. Verifies that credit for the check was received from Treasury 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 prepares and submits an SF 1184 for each check using Stop Reason Code "K" (photocopy), "L" (certified photocopy), or "M" (status), and cites the "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. See Tables 8-1 and 8-2 for stop reason codes, status codes, and message responses.);

C. Verifies that the original check was not spoiled or voided and reissued using a check bearing another serial number;

D. Verifies that the original check was not previously replaced by a recertified payment check (e.g., was not previously the subject of a claim of nonreceipt, loss or theft); and

E. Issues a replacement check upon receipt of an approved claim and certified payment voucher from the entitlement area, provided that the verifications under subparagraphs 080508.C and 080508.D confirm that the original check was not replaced previously. If the original check was replaced previously, the DO reproduces a copy of the payment voucher on which the replacement was issued and obtains a photocopy of the replacement check from Treasury as prescribed in section 0804. Send the copy of the voucher and replacement check to the entitlement area and notify the claimant that the claim was settled previously. To assure the necessary cross-reference and control over the issue of replacement checks, DOs maintain a DD Form 2662 as prescribed in paragraph 080403. For deactivated and closed disbursing offices, the designated settlement office is normally responsible for issuing a recertified payment for an underlying obligation represented by a check canceled under limited payability. When circumstances warrant (e.g., consolidation), the DO supporting the activity that assumed the disbursing and accounting responsibility for the deactivated or closed office may issue a recertified payment on behalf of the deactivated or closed office. Do not issue a recertified payment for 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 it is no longer available, from a current appropriation available for the same general purpose as the original appropriation, subject to the limitations on its use.

0806 HOLDER-IN-DUE-COURSE

080601. General

A holder-in-due-course claim occurs when a non-banking institution negotiates a U.S. Treasury check and the check is lost or stolen before being presented for cash or deposit at a financial institution. Submit holder-in-due course claims in writing to the Treasury FMS CCB for processing.

080602. Processing Holder-In-Due-Course Claims

Upon receipt of a holder-in-due-course claim, the CCB determines the status of the check. If the check has been negotiated, the CCB returns the claim with a copy of the check advising the holder that the check has been paid and that no further action will occur. If the check has not been negotiated, the CCB provides the holder with an affidavit and indemnity agreement. See Figure 8-6. The holder completes the affidavit and returns it to the CCB. If the check is still outstanding, the CCB issues a settlement check to the holder.

080603. Lost-in-Transit Check Procedure

Lost-in-transit items are U.S. Treasury checks that have been negotiated and subsequently lost by a financial institution, lost or stolen between the financial institutions, and/or the financial institutions and the FRB.

A. The nearest FRB Government Check Adjustment Department handles these items if the U.S. Treasury checks are less than 1 year old.

B. A DO that receives a request to reissue a check that has not been canceled and is less than 1 year old should return the request to the financial institution advising it to submit the request to the nearest FRB Government Check Adjustment Department.

Table 8-1. Unavailable Check Cancellation Stop Reason Codes

STOP CODE	TYPE	DESCRIPTION
A	RECERTIFIED	The payee is entitled to the proceeds of the check. The payee reported nonreceipt, loss, theft, destruction or mutilation of the check. The check was not endorsed prior to being reported lost or stolen. The agency has decided that a recertified payment will be authorized before the status of the original check is known. If the agency is not immediately recertifying, stop reason code D is appropriate.
D	ENTITLEMENT	The same conditions apply as for Code A 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 the Department of the Treasury on the outstanding check. A recertified payment is not issued until the status of the original check has been determined.
E	DECEASED	The payee died before the check was issued and the payee's estate is not entitled to the proceeds of the check. Do not be negotiate the check. Advise the representative of the payee's estate to return the check to the agency or disbursing office for disposition.
F	NONENTITLEMENT	Payee is not entitled to all or any part of the proceeds of the check. The check should not be negotiated. The check must be returned to agency or disbursing office for disposition. A check (non-entitlement) that has pieces missing that are large enough to be negotiated or that could constitute a claim for replacement must be canceled by an SF 1184.
G	LOST/STOLEN AFTER ENDORSEMENT	The payee is entitled to the proceeds of the check. The payee reported the check was endorsed and then lost or stolen. The agency will recertify any second payment after the status of the original payment is determined.
K	PHOTOCOPY	Photocopy needed for administrative purposes. No indications of nonreceipt, loss, theft or that a claim will be involved.
L	CERTIFIED PHOTOCOPY	A photocopy of the check that will satisfy legal requirements.
M	STATUS – NO PHOTOCOPY	Used to determine payment status only when a photocopy is not required for administrative purposes. No indication that a claim for the check will be involved.

Table 8-2. Daily Advice of Status Codes and Messages

TCIS CODES FOR REJECTED SF 1184 ITEMS			
1A	Rejected – symbol missing.	4C	Rejected – invalid agency location code.
1B	Rejected – check serial number missing.	4D	Rejected - UCC/CSI code unauthorized for ALC
1C	Rejected – check amount missing.	4E	Rejected - invalid agency output indicator.
1D	Rejected – original check date missing.	5A	Rejected - check symbol field numeric only.
1E	Rejected – UCC/CSI reason code missing.	5B	Rejected - check serial no. field numeric only.
1F	Rejected – payee ID number missing.	5C	Rejected - amount field numeric only.
1H	Rejected – payee name missing.	5D	Rejected - reclaimed amount field numeric only.
1I	Rejected – address missing.	5E	Rejected - ALC field numeric only.
1J	Rejected – decedent name missing.	6A	Rejected - invalid check date field.
1K	Rejected - date of death missing.	6B	Rejected - invalid date of death field.
1L	Rejected – agency location code missing.	7A	Rejected - no record of check symbol/serial no. (check issue report not submitted, recorded, or rejected).
1N	Rejected – amount to be reclaimed missing.		
2A	Rejected – check description error; resubmit corrected stop.	8A	Rejected - check canceled/agency credited.
3A		8B	Rejected - void check-DO never issued check.
3C	Rejected - date of death after check date.	9A	Rejected - amount not equal to issue amount.
4A	Rejected – decedent payee wrong/payee.		
	Rejected – invalid UCC/CSI		
TCIS/DAS CODES FOR PAID ITEMS			
11	Paid – photocopy and claim to follow.	15	Paid - certified photocopy to follow.
13	Paid - CCB reclamation; no photocopy to agency.	16	Paid - status. The check has been presented for payment or canceled and only status was requested.
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.
		20	Paid - declined check; photo/claim to follow.
		21	Paid – ACC credit by DO - no photo available.
TCIS/DAS CODES FOR OUTSTANDING ITEMS			
32	Outstanding – check canceled, agency credited.	34	Outstanding - status.
33	Outstanding – no photocopy.		
TCIS REJECTION OF SUBSEQUENT STOPS			
53	Rejected – duplicate stop.	54	Check has been previously canceled.
DAS PAYMENTS-OVER-CANCELLATION ITEMS			
61	Payment-over-cancellation-reversal of previous DO credit on (date) by SF 1081 (voucher #). FMS Form 3858 Claims Package attached.	63	Payment-over-cancellation-reversal of previous DO credit on (date) by SF 1081 (voucher #). FMS Form 3858 package attached; endorsement may prohibit claims action.
62	Payment-over-cancellation-reversal of previous DO credit on (date) by SF 1081 (voucher #). Check image used for reclamation on deceased stop.		
DAS OF PAYMENT EXCEPTION			
90	Payment exception – DO should contact the Check Claims Branch for status.		

Table 8-3. Reasons and Time Frames for Submitting FMS Form 3864

Reason for Follow-up	Condition	Time Frame	Remarks
1. Duplicate stop message received on DAS from second stop; furnish status on first stop request.	The following sequence of events must have occurred prior to initiating a follow-up. a. An SF 1184 must have been submitted to the Treasury FMS. b. The SF 1184 did not generate a DAS within 21days, or there is no record of receiving a DAS.	Submit follow-up no earlier than 21 days from submission of the SF 1184.	
2. Status of Exception processing requested.	The disbursing office received DAS showing an item in the exception category. Contact the CCB for assistance.		
3. Items to be provided, based on status code message have not been received.	Disbursing office received DAS showing that the Treasury FMS paid the check but documentation has not been received.	Submit follow-up no earlier than 30 days from receipt of the DAS.	Used for status codes 11 through 15, 17 and 61 through 63.
4. Claims document received (a) without check copy (b) without claim form (when applicable) (c) and with wrong check copy.	Disbursing office received DAS showing that check has been paid and later a claims document is received: a. Without the check copy and a claim form. b. Without a claim form (when claim form applies). c. Without a check copy (unless copy cannot be obtained). d. With an incorrect photocopy.	Submit follow-up immediately upon receipt of the claims document without necessary attachments or when condition four exists.	Complete follow-up form as follows based on corresponding condition: a. Check items 4, 4a, and 4b. b. Check items 4 and 4b. c. Check items 4 and 4a. d. Check items 4 and 4c.
5. Claims document indicating overpayment received (a) without check copy (b) without claim form (when applicable) (c) and with wrong check copy.	FMS 1081 or IPAC bill (paper or electronic) payment over cancellation (POC) charge was received with a claims document from the Treasury FMS. a. Without the check copy (unless indicated the copy cannot not be obtained). b. Without a claim form (not applicable for Stop Code E or when check copy cannot be obtained). c. Without a check copy (and claim form (when applicable). d. With an incorrect photocopy.	Submit follow-up Immediately upon receipt of charge document.	Complete follow-up form as follows based on corresponding condition: a. Check items 5 and 5a. b. Check items 5 and 5b. c. Check items 5, 5a, and 5b. d. Check items 5 and 5c. Return the wrong check photocopy.

Table 8-3. Reasons and Time Frames for Submitting FMS Form 3864 (Continued)

Reason for Follow-up	Condition	Time Frame	Remarks
6. Completed claim form submitted (date)____; Claims Disposition Notice (CDN) not received.	Completed claim form was submitted to the CCB and a response has not been received. Response needed.	Submit follow-up no earlier than 30 days from the date the claim form was forwarded to the CCB.	Check item 6.
7. Final Claims Disposition Notice (CDN) not received. Copy of previous CDN attached.	Previous CDN received from the CCB indicating the need for investigation or refund from the financial institution before authorizing settlement but final CDN not received.	Submit follow-up no earlier than 120 days from the date of last CDN indicating settlement not recommended pending investigation. Submit follow-up no earlier than 60 days from the date of last CDN indicating settlement not recommended pending refund from financial institution.	Check item 7.
8. Cancellation credit for outstanding check not received.	DAS shows that an outstanding check was canceled, but the DO has no record of receiving credit.	Submit follow-up no earlier than 21 days from receipt of DAS.	Check item 8.
9. Reclamation credit not received; Claims Disposition Notice dated _____.	CDN advised the DO's account was being credited, but the reclamation credit was not received. Reclamation credit not received for a deceased payee case where the Treasury FMS requested a refund from a financial institution.	Submit follow-up no earlier than 60 days from receipt of the CDN. Submit follow-up no earlier than 60 days from receipt of DAS.	Check item 9. Cross out "Claims Disposition Notice" and write in "Deceased Payee".

Figure 8-1. Sample Certificate of Destruction

(USE APPROPRIATE LETTERHEAD)

May 12, 20XX

MEMORANDUM FOR RECORD

This memorandum certifies that on May 12, 20XX, 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 May 12, 20XX.

G.C. GARLAND, LT, USN

WILLIAM B. ELLIS, ENS, SC, USNR

Figure 8-2. Sample DD Form 2658 (Returned and Undeliverable Check/Bond Record)

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
04/30/20XX	30,179,258	04/22/20XX	$389.00	Mark C. Baker	123456	Not entitled, check cancelled COV # 1234	05/08/20XX
05/02/20XX	30,178,932	04/18/20XX	$500.00	William E. Smith	123425	Remailed to new address: 1234 E 36th Street Jones Town, WI 12345	05/07/20XX
05/08/20XX	30,180,230	04/25/20XX	$1,500.00	Meyer Unlimited, Inc.	123980		

DD Form 2658, AUG 93 REPLACES AF FORM 1395, WHICH IS OBSOLETE

Figure 8-3. Sample SF 1098 (Schedule of Canceled or Undelivered Checks)

STANDARD FORM 1098
Revised July 1980
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 Jun 20XX	FORWARDED (Date)
DISBURSING OR ACCOUNTABLE OFFICER C. D. JEFFREY, LTC, FC	DATE 30 Jun 20XX	BY (Name) TITLE

NSN 7540-00-634-4287 PREVIOUS EDITION NOT USABLE

Figure 8-4. Sample DD Form 2662 (Recertified Payment Register)

RECERTIFIED PAYMENT REGISTER

1. ORIGINAL CHECK				2. SF 1184			3. CREDIT	4. RECERTIFIED PAYMENT			5. CHARGEBACK	6. PAYEE CLAIMS FORGERY; DATE TFS 1133 TO TREASURY	7. COLLECTION	
PAYEE, SSN a.	ORIG CHECK NUMBER b.	CHECK DATE d.	RETURN DATE f.	DATE TO TREASURY a.	DAS STATUS CODE c.	TFS 3864 FOLLOWUP e.	TFO REPORT DATE a.	DOV NO. (SF 1034) a.	PAYMENT DATE c.	RECERT RTN DATE e.	TFO REPORT DATE a.		SF 1081 DEBIT DATE a.	RECOUP COLL NUMBER b.
	CHECK AMOUNT c.	DOV NUMBER e.	DESTROY DATE g.	STOP REASON CODE b.	RESUBMIT DATE d.		T/L NO. b.	CHECK/EFT-TRACE NO. b.	SF 1081 CREDIT DATE d.	SF 1098 DATE f.	T/L NO. b.			COLL DATE c.
Robert Walker[1]	123456789	1/5/2007		2/27/2007	34		3/31/2007	22333	4/5/2007					
555-55-5555	3,000.00	44445		A			000012121	456789123	4/5/2007					
Alicia Jackson[2]	234567890	4/4/2007					6/30/2008	44555	8/18/2008					
444-44-4444	412.55	67788					000054545							
Janice Parker[3]	345678901	5/6/2007		7/1/2007	11		1/31/2008	55666	2/6/2008			9/15/2007		
333-33-3333	1,046.80	70001		A			000076767							
Kellen Abdul[4]	456789012	8/7/2008	12/1/2008	10/12/2008	34		10/31/2008	66777	11/14/2008					
121-21-2121	876.12	70122	12/2/2008	A			000087878							

DD FORM 2662, FEB 2001 PREVIOUS EDITION IS OBSOLETE.

1. The payee claims the original check was received but lost. The payee submits a completed DD Form 2660. An SF 1184 is processed and returned with a DAS of unpaid. A recertified payment is issued.

2. The original check was canceled under limited payability after the 14th month of issuance.

3. The payee claims the original check was never received. The payee submits a completed DD Form 2660. An SF 1184 is processed and returned with a DAS of paid. The payee makes a forgery claim by filing an FMS Form 1133. The Department of the Treasury determines the original check was forged and provides an **F3880 credit to the DO's account. A recertified payment is issued.

4. The payee claims nonreceipt of the original check. The payee submits a completed DD Form 2660. An SF 1184 is processed and returned with a DAS of unpaid. A recertified payment is issued. The original check is later returned to the disbursing office and then destroyed.

Figure 8-5. Sample DD Form 2660 (Statement of Claimant Requesting Recertified Check)

STATEMENT OF CLAIMANT REQUESTING RECERTIFIED CHECK

OMB No. 0730-0002
OMB approval expires
Dec 31, 2010

The public reporting burden for this collection of information is estimated to average 5 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, Executive Services Directorate (0730-0002). 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 WHO PROVIDED THIS FORM.

PRIVACY ACT STATEMENT

AUTHORITY: Executive Order 9397; 31 CFR Sections 245 and 248; and DoDFMR 7000.14-R, Vol. 5, Chapter 8.

PRINCIPAL PURPOSE(S): To be used by active and retired military members, and current and former civilian employees, to request a recertified check for a lost, stolen, destroyed or mutilated check. Disbursing Offices will use the information to make the determination to reissue a recertified check, based on the information provided, and for canceling the original check. The information will also verify a proper mailing address for the claimant.

ROUTINE USE(S): In addition to those disclosures generally permitted under 5 U.S.C. Section 552a of the Privacy Act (PA), as amended, this information may be disclosed to the Department of Justice or U.S. Treasury for law enforcement purposes. It may also be disclosed for any of the blanket routine uses as published in the Federal Register at the beginning of the DoD compilation of PA system notices.

DISCLOSURE: Disclosure is voluntary; however, failure to disclose the requested data may prevent issuance of a recertified check.

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 imprisoned not more than five years and shall be subject to a fine in the amount provided in this title."

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 *(X as applicable)*

X	a. REGULAR PAY		b. TRAVEL PAY		c. VENDOR PAY		d. OTHER *(Specify)*

7. DATE DUE *(Approximate)*

8. CHECK WAS: *(X as applicable)*

X	a. NOT RECEIVED		B. RECEIVED, BUT WAS:		(1) LOST		(2) STOLEN		(3) DESTROYED		(4) MUTILATED

9. WAS CHECK ENDORSED? *(x one)*

	a. YES	X	b. NO

CERTIFICATION

I certify that I (we) have in no way benefited 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.

10. SIGNATURE OF PAYEE *(Or payee representative)*	**11. DATE**	**12. SIGNATURE OF CO-PAYEE/THIRD PARTY**	**13. DATE**
	10/15/XX		

FOR DISBURSING OFFICE USE

14. 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

17. DO REMARKS

DD Form 2660, DEC 2007 PREVIOUS EDITION IS OBSOLETE.

Figure 8-6. Sample Affidavit and Indemnity Agreement for Lost U.S. Treasury Check

AFFIDAVIT AND INDEMNITY AGREEMENT FOR LOST U.S. TREASURY CHECK

I, _____, [hereinafter ("indemnitor")] the undersigned, being of sound mind and over the age of 21, capable of making this affidavit and indemnity agreement, duly sworn, state that the indemnitor is the lawful owner of the U.S. Treasury Check Number _____, Symbol _____, Payable to _____, issued by the U.S. Department of the Treasury for the sum of $_____. Indemnitor further states that:

1. it/he/she is not in possession of the check now;
2. it/he/she was entitled to enforce the check when the loss of possession occurred;
3. the loss of possession was not the result of a transfer by it/him/her;
4. the loss of possession was not the result of a lawful seizure; and
5. it/he/she cannot reasonably obtain possession of the check because the check was destroyed, the check's whereabouts cannot be determined, or the check is in the wrongful possession of an unknown person or person that cannot be found or is not amenable to service of process.

NOW, THEREFORE, in consideration of payment of said check to indemnitor of the sum of $_____, indemnitor promises to indemnify, defend, and protect the U.S. Treasury from any loss or harm occasioned or sustained by the U.S. Treasury of account of payment of the above described check to indemnitor. THIS AGREEMENT SHALL BE INTERPRETED ACCORDING TO FEDERAL COMMON LAW, INCLUDING APPLICABLE U.S. TREASURY REGULATIONS.

INDEMNITOR
Entity: _____
By: _____
Title: _____

State of _____
County of _____

Before me, the undersigned Notary Public for the State of _____, appeared (name) _____, (title of company) _____, who after being duly sworn, did acknowledge and sign the foregoing AFFIDAVIT AND INDEMNITY AGREEMENT FOR LOST U.S. TREASURY CHECK.

SWORN AND SUBSCRIBED this _____day of _____, _____

_____

Notary Public, State of _____
My Commission expires _____

VOLUME 5, CHAPTER 9: "CHECK ISSUE REPORTING"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated November 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Updated the chapter to include administrative updates and hyperlinks.	Update

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CHAPTER 9

CHECK ISSUE REPORTING

0901 CHECKING ACCOUNT REPORTING

090101. General

The Department of the Treasury (Treasury) uses the Treasury Check Information System (TCIS) to record all U. S. Treasury checks issued and negotiated. Check issuance is recorded when the disbursing office notifies the Treasury that a U. S. Treasury check serial number was issued on a particular date for a particular amount. Timely and accurate reporting is vital to maintaining balanced accounts. See Chapter 14 for instructions on preparation and submission of limited depositary checking account reports.

090102. Method of Submission

All disbursing offices should report detailed check issue transmittals in a Level 8 format to the Treasury for update to the TCIS with check issue detail. The Level 8 format is covered in the ***Volume 1 of the Treasury Financial Manual, Part 4, Chapter 6000***. The Department of Defense (DoD) no longer sends the Level 8 check issue data by magnetic tape, but rather uses the Defense Check Reconciliation Module (DCRM), a management control and reporting system for U.S. Treasury checks issued by the DoD for direct submission of the check issue detail to the Treasury. The DCRM sends the check issue files via the Treasury's preferred method of transmission, Connect: Direct, an encrypted electronic host-to-host file transfer process. Enter the check issue detail data files into the DCRM database, which generates an electronic file to transfer the detailed check issue data to the Treasury. The files are ready for transfer when they are in an accepted status. The scheduled DCRM daily batch processing transmits all files in accepted status to the Treasury. The Defense Finance and Accounting Service (DFAS) administers the DCRM, which tracks the status of all checks on hand and provides inquiry capabilities and reports to denote issuance discrepancies and acceptance or rejection conditions of reporting. Refer to the ***DFAS 7300.1-M, DCRM Users Manual***, for specific instructions and guidance on the system functions, capabilities, reports, and notices. DOs (Disbursing Officers) who do not have direct access to the DCRM submit their check issue data to their supporting DFAS site for upload into the DCRM; and contact your DFAS site for specific submission requirements. Submit the Level 8 check issue data in the most secure method reasonably possible, e.g., an encrypted file. DFAS Cleveland and DFAS Indianapolis Accounting Services have established electronic mailboxes for the submission of the Level 8 check issue data and for questions, issues, or other concerns pertaining to check issue. DOs supported by DFAS-Cleveland use email address ***ccl-mb-check-issue@dfas.mil*** to submit check issue data, and any questions or concerns. DOs supported by DFAS-Indianapolis use email address ***CCO-DCRM@dfas.mil***. Other DOs contact their supporting DFAS site for information on availability, method, and instructions for submitting their check issue data file.

090103. Requirements

A. Report detailed check issue data in sequential groups of checks, called transmittals, which uniquely identify the disbursing station symbol number (DSSN), accounting month and year, and check series. Submit a new transmittal each time a break in check numbers occurs, or when the issue month and year change. DOs reporting check issues for multiple DSSNs submit separate transmittals for each DSSN as well as for each break in check numbers or change in issue month and year within each DSSN. A submission of detailed check issue data may consist of one or more transmittals. The DCRM reports check issue detail in blocks by DSSN, check series, and issue Julian date format (YYDDD) to the Treasury.

B. If a check series will not be reported sequentially due to the splitting of a check series range between different locations, uses, or deputy disbursing officers, the DO reports the split check series range to the DCRM Manager (614) 693-6119, so an adjustment can be made to record the split check series range in the DCRM. If check series range splits are not noted, the DCRM creates unnecessary management notices about missing and unaccounted checks on the DCRM reports. Report the check series range split in the DCRM to avoid the additional workload entailed in reviewing and validating these notices.

C. Submit all check issue transmittals to the Treasury no later than the close of business at the end of the week in which the issue dates occur and at month end. DOs who submit their check issue transmittals through their supporting DFAS sites ensure their supporting DFAS site receives their check issue data at least weekly and at month end.

D. Failure to report check issue data timely increases the possibility for loss caused by banking system errors, check alterations, and counterfeits. If a loss results from an altered or counterfeit check as a result of delinquent check issue reporting, the DO may be held liable for the amount of the loss. If the check issue data are not reported into the TCIS, the Treasury will not recognize the check as issued and will not process any actions, such as claims or limited payability cancellation credits, against the check. Also, the Treasury cannot complete a final reconciliation and clearance of a DO's account until all check issue data are received for the account. If the DO is habitually delinquent for 60 days or more, the Treasury may suspend the processing of further print orders for blank Treasury check stock until all delinquent check issue reporting has been accepted into the TCIS.

090104. Spoiled Checks

Report spoiled checks to the Treasury as checks issued with dollar amounts. Cancel the spoiled checks through the stop payment process and issue a replacement check as outlined in Chapter 8. Do not forward spoiled checks to the Treasury, but keep them in the disbursing office until destroyed; see Chapter 8.

090105. Voided Checks

Report voided checks as checks issued with zero dollar amounts. Record the serial numbers in the proper sequence with those of other checks issued in the same check range. Do

not forward voided checks to the Treasury; dispose of them in accordance with Chapter 8. For voided checks less than one year old which were erroneously reported to the Treasury with a dollar value, see paragraph 090303. If the voided check has an issue date which is over one year old, prepare a voucher to charge an appropriation and report the check as issued with the dollar value previously reported to the Treasury. The DO prepares a journal voucher adjustment and reports the check as issued for the appropriate prior month/year to clear the check issue discrepancy. The Treasury automatically cancels the check under limited payability when the check issue date is one year old and issues a limited payability credit (**F3880) during the 14th month after the check issue date. Transfer the **F3880 credit to the original appropriation charged for the check issue, resulting in a zero net effect to the appropriation.

090106. Disbursing Office Responsibility for Quality of Data Submitted

The disbursing office is responsible for ensuring the check issue data submitted to the Treasury is accurate. After input into the DCRM, validate the files for accuracy. DOs who submit their check issue data to their supporting DFAS site for upload to DCRM ensure the data forwarded is accurate. DOs notify their supporting DFAS sites immediately on finding an error. The DCRM transmits the accepted files to the Treasury each business day. Once the TCIS accepts an erroneous check issue transmittal, the file cannot be deleted. To request or make corrections after a TCIS acceptance, follow section 0903. Correct all errors before the file transfer process. The DCRM transmits the check issue data files to the Treasury; but does not change the data. If an erroneous data file has been sent to DCRM but has not been forwarded to the Treasury, place the whole data file containing the erroneous check information in either a "replace" or "suspended" status. Contact your local DCRM administrator or supporting DFAS site immediately to change the file from the accepted status in the DCRM. For further details on how to put an erroneous check file into either a replace or suspended status, contact the DCRM manager at (614) 693-6119. The DO:

A. Ensures all check issue data submitted to the supporting DFAS site for processing agree with check issue totals on the Daily Statement of Accountability (***Department of Defense (DD) Form 2657***) and the Monthly Statement of Accountability (***Standard Form (SF) 1219***);

B. Submits corrected transmittal(s) within 10 workdays of notification of a rejected transmittal within a file transfer;

C. Continues to submit subsequent transmittals when a transmittal has been rejected; and

D. Recreates the check issue data for a period up to 180 calendar days after submission or replacement of rejected data, if needed.

090107. Inquiries

Direct inquiries concerning check issue reporting to the DO's supporting DFAS site.

0902 MONTH END CHECK ISSUE SUMMARY

090201. General

Disbursing offices use the Month End Check Issue Summary (***SF 1179***) to report monthly check issue transmissions. At the end of every month, prepare an SF 1179 to summarize the check issues for the month. Summarize the total dollar amount of the current month checks issues submitted by transmittals listing each check series individually on the SF 1179, and show current and prior months' adjustments to check issue totals as affected by the documents listed in paragraphs 090105 and 090304. Summarize prior month check issues on a Journal Voucher (***Optional Form (OF) 1017-G***) and record them on line 2 (b) of the ***SF 1179***. The total amount shown on the SF 1179 must agree with the amount shown in Section II, Part A, column (2), on the reverse of the ***SF 1219***.

090202. Check Issue Reporting for Limited Depositary Checking Accounts

See Chapter 14.

090203. Preparation of the Standard Form (SF) 1179

Prepare the SF 1179 in an original and one copy, ensuring that all blocks are properly completed, including page and location, DO's signature, and the month and year for which rendered. The blocks of the SF 1179 (figure 9-1) 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 DSN numbers.

C. D.O. NAME. Enter the name and rank or grade of the DO.

D. D.O. SIGNATURE. The DO signs 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 the method of transmission, e.g., Connect: Direct (DCRM).

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. Ensure that the total agrees with the total of current month checks issued as reported in Section II, Part A, column 2, 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 the Advice of Check Issue Discrepancy (FMS Form 5206) have been received from the Treasury and processed in the DO's accounts. The amount on this line must agree in net with the amount shown in Section II, Part A, column 3, 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 an ***OF 1017-G***. Attach copy 2 of the OF 1017-G to the ***SF 1179*** to support the amount entered. The amount on this line must agree with the net total amount shown in Section II, Part A, column 4, 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 must agree with the amount shown in Section II, Part A, column 5, on the reverse of the SF 1219 and with the amount reported on Section I, Part A, line 2.1, on the front of the SF 1219.

090204. Distribution of Standard Form (SF) 1179

The Treasury no longer requires agencies to submit monthly SF 1179 reports or the supporting documents to its Cash Analysis Branch. The DO maintains the SF 1179 and supporting documents to use for check issue research and reconciliation. DOs submit the original SF 1179 and supporting documents with the original financial reports to the supporting DFAS site, and keep the second copy and copies of supporting documents.

0903 CHECK ISSUE ADJUSTMENTS

090301. General

Ensure that checks issued are reported to the Treasury accurately. The SF 1219 check issue reporting and the check issues in the TCIS must match each check as it was issued, regardless of whether or not the check was accurately produced. If the check was issued incorrectly, the DO ensures the reporting on the SF 1219 and the TCIS reflects the check data as written, and corrects the check issue error. To prevent duplicate adjustments, all DOs, who do not directly report their check issue data in the DCRM, coordinate their adjustment actions with their supporting DFAS site. See Chapter 7 for procedures pertaining to check overpayments and underpayments. When differences occur between what was paid and what was reported for a check, the Treasury adjusts the individual check record in the TCIS to change the reported amount to the paid amount, and issues an Advice of Check Issue Discrepancy (Financial Management Service (FMS) Form 5206). Once an error has been identified, the DO does not wait to receive an FMS Form 5206. If an error is discovered before reporting the check issue detail to the Treasury, the DO corrects the error on the data file before submitting the data to the Treasury. If the DO is unable to correct the file, the DO requests an adjustment to the check issue detail; see paragraph 090303. During check issue reconciliation procedures, the DO may find that while the check issue detail was reported correctly, there is an error in reporting the ***SF 1219*** check issue totals. See paragraph 090304 for procedures on SF 1219 adjustments.

090302. Advice of Check Issue Discrepancies (FMS Form 5206)

When a U.S. Treasury check is negotiated, the TCIS is updated to reflect the check's paid status. The TCIS verifies that the amount paid matches the amount reported for the check. If the amounts differ, the Treasury reports the discrepancy on an FMS Form 5206. For check issue discrepancies of $1 or less, the Treasury adjusts the check issue records, but does not notify the DO or issue an FMS Form 5206. When an FMS Form 5206 is issued, the dollar value for the check reported in the TCIS is automatically adjusted to the amount paid. The Treasury provides the DO with three computer-generated copies of the FMS Form 5206 along with a copy of the check. The FMS Form 5206 includes a description of the error. Upon receipt of the FMS Form 5206, the DO immediately researches the check issue records, vouchers, and/or supporting documentation to determine the cause of the discrepancy and which reporting requires the adjustment. If the payee was overpaid or underpaid, the DO follows the guidance in Chapter 7. For reporting errors only, the DO takes appropriate corrective action to ensure all records reflect the check as written. The following is only a guide, as all reporting errors may not be limited to just these conditions:

A. If the check was reported correctly on the SF 1219 and paid for the proper amount, but the amount was incorrectly reported to the Treasury through the DCRM transmission of check issue detail, no adjustment is made on the SF 1219. Since the issuance of the FMS Form 5206 adjusts the TCIS, the check issue discrepancy will have been corrected when the FMS Form 5206 was issued. The DO annotates the FMS Form 5206 as "TCIS

reporting error only. Check paid and reported correctly on SF 1219." Keep the original document with the monthly financial returns. Return a copy of the annotated FMS Form 5206 to the Treasury to notify them that no further action will be taken.

B. If the check issue was reported erroneously on the SF 1219 and to the Treasury through the DCRM transmission of check issue detail, but the payee received the proper amount of payment, the DO reports the FMS Form 5206 on the ***SF 1179*** and the SF 1219 to clear the check issue discrepancy. The DO initiates research and corrective action needed to ensure the appropriations were charged correctly for the amount of the check. See subparagraph 090304.B for procedures to record the adjustment to the SF 1179 and the SF 1219.

090303. Disbursing Officer Requested Adjustment to the Check Issue Detail

A. Request for Adjustment. To request an adjustment to the check issue detail in the TCIS, the DO sends a written request containing a description of the error to the Treasury's, Financial Management Service (FMS), Check Reconciliation Branch, Room 711A, 3700 East-West Highway, PGC Building #2, Hyattsville, Maryland 20782. To expedite the adjustment, the DO may fax the request to Check Reconciliation Branch (CRB) at (202) 874-8536 or call (202) 874-8150 to contact someone, but the CRB still requires receipt of the request by mail at a later date as it requires a request with an original signature to be on file. The CRB uses the information to correct the reporting in the TCIS. After the CRB makes the adjustment in the TCIS, a report (TC-AC-252, Notification of Check Issue Correction-D.O. Requested), is generated for each specific check symbol and serial number adjusted. See Figure 9-2 for an example of the TC-AC-252. The CRB forwards this report to the DO. The DO monitors any adjustments requested to ensure receipt of the TC-AC-252, and verifies proper adjustment. If no response is received within 30 days of request, the DO contacts the CRB for status. The DO keeps the TC-AC-252 report and the request for an adjustment with the monthly financial records.

B. Time Limitation. Adjustments to the check issue detail in the TCIS may only be made within 12 months of the issue month. After 12 months, the period of negotiability expires. The Treasury cancels the check and issues a limited payability credit for its amount as recorded in the TCIS. See Chapter 8 for check cancellation and limited payability procedures. A DO who detects a check issue reporting error after 12 months from the issue month adjusts the accountability to reflect the check issue detail as recorded in the TCIS. The limited payability credit offsets the check issue adjustment on the ***SF 1219***. Example: A voided check was reported to the Treasury as $150 vice $0 for issue month November 2005. In May 2007, the DO became aware of the reporting error when the limited payability credits were being researched to transfer credits to the original appropriations. The corrective action for this situation would be to adjust the SF 1219 and a one-sided Voucher and Schedule of Withdrawals and Credits (***SF 1081***) to clear the limited payability credit. The DO must prepare a ***OF 1017-G*** to record the check as issued for $150 for November 2005 and the offsetting transaction would be a debit to the **F3880 account to clear the limited payability credit.

090304. Standard Form (SF) 1219 Adjustments for Check Issue

A. Prior Month Checks Issued. A common reason for an SF 1219 adjustment made by the DO is a prior month check-issue adjustment. Do not report prior month issue of checks as current month checks issued, as this will cause check issue discrepancies for both issue months. An SF 1219 adjustment is necessary to realign the check issue reporting to the proper issue month of the checks. To record prior month check issues on the SF 1219, prepare a Journal Voucher (OF 1017-G) summarizing the prior month checks issued to include the same information that would have appeared on the ***SF 1179*** if the checks had been reported when issued; see Figure 9-3. Note: Do not include prior month checks issued in the amount of current month checks issued on line 1 of the SF 1179 or Section II, Part A, column 2 (TC 210). Record the prior month adjustment on line 2 (b) of the SF 1179 and Section II, Part A, column 4 (TC 212) of the SF 1219. To clear check issue discrepancies resulting from erroneously reported prior month checks issued, the DO prepares an OF 1017-G to decrease the overstated check issues and increase the check issues for the proper month. For audit trail purposes, reference the check numbers and issue dates of the prior month checks being adjusted between months on the OF 1017-G. Keep all OF 1017-Gs prepared for check issue adjustments in the DO's financial records as supporting documentation.

B. FMS Form 5206. When a SF 1219 adjustment is needed due to the issuance of an FMS Form 5206, the procedures are very similar to those listed in subparagraph 090304.A. Record the adjustment for FMS Form 5206 in a separate column. To report the adjustment to the ***SF 1219*** for an FMS Form 5206 adjustment, record the FMS Form 5206 on line 2(a) of the ***SF 1179*** and in Section II, Part A, column 3 (TC 211) of the SF 1219. Keep a copy of the FMS Form 5206 in the DO's financial records as supporting documentation.

C. If the DO's financial records reflect the correct check issued data for the proper month, do not record adjustments on the DO's SF 1219. If the error is limited to the Treasury's record of the SF 1219 check issue total identified in the check reconciliation process as outlined in paragraph 090602D, the DO sends a request for adjustment to the Treasury's Cash Analysis Branch (CAB). The CAB's fax number is (202) 874-8887 or email: ***Fund.Balance@FMS.Treas.Gov***. Examples of situations when adjustments may be needed are: the Treasury records the DO's SF 1219 totals as a different month than prepared due to late SF 1219 submission; erroneous prior adjustments; and reporting errors.

0904 Internal Control Report for FMS Form 5206

090401. General

The DO prepares an internal control report listing all FMS Forms 5206 received during the month. Each FMS Form 5206 is supported with an explanation of how the error occurred and a description of the internal control measures initiated to prevent further errors. See Figure 9-4 for an example of an FMS Form 5206.

090402. Preparation of the FMS Form 5206

The DO records each FMS Form 5206, either on a manual or automated log, immediately upon receipt to ensure all FMS Forms 5206 are accounted for. Update the log during the month with the explanations for cause and the preventive internal control measures after the research has been accomplished.

090403. Method of Submission

The DO provides the internal control report to the Commanding Officer (or supporting DFAS site for DFAS DSSNs) by the 10th workday of each month. The recipient reviews the report for management purposes. Mail a copy of the report to DFAS, Enterprise Solutions and Standards, Tax and Disbursing Functional Area (DFAS-JJFD/IN), 8899 E. 56th Street, Indianapolis, IN 46249 (email address ***S&CDisbursingOperation@dfas.mil***), who monitors the report to ensure compliance with prescribed regulations and analyze problem areas. The disbursing office keeps a copy of the report in the disbursing office files for one year.

0905 CHECKS ISSUED REPORT (REPORT 72)

090501. General

The Checks Issued Report is also referred to as the Report 72, a term derived from the Report ID, TC-AC-72A, which is found in the upper left-hand corner of the report; see Figure 9-5. This is a monthly report that summarizes all of the transactions that affected the TCIS during the month. It is not cumulative. The date of the report is in the heading under the title and the effective date is the last day of the report month. This report lists all of the DO's transmittals of check issue detail and all the adjustments applied to the TCIS data file processed by the Treasury during the calendar month. Entries are based on when the Treasury processes transactions, not the issue month. Therefore, if the Treasury does not receive and process a DO's check issue transmittals before the end of a month, the result would be a difference reported on the Comparison of Checks Issued Report, and the transmittals will show on the next month's Report 72. This report provides a total for each check series by transaction code for each DSSN and issue month. It is comparable to a DO's ***SF 1179***. The summary totals for each DSSN and issue month in this report appear in the TCIS column of the Comparison of Checks Issued Report. This report is a valuable tool to improve the accuracy of check issue reporting through awareness of problem areas, tightening and monitoring internal controls, and reconciling check issue discrepancies. The DO should review it for all FMS Form 5206 adjustments noted by a code 6 under the type column of the report to ensure that each FMS Form 5206 issued has been received and processed. See section 0904 for further explanation of this report. DOs not receiving this report monthly should contact their supporting DFAS site. If a copy of the FMS Form 5206 cannot be provided by the supporting DFAS site, contact the Treasury, Check Reconciliation Branch at (202) 874-8150. Do not report an FMS Form 5206 on the Internal Control Report until the document has been received.

090502. Distribution

The Treasury provides a copy of the monthly Report 72 to DFAS Cleveland, DFAS Indianapolis, and DFAS Columbus which in turn distribute it to the DOs and settlement officers responsible for check issue reconciliation. The DFAS-JJFD/IN receives a copy of the report for monitoring and reference for checks issued.

090503. Explanation of Report Columns

A. AREA CODE. Code used in Treasury's computer systems to denote the Central Disbursing Office that is reporting.

61 = Air Force (DFAS Columbus)
62 = Army (DFAS Indianapolis)
63 = Navy (DFAS Cleveland)

B. DO SYMBOL. The disbursing station symbol number identifying the disbursing office.

C. ISSUE MONTH. The month and year that the checks were issued; the ***SF 1219*** accountability month.

D. CLEARANCE DATE. The date the check issue transmission and/or the adjustment transaction was entered into the TCIS, in the format MMDDY.

E. TYPE. The type of adjustment made by the Treasury against the TCIS data file, which could be one of the following:

6 = FMS Form 5206 has been issued by the Treasury due to an overpayment or underpayment based on the amount reported by the DO for the issued check. The TCIS data file was adjusted to reflect the revised amount of the check.

7 = The Treasury processed an adjustment to the TCIS data file upon request from the disbursing office.

8 = The Treasury processed an adjustment to the TCIS data file upon notification from the disbursing office that voided checks were erroneously reported with dollar values greater than zero.

F. TC (Transaction Code). This code identifies the type of entry made into the TCIS database:

32 = Disbursing office requested adjustment.
33 = FMS Form 5206 issued for check underpayment.
34 = Adjustment for voided check.
35 = FMS Form 5206 issued for check overpayment.

39 = Regular reporting of checks issued from electronic transmission of detail (Connect: Direct or Level 8).

G. AMOUNT. Represents the total dollar amount for each transmission submitted by the disbursing office, reported by check series and issue month. This must match the DO's ***SF 1179*** report.

H. SUMMARY TOTAL. Represents the total dollar amount for all file transmittals submitted for the check issue month and the individual dollar amount of each adjustment made against the TCIS data file. If the entry is an adjustment, the amount listed will only reflect the amount of the adjustment and not necessarily the amount of the check.

I. BLOCK NUM. Represents the first check serial number of the range for each transmittal and the individual check serial number of the check adjusted in the TCIS.

090504. Usage

Use Report 72 in the reconciliation process for differences reflected on the Comparison of Checks Issued Report, as prescribed in subparagraph 090602D. Also use it to verify that the Treasury has received all of the transmittal data sent by the agency in a given calendar month by dollar amount and serial number range. The DO compares the SF 1179 to the Report 72 to identify which check series, if any, contain discrepancies, verify that all the DO's requested adjustments were accomplished and applied appropriately to the specific check serial number, and verify receipt of all FMS Forms 5206 that were issued as specified in subparagraph 090602D1c.

0906 CHECK ISSUE RECONCILIATION

090601. General

When an issuing DSSN reports a check to the Treasury, TCIS updates the check issue detail with the DSSN, check number, issue date, and amount, and reconciles each check with the check issue information reported by the DO. When the check is paid, TCIS matches it with available check detail. If the check issue detail differs from the detail in TCIS, an FMS Form 5206 is generated and a check issue discrepancy occurs. The Treasury also reconciles TCIS with the ***SF 1219***. The check issue total reported by the submission of the SF 1219 is compared to the total of the check issue detail in the TCIS for each issue month. If the SF 1219 total does not match the total in the TCIS, a check issue discrepancy occurs. This discrepancy appears on the Comparison of Checks Issued Report (see subparagraph 090602D). The DO takes prompt corrective action to clear discrepancies noted by the Treasury. Every DO will be advised by the Treasury of any check issue discrepancy of $1.01 or more detected during the check reconciliation process. The Treasury adjusts check issue discrepancies of $1 or less without notifying the DO.

090602. Comparison of Checks Issued Report

A. The Treasury compares by issue month the dollar value of the checks issued as reported on the DO's SF 1219 with the dollar value of the checks issued recorded in the TCIS. If the check issue month does not balance, the totals for each reporting system (SF 1219 and TCIS) and the difference will be shown on the monthly Comparison of Checks Issued Report. The Comparison of Checks Issued Report can be found on at ***https://mzd-2.mech.disa.mil/cashwork/ (note: This link requires a certificate to access this site (via Common Access Card)***. See Figure 9-6 for an example of this report. The DCRM also produces a two-part check issue balancing report called the SF 1219 Statement of Accountability to DCRM Check Issues Reported for use in helping to identify discrepancies.

B. Distribution. The Treasury produces this report monthly and sends a hardcopy to DFAS Cleveland, DFAS Columbus, and DFAS Indianapolis. DFAS Cleveland is responsible for providing the discrepancy information to each DSSN listed on the report for Agency Location Code (ALC) 1700. DFAS Indianapolis is responsible for ALC 2100, and DFAS Columbus is responsible for ALC 5700.

C. Explanation of Report Columns

1. DO SYMBOL

a. REPORTING. DO's central office reporting symbol (Agency Location Code).

b. CHECK. DO's disbursing station symbol number.

2. REPORT DATE. The month and year that the transactions were entered into the Treasury's computer system. The report date is used in the reconciliation process to identify when transactions occurred.

3. ISSUE DATE. The month and year that the checks were issued; the SF 1219 accountability month. The month and year are the only significant part of this date. The day is not relevant for reporting purposes.

4. Cash Analysis Branch Reference Number (CAB REF). This number represents the ***SF 1219*** journal voucher adjustment number. The purpose of this column is to distinguish SF 1219 journal voucher adjustments from the TCIS adjustments. The two adjustments are coming from different systems and impact different reports. The SF 1219 journal voucher adjustments apply to the DO's SF 1219 balances which are processed through the Treasury's Central Accounting and Reporting system (STAR). In addition to other DO requested adjustments, the Treasury also processes adjustments for small differences – $50 or less. These small difference adjustments are processed through the STAR system and the ***OF 1017-G*** number reflects in this column.

5. TCIS REF. (TCIS reference number). This number identifies the type of adjustment affecting the TCIS issue balances and is processed through the TCIS. It can be comprised of several numbers representing different transactions, or the Treasury's journal voucher number for a journal voucher adjustment. The following is a guide to interpreting the reference number:

6 = FMS Form 5206 issued and TCIS adjustment made.

7 = Adjusted at request of disbursing office.

8 = Adjusted at request of disbursing office for voided checks.

9 = Normal reporting of detailed check issue data through Direct: Connect or Level 8 electronic means.

0 = Zero-fill placeholder only.

A series of numbers containing only the numbers 0, 6, 7, 8, and/or 9 indicates multiple adjustments. Example: 6009 represents normal reporting with one or more FMS Form 5206 adjustments.

A series of numbers not limited to the numbers 0, 6, 7, 8, and/or 9 indicates the Treasury's journal voucher number used to adjust the TCIS. Example: 5622 represents a journal voucher number.

6. TRANS. CODE (Transaction Code). This code identifies the source of the transaction as follows:

210 = SF 1219 reporting for current month checks issued.

211 = SF 1219 reporting for processed FMS Form 5206 adjustments.

212 = SF 1219 reporting for DO's adjustments to prior month checks issued totals.

790 = Detailed check issued data reported and maintained in the Department of the Treasury's TCIS system.

7. FMS 1219 REPORT. The ***SF 1219*** totals as reported in the Treasury's STAR system, including the DO's SF 1219 original reporting and the adjustments made through the DO's and the Treasury's journal vouchers for the issue month and year.

8. LEVEL 8 TCIS. Net total of check issue detail in the Treasury's TCIS system for the issue month and year comprised of DO's reporting and adjustments made by the Department of the Treasury.

9. DIFFERENCE. The difference between the total of FMS 1219 Report (STAR system) and the total of Level 8 TCIS for each issue month and year. An asterisk beside the dollar value represents a credit, which indicates the total for the Level 8 TCIS system is greater than the total reported as the FMS 1219 Report. A debit indicates the FMS 1219 Report total is greater than the total of the checks issued in the Level 8 TCIS system.

10. AREA CODE. Code used in the Treasury's computer systems to denote the Central Disbursing Office that is reporting.

61 = Air Force (DFAS Columbus)
62 = Army (DFAS Indianapolis)
63 = Navy (DFAS Cleveland)

D. Reconciliation. The DO researches each difference and makes necessary corrections. Clear check issue discrepancies within 60 days from the check issue dates. The documentation needed to properly research discrepancies on the Comparison of Checks Issued Report is the SF 1219, ***SF 1179***, journal vouchers prepared for checks issued, check issue log, FMS Forms 5206, and the Report 72 for each reporting month containing the discrepancy.

1. Upon receipt of the Comparison of Checks Issued Report, the DO reviews each difference. Clear the aged discrepancies as soon as possible to prevent further aging. Compare the total for the DSSN report to the total for the TCIS, looking for common causes of discrepancies:

a. If the DSSN side is greater, look for checks not reported by reviewing the Report 72. Determine if any checks issued were not reported as issued in the TCIS. Report missing checks using the DCRM immediately. Do not report the checks on the Statement of Accountability again. The discrepancy indicates that these checks were reported on the Statement of Accountability at the time of issuance. If checks are in the DCRM but not reflected in the TCIS, verify that the issue dates are correct. If correct, check to see if the checks were entered near or after the end of the month. The discrepancy may be due to a timing issue. If the checks are properly entered and accepted in the DCRM, the discrepancy will clear without further action by the next report. If the difference has not been resolved by the next report, further action is required.

b. If the DSSN total is less than the TCIS total, look for voided checks which were erroneously reported with values greater than zero, or checks dated with a prior or future month date which were reported as current month in the accountability. Refer to paragraphs 090105 and 090303 for corrective procedures for erroneously reported voided checks.

c. Look for unprocessed FMS Form 5206 transactions. These could cause one side to be greater than the other, depending on the purpose of the FMS Form 5206. The Comparison of Checks Issued Report will show if any FMS Forms 5206 were issued by looking at the reference numbers. If the number contains one "6" and is followed by one or more zeros (0), the number 7, 8, and/or 9, the TCIS total contains at least one FMS Form 5206 transaction. The Report 72, which corresponds to the date in the report date column, identifies the check number affected by the issuance of an FMS Form 5206. Check immediately to see if a copy of the FMS Form 5206 has been received, and if action has been taken to clear this discrepancy. If action has not been taken, review the check issue records and the payment voucher to determine what the amount of the check should have been. The action needed to correct this discrepancy will depend on whether the error is limited to a reporting error or whether the check was negotiated for a different amount than it should have been. See sections 0903 and 0904; and Chapter 7 for procedures for processing, reporting, or obtaining a duplicate copy of the FMS Form 5206.

d. Look for between-month discrepancies. If there is a debit in one month and an offsetting credit for another month, compare the check issue records to the Report 72 to determine which checks or adjustments caused the discrepancy, and which month is accurate according to the date on the voucher and the check. The type of adjustment action required depends on the results of the research and the cause for the discrepancy. Some causes for between-month differences are erroneous adjustment transactions, future dated checks included in total for current month checks issued reported on the ***SF 1219***, wrong dates typed on the checks, and late reporting of the SF 1219. Make corrections necessary to report the checks in the appropriate month of issuance. See section 0903 for check issue adjustment procedures.

2. If the check issue discrepancy was not easily identified through the steps listed in the subparagraph 090602.D.1, examine the check issue records more thoroughly. Continue researching the differences by comparing the amount for each check block series listed on the Report 72 to the amounts listed for each check series on the ***SF 1179*** and the check issue logs. Look for differences in the total amounts between what was reported and issued for each check series. Use the DCRM inquiries and reports to identify the check series containing the discrepancy. Once the check block series has been identified, determine which particular check or checks caused the difference. When determining the corrective action, look at which record(s) needs to be adjusted in order to record the check issue accurately with respect to the issue date and amount, and if the appropriation has been charged correctly. Request an adjustment from the Treasury only if the DO's SF 1219 accurately reflects the reporting of the checks as written, and the corrective action does not substitute for the initial reporting of any checks issued. If the check was not accurately reported on the DO's SF 1219, there may be an undercharge or overcharge to an appropriation, or the DO's cash accountability could be overstated or understated depending on the nature of the error.

3. See Chapter 7, Table 7-3 for assistance in determining the appropriate corrective action. Also, Table 9-1 provides a quick overview containing samples of corrective action for specific situations.

Table 9-1. Samples of Corrective Actions for Check Issue Discrepancies

Problem	Effect	Solution
1. Check reported incorrectly in the DCRM system and check issue file already transmitted to the Department of the Treasury. An FMS Form 5206 has not been issued yet.	Check issue discrepancies with TCIS totals higher or lower than SF 1219 totals.	Request a check issue adjustment from the Department of the Treasury. Ensure notification of check issue correction is received. Refer to subparagraph 090303.A. for more information.
2. Check reported incorrectly in the DCRM system and check issue file has not been transmitted to the Department of the Treasury.	The DCRM system file total does not match the total of check issues for a check block series.	Request deletion/replacement of erroneous check block series file in the DCRM system. Create a new file with the corrected check issue information. Refer to paragraph 090106 for more information.
3. Check issued and dated 30th of the month but not included as a check issued on the accountability statements.	Check issue discrepancy with TCIS higher than the DO's SF 1219. SF 1219 may also be out of balance, unless the voucher was not recorded either.	Prepare and process a journal voucher for prior month check issue. If the payment voucher has not been previously reported, record the voucher and accounting entries. Refer to subparagraph 090304.A for more information.
4. Check dated and issued in previous month, but reported as current month issues on the accountability statement.	Check issue discrepancy between months.	Prepare and process a journal voucher to move the check issue to the proper month. Refer to subparagraph 090304.A for more information.
5. The DO has the checks issued on the proper month's SF 1219, but the Department of the Treasury has the SF 1219 recorded as the wrong month.	Check issue discrepancy between months.	Request the Department of the Treasury to do an adjustment to move the checks issued (SF 1219) to the proper month. Refer to subparagraph 090304.C for more information.
6. A check is negotiated and paid but the DO has not reported the check issue data to the Department of the Treasury.	The TCIS rejects claim for payment until the check is reported as issued. No limited payability cancellation credits will be processed. Delays or precludes the detection of possible fraud, theft, or altered check, and possible bank reclamation procedures. Payee received the funds for the check when negotiated. If the DO has included this check in the accountability statement as issued, there will be a check issue discrepancy reflected on the Comparison of Checks Issued Report.	Review check issue records to ensure the check is valid. If the payment of the check is due to an act of fraud or theft, take the appropriate action to initiate an investigation, bank reclamation procedures, and loss of funds action, as applicable. Check the status of the check in the DCRM system. Take action, as necessary, to either input or correct the DCRM check file in order to report the check issue detail to the Department of the Treasury.

Table 9-1. Samples of Corrective Actions for Check Issue Discrepancies (Continued)

Problem	Effect	Solution
7. The DO receives an FMS Form 5206 issued by the Department of the Treasury for a check discrepancy.	Check issue discrepancy reflected on the Comparison of Checks Issued Report. Possible underpayment, overpayment, error in reporting, or altered check.	Review the check issue records to determine if the error is a reporting error, underpayment, or overpayment. For reporting errors, adjust the record that is in error. If the TCIS entry was the only incorrect reporting, the error was corrected when the FMS Form 5206 was issued. If the check issue total is incorrect on the SF 1219, report the adjustment under Section II, Part A, column 4 on the SF 1219 for adjustments related to FMS Forms 5206. For overpayments, refer to subparagraph 070605.F. For underdrafts, refer to subparagraph 070606.E. Record receipt of the FMS Form 5206 on the monthly internal control report and follow procedures as prescribed to complete report requirements.
8. The DO has not received an FMS Form 5206, which was issued by the Department of the Treasury.	Check issue discrepancy. The Report 72 indicates an FMS Form 5206 has been issued, but the DO has no record of receipt.	Request a copy of the FMS Form 5206 from the supporting DFAS site. Review the Report 72 to identify the check with the discrepancy. Follow the procedures stated for problem 7 when the FMS Form 5206 is received.

Figure 9-1. Monthly End Check Issue Summary (Standard Form (SF) 1179)

STANDARD FORM NO. 1179 (Rev. 11/98)
DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE

NSN 7540-00-663-1396
1179-105
PAGE 1 OF 1

MONTH END CHECK ISSUE SUMMARY

DISBURSING OFFICE NAME/MAILING ADDRESS	D.O. NAME (TYPE)	CHECK SYMBOL NO.
Disbursing Office Naval Construction Battalion, CA 92055	LTJG John Doe, USN	1234
TELEPHONE NO. COMMERCIAL OR FTS (301) 436-7471	D.O. SIGNATURE	MONTH AND YEAR FOR WHICH RENDERED March 20XX

D.O. SYMBOL NO.	CHECK SYMBOL NO.	BEGINNING CHECK NO.	ENDING CHECK NO.	REPORTING METHOD	TOTAL DOLLAR AMOUNT OF ISSUES (FOR EACH TRANSMITTAL)
1234	1234	10227934	10240203	Connect:Direct	1,345,789.90
		30984640	30985124	DCRM	429,611.44
		53214820	53215112		72,567.32
		53215310	53215518		25,648.13

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.)* . . . . . $ 1,873,616.79

2. Net Dollar Adjustments to Prior Months:

   (a) Enter on this line the net dollar adjustments to prior months for which completed copies of Advice 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 . . . . . (702,350.56)

3. **NET TOTAL** . . . . . $ 1,171,266.23

Figure 9-2. Notification of Check Issue Correction – D.O. Requested

TC-AC-252 FINANCIAL MANAGEMENT SERVICE 7/27/20XX 23:11:57
TREASURY CHECK INFORMATION SYSTEM PAGE 1
NOTIFICATION OF CHECK ISSUE CORRECTION – D.O. REQUSTED
07/27/20XX

DISBURSING OFFICE:
COMMANDING OFFICER
USS STOUT (DDG-55)
FPO AE

05555-1234

PHONE: 0000000000000

FMS CONTACT:
FINANCIAL MANAGEMENT SERVICE
CHECK RECONCILIATION BRANCH
ROOM 700A
3700 EAST-WEST HIGHWAY

HYATTSVILLE
MD 20782

PHONE: (202) 874-8150

DOCUMENT NO	DISCREPANCY TYPE	TRANSMITTAL NUMBER
10069	ISSUE AMOUNT INCREASE	3706-8706-00008083

REG NO	CHECK SYMBOL	SERIAL NUMBER	ISSUE DATE	REPORTED AMOUNT	AMOUNT PRINTED ON CHECK	ADJUSTMENT AMOUNT
63	8888	00002222	06/27XX	799.79	1,197.38	397.59

TECHNICIAN NAME: MARY MARTIN

REFERENCE NUMBER:

PLEASE PROCESS THE NOTIFICATION OF CHECK ISSUE CORRECTION – D.O. REQUESTED IN ACCORDANCE WITH INSTRUCTIONS IN THE TREASURY FINANCIAL MANUAL, VOLUME I, PART 4, CHAPTER 6000.

Figure 9-3. Journal Voucher (Optional Form (OF) 1017-G) for Prior Month Checks Issued

Optional Form 1017-G (9-79)
Title 7.GAO Manual
901017-810

JOURNAL VOUCHER

J.V. No 024
Date Mar 15, 20XX

REFERENCE	EXPLANATION	DEBIT	CREDIT
	Adjustment for prior month checks issued. Checks Issued Feb 20XX Reported on Mar 20XX SF1219. D.O. Symbol: 1234 Check Symbol No: 1234 Reporting Method: Connect:Direct DCRM 10226834-10227933 30984320-30984639	 $511,369.24 $190,981.32	
	Total	$702,350.56	

Prepared by ---------- Approved by ----------

(Signature) (Signature)

---------- ----------

(Title) (Title)

Figure 9-4. Advice of Check Issue Discrepancy (FMS Form 5206)

TC-AC-251 FINANCIAL MANAGEMENT SERVICE 8/15/20XX 23:11:57
TREASURY CHECK INFORMATION SYSTEM PAGE 1
FMS FORM 5206, ADVICE OF CHECK ISSUE DISCREPANCY
08/14/20XX

DISBURSING OFFICE:
DEFENSE FINANCE &ACCOUNTING SERVICE
DFAS-INDIANAPOLIS

8899 E. 56TH STREET
INDIANAPOLIS, IN

46249-8620

PHONE: 000000000

FMS CONTACT:
FINANCIAL MANAGEMENT SERVICE
CHECK RECONCILIATION
BRANCH
ROOM 700A
3700 EAST-WEST HIGHWAY

HYATTSVILLE
MD 20782

PHONE: (202) 874-8150

DOCUMENT NO	DISCREPANCY TYPE	TRANSMITTAL NUMBER
10232	ISSUE AMOUNT INCREASE	5370-5570-95337066

REG NO	CHECK SYMBOL	SERIAL NUMBER	ISSUE DATE	REPORTED AMOUNT	AMOUNT PRINTED ON CHECK	ADJUSTMENT AMOUNT
57	5555	95337069	8/7/XX	500.00	1,659.06	1,159.06

TECHNICIAN NAME: JOHN JONES

PLEASE REVIEW YOUR CHECK ISSUE RECORD IMMEDIATELY TO DETERMINE WHETHER THE. DISCREPANCY REFERENCED ABOVE IS THE REUSLT OF AN ISUE REPORTING ERROR OR INVOLVES AN ALERED OR COUNTERFEIT CHECK. IF THE CHECK IS NOT ALTERED OR COUNTERFEIT, PLEASE PROCESS THE FMS FORM 5206 IN ACCORDANCE WITH INSTRUCTIONS IN THE TREASURY FINANCIAL MANUAL, VOLUME 1, PART 4, CHAPTER 6000. IF THE CHECK IS ALTERED OR COUNTERFEIT, PLEASE NOTIFY THE CHECK RECONCILATION BRANCH IMMEDIATELY IN WRITING BY EXPRESS MAIL AT THE ABOVE ADDRESS.

Figure 9-5. Checks Issued Report (Report 72)

TC-AC-72A FINANCIAL MANAGEMENT SERVICE 7/4/20XX 0:25:50
TREASURY CHECK INFORMATION SYSTEM PAGE 63
CHECK ISSUED REPORT
JUNE 20XX

AREA CODE	DO SYMBOL	ISSUE MONTH	CLEARANCE DATE	TYPE	TC	AMOUNT	SUMMARY TOTAL	BLOCK NUM
63	1234	05-06	06056		39	3,340,807.65		80012512
63	1234	05-06	06056		39	1,564,673.77		00042149
							4,905,481.42	
			ISSUE MONTH TOTAL			4,905,481.42		
			DO SYMBOL TOTAL			4,905,481.42		
63	2345	05-06	06026		39	949,477.86		00372340
							949,477.86	
			ISSUE MONTH TOTAL			949,477.86		
63	3456	06-06	06136		39	658,421.66		00372363
63	3456	06-06	06166		39	447,333.02		00372380
63	3456	06-06	06236		39	1,924,721.41		00372394
							3,030,476.09	
			ISSUE MONTH TOTAL			3,030,476.09		
			DO SYMBOL TOTAL			3,979,953.95		
63	4567	05-06	06026		39	2,100.00		00297825
							2,100.00	
			ISSUE MONTH TOTAL			2,100.00		
			DO SYMBOL TOTAL			2,100.00		

Figure 9-6. Comparison of Checks Issued-Detail Reported on Statements of Accountability and Block Control Level Totals Report (Comparison of Checks Issued Report)

COMPARISON OF CHECKS ISSUED - - DETAIL 03-31-20XX PAGE NO. 26
REPORTED ON STMTS OF ACCOUNTABILITY AND BLOCK CONTROL LEVEL TOTALS

DO. SYMBOL REPORTING	CHECK	REPORT DATE	ISSUE DATE	CAB REF	TCIS REF	TRANS. CODE	FMS 1219 REPORT	LEVEL 8 TCIS	DIFFERENCE	AREA CODE
1700	00001234	01-31-20XX	01-00-20XX	0000		210	1,757,177.43			63
	00001234	01-31-20XX	01-15-20XX		0009	790		1,346,011.50		63
	00001234	02-28-20XX	01-15-20XX		3456	790		2,522.50		
	00001234	03-31-20XX	01-15-20XX		0009	790		408,643.43		63
							1,757,177.43	1,757,177.43	*	
1700	00001234	02-28-20XX	02-00-20XX	0000		210	1,567,892.84			63
	00001234	02-28-20XX	02-15-20XX		0009	790		2,232,979.39		63
	00001234	02-28-20XX	02-15-20XX		3456	790		2,522.50*		
1700	00001234	03-31-20XX	02-00-20XX	0000		212	702,350.56			63
	00001234	03-31-20XX	02-15-20XX		0080	790		150.00*		63
							2,270,243.40	2,230,306.89	39,936.51	
1700	00001234	03-31-20XX	03-00-20XX	0000		210	2,621,266.31			63
	00001234	03-31-20XX	03-15-20XX		6009	790		2,673,516.79		63
	00001234	03-31-20XX	03-15-20XX		3456	790		52,350.48*		63
							2,621,266.31	2,621,166.31	100.00*	

VOLUME 5, CHAPTER 10: "COLLECTIONS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated November 2009 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Verified hyperlinks, formatting, and references.	Update
Table of Contents	Inserted paragraph numbers for ease of reference.	Update
100201	Revised paragraph for clarity and flow.	Update
100404	Revised paragraph for clarity and flow.	Update

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CHAPTER 10

COLLECTIONS

1001 TYPES OF COLLECTIONS

100101. Receipts

These are collections creditable to a Department of the Treasury (Treasury) miscellaneous receipt or other account or fund authorized by legislation. Disbursing Officers (DOs) collect them into their accountability using a Department of Defense ***(DD) Form 1131*** (Collection Voucher). These are recognizable by the absence of a fiscal/program year in the appropriation accounting classification. Disbursing from a receipt account is not authorized; "adjusting out" an over-collection requires the collection voucher to be processed as a negative receipt; see Figure 10-1.

100102. Reimbursements

These are amounts earned and collected for property sold or services furnished to United States (U.S.) Government agencies or to the public. They are recognizable by the presence of an accounts receivable sales code within the accounting classification. Show them as positive amounts on the DD Form 1131. A "negative reimbursement" occurs when a reimbursement is over-collected and requires a return of funds to the remitter (voucher these as bracketed (negative) amounts on a DD Form 1131).

100103. Refunds

These are recoveries of payments collected into a DO's accountability as positive amounts on a DD Form 1131 using the same accounting classification as the one on the original disbursement voucher. Refunds may also occur as offsets (bracketed) amounts on disbursement vouchers, and considered as reductions in disbursements rather than collections. (On rare occasions, refunds may be complicated by negative refunds. Such a situation 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 refunds, but were subsequently dishonored because Braniff filed bankruptcy, and the refunds were properly treated as negative refunds. These refunds would be reversed in a negative refund situation.) Refunds, documented on collection vouchers, are reported on the ***DD Form 2657*** (Daily Statement of Accountability) separately from those occurring as negative disbursements, which are reported simply as reductions of disbursements. Do not report refunds separately on either the ***DD Form 1329*** (Statement of Transactions), or the Standard Form ***(SF) 1219*** (Statement of Accountability); include them in the calculation of net disbursements.

1002 COLLECTION TRANSACTIONS

*100201. General

A collection increases a DO's accountability. Schedule collections received by the DOs on the appropriate collection forms, verify and record them in the accounting records. Funds received

that are not creditable to appropriations (e.g., recoveries of losses of funds or dishonored checks) are not "collections" because they do not increase a DO's accountability.

A. Voucher-Supported Collections

1. Voucher-supported collections create credits to appropriations or to receipt or deposit fund accounts, and involve either:

a. Direct receipts (e.g., cash, checks, drafts, and money orders).

b. Deductions on payment vouchers to cover indebtedness due the U.S. Government.

c. Other deductions on payment vouchers (e.g., deductions for purchase of savings bonds and federal taxes) or;

d. Transfers between appropriations or funds, or corrections of charges against and credits to them, are performed by 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 may also occur in Treasury's Intra-governmental Payment and Collection (IPAC) System; see Chapter 24. In some instances, (e.g., collections from dining facilities), only one collection voucher number for the entire accounting period (e.g., month) can be assigned. When only one collection voucher number is assigned, prepare the formal collection voucher on the last business day of the month. Record daily receipts of this nature on the DD Form 2657 as Other Transactions (Line 2.3) and U.S. Currency/Coinage on Hand (Line 6.2A). When processing the formal DD Form 1131 at the end of the accounting period, remove the accumulated collections from Line 2.3 and include them on Line 4.1E as Reimbursements.

2. Vouchering. Separate collections (checks or money orders) from accompanying accounting documents at the initial stage of processing and deposit them; see Chapter 5. When identification of the appropriation account is not immediately possible, prepare a DD Form 1131 to credit either **F3875 (Budget Clearing Account (Suspense)), **X6500 (Advances Without Orders from Nonfederal Sources), **X6501 (Small Escrow Amounts), or **X6276 (Other Federal Payroll Withholding, Allotments), as appropriate, and deposit the remittances. Upon determining the proper accounting classification, prepare an SF 1081 to charge the appropriate budget clearing account or deposit fund and credit the proper appropriation or fund. Do not issue checks for these transfers.

B. Unvouchered Collection. These occur when a DO receives cash or negotiable instruments from individuals or organizations, and does not credit them to an appropriation or fund, or does not support them with a formal collection voucher (e.g., dishonored checks cashed, losses of funds, some check issue overdraft discrepancies, and agent returns). Document these transactions on Optional Form ***(OF) 1017-G*** (Journal Vouchers). DOs 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.

100202. Method of Remittance

A. Monies Received as Contract Bid Deposits. The Federal Acquisition Regulation (FAR) prescribes acceptance of only cash, certificates of deposit, or irrevocable letters of credit (ILC). Only ILC issued by federally-insured financial institutions in the name of the contracting agencies that identify the agency, and solicitations or contract numbers for which ILCs are presented will be accepted.

B. 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 may not authorize or require DOs or their agents to advance additional change funds to commissary officers to cash U.S. Treasury checks received by the commissary. Monies generated from commissary sales are used for this purpose.

C. All Other Indebtednesses. Accept cash, checks, or other recognized forms of credit instruments payable on demand (e.g., certified or uncertified personal or corporate checks 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 payable on demand are acceptable in lieu of checks. These instruments must be drawn in favor of a DO's official capacity (i.e., position title, not name). Visa and MasterCard credit cards are acceptable when presented for payment at locations participating in the plastic card collection network.

D. Remittance by Mail. DOs establish procedures to control receipt and processing of checks and other negotiable instruments received by mail. At a minimum, designate a person independent of the collection function to receive mailed remittances. This person may not be the one who maintains the accounts receivable records. DOs establish controls using the ***DD Form 2658*** (Returned and Undeliverable Check/Bond Record) or other effective method to maintain a record of transmittal of the instruments between functional areas.

100203. Collections by Remote Cashiers

DOs acknowledge collections made by remote cashiers only after they receive certification of the actual monetary amounts.

100204. Performance and Bid Bonds (Storage and Safekeeping)

A. Negotiable Instruments. DOs receiving remittances (e.g., checks, bank drafts, and money orders) as deposits for performance or bid bonds, deposit immediately in deposit fund account **X6501 (Small Escrow Amounts), to be held pending settlement with the contractor.

B. United States (U.S.) Bonds or Notes Deposited in Lieu of a Surety. The FAR and Title 31, Code of Federal Regulations (C.F.R.), Part 225 ***(31 C.F.R. 225)***, authorize contractors to deposit certain U.S. bonds or notes with the contracting officer instead of

furnishing corporate individual sureties on performance and payment bonds. DOs may not accept these bonds or notes (whether electronic or hardcopy) for other than temporary safekeeping (e.g., overnight or over a weekend). DOs 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, providing the contracting officer a receipt for the package. The contracting officer is responsible for transferring the bonds or notes to the Federal Reserve Bank (FRB). See 31 C.F.R. 225 for procedures.

100205. Method of Drawing Negotiable Instruments

A. For Deposit to the Credit of the U.S. Treasury. To facilitate Treasury identification of the depositing organization, DOs, Deputy Disbursing Officers (DDO), agents, and cashiers require remitters to make checks and other negotiable instruments payable to the accepting organization, rather than to the "Department of the Treasury," (e.g., "Disbursing Officer, Camp Lejuene, NC 28542;" or "Disbursing Officer, APO AP 96604-8405,") but do not return checks payable to the Department of the Treasury for reaccomplishment. Do not accept checks payable to a DO or agent by proper name. The absence of a ZIP code does not render an instrument unacceptable. Modify the examples to fit the situation (e.g., "A&D Agent", "Food Services Officer, *<Unit Name>*", for "Disbursing Officer," if appropriate, and particularly if the DO who will ultimately receive the collections is not immediately known). Display inscription instructions in strategic locations at cashier cages, commissaries, and other locations receiving these instruments. Instruments drawn payable to the remitter are acceptable as inscribed if the remitter endorses them as explained in this paragraph. Deposit the negotiable instruments in an FRB or branch or an approved general depositary for credit to the U.S. Treasury.

B. For Deposit in Limited Depositary. Maintain limited depositary accounts (LDAs) in the name of the activity to which the DO is assigned; see Chapter 14. Instruct the remitter not to inscribe instruments payable to the DO or agent by name.

C. Endorsements on Negotiable Instruments. See Chapter 5.

1003 ISSUANCE OF RECEIPTS FOR COLLECTIONS

100301. Turning in Funds to DOs

A. Indirect Collections. Individuals other than DOs, DDOs, cashiers, or agents, who receive funds belonging to the United States (including those which are to be held in trust) should promptly turn over such funds to their supporting DO or deposit them 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 U.S. They are responsible for safekeeping of funds in their possession pending deposit or turn-in to the supporting DO. Collecting officers number documents in sequence by fiscal year. The DO, DDO, or agent who receives the funds signs and returns two copies of each collection voucher (other than the original) to the collecting officer. Distribute additional copies as required.

B. Direct Collections. A DO, DDO, agent, or cashier receiving a collection directly from a remitter prepares a collection voucher for the amount collected. The supporting Defense Finance and Accounting Service (DFAS) site determines the number of copies to give the remitter. Do not issue receipts for payment of bills received by mail in the disbursing office unless requested by the remitter. 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 locations where an automated system is operational, cashiers may sign receipts in their own name; otherwise DOs, DDOs, or agents must personally sign receipts for remittances. However, signatures are not required for collection vouchers electronically validated by an approved public-key-infrastructure method. Before signing, the cashier or collecting official ensures that remittances are authorized collections in the correct amounts. The person accepting the remittance should not be the same person updating the accounts receivable record.

100302. Collections by Deductions from Vouchers

Give payees receipts for collections made by voucher deduction if the payees so request, or to other divisions or activities that may require notices of collection.

100303. Collections by Agent Officers

A. Collections. Agents receipt for funds as agents of their appointing DO.

B. Proceeds of Sales. When funds are deposited with agents, they 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. Return one signed copy to the appropriate collecting official as receipt for the funds. The format for the receipt is:

Richard Roe, Lt Col, (Component)

By: _____
Name and Type of Agent

1004 RECORDING AND CONTROLLING COLLECTIONS

100401. Pending Payment File

Unless otherwise directed by the supporting DFAS site, the applicable functional area maintains the pending payment file and associated copy of the (uncollected) billing document(s). Send the original and duplicate copy of the billing documents to the subscriber using authorized processes. Arrange the files in the order most convenient to the individual maintaining the file, reconciling it quarterly to the accounts receivable subsidiary ledgers.

100402. Collection of Accounts Receivable

A. Payment of Bills. When payment is physically presented to a cashier, the cashier annotates a copy of the bill as "Paid," and initials it. If the cashier is presented the original of the bill, he/she stamps or notes it "Paid" with date of payment, and initials and returns it to the remitter. Attach paid copies of bills to the DD Form 1131 and send them to the applicable functional area daily for recording. For automated billings, the responsible functional area prepares 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 notifies the appropriate functional area and billing office to ensure that all unpaid telephone bills, utilities, and similar liabilities are settled. The responsible functional area ensures the collection of all pending bills. The responsible functional area makes any required adjustments on a new bill, marks the old bill "Void," attaches it to the paid copy of the new bill, and completes the clearance form appropriately.

100403. Collections for Other Agencies

A. Identifiable Collections. Issue a receipt for an identifiable collection applicable to an account maintained by another fiscal station if requested or required, and process the collection as a transaction for others (TFO). Include the complete identity of the remitter, account, fiscal station, and appropriate fiscal data on the DD Form 1131.

B. Unidentifiable Collections. When accepting a collection for another fiscal station on which the reimbursement or collection accounting classification is not immediately identifiable, do not process that collection as a TFO. Deposit it into deposit fund account **X6500 (Advances Without Orders from Non Federal Sources), **X6501 (Small Escrow Amounts), **X6276 (Other Federal Payroll Withholding, Allotments), or **F3875 (Budget Clearing Account). Upon determining the correct accounting classification, prepare and process an SF 1080 (TFO) to clear the suspense account.

*100404. Overages

When an overage occurs in the DO's account, process it as a collection for credit to budget clearing account **F3875 no later than the business day after the overage occurs. Resolve overages not later than the fifth workday after the end of each quarter or, upon the DO's relief from disbursing duty, not later than the fifth workday following the date of relief. Collections and returns from agents should be taken into account when determining the source of the overage. When reasons for overages are explained and there is reasonable assurance that no claim will be made against them, credit it directly to the Treasury's receipt account "Forfeiture of Unclaimed Money and Property, **R1060".

100405. Collection Voucher Control Log

Maintain a daily Voucher Control Log ***(DD Form 2659)*** for collection vouchers the disbursing office receives or prepares. The DO determines the functional areas and assigns individuals to maintain this form. Each functional area and/or branch disbursing office is assigned a separate series of voucher numbers for preparing this form. Include the collection voucher number, identification of the remitter (name of remitting individual or organization), amount, and instrument of remittance (e.g., check, cash, travelers check, electronic funds transfer, or a no pay adjustment). Annotate a check/Electronic Funds Transfer (EFT) trace number in column d ("Other"). See Figure 10-2.

100406. Collections Overpaid or Underpaid by $10 or Less

When a remitter overpays an amount due by $10 or less, collect the overpayment into receipt account **1099, Fines, Penalties, and Forfeitures. Do not refund it to the remitter unless the remitter so requests. Similarly, if a payee underpays an amount due $10 or less, do not try to collect the underpayment, but 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.

100407. Collections Made at Agencies Not Having a Disbursing Office

If collections are by other agencies not collocated with or supported by a disbursing office:

A. Collection Control Log. Use a log to control the collections from the time of receipt until they are transmitted to the disbursing office. At a minimum, show the date of receipt, remitter, check or money order number, collection voucher number, amount of collection, and the date transmitted to the disbursing office.

B. Collection Voucher. Prepare a collection voucher the same day the DoD Component receives the collection. See paragraph 100507A.

C. Safeguarding the Collection. Safeguard the collection and supporting documents; see Chapter 3.

1005 DOCUMENTING AND PROCESSING OF COLLECTIONS

100501. Verification of Funds Received

A. Verification. Applicable functional areas ensure that collections are proper, vouchers have complete and accurate data, and required copies are available. A disbursing office detecting an improperly-prepared voucher returns it to the functional area for correction.

B. Funds Deposited by Collecting Officers. When a collecting officer deposits collections directly to a general depositary, the disbursing office processes them in the DO's account upon receipt of the collection voucher (or receipts for collection). The SF 215 (Deposit Ticket) and supporting collection vouchers are the basis for verification of receipt of the funds. If the collecting officer does not provide a confirmed copy of the SF 215, advise him/her to furnish it upon receipt.

C. Purpose of Collection. Include the purpose of a collection (e.g., contract lease, applicable regulation, schedule, cost list, other document that authorizes the collection) on or attached to a collection voucher. If a sales contract is involved, cite the contract in the reference information. Account for any collection received by a DO for which the purpose cannot be determined in **F3875, (Budget Clearing Account (Suspense)); Deposit Fund Accounts **X6500, Advances Without Orders from Non Federal Sources; **X6501, Small Escrow Amount; or **X6726, Other Federal Payroll Withholding, Allotments; as appropriate. Do not hold funds in these accounts any longer than necessary. Review these accounts at least quarterly to determine if proper disposition of funds can be made. Attempt to clear the balances in these accounts during the last month of a fiscal year. Credit amounts less than $100 to Treasury's Miscellaneous Receipt Account (3210) if there is a determination by either the disbursing or accounting activity that further attempts to identify the proper account is not cost effective; see Chapter 3 of volume 4. This does not constitute authority to ignore identification of the proper account; it merely provides authority to transfer amounts of $100 or less after documented attempts to identify the proper accounts.

100502. Numbering Collection Vouchers

Assign collection voucher numbers consecutively starting at the beginning of each fiscal year, identifying them with the disbursing office and not the disbursing officer. The DO is provided numbering instructions from the supporting DFAS site that receives the financial reports.

100503. Legibility of Copies

DOs ensure the legibility of all copies of vouchers prepared for distribution.

100504. Routing Original Collection Vouchers

Original collection vouchers are routed by the disbursing division of each disbursing office to the supporting DFAS site.

100505. Signature on Collection Vouchers

DOs, DDOs, or agent officers sign original collection vouchers in permanent, non-erasable ink; this duty may not be delegated or reassigned. Officers using cash control machines or mechanized equipment to validate vouchers are exempted from this requirement (except when ***DD Form 1131***is being processed for further action by a disbursing office not collocated with the processing disbursing office) so long as the machines and control of them meet minimum security and audit requirements. The DO or DDO maintains control of the keys for cash control machines. The DO maintains controls to ensure that all funds received by the cashier are accounted for properly. The DO or DDO holds copies of the vouchers bearing initials of the cashier. In making daily settlement with the cashier at the end of the business day, these copies determine whether or not the amounts of the collections the cashier reported were proper. The receiving officer's signature is required where applicable; see paragraph 100507A3. The DO or certifying officer, as applicable, signs the transfer, cancellation, or adjustment vouchers (***SF 1081***, ***SF 1098*** (Schedule of Canceled or Undelivered Checks), SF 1096 (Schedule of Voucher Deductions)). When the same voucher is used as a disbursement and collection voucher, the disbursement is considered the original and subject to

the signature requirements in this paragraph. The collection side (or portion) is not considered an original voucher and does not require a signature.

100506. Preparation of Documents Used to Transmit Funds

A. Responsibility. The officer depositing or transmitting the funds to the disbursing office prepares the forms listed in paragraphs 100507A and D. Except for collections arising from over-the-counter sales (e.g., commissaries), include 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 on each collection document. The officer preparing the form also furnishes the complete accounting classification as prescribed; fiscal code, including the DSSN of the station maintaining the appropriation cited; and the country code when the collection is made in an overseas area.

B. Preparation and Distribution. At a minimum, prepare each collection voucher in duplicate; prepare additional copies as required.

100507. Collection Documents Prepared in Disbursing and Agent Offices

A. Collection Voucher (DD Form 1131). Use this form when governing directives do not otherwise prescribe specific collection vouchers. It may serve as a cover voucher for other receipt forms.

1. Disbursing Office Collection Voucher Number. The applicable functional area enters this.

2. Receiving Office Collection Voucher Number. Use of this block is optional. This number is assigned and entered by the receiving official controlling collections by locally.

3. Receiving Office

a. Activity. When someone other than the disbursing office cashier accepts collections, the receiving official enters the name and location of the activity.

b. Received and Forwarded By. Enter the printed name, title, and signature of the designated receiving official. A signature is not required if a debtor turns in the remittance and the Receiving Office block is completed for reference. Leave this block blank if the disbursing office cashier accepts collections.

4. 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.

5. Disbursing Office. Enter the name and location of the disbursing activity and the printed name, title, and signature of DO, in the applicable blocks. A signature is not required when an automated cash control process validates the DD Form 1131.

6. DSSN. Enter the 4-digit DSSN.

7. Date Received Subject to Collection. DO or agent accountability primary voucher date assigned by the functional area.

8. Period: From – To. Enter the specific period encompassing collections reported on the form (e.g., 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 apply to a specifically designated period (e.g., an accounting month), enter the inclusive dates (e.g., 1 Mar YY to 31 Mar YY). If all collections are made on a single date or no specifically designated period applies, leave the "From – To" blocks blank. The receiving official or disbursing office, as applicable, may enter the dates.

9. Date Received. Enter the date a remitter remits cash (or negotiable instruments), or other date of incident (e.g., date money found on base). When using the DD Form 1131 as a cover voucher and all collections were not on the same day, enter "various."

10. Name of Remitter/Description of Remittance. Enter the name of the individual remitter or company. Except for collections from over-the-counter sales (e.g., commissaries) and locally billed items (e.g., telephone service or housing), show each remitter's name and Social Security Number when receiving the collection from a military member or civilian employee. If a name does not apply (e.g., money found on base), enter a description of the remittance.

11. Description of Purpose of Collection. Enter the purpose of the collection. If information entered in the name of remitter and description of remittance blocks satisfactorily describes the purpose of the collection, leave blank.

12. Amount. Enter individual amounts collected from each remitter or for each incident by accounting classification.

13. Accounting Classification. Enter the full accounting classification for the amount of each collection.

14. Distribution. Forward the original ***DD Form 1131***as directed in paragraph 100504. Provide a duplicate to the remitter and retain a copy in the disbursing office. Prepare and distribute extra copies as required.

B. Schedule of Voucher Deductions (SF 1096). Schedule collections deducted from disbursement vouchers on SFs 1096 except when using a disbursement voucher for both disbursement and collection, e.g., civilian payroll deductions, civilian indebtednesses to hospitals, no-check-drawn ***SF 1080***, ***SF 1081***, and military payroll deductions. Functional areas assign collection voucher numbers for voucher deductions and process the SFs 1096. They also enter voucher numbers assigned to the SFs 1096 on related disbursement vouchers, and include voucher deductions shown on voucher copies received from other functional areas on the SFs 1096 of the receiving functional areas. In all cases, send copies of vouchers or properly supported notifications to the functional areas accountable for the collections.

C. Schedule of Canceled or Undelivered Checks ***(SF1098)***. Use this form to collect the proceeds of an available canceled Treasury check. See Chapter 8.

D. Report of Deposit ***(DD Form 707)***. Commissary officials prepare and submit this form to the DO under whose disbursing station symbol number (DSSN) they make deposits. See Figure 10-3.

E. Voucher for Transfer Between Appropriations and/or Funds (SF 1080). Use this form to transfer amounts between appropriations and/or funds.

F. Voucher and Schedule of Withdrawals and Credits (SF 1081). Similar to SF 1080, this form also transfers amounts between appropriations or funds and may be used for corrections of charges and credits.

G. Pay Adjustment Authorization (***DD Form 139***). Use this form for salary offset collections.

Figure 10-1. Sample Cash Collection Voucher (DD Form 1131)

CASH COLLECTION VOUCHER	1. DISBURSING OFFICE COLLECTION VOUCHER NUMBER C539
	2. RECEIVING OFFICE COLLECTION VOUCHER NUMBER 210

3. **RECEIVING OFFICE**	
a. ACTIVITY *(Name and Location) (Include ZIP Code)* Fort Jackson, Columbia, SC 29207	
b. RECEIVED AND FOWARDED BY *(Printed Name, Title and Signature)* CPT John Doe, Housing Officer	d. DATE *(YYYMMDD)* 20091021
c. TELEPHONE NUMBER *(Include Area Code):* COMMERCIAL: (803) 751-2345 DSN: 734-2345	
4. **DISBURSING OFFICE**	
a. ACTIVITY *(Name and Location) (Include ZIP Code)* Fort Jackson, Columbia, SC 29207	
b. DISBURSING OFFICER *(Printed Name, Title and Signature)* LTC J. D. Knowhow, Disbursing Officer	d. DISBURSING STATION SYMBOL NUMBER 5566
c. TELEPHONE NUMBER *(Include Area Code):* COMMERCIAL: (803) 751-1234 DSN: 734-1234	e. DATE *(YYYYMMDD)* 20091021
5. PERIOD: a. FROM 20091021 b. TO: 20091021	

6. DATE RECEIVED	7. NAME OF REMITTER DESCRIPTION OF REMITTANCE	8. DETAILED DESCRIPTION OF PURPOSE FOR WHICH COLLECTIONS WERE MADE	9. AMOUNT	10. ACCOUNTING CLASSIFICATION
10/21/09	SPC William B. Ellis	Damage to family housing, Quarters 223	$241.95	21X 2346 4XYZ 25.2 G33512
		11. TOTAL	$241.95	

DD FORM 1131, DEC 2003 PREVIOUS EDITION IS OBSOLETE.

Figure 10-2. Sample Voucher Control Log (DD Form 2659)

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 REPLACES AF FORM 1204, WHICH IS OBSOLETE

Figure 10-3. Sample Report of Deposits (DD Form 707)

REPORT OF DEPOSITS		PERIOD COVERED FROM 1 Aug 20XX	TO 12 Aug 20XX
INSTALLATION: Ft. Finance, IN	NAME AND DESIGNATION OF INDIVIDUAL DEPOSITING FUNDS: 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 ON WILL APPEAR ON MY ACCOUNT FOR MONTH OF August, 20XX

VOUCHER NO. 123

DATE	SIGNATURE OF FINANCE OFFICER
12 Aug 20XX	

DATE	SIGNATURE OF DEPOSITOR	VOUCHER NUMBER
12 Aug 20XX		Aug 32-A

DD Form 707, MAR 53 81/134

VOLUME 5, CHAPTER 11: "DISBURSEMENTS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated September 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Revise chapter to include administrative updates and hyperlinks.	Update
1105	Update guidance on payments in support of advance payment pool agreements.	Update
Figure 11-3	Add Standard Form 44 (Purchase Order – Invoice – Voucher); renumbered former Figures 11-3 and 11-4 to 11-4 and 11-5, respectively.	Add
Table 11-1	Change from Figure 11-5.	Update

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CHAPTER 11

DISBURSEMENTS

1101 GENERAL

110101. Overview

In most cases, a disbursement is a payment to an individual or organization for goods furnished or services rendered. In some cases, a disbursement transfers funds from one appropriation or fund to another, either by voucher deduction or by a "no check drawn" transaction using a Standard Form ***(SF) 1080*** (Voucher for Transfers Between Appropriations and/or Funds) or ***SF 1081*** (Voucher and Schedule of Withdrawals and Credits) (Figures 11-1 and 11-2, respectively). Disbursements also may be via Department of the Treasury's (Treasury) Intra-governmental Payment and Collection (IPAC) System. A disbursement voucher may be a combination of a payment and a collection by voucher deduction, e.g., a civilian payroll voucher where deductions for Federal tax, United States (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 a formal disbursement voucher (e.g., SF 1080, SF 1081, SF 44 (Purchase Order-Invoice-Voucher (Figure 11-3)), or ***SF 1034*** (Public Voucher for Purchases and Services Other Than Personal (Figure 11-4)). Occasionally, disbursements are made on formal vouchers but are not immediately charged to an appropriation or fund. These disbursements are referred to as deferred vouchers. A negative disbursement is a refund. Disbursements of Foreign Military Sales funds require the request and receipt of expenditure authority before making a disbursement; see Volume 15.

110102. Statutory Disbursing Authority

Title 31, United States Code, Section 3321(c) (1) ***(31 U.S.C. 3321)*** gives Department of Defense (DoD) disbursing officers (DOs) authority to disburse public funds on receipt of vouchers properly certified by persons authorized in writing to make such certifications; see ***31 U.S.C. 3325***, and Chapter 33.

1102 POLICY

110201. Legality and Propriety

A. Sanction of Law. Examine payment transactions for legality, propriety, limitations, and time frames under the statutes governing the various classes of expenditures and for validity under general provisions of law. No authority exists to disburse public funds to satisfy demands that are of doubtful validity.

B. Decisions and Responsible Offices. DOs are governed by decisions issued in accordance with Chapter 1, and the authorities listed in Appendix E. Decisions including advance decisions are rendered on claims involving pay, benefits, travel and transportation

matters, the use of appropriated funds, relief of liability and waiver of erroneous payments. Decisions issued are binding on a DO with respect to the specific issue or claim involved.

110202. Substantiating Vouchers

A. Written Record of Transaction. Unless otherwise mandated by law, each transaction conducted by an officer, agent, or employee of the U.S. Government, which when completed requires payment of money from the U.S. Treasury or payment by a DO or agent of the U.S. Government, requires a written, printed, or approved electronically-signed document or series of documents that includes a complete record of the transaction in accordance with this chapter.

B. Electronic Transactions. The Federal Reserve System and the Federal Reserve Banks (FRB) are Treasury's fiscal agents. Each disbursing office processing disbursements electronically keeps a detailed written agreement with the supporting FRB. The DO implements mandatory internal controls to confirm that the FRB receives electronic funds transfer (EFT) payment files successfully, following the payment schedule.

C. Additional Evidence. A DO is not required to make payment merely on formal evidence. A reasonable explanation or the submission of further evidence is required if the facts do not justify payment.

110203. Payment of Compensation

Using public funds to pay compensation to any commission, council, board, or other similar body is prohibited by ***31 U.S.C. 1346*** unless the creation of the body has been specifically authorized by law.

110204. Advances, Prepayments, and/or Overpayments

Except as otherwise authorized by ***31 U.S.C. 3324***, advances, prepayments, and overpayments of public monies are prohibited. Certain advances and prepayments are permitted by this volume and Volumes 7A, 8, 9, and 10; and the ***Joint Federal Travel Regulations, Volumes 1 and 2***.

110205. Payments to Third Parties

A. General. Monies the government owes to an individual are not subject to execution, attachment, garnishment, or other legal processes, except as specifically authorized by law. A payment to a third party is prohibited even though the payee requests it be made to another person. This restriction applies to all funds, including those held in trust by DoD.

B. Levy and Distraint for Delinquent Taxes. Salaries and wages of officers and employees of the U.S. Government including members of the Armed Forces are subject to levy and distraint (the ability to force or compel satisfaction of an obligation by means of seizure) for delinquent federal taxes in accordance with ***26 U.S.C. 6331***.

C. Payments to Bankruptcy Trustees. A civilian employee or military member may file an appropriate bankruptcy petition under ***11 U.S.C. 109***. During the bankruptcy proceedings, the bankruptcy court may order the individual's pay sent to the bankruptcy trustee. Such payments are proper and DOs incur no additional liability as a result. Note: To review detailed guidance regarding the personal bankruptcy provision, see Volume 8 for civilian employees and Volume 7A for military members.

D. Successor in Interest. Payments due to contractors may be made to court-appointed trustees, receivers, or other legal representatives; see Volume 10.

E. Assignment of Claims. Amounts due or to become due under contracts which provide for payments totaling $1,000 or more may be assigned under Volume 10.

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

G. Drawing of Checks in Favor of Financial Organizations for Credit to Persons' Accounts. Checks in payment of salaries and wages of military members and civilian employees may be drawn in favor of financial organizations for credit to their accounts, e.g., Merchants National Bank, Cr: TSgt John Doe, Account Number: 346-839, Taylor, MI 04180. See ***31 U.S.C. 3332*** and Volumes 7A and 8.

H. Garnishment of Pay for Child Support, Alimony, and Commercial Debts. Salaries and wages of military members and civilian employees may be garnished for child support and alimony. See ***42 U.S.C. 659***. ***5 U.S.C. 5520a*** permits garnishments of civilians' salaries and wages or involuntary allotments against military members' salaries and wages for commercial debts (non-child or spousal support).

I. Withholding of Contract Payments. Make payment to the Department of Labor for amounts owed by contractors to employees under a contract. See Volume 10.

110206. Equitable Claims

Claims not founded on contracts, either expressed or implied, but on merely equitable or moral grounds, are permitted only after direct authorization by the Congress.

110207. Insurance Fees

The government is self-insured or bonded. Neither a DO nor any of the DO's agents may insure public funds or property.

110208. Municipal Services

Without statutory authority, a DO may not pay for municipal services, e.g., police and fire protection, if those services are required to be furnished to private citizens at no cost.

110209. Alternatives Available in Connection with Questionable Payments

See Chapter 25.

110210. Certified Disbursement Vouchers – General

A. Authority. A certified disbursement voucher authorizes a DO to make payments, and is the source document for, liquidation of government obligations. The DO is responsible to examine the voucher if necessary to decide that it is in proper form, is computed correctly, and is certified, but is not responsible for the propriety of vouchers certified by an authorized certifying officer, unless the DO has knowledge that the payment is improper.

1. Certified Disbursement Vouchers. These must contain complete and accurate data. Contents of these vouchers and supporting documents may vary slightly based on the type of disbursement and form used. Signatures and other information that become integral parts of original vouchers must be written in permanent, non-erasable ink. Handwritten information must be legible. Approved electronic signatures are acceptable; see Chapter 1.

2. Voucher Corrections. Return certified vouchers requiring correction to the functional area. Corrected vouchers require recertification before disbursement; disbursing office personnel may not make these corrections.

3. Travel Vouchers. Accept a legible copy of a signed travel voucher and its supporting documents received in lieu of the original signed voucher and supporting documents for processing and payment as if it were the original. This includes travel vouchers and supporting documents received by facsimile transmission or scanned images forwarded via email.

B. Essential Data. To be recognized as valid transactions, all certified disbursement vouchers must contain the following minimum essential data:

1. Voucher Heading and Date. This includes the complete name and mailing address of the paying disbursing office, date the voucher is prepared, disbursing office voucher number, and disbursing station symbol number (DSSN) in the "Paid By" or "Brief" block.

* 2. Accounting Classification. The Treasury Financial Manual (TFM), Volume I, Part 4, paragraph 2035.10 (***I TFM 4-2035.10***) requires that a voucher certified as correct and proper for payment include an accounting classification against which the disbursement will be charged. Each charge to an appropriation or fund must be coded with a complete accounting classification, and country code when applicable. List the information on a continuation form if the space available for the accounting classification is insufficient. The type of payment or the supporting DFAS site dictates acceptable continuation forms. Do not show titles of appropriation or deposit fund accounts, either in full or abbreviated form, on disbursement vouchers. Entering extraneous information, e.g., voucher collection data, may result in erroneous information being entered in

accounting records and reports. More than one appropriation, deposit fund account, or subsidiary account may be charged on the same certified disbursement voucher. Group two or more subsidiary accounts of the same appropriation by that appropriation. On foreign currency disbursements, show the total amount of foreign currency to be disbursed; disbursing office personnel enter the conversion rate and U.S. dollar equivalent on vouchers certified for payment in foreign currency.

3. Amount to be Disbursed. Show the total amount to be disbursed on a certified disbursement voucher with related accounting classification(s). Disbursements made when amounts on vouchers have been altered without recertification do not meet ***31 U.S.C. 3325*** preconditions to disbursement and may result in erroneous payments under Chapter 6.

4. Method of Disbursement. Disbursement methods, in order of preference, are:

a. EFT (includes International Treasury Services (***ITS.gov***) for foreign payments);

b. No check/voucher for transfer;

c. U.S. Treasury check;

d. Limited Depositary Check; or

e. Cash (only when no other alternatives exist).

5. Payee. Only the individual or organization entitled to the proceeds of the payment shall be listed on the certified disbursement voucher. ***10 U.S.C. 2785*** prohibits a DO from changing the remittance address. ***31 U.S.C. 3325(d)*** requires a taxpayer identification number (TIN) on all certified vouchers submitted to a DO for payment. The TIN is a unique nine-digit identifier assigned to all individuals by the Social Security Administration and to businesses by the Internal Revenue Service (IRS). See Volume 10 for exceptions to this requirement.

C. Payment on Forged or Fraudulent Vouchers or Pay Receipts. A DO may be accountable for a payment made on a forged or fraudulent voucher or pay receipt even though not a participant or beneficiary in the fraud. The DO and the deputy, agent, or cashier making such a payment may request relief of liability for such payments.

D. Voucher Storage. Protect original paid vouchers consistent with Chapter 3.

1103 PROCESSING DISBURSEMENT VOUCHERS

110301. Numbering Disbursement Vouchers

Assign disbursing voucher numbers consecutively starting at the beginning of each fiscal year based on guidance from the supporting DFAS site to which financial reports are submitted. Identify voucher numbers with the disbursing office, not the DO.

110302. Disbursement Voucher Control Log

Maintain the Department of Defense ***(DD) Form 2659*** (Voucher Control Log) daily for each disbursement voucher received or prepared in the disbursing office. The DO assigns personnel to prepare this log within the disbursing office, including the functional area and/or branch disbursing offices when they are assigned a separate series of voucher numbers. Include in the log the disbursement voucher number, name of the payee, amount, form of payment (e.g., cash, check, EFT), and the check/ EFT trace number under "other." See Figure 11-5.

110303. Certification of Vouchers

DOs must have access to ***DD Forms 577*** (Appointment/Termination Record – Authorized Signature) records, and verify that vouchers submitted to them for payment have been properly certified. The applicable entitlement areas ensure that all payments are proper, prepare the correct number of copies, and ensure that all vouchers contain complete and accurate data. DOs may disburse money only in accordance with vouchers certified by authorized certifying officers. A disbursing office detecting an improperly-prepared voucher returns it to the functional area for correction and recertification. Certifying officers examine payment vouchers before certification to ensure that the information on them agrees with all supporting documentation. See Chapter 33 for guidance on the preparation, distribution, and maintenance of the DD Form 577.

110304. Release of Cash

The individual who is entitled to a payment (the payee) must receive the cash and sign the voucher. All cash payments require receipts. Do not prepare duplicate receipts.

A. Identification of Payees. Accountable individuals making cash payments must positively identify the payee. If the accountable individual does not know the payee, then the accountable individual examines an appropriate identification card that includes both the payee's picture and signature. Compare the payee's signature on the voucher with that appearing on the identification card. For military personnel, use the DD2 (ACT) (Armed Forces of the United States – Geneva Conventions Identification Card (Active)), the DoD Common Access Card (CAC), or DD2 (RES) (Armed Forces of the United States – Geneva Conventions Identification Card (Reserve)). Other acceptable forms of identification include a driver's license and other identification normally acceptable in the business community for cashing checks or bonds. Responsibility for payee identification may not be delegated. In cases of cash payment, the exchange of currency and the receipt for it must be simultaneous. Requiring receipts in advance of actual cash payments are prohibited.

B. Payments to Senior Personnel. A DO, deputy, or disbursing agent (DA) may personally make cash payments to high ranking officers, civilian 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 DA may appoint someone within the high-ranking officer's office as a paying agent to make the cash payments. See Chapters 2 and 3.

110305. Cash Payment Vouchers

The responsible entitlement areas send or deliver these vouchers to the cashier area. Payees may hand-carry vouchers when the distance between the entitlement area and cashier area makes this impractical, provided the total amount of the voucher is inscribed in words on the bottom of the voucher (e.g., "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 (e.g., altering by inserting "one hundred" immediately preceding "sixty dollars and twenty cents").

A. Cashier Responsibilities. On payment vouchers, the cashier must verify that the voucher deduction block, if used, contains an appropriation and that the total to be paid is net of deductions. They then initial the original voucher to identify who made the payment.

B. Payee Signature. Cashiers must obtain the payee's signature in the space provided, or in the case of multiple payments, on the subvoucher or supporting documentation. The payee signs for receipt of cash using indelible ink. Facsimile signatures and signatures in pencil are unacceptable. When signatures of payees are on a subvoucher or supporting documentation, annotate the "payee signature block" on the cover voucher with the words, "See attached." Positively identify payees before making payments. Compare the signature obtained on vouchers to signatures on identification cards or other acceptable forms of identification. The form of the signature must be the same as the name of the payee as shown on the vouche but, in the signature, the payee must sign the first name, with additional initials, if any, followed by the surname, except as explained, below.

1. Unable to Write. A payee unable to write may indicate receipt of payment by signing the mark "X." This must be witnessed by a disinterested party whose address must be indicated on the form. If the payee is physically unable to write and asks someone to sign in his or her presence, then the signature requires verification by a disinterested witness and is regarded as a signing by the payee. File a physician's certificate addressing the payee's inability to sign the original disbursement voucher.

2. Mental Disability. Do not pay a mentally-disabled payee who cannot comprehend a signature except in the presence of an appointed guardian and file certified copies of court papers appointing a guardian with the original disbursement voucher. The guardian signs the name of the payee, followed by his or her own signature as guardian. Refer to the first DO disbursement voucher by DO voucher number and date paid on future payments. If the payee is in an asylum, then file the superintendent's certificate that the payee was alive at the time payment was due with each disbursement voucher.

C. Voucher Validation. Validate the voucher by completing the "Paid By" (or "Brief") block with the paying office location, DSSN, and business date of payment, using a typewriter, automated system, or rubber stamp for this purpose. Do not show the geographical location if the disbursing office has a classified address. See Table 11-1.

110306. Check Disbursement Vouchers, Manual Voucher Processing

Responsible entitlement areas forward these vouchers to the check-issuing area for check preparation. The check-issuing area enters 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***, follow subparagraphs A through E. A receipt is not required for payments made by check drawn by the DO except when required by law or contract.

A. Checks Drawn on the Treasury. For these payments, 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 Limited Depositary Accounts (LDAs). For these payments, 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. Number disbursing vouchers sequentially with the lowest check number used to pay the lowest numbered voucher or the first name on a payroll. This facilitates check issue auditing and reporting. Consolidate multiple payments to the same payee on the same day and pay them with one check. Because the altering of payee names, addresses, and amounts on checks cause many losses, DOs must ensure that inscribed checks duplicate the voucher information. A DO may perform this review either before or after signing the checks. The DO ensures the completion of appropriate records to provide control over check writing. Automated systems producing disbursing 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 prescribed in paragraph 110305.C.

E. Automated Disbursement Vouchers. The entry of a check number on automated disbursement vouchers is not required so long as the voucher processing system maintains complete audit trails between disbursement vouchers and hard copy records.

110307. Disbursements Overpaid or Underpaid by $1 or Less

Do not collect an overpayment to a payee of $1 or less. Prepare an ***(SF) 1080*** to charge the DoD Component Operation and Maintenance account and credit the appropriation charged when the payment was made. Similarly, do not issue a supplemental payment when a payee is underpaid by $1 or less unless the payee specifically requests the payment. See ***I TFM 6045.60***.

110308. Transmittal of Vouchers and Recording

A. Deputies, agents, and cashiers include payment vouchers on the ***DD Form 2665*** (Daily Agent Accountability Summary) as prescribed in Chapter 19. They settle with their DOs at the end of each day that business was conducted, and send the original vouchers and copies of the report to the accountability area.

B. For mid-day returns of cash on hand or an additional advance of funds, use a ***DD Form 1081*** (Statement of Agent Officer's Account).

C. Entitlement areas send transfer and correction vouchers and other disbursement vouchers not for payment by cashiers directly to the accountability area.

D. Return voucher copies to the accountable entitlement area.

110309. Certification Restrictions

The supervisor of the disbursing office, even if he or she is also a deputy, may not routinely certify vouchers for payment, but may certify cover vouchers supported with properly certified subvouchers. In these cases, the approving official of the supporting documentation may not be the cover voucher certifier. If an emergency exists and the deputy, who is also a supervisor of the disbursing office, must certify a voucher for payment not supported with certified subvouchers, then the DO or another deputy dates and signs somewhere on the voucher a statement similar to: "Payment approved by Lt. John Doe, Disbursing Officer." To ensure adequate internal control, neither the supervisor of the disbursing office nor other disbursing office personnel should be able to input data into the computerized accounting system. See Chapter 33.

110310. Documentation Supporting Delivery of Payments

Documentation that 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. Documentation for travel payments includes a copy of the travel claim or an Advice of Payment containing related payment information. Documentation for vendor payments produced by standard automated accounts payable systems includes check stub data which normally is sufficient for vendor accounts receivable posting. When a vendor reports that check stub data is insufficient for posting needs, include a copy of the payment voucher or an annotated invoice with the payment as instructed by the responsible functional area.

110311. Deferred Vouchers

These are paid vouchers not recorded in an accounting system. The usual cause is a paid agent voucher that must be returned to the agent for correction. Also, agent vouchers not yet examined by a DO may be deferred pending this review. Responsible entitlement areas must take prompt action to clear deferred vouchers. Keep a chronological record of actions taken, showing the date when clearance is expected. DOs or their deputies review those actions each week to ensure that the irregularities causing deferment are corrected without delay. See Chapter 19 for instructions on reporting deferred vouchers on the ***DD Form 2657*** (Daily Statement of Accountability).

110312. Classified Payments

A. General. A DO required to make payments classified for security purposes prepares a covering disbursement voucher following this paragraph. These vouchers may not include information that requires a security classification. The original and all copies may show 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. For payments under classified contracts, the contracts should include instructions requiring the supplier to limit information on invoices so that supplies or services may be identified only by reference to the contract. The DO (for collateral classified programs) or the voucher preparing office (for special access programs) allows access to classified documents to only those persons requiring 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 must assign duties, e.g., preparation of vouchers, so that only a minimum number of persons require access to classified information. Mark and store classified documents following prescribed security regulations.

B. Preparation. Do not attach essential supporting documents, invoices, or certificates that are classified to the original disbursement voucher, but identify them by the name of the DO, voucher number, DSSN, and the period of the account. Retain them 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 may contain only the essential information described in paragraph 110214A. Include one of the following statements on the portion of the voucher for the description of the articles or services purchased:

1. For collateral classified programs: "The documents supporting this voucher are located at the payment site with other classified material in accordance with (cite the applicable security regulation)."

2. For special access programs: "The documents supporting this voucher are located at the voucher preparing office with other classified material in accordance with (cite the applicable security regulation)."

C. Declassification. Refer to appropriate security regulations for instructions on downgrading and declassifying, and for reporting classification abuses and improper classifications.

D. Distribution. Distribute the original and required copies of the covering disbursement voucher in the normal manner. As described in this paragraph, do not attach the classified supporting documents.

110313. Payments from Contingency Funds

Use ***DD Form 281*** (Voucher for Emergency or Extraordinary Expense Expenditures) to make payments from contingency funds.

A. Preparation. Prepare the form to allow it to be unclassified. Classify supporting documents according to their content. A covering disbursement voucher is not required as described in paragraph 110309.

B. Transmittal of Vouchers and Recording. See paragraph 110303.

110314. Hand-Carrying Disbursement Vouchers

A. Vouchers Prepared Outside the Disbursing Office. Send disbursement vouchers prepared outside the disbursing office to the disbursing office so that the payee does not have access to the voucher.

B. Vouchers Prepared Within the Disbursing Office. The responsible functional area sends or delivers these vouchers to the cashier area. Where distance between the functional area and cashier section makes this impractical, see paragraph 110305.

110315. Distribution of Paid Vouchers

The disbursing office sends the original and necessary copies of paid vouchers to the appropriate DFAS site. See Chapter 20.

110316. Electronic Fund Transfer (EFT) Payments

A. Procedures. Disbursing offices using EFT transfer funds to the FRB on an SF 5515 (Debit Voucher) prepared and dated to show the date payment is due and deliver it to the FRB with the magnetic tape or other medium. The DO must implement internal controls to confirm that the FRB receives the payment files successfully in accordance with the payment schedule. DOs retain the memorandum copy of the SF 5515. DOs that transmit payment files electronically use the FRB's summary of Automated Clearing House (ACH) activity report in lieu of the SF 5515. In either case, the FRB issues a confirmation SF 5515 to the DO. For an EFT transaction, record the SF 5515 as a negative deposit with the payroll, travel, or vendor payment recorded as a gross disbursement.

B. Returns. When a financial institution returns one or more EFT/ACH payments to a paying office, the DO prepares and processes a collection voucher to account for the returned funds, crediting them to the appropriation from which they were originally disbursed. Record the collection on line 4.1B of the ***DD Form 2657***, with an offsetting entry on line 4.2A to account for the SF 215, Deposit Ticket) from the FRB in processing the returned payment. The DO notifies the appropriate entitlement area of the returned payment by providing a copy of the collection voucher and any rejection information received, e.g., the reject code. See Treasury's ***Green Book*** for a detailed listing of payment rejection codes. The entitlement area tracks, monitors, and researches the cause of the return and provides a recertified voucher to initiate an appropriate EFT/ACH payment within 5 business days.

C. Reclamations. The DFAS-Cleveland DO, when notified of the death of a military retiree or an annuitant, contacts the decedent's bank requesting the return of all payments made since the retiree's or annuitant's death. The DFAS Cleveland-DO has three years from the date of the Treasury's Financial Management Service (FMS)-133 (Notice of Reclamation), to submit FMS-135, ACH Reclaims. See Treasury's Green Book for detailed instructions.

1104 DISBURSEMENTS FROM DEPOSIT FUND AND BUDGET CLEARING ACCOUNTS

110401. Disposition of Funds in Deposit Fund Accounts

A. Method of Disposition. Applicable functional areas dispose of collections received for deposit fund accounts using one of the following methods.

1. Payment to Other Individuals or Organizations. Use an ***SF 1034***. See Figure 11-4.

2. Refund to the Remitter. Use an SF 1034 for the disbursement.

3. Withdrawal for Application to an Appropriation, Receipt Account, or Other Deposit Fund Account. Use an SF 1081 for the disbursement and collection, and submit it as substantiation for either or both. Do not make a check or cash payment on the SF 1081. See Figure 11-2.

B. Vouchering. Normally, do not charge more than one deposit fund account on a single disbursement voucher. When charges are to accounts **F0109, Federal Tax Withheld from Payments to Nonresident Aliens, and **F3875, Budget Clearing Account (suspense), submit them on a separate voucher.

C. Civilian Pay Deductions. When preparing ***SF 1081*** for adjustment of deductions from civilian pay, show deposit fund account symbols, and amounts for withheld taxes and U.S. savings bonds, on the same SF 1081 containing the necessary information.

D. Withdrawals Involving Foreign Currency. For repayments of foreign currency deposits at a U.S. dollar equivalent different from that at which deposited, see Chapter 13.

110402. Budget Clearing Account (Suspense), **F3875

A. Transfer of Funds. Upon determining the proper disposition of funds in this account, transfer the amount on an SF 1081 or ***(SF) 1080*** to the proper account. See Figures 11-2 and 11-1. Explain the charges on the SF 1080 or the SF 1081. Treasury has issued guidance relating to the use of **F3875 budget clearing account (suspense); see ***TFM Bulletin No. 2011-06***. Use this suspense account to hold unidentifiable collections temporarily or for other business processes approved by the FMS. Do not make payments from the F3875 suspense account.

B. Disbursements Representing Funds Received for Other Government Agencies. After transfer of funds to the proper account, prepare a disbursement voucher to show the office and agency that are to receive payment. Send an IPAC payment or check payable to the Treasury and a copy of the disbursement voucher to the official of the agency requesting collection, subject to the following exceptions.

1. Checks Made Payable to the U.S. Postal Service. If the collection is for credit to a U.S. Postal Service appropriation or receipt account citing departmental prefix “18,”

send the check and a copy of disbursement voucher to the Manager, Finance Branch, Eagan Information Systems/Accounting Service Center, U.S. Postal Service, 2825 Lone Oak Pkwy, Eagan, MN 55121-9614.

2. Checks Made Payable to Other Government Agencies. If a collection was for another government agency, send the check to the agency with a source and reason for collection.

C. Deposits Representing Collections for Unofficial Telegraph and Telephone Service. Once funds have been transferred to the proper accounts, disburse amounts representing federal taxes for these services to the appropriate IRS District Director.

D. Transactions Rejected by the Accounting System. Accounting offices notify the DO and request the documentation needed to process the transaction successfully. DOs send the requested documentation to the accounting office within 30 days.

1. Supporting Documentation Maintained Locally. The DO sends the requested documentation to the accounting office immediately.

2. Supporting Documentation Maintained at a Remote Site.

a. The DO notifies the entitlement area of the rejected transaction immediately by telephone or email.

b. If the requested information is not received within 5 working days of the initial request, then send a formal, written request to the functional area, referencing the original request.

c. If no response is received within 5 working days of the second request, then send a copy of the request memorandum, with a cover letter, to the site director or commander, as appropriate.

110403. Overages

A. Disbursement Action. For an overage that should not have been accounted for as a collection, the responsible functional area prepares an SF 1034 payable to "Adjustments." This reverses the erroneous collection and permits proper accounting for the funds. Do not issue a check or a cash payment for this voucher.

B. Adjustments. For an amount that should have been reported as a collection under an accounting classification other than **F3875; **F3885, Undistributed Intergovernmental Payments; **X6500, Advances Without Orders from Nonfederal sources; **X6501, Small Escrow Amounts; or **X6276, Other Federal Payroll Withholding, Allotments; as in the case of a cash collection from a sales official, the responsible entitlement area initiates the adjustment by preparing an SF 1081 charging **F3875, **F3885, **X6500, **X6501, or **X6276, and crediting the proper appropriation or fund.

C. Removal. If every reasonable effort to discover the source and disposition of the funds is unsuccessful, then prepare an SF 1081 to remove the amount from deposit fund **F3875, **F3885, **X6500, **X6501, or **X6276, and credit **R1060, Forfeitures of Unclaimed Money and Property.

*1105 PAYMENTS IN SUPPORT OF ADVANCE PAYMENT POOL AGREEMENTS

110501. General

An advance payment pool agreement:

A. Is a means of financing the performance of more than one contract held by a single contractor;

B. Is convenient for the financing of cost-type contracts with nonprofit educational or research institutions for experimental or research and development work when several contracts require financing by advance payments. When appropriate, pooled advance payments may also be used to finance other types of contracts held by a single contractor; and

C. May be established:

1. To finance contracts for one or more department(s) or contracting activity(ies);

2. In addition to any other advance payment pool agreement at a single contractor location when it is more convenient or otherwise preferable to have more than one agreement, or;

3. Without regard to the number of appropriations involved. One appropriation may be charged for the benefit of another any time during a fiscal year (***31 U.S.C. 1534***) so long as:

a. Amounts are available in both the appropriation to be charged and the appropriation to be benefited; and

b. Any amounts paid are charged on a final basis by the close of the fiscal year to the appropriation benefited and the appropriation originally charged is appropriately credited.

D. Payment in advance of receipt of goods or services to educational and research institutions is allowed by ***10 U.S.C. 2307***.

1. Total payments made may not exceed the unpaid contract price.

2. Payments are allowed only if the contractor gives adequate security and after a determination by the head of the agency that to do so would be in the public

interest. Security may be in the form of a lien on the balance in an account in which the payments are deposited. This lien takes precedence over other liens and is effective immediately upon the first advance payment of funds without filing, notice, or any other action by the U.S.

E. Multiple agencies or departments which are part of the pool agreement may have their funds cited on contracts. When more than one contract is involved in the pool agreement, one or more of the contracts, normally of large dollar value, is designated as the contract to which the advance payments are to be applied. Handle advance payments in accordance with current procedures; see Volume 10.

1106 INTERAGENCY DISBURSING SUPPORT

The DFAS Disbursing Policy (***disbursing-debtmanagementpolicy@dfas.mil)*** and Treasury Initiatives (***TreasuryInitiatives@dfas.mil***) Divisions are responsible for DoD IPAC policy and liaison support. DoD Agency Location Codes and their servicing accounting offices are responsible for coordinating with other DoD and non-DoD agencies to establish IPAC Trading Partner Agreements. See Chapter 24.

1107 LARGE DISBURSEMENTS

110701. Reporting Large Disbursements

Since Treasury's FMS is solely responsible for the management of the government's daily cash position and disbursements by check or EFT affecting that cash position, DOs must advise FMS in advance of the time of actual disbursement. For disbursements of $50 million or more in a single transaction or in multiple transactions of a common nature, advise FMS at least two business days before the payment date. Report planned disbursements of over $500 million at least five business days in advance. 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). FMS has a web-enabled utility, the ***Large Dollar Notification (LDN) Interface*** to allow a Government Agency to add, update, delete, search, list, and view LDNs. To obtain access to this utility, complete the Cash Track Access Authorization Form and follow instructions (see Figure 11-6). DOs may also report information on large disbursements 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, then 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. 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; and

J. Payee name and address.

A copy of the report shall be retained with the DO's monthly retained financial records.

110702. United States (U.S.) Military EFT Payroll

DFAS sites must send an advance notice to FMS for all military pay and military retiree pay made by EFT for each payroll reporting period, as far in advance of the pay dates as possible, but at least two business days in advance.

A. U.S. Military Pay. U.S. military pay includes active duty pay, reserve pay, cadet pay, active salary allotments, active blanket pay, and voluntary separation incentives. Active duty payments usually occur on the 1st and 15th of each month. If the 1st or 15th of the month falls on a weekend or a holiday, then the payment will be made on the prior workday. Report military pay by facsimile transmission (FAX) to FMS at (202) 874-9945 or (202) 874-9984 using FMS Form 188 (Advance Reporting of U.S. Military Pay).

B. U.S. Military Retiree Pay. U.S. military retiree pay includes retired pay, retired allotments, retired annuities, and retired blanket pay. These payments usually occur on the 1st day of the month. If the 1st falls on a weekend or a holiday, the payment will be made on the next workday. Report military retiree pay by facsimile transmission (FAX) to FMS at (202) 874-9945 or (202) 874-9984 using FMS Form 190 (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), then include the following information as a minimum:

1. DFAS site;

2. DSSN;

3. Name and telephone number of contact (or DO);

4. Name of FRB 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; and

9. Total pay amount.

Keep a copy of each report with the DO's monthly retained financial records.

110703. EFT Vendor Payments

DOs that make U.S.-dollar EFT payments to vendors must report daily the following information to FMS, and retain a copy of each report with his/her monthly retained financial records. Report information on EFT vendor payments by facsimile transmission (FAX) to FMS at (202) 874-9945 or (202) 874-9984 using FMS Form 189 (Advance Reporting of Defense Department Payments to Vendors). If the report is provided to FMS on other than FMS Form 189, then include the following information as a minimum:

A. DFAS or other Defense sites;

B. DSSN;

C. Name and telephone number of primary and alternate contact;

D. FRB location of transmitted payment files;

E. Date payment files are transmitted;

F. Effective date of payment (transaction settlement date); and

G. Total dollar amount of the EFT file transmitted.

Figure 11-1. Standard Form 1080 (Voucher for Transfers Between Appropriations and/or Funds)

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
1240 East Ninth Street
Cleveland, OH 44199-2055

BILL NO.

PAID BY

DFAS CL
DSSN 8522
10/15/XX

Department, establishment, bureau, or office charged

Defense Finance and Accounting Service – Cleveland
1240 East Ninth Street
Cleveland, OH 44199-2055

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
1240 East Ninth Street
Cleveland, OH 44199-2055

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 11-2. Standard Form 1081 (Voucher and Schedule of Withdrawals and Credits)

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 2500 Leahy Ave. Orlando, FL 32893-0002	DEPARTMENT BUREAU ADDRESS	DFAS Orlando 2500 Leahy Ave. Orlando, FL 32893-0002

SUMMARY		SUMMARY	
APPROPRIATION, FUND, OR RECEIPT SYMBOL	AMOUNT	APPROPRIATION, FUND, OR RECEIPT SYMBOL	AMOUNT
17F3880 00020 2D 1001XX 000122333444	500.00	17*1453.2252/025/74476/G/000072/1J DK31WN/DK3223687830	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. (407) 697-1234

CERTIFICATION OF CUSTOMER OFFICE

I certify that the items listed herein are correct and proper for payment from and to the appropriation(s) designated.

10/1/XX
(Date)

John J. Baker
(Authorized administrative or certifying officer)

(407) 697-1357
(Telephone No.)

Original - Forward To Customer For Payment

*Figure 11-3. Standard Form 44 (Purchase Order – Invoice – Voucher)

U.S. GOVERNMENT

PURCHASE ORDER--INVOICE--VOUCHER

DATE OF ORDER	ORDER NO.

PRINT NAME AND ADDRESS OF SELLER *(Number, Street, City, and State)**

P
A
Y
E
E

FURNISH SUPPLIES OR SERVICES TO *(Name and address)**

SUPPLIES OR SERVICES	QUANTITY	UNIT PRICE	AMOUNT

AGENCY NAME AND BILLING ADDRESS*

P
A
Y
O
R

TOTAL

DISCOUNT TERMS

.....% .....DAYS

DATE INVOICE RECEIVED

ORDERED BY *(Signature and title)*E

PURPOSE AND ACCOUNTING DATA

PURCHASER- *To sign below for over-the-counter delivery of items*

RECEIVED BY PAYING AGENT SIGNATURE | DATE

TITLE

SELLER- *Please read instructions on Copy 2*

☐ PAYMENT RECEIVED $. ..... ☐ PAYMENT REQUESTED $. .....

NO FURTHER INVOICE NEED BE SUBMITTED

SELLER SELLER SIGNATURE | DATE

BY: _____
((Signature)

I certify that this account is correct and proper for payment in the amount of
$_____

_____
(Authorized certifying officer)

DIFFERENCES

ACCOUNT VERIFIED: CORRECT FOR

BY _____

PAID BY CASH
OR _____
(Check No.)

DATE PAID

VOUCHER NO.

PLEASE INCLUDE ZIP CODE

1. SELLER'S INVOICE
(See Instructions on Copy 2)

STANDARD FORM 44A (Rev. 10-83)
PRESCRIBED BY GSA

Figure 11-4. Standard Form 1034 (Public Voucher for Purchases and Services Other Than Personal)

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
Department of the Army
7th Finance Battalion
APO AE 00098

DATE VOUCHER PREPARED: 17 Oct 20XX

CONTRACT NUMBER AND DATE: DA-HC-21-72A2578 8/21/XX

REQUISITION NUMBER AND DATE:

SCHEDULE NO.:

PAID BY: APO AE 00098, DSSN 9000, 18 Oct 20XX

PAYEE'S NAME AND ADDRESS: Burchell Electronics, Inc., 18 Business Street, Daube, West Germany

DATE INVOICE RECEIVED: 01 Oct 20XX

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]
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)** **TOTAL** DM 400

PAYMENT
- [ ] PROVISIONAL
- [x] COMPLETE
- [ ] PARTIAL
- [ ] FINAL
- [ ] PROGRESS
- [ ] ADVANCE

APPROVED FOR: DM 400 = $

EXCHANGE RATE: =$1.00

DIFFERENCES

BY[2]

TITLE

Amount verified correct for $200.00

(Signature or initials)

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: 48679 | ON (Name of bank): 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 11-5. Department of Defense Form 2659 (Voucher Control Log)

VOUCHER CONTROL LOG			1. DISBURSEMENTS XXXX			3. DATE 11/23/XX
			2. COLLECTIONS			
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	234569
400003	Beverly W. Ellis	941.25		X		11,607,456

DD Form 2659, AUG 93

Figure 11-6. Cash Track Access Authorization Form

CASH TRACK
Access Authorization Form

The Manager/Supervisor of the FRB Office or Government Agency identified below designates the following individual to serve as a submitter for the CASH TRACK application. Subsequent accounts can be added through repeated submissions of this document.

Section 1 – General Information	
☐ **New Access** Model Access after Existing User: _____	
☐ **Modify Access** Current Name: _____ Current Username: _____	
☐ **Remove Access** Current Name: _____ Current Username: _____	
☐ Activate Immediately	☐ Future Activation Date: ___ / ___ / _____
Federal Reserve Office/Organization/Agency Name:	

Section 2 – User Profile		
Last Name:	First Name:	M.I.
Address Street:	City:	State:
Phone (Primary):	Phone (Secondary):	Zip:
Fax:	Email Address:	

Section 3 – Access Specification		
☐ FRB Access Mainframe Logon ID:	☐ Treasury Access	☐ Agency Access
☐ Transmittal (Complete Section 4) ☐ TACR ☐ Term/Repo ☐ BOG ☐ OMD ☐ CBAF	☐ CFD ☐ OFP ☐ IMD	☐Transmittal ☐ Large Dollar
		☐ Full Access ☐ View Only

Section 4 - FRB Transmittal Access Specification

Entry Role
☐ TRANSALL (Enter and Post)
☐ TRANSENTER (Enter Only)
☐ TRANSPOST (Post Only)
☐ TRANSVIEW (View Only)

Transmittal	Office 1	Office 2	Office 3	Office 4	Office 5
☐ ACH FRB	☐				
☐ CASH-LINK	☐	☐	☐	☐	☐
☐ OTHER FRB	☐	☐	☐	☐	☐
☐ SECURITY FRB	☐	☐	☐	☐	☐

Section 5 – Manager/Supervisor Authorization		
By signing below the Manager/Supervisor certifies that he/she is duly authorized to designate individuals who can serve as a submitter. The Manager/Supervisor also agrees to be responsible on behalf of the Organization/Agency for all security management related to CASH TRACK Web application access.		
Name (print):	Signature :	
Title (required) :	Phone :	Date ____ / ____ / _____
Email:		

Internal Use Only			
Date Verified:	**Initials:**	**Date Completed :**	**Initials :**

Figure 11-6. Cash Track Access Authorization Form (Continued)

Please submit this completed request form to the Federal Reserve Bank of St. Louis CASH TRACK CBAF
Fax to: **314-444-8603** **After faxing the request(s), please mail the hardcopies to;** Federal Reserve Bank of St. Louis Attn: CASH TRACK CBAF-4TH Floor North P.O. Box 442 St. Louis, MO 63166-0442

General Notices

To access CASH TRACK/CASH TRACK Web, Users may be issued authentication credentials such as a username and password. We (the United States Department of the Treasury and its designated agents) may rely upon the authentication credentials alone to provide access to CASH TRACK Web. We may act upon any electronic message that we establish to be associated with a known set of authentication credentials as if the message consisted of a written instruction bearing the ink signature of one of the Agency duly authorized manager/supervisor. An Agency accepts sole responsibility for and the entire risk arising from the use of authentication credentials by its Users.

All Users must agree to terms and conditions governing access to CASH TRACK Web. These terms and conditions can be found on the Web site of the application providing CASH TRACK Web. These terms and conditions include provisions requiring Users to maintain the confidentiality of their authentication credentials, to report the possible theft or compromise of their authentication credentials, and to take action whenever they no longer require access or require access to a lesser extent than is currently the case. These terms and conditions are subject to change from time to time.

We will not be liable for any loss or damage resulting from a problem beyond our reasonable control. This includes, but is not limited to, loss or damage resulting from any delay, error or omission in the transmission of any electronic information, alteration of any electronic information, any third party's interception or use of any electronic information, a failure of services provided by an Internet service provider, and a virus or worm received from or introduced by a third party. Additionally, we are not liable for loss or damage resulting from acts of war, acts of terrorism, acts of God or acts of nature.

Except as otherwise required by law, in no event will we be liable for any damages other than actual damages arising in connection with CASH TRACK Web, including without limitation indirect, special, incidental or consequential damages.

Except as otherwise required by law, WE DO NOT MAKE ANY WARRANTIES, EXPRESS OR IMPLIED (INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE), WITH RESPECT TO ANY SOFTWARE, INFORMATION, SERVICE, OR OTHER ITEM PROVIDED BY, LOCATED ON, DERIVED FROM, ASSOCIATED WITH, REFERRED TO BY, OR LINKED TO BY THE CASH TRACK Web application. EVERYTHING IS PROVIDED "AS IS."

Privacy Act Statement

We are authorized to request the information on this form by 31 U.S.C. §§ 321, 323, and 3301, 3302, 3303, and 3304. We need this personal information to help authenticate and determine who is responsible for viewing potentially sensitive information or engaging in a transaction. Furnishing this information is voluntary, but a Manager/Supervisor cannot be designated, and Organization/Agency will not have access to CASH TRACK Web, unless the information is furnished.

From systems including those used to provide CASH TRACK Web, the parties to whom we disclose information may include:

- Appropriate Federal, state, local or foreign agencies responsible for investigating or prosecuting the violation of, or for enforcing or implementing, a statute, rule, regulation, order, or license, but only if the investigation, prosecution, enforcement or implementation concerns a transaction(s) or other event(s) that involved (or contemplates involvement of), in whole or part, an electronic method of collecting revenues for the Federal government. The records and information may also be disclosed to commercial database vendors to the extent necessary to obtain information pertinent to such an investigation, prosecution, enforcement or implementation.
- Commercial database vendors for the purposes of authenticating the identity of individuals who electronically authorize payments to the Federal Government, to obtain information on such individuals' payment or check writing history, and for administrative purposes, such as resolving a question about a transaction.
- A court, magistrate, or administrative tribunal, in the course of presenting evidence, including disclosures to opposing counsel or witnesses, for the purpose of civil discovery, litigation, or settlement negotiations or in response to a subpoena, where relevant or potentially relevant to a proceeding, or in connection with criminal law proceedings.
- A congressional office in response to an inquiry made at the request of the individual to whom the record pertains.
  Fiscal agents, financial agents, financial institutions, and contractors for the purpose of performing financial management services, including, but not limited to, processing payments, investigating and rectifying possible erroneous reporting information, creating and reviewing statistics to improve the quality of services provided, or conducting debt collection services.

  Federal agencies, their agents and contractors for the purposes of facilitating the collection of revenues, the accounting of such revenues, and the implementation of programs related to the revenues being collected. Federal agencies, their agents and contractors, to credit bureaus, and to employers of individuals who owe delinquent debt only when the debt arises from the unauthorized use of electronic payment methods. The information will be used for the purpose of collecting such debt through offset, administrative wage garnishment, referral to private collection agencies, litigation, reporting the debt to credit bureaus, or for any other authorized debt collection purpose.

Figure 11-6. Cash Track Access Authorization Form (Continued)

Completing the Form

Section 1 – General Information

New Access – Select if access is needed for a new employee.
Modify Access – Select to modify access, name, email, etc.
Remove Access – Select to remove CASH TRACK Access

Federal Reserve Office/Organization/Agency Name: Specify your Federal Reserve District and Office, Federal Agency or Organization.

Section 2 – User Profile

Last Name:	User Last Name
First Name:	User First Name
M.I.	User Middle Initial
Address Street/City/State/Zip:	Address where the user is employed.

Section 3 – Access Specification

(* Select One *)

FRB Access	Select FRB Access for Federal Reserve Bank Access Logon ID:User's mainframe logon ID as defined on the CASH TRACK central LPARs (PP13, PP19, and PD34). User's local Data Security must establish/remove access to these LPARs through FRIT. Select One: Transmittal, TACR, Board of Governors, Term/REPO or CBAF
Treasury Access:	Select for Treasury Access Select One: Cash Forecasting Division (CFD), Office of Fiscal Projections (OFP), Investment Management Division (IMD), New York Open Market Desk (OMD)
Agency Access:	Select for Federal Agency Access Select One: Transmittal, Large Dollar Notification Select One: Full Access, View Only Access

Section 4 – FRB Transmittal Access Specification
(* Complete if FRB Transmittal Access is specified in Section 3)

Entry Role	Place an X in the appropriate cell to indicate the requested user Entry Role.
TRANSALL	Authority to enter and post transmittals.
TRANSENTER	Authority to only enter transmittals.
TRANSPOST	Authority to only post transmittals.
TRANSVIEW	Authority to only view transmittal transactions.
Access Table:	Office: Federal Reserve Office(s) for which the user will be entering data. Transmittal: Specific set(s) of line items for which the user will be entering data. Refer to the Treasury Financial Manual (TFM) for a detailed listing of the line items included on the various transmittals. Place an X in the appropriate cells to define the reserve offices and transmittals for which access will be added or deleted. For example, an Eighth district user needing access to the Other FRB transmittal at all four offices would place X's in the Other FRB row under the "Add Access" column for Offices 1, 2, 3, and 4.

Section 5 – Manager/Supervisor Authorization

Manager/Supervisor Authorized:	Name, title, Email and signature of person authorizing the request. For FRB submission person must be listed on the CASH TRACK Authorized Requestor Form.

*Table 11-1. Disbursement Voucher "Paid By" Blocks

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 1 May 20XX
Location and ZIP Code Disbursing Station Symbol Number Date of Payment	Ft. Finance, IN 46216 DSSN 0001 20 August 20XX
Classified Disbursing Station Symbol Number UIC and Name of Disbursing Activity Date of Payment Name and DSSN of Operating Location	DSSN 5171 (62306) NAVOCEANO 21 SEP 20XX DFAS Cleveland 8522
OVERSEAS AREAS	
DATA	EXAMPLE
Location Disbursing Station Symbol Number Date of Payment	APO AE 09440-1111 DSSN 6637 1 May 20XX

VOLUME 5, CHAPTER 12: "FOREIGN DISBURSING OPERATIONS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated January 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Updated hyperlinks and format to comply with current guidance.	Update

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CHAPTER 12

FOREIGN DISBURSING OPERATIONS

1201 MONETARY REGULATIONS

120101. Use of United States (U.S.) Currency

Except in areas where U.S. diplomatic or financial relations make the U.S. dollar inadvisable, U.S. currency or U.S. Treasury checks are the only media of exchange for:

A. Pay of military and civilian personnel allowances (except for amounts acceptable in local currency by payees and as required to be paid in local currency by this section),

B. Per diem,

C. Travel expenses, and

D. Purchases from appropriated and non-appropriated fund activities located in or visiting the foreign currency area.

120102. Reimbursable Expenses

At a claimant's request, pay claims for reimbursement of personal funds while on official business in the foreign currency expended by the claimant. If the foreign currency expended is not available to the disbursing officer (DO), pay the reimbursement in U.S. dollars. If the claim is to be paid in U.S. dollars, require the claimant to state on the voucher the rate at which the expended foreign currency was acquired and the source from which acquired. Compute the U.S. dollar equivalent at the rate the claimant acquired the currency. If two or more purchases of foreign currency were involved, determine the U.S. dollar equivalent on a "first-in-first-out" basis. For example, if the claimant purchased 5,000 Malaysian Ringgits in May at the rate of 2.7875 to one U.S. dollar and 3,000 in June at 2.7795, and incurred expenses of 6,000 Ringgits in July, the U.S. dollar reimbursement would be $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 Ringgits, the 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 Department of the Treasury. Safety stocks of U.S. currency on the books of overseas military central funding officers are held physically 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, this assures the availability of U.S. currency to support the dollar economy exported to support U.S. Armed Forces stationed overseas. Report the balance held in custody accounts on

line 6.4 of both the Department of Defense ***(DD) Form 2657 (Daily Statement of Accountability)*** and the Standard Form ***(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 consults with other U.S. military commanders and Department of State representatives in the area to determine the local government's foreign currency control regulations. The commander issues instructions that conform to Department of State procedures and local government foreign currency control regulations. Implement the following requirements as necessary to comply with local conditions:

1. Use foreign currency for all payments to U.S. personnel,

2. Use foreign currency for all payments to vendors in the area,

3. Do not repurchase foreign currency held by U.S. personnel except as outlined in section 1204 of this chapter,

4. Do not cash or issue U.S. dollar negotiable instruments without written permission of the commander, and

5. Cash U.S. dollar instruments only in amounts required for cash purchases at U.S. Government authorized facilities (e.g., commissaries, snack bars, theaters 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. Express and pay basic pay, special and incentive pays, and allowances (i.e., subsistence and housing) in U.S. dollars when affected personnel are stationed in overseas areas. Also pay salaries and differentials to similarly-situated U.S. citizen civilian personnel in fulfillment of U.S. contractual or statutory obligations in U.S. dollars so long as they are expressed in U.S. dollars. Encourage personnel to use authorized exchange facilities to convert U.S. dollars to local foreign currencies needed to liquidate personal obligations. These conversions are made with the understanding that local foreign currencies may be converted back to U.S. dollars only as authorized in section 1204 of this chapter. If foreign currency is being paid, the DO pays on the basis of the official rate as defined in subparagraph 120402.G.1. If there is no in-country MBF, the DO makes the foreign currency payment on the basis of the prevailing exchange rate.

C. Payments in Foreign Currency. When a foreign currency payment needs to be made, the preferred method of payment is via the International Treasury Services, ***ITS.gov***, the Department of the Treasury's (Treasury's) comprehensive international payment and collection system. When use of ITS.gov is not practical, DO's with a limited depositary account (LDA) in that particular currency may make payment by an LDA check. See Chapter 14 of this volume for guidance on LDAs. 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 in cash, or by check or Electronic Funds Transfer (EFT) from any of the sources listed in Chapter 13 of this volume. When a foreign currency payment needs to be made, the DO sends a properly certified voucher together with supporting documentation and a properly executed ***DD Form 577*** (Appointment/Termination Record – Authorized Signature) 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 is located at the U.S. Embassy or other diplomatic office. A DO requesting payment by a U.S. Embassy or other diplomatic office provides any additional information or documentation required by the U.S. Embassy diplomatic office.

D. Captured Foreign Currency. Deliver captured foreign currency into the custody of the State Department's United States Disbursing Officer (USDO) supporting the particular country involved. Any Department of Defense DO acquiring captured foreign currency ensures the funds are safeguarded and delivered to the USDO as soon as possible. Do not collect captured foreign currency into the DO's accountability.

1202 FINANCIAL TRANSACTIONS WITH FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS

120201. Policies for Financial Transactions

A. Scope

1. This section implements Treasury policies on the use of U.S. Government funds in international programs and on foreign exchange or interest costs to the Treasury. These include transactions with foreign countries and international organizations involved with bilateral or multilateral programs, e.g., 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, and/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:

a. Retain U.S. dollars in the U.S. Treasury until actually required for immediate disbursement, to minimize interest cost on the public debt;

b. Do not use interest on U.S. Government funds to subsidize program activities; and

c. Arrange to 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 U.S. or foreign program agencies.

B. General Policies

1. Do not withdraw dollars from the Treasury on behalf of any program management organization before they are needed. Base withdrawals on the recipient organization's funding requirements to carry out the project.

2. Negotiate to provide for dollar outlays as close as possible to their need for current program expenditure to support international programs requiring U.S. funding.

3. Obtain the U.S. Government share of funding required to support a program by appropriation, with no part of this funding derived from interest earned on U.S. contributions. DoD Components are responsible to ensure that any interest earned is deposited promptly to the Treasury General Fund Receipt Account 3220, "General Fund Proprietary Receipts, Not Otherwise Classified, All Other."

4. Whenever possible, consider the fiscal needs and funding policy issues or concerns of each participating country or international organization, provided U.S. Government cash management policies are not compromised.

5. Act on requests from a foreign country or international organization for the temporary deposit and safekeeping of U.S. dollars in trust in a Treasury account based on their own merit. Base the decision on the reason for the request, the specific financial arrangements proposed, and the relevant U.S. Government political and general financial considerations. All requests must include a recommendation from the local commander and be submitted to the Department of the Treasury, FMS, Cash Management Policy and Planning Division, Liberty Center (Room 521C), Washington, D.C. 20227 through Disbursing/Debt Management Policy, Policy and Performance Management Directorate, (DFAS-NPD/IN), 8899 E. 56th Street, Indianapolis, IN 46249-0500.

6. DoD Components may not invest funds on behalf of a foreign country or international organization when receipt of such funds serves as a basis for creating contract obligation authority for the DoD Component or other U.S. Government department or agency.

7. Do not allow application of these general policies in negotiations with foreign countries and international organizations to be compromised by DoD Component administrative practices.

8. Do not alter or revise existing policies to achieve these principles of funding policy.

9. Process requests for exceptions in accordance with Chapter 1 of this volume.

C. Specific Policies. See Volume 12, Chapter 9, of this Regulation for financial policies and procedures related to international agreements.

120202. Foreign Currency Payments for Contracts Funded from Military Construction Appropriations

Use the following criteria to determine the feasibility of foreign currency payments for contracts funded from military construction appropriations. Use U.S. dollars only when:

A. Payments must be made in U.S. dollars in accordance with a treaty, executive agreement, or laws of the country concerned;

B. Offers require a partial payment in U.S. dollars;

C. Offers received require payment entirely in U.S. dollars;

D. The contract is for a compelling need and of such unusual urgency that insistence on payment in foreign currency would harm the U.S. Government or its interests;

E. Contract bids or offers in local currency are overpriced unreasonably relative to the dollar cost or to the local currency price available to non-DoD users of the same or similar goods or services; and/or

F. A determination is made that payment in foreign currency is not feasible. Such a determination may be made by the Secretary of a military department; the Under Secretary of Defense for Acquisition, Technology, and Logistics; the Under Secretary of Defense (Comptroller); the Directors of the Defense Agencies; or the Director, Washington Headquarters Service (WHS); each of whom may delegate authority to make such a determination. The individual making the determination executes the following certification for retention with each contract file:

CONTRACT CERTIFICATION

> I hereby certify, as required by subparagraph 120202.F. 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)

120203. Procedures

Consult the Department of the Treasury as soon as possible on potential or pending negotiations with foreign countries and international organizations involving deviations from the policies in this chapter. Exceptions to paragraphs 120201 and 120202 are permissible only on the basis of a Treasury determination that they are advantageous to the United States. Process requests for exception in accordance with Chapter 1 of this volume.

1203 Use of Foreign Currencies for Travel and Transportation

120301. Transportation Payment

To the maximum extent possible, use U.S.-owned foreign currencies for transportation when certificated air carriers are available and will accept such currencies in payment for U.S. Government-financed, commercial, foreign air transportation of persons or property. See ***DoD Directive 4500.09E***, Transportation and Traffic Management, for guidance on the use of these air carriers and determination of their availability.

120302. Transportation Requests

In issuing and exchanging Government Transportation Requests (GTRs), Government Bills of Lading (GBLs), transportation warrants, or other procurement documents, state clearly "PAYMENT IN (foreign currency)" on the form. Otherwise the carrier may demand payment in U.S. dollars.

120303. Transportation Billing

Include in the "BILL TO" portion of the GTR, GBL, transportation warrant, or other procurement document:

A. Name of the requesting agency.

B. Address to be billed.

C. Instruction on payment in foreign currency.

1204 CONVERSION REGULATIONS

120401. General

Where use of foreign currency is necessary, obtain it by one or more of the following methods, listed in the order of preference; see Chapter 13 of this volume.

A. Purchase from the U.S. Government (i.e., contract MBF, the Department of the Treasury, and other U.S. DOs or accountable disbursing officials).

B. Purchase from commercial sources.

C. Repurchase from individuals (subject to the restrictions in subparagraph 120404.E).

120402. Disbursing Officer Responsibilities

DOs using foreign currency ensure compliance with the following:

A. Foreign currency is obtained and used for only official purposes.

B. Foreign currency is not purchased or held in excess of immediate needs.

C. Foreign currency purchases with U.S. dollars are made for "spot" delivery (within 2 business days).

D. Foreign currency is in the DO's physical custody 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 at a negotiated rate without prior Treasury authorization. Submit requests for authorization through DFAS-NPD/IN.

F. Speculation in foreign currency is prohibited.

G. Where there is an MBF in-country, DOs purchase foreign currency for official use at the official rate, and for accommodation exchanges at the accommodation rate whenever possible. DOs purchasing foreign currency through an MBF use either the official rate or the accommodation rate depending upon the purpose for which the currency is purchased. When approved by Treasury FMS, the DO may use the ***ITS.gov*** 5-day rate for payment and collection of foreign currencies instead of the foreign country official rate.

1. Official Rate. The official rate is the rate at which the MBF sells local currencies to DOs for official use, exclusive of resale. Unless otherwise approved by a non-MBF contractor, this is the acquisition rate. No commission charges will be assessed to DOs for the purchase of local currencies for official use.

2. Accommodation Rate. The accommodation rate is the rate at which the MBF (or other contractors) sells local currencies to individuals and to DOs for resale to individuals. The rate is equal to or greater than 2.5 percent of the acquisition rate. In Euro-currency countries where there is no MBF, DOs purchase Euro-currency from the MBF Community Bank operated by Bank of America. The mailing address is Community Bank, Unit 20236, APO AE 09013, phone number: 49-6134-187290, fax: 49-6134-187356, email address: Richard.Voth@DoDCommunityBank.com. In non-Euro-currency countries where there is no MBF, the rate at which the contractor sells local currency to DOs for resale is the official rate.

H. Limit DO foreign currency holdings (either currency in a 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) to a maximum of 7 business days requirement unless an increase has been authorized in writing by the DFAS-NPD/IN.

I. When necessary, purchase foreign currency from other than the U.S. Government (including a contract MBF) sources at the best rate available in compliance with the laws of the country where the currency is being used.

J. Include in records of foreign currency collections the source of the currency, the miscellaneous receipt accounts or other Department of the Treasury accounts to be credited, and any restrictions on the use of the currency.

K. Prepare foreign currency reports following Chapter 16 of this volume.

120403. Disbursing Agents of the Office of the Secretary of Defense (OSD)

A. Purpose and Appointment. Appoint disbursing agents of the Office of the Secretary of Defense (OSD) (who may be 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, WHS)) as agents of an accountable DO. These agents obtain all necessary cash from or through the DO currently supporting DoD/WHS, are accountable to that DO, and make such payments as specified in their appointments. They may be appointed for an indefinite period of time or for a specific mission of limited duration.

B. Conversion Authorization. OSD disbursing agents who acquire foreign currency in the course of their official duties may exchange that currency for U.S. dollars at the nearest DoD disbursing office or other authorized U.S. disbursing office before departing the foreign country or before returning to the United States. DoD DOs in foreign countries convert foreign currency to U.S. dollars for officers or civilians appointed as OSD disbursing agents; report these conversions on the Foreign Currency Report as an acquisition from "OSD disbursing agent (name of agent)." The OSD disbursing agent presents his/her letter of appointment to the DO when requesting conversion of currency.

120404. Accommodation Exchange Services

A. General. Accommodation exchange services are the exchange of U.S. 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 the repurchase of foreign currencies with U.S. dollars or dollar instruments when and where permitted.

B. Authorization

1. DOs may use official funds to:

a. Disburse foreign currency for checks, drafts, bills of

exchange, and other instruments payable in U.S. dollars.

b. Cash foreign currency checks drawn by accountable officers of the United States on non-symbol checking accounts for the same currency in which drawn, when the currency is needed by the officer for official purposes.

c. Provide U.S. dollars in exchange for U.S. Treasury checks drawn by DOs of the Department of State or other accountable officers of the United States when U.S. dollars are needed for official purposes.

2. Except as authorized in subparagraph 120404.B.1 of this chapter, commanders must specifically approve and may implement accommodation exchange services only after determining that:

a. Contract MBFs, other on-base financial institutions, commissaries, exchanges, or U.S. postal facilities cannot fulfill the needs of DoD personnel adequately;

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. Negotiable instruments to purchase foreign currency must be presented by the payee in person or by a dependent holding a valid power of attorney from the payee. See Chapter 4 of this volume for guidance on providing check cashing services.

C. Authorized Personnel. Negotiable instruments may be exchanged by DOs for the accommodation of those personnel described in Chapter 4 of this volume.

D. Sales of Foreign Currency to Individuals. MBFs normally make accommodation exchanges of foreign currency at installations served under the DoD MBF contract. In countries served by contract MBFs, DOs providing accommodation exchange services acquire needed foreign currencies from the MBF and make those exchanges at the accommodation rate. DoD personnel may not receive accommodation exchange service from the Department of State or Treasury DOs in areas where those services are provided by DoD DOs. This does not preclude DoD personnel assigned or attached to U.S. embassy duty from using available embassy cashier services. In Euro-currency countries where there is no MBF, the contractor sells local currency to DOs for resale to individuals at the accommodation rate. In non-Euro-currency countries where there is no MBF, the contractor sells local currency to DOs for resale to individuals at the official rate. DOs, agents, and cashiers making foreign currency accommodation exchanges maintain the ***DD Form 2664*** (Currency Exchange Record) daily to ensure implementation of the authorities and limitations in this chapter. See Figure 12-1 for a sample of this form.

E. Repurchase of Foreign Currency from Individuals. DOs may not repurchase foreign currency from individuals in 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 before their departure on home leave or completion of their foreign assignment. When repurchasing foreign currency or instruments payable in foreign currency for U.S. dollars or dollar instruments, comply 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 subparagraph 120404.E.1, the individual presenting such currency must submit a written application to the commander for approval of the repurchase. The application must include 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 must consider the DO's immediate foreign currency disbursing requirements as prescribed in Chapter 13 of this volume.

4. Repurchase the foreign currency at the prevailing market rate.

5. Maintain a DD Form 2664 daily to reflect the amount and source of repurchased funds.

6. A DO may suspend the authority to make accommodation exchanges granted herein for such time and to such extent necessary to carry out his or her other responsibilities.

F. Safehaven Posts. The appropriate commander establishes foreign currency accommodation exchange services for dependents of DoD personnel at safehaven areas to which they were ordered by competent authority in the event of emergency evacuation, as outlined in Chapter 4 of this volume. These services must be consistent with the amount of exchanges authorized for dependents of U.S. personnel employed by other U.S. Government agencies. Establish accommodation exchange policy for all dependents of an individual named in Chapter 4 of this volume in accordance with that chapter and based on the dictates of the local economy and cost-of-living, and publish the policy in writing. Maintain daily records of accommodation exchanges for dependents at safehaven areas on the DD Form 2664.

G. Accommodation Exchange Afloat. DOs of the Department of the Navy may repurchase additional foreign currency for U.S. dollars for Navy personnel afloat subject to the following conditions:

1. The DO needs the foreign currency or can dispose of it by exchange for dollars or by official expenditures within 30 days.

2. The individual requesting the exchange of foreign currency may not, upon returning afloat, convert an amount of foreign currency greater than the amount purchased by him from the Navy DO before going ashore, as evidenced by the DO's records.

120405. Obtaining Daily Foreign Currency Exchange Rates

Go to the Federal Reserve website at ***http://www.federalreserve.gov/releases/h10/update/h10daily.htm*** for daily foreign currency exchange rates.

Figure 12-1. Sample DD Form 2664 (Currency Exchange Record)

CURRENCY EXCHANGE RECORD
RECORD OF INDIVIDUAL EXCHANGE TRANSACTIONS

PAGE OF

1. DISBURSING OFFICER DESIGNATION	2. RATES OF EXCHANGE *(Number of Foreign Currency Units to one U.S. Dollar)*	3. DATE *(YYYYMMDD)*	4. DSSN
		5. NAME OF CASHIER OR DEPUTY	

6. RECEIVED FROM CUSTOMER				7. DISURSED TO CUSTOMER				8. NAME AND OTHEER INFORMATIONREQUIRED BY DISBURSING OFFICER ON PERSON FOR WHOM EXCHANGE IS MADE
a. TYPE OF NEGOTIABLE INSTRUMENT RECEIVED *(Personal check, etc.)*	b. US \CURRENCY AND COIN	c. FOREIGN CURRENCY	d. TOTAL	a. U.S. CURRENCY AND COIN	b. FOREIGN CURRENCY	c. FOREIGN CURRENCY	d. TOTAL	
Personal check	$500.00		$500.00	$90.00	60,000	1,320	$500.00	12304506789 *Ted Smith, 1st Bn, 5th Marines
Money Order	$125.23		$125.23	.23		16,500	$125.23	987 65 4321 **John Smith, 2nd MAW
								*T Smith requested 60,000 Yen, 1,320 Euro, and balance in U.S. cash.
								**J Smith requested 125.00 Euro and balance in U.S. cash.

DD FORM 2664, FEB 2002 PREVIOUS EDITION IS OBSOLETE

VOLUME 5, CHAPTER 13: "PROCUREMENT/DISPOSITION OF FOREIGN FUNDS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated May 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
130303.C 130401 130401.A.2 130401.B	Replaced "Treasury prevailing rate of exchange" with "prevailing rate of exchange."	Update
130305	Allowed disbursing officers to conduct foreign currency sale transactions with a bank or entity approved by Treasury.	Add
130402	Updated title from "U.S. Treasury Prevailing Rate of Exchange-Average Purchase Rate Method" to "Recomputed Rate of Exchange," and how rate of exchange is recomputed.	Update
130501	Added hyperlink to Volume 12, Chapter 24 for additional guidance on burdensharing and contribution by Foreign Allies.	Add

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CHAPTER 13

PROCUREMENT/DISPOSITION OF FOREIGN FUNDS

1301 AUTHORITY FOR PROCUREMENT

130101. General

A disbursing officer (DO) authorized in writing by the appropriate commander or higher authority may obtain foreign funds for official purposes, e.g., making payments in foreign currency to U.S. Government creditors; and exchanging foreign currency or other negotiable instruments, for which the disbursing officer is accountable. Foreign funds obtained may be in the form of currency or credits maintained in limited depositary (LD) checking accounts. The DO retains the written authority to obtain foreign funds.

130102. Limitation on Amount

DOs ensure that the amount of foreign currency purchased with U.S. dollars, together with the balance on hand, is for immediate disbursing needs, not to exceed a 5- to 7-day supply. This will minimize local currency operating bank balances and losses due to devaluations, and avoid premature drawdowns on the U.S. Treasury's General Account. Submit waivers from these limits to the Department of the Treasury (Treasury) following the guidance for submission of requests for exception in Chapter 1 of this volume.

130103. Foreign Coins

DOs generally limit foreign funds to paper currency. Coins present problems of weight, storage, transportation, and disposition; acquire them only for special circumstances to fill specific needs or when received as change incident to an official cash payment in foreign funds.

1302 PROCUREMENT OF FOREIGN FUNDS

130201. Transfer of Funds on Relief of DO

A. Cash. Transfer cash funds in foreign currency in the same manner as U.S. dollars.

B. Limited Depositary Checking Account. Transfer LD checking account balances in accordance with Chapter 14 of this volume.

130202. Certificate or Statement

Procurement of foreign currency from U.S. Government or commercial sources requires a certificate or statement showing the amount purchased, the rate of exchange, the amount of U.S. dollars paid, the date, and the source/seller. Include the certificate or statement with the DO's monthly financial reports.

130203. Department of Defense (DoD) Contract Military Banking Facility (MBF)

When possible, DOs purchase foreign currency (including funds for LD checking accounts) from an MBF by Treasury check issued in exchange for the foreign currency. The DO draws the exchange-for-cash check following Chapter 3 of this volume, and endorses it to the order of the MBF furnishing the foreign currency. The DO may also obtain foreign currency by electronic funds transfer (EFT) (e.g., Treasury's International Transfer Services (***ITS.gov***)) in lieu of an exchange-for-cash check. See Chapter 12 of this volume.

130204. U.S. Government Sources

When an MBF is not available, DOs follow this paragraph to obtain foreign currency (including funds for LD checking accounts). When possible, obtain foreign currency by purchase from other DoD DOs, United States Disbursing Officers (USDOs), cashiers at American Embassies, or the Federal Reserve Bank of New York (FRBNY). Normally, the DO draws an exchange-for-cash check following Chapter 3 of this volume and endorses it to the order of the officer furnishing the foreign currency. When foreign currency is purchased from a USDO or an American Embassy cashier, the check may be issued in favor of the American Embassy if the seller so requests. When foreign currency is purchased from the FRBNY, the DO makes appropriate arrangements with the FRBNY. Also, DOs may purchase foreign currency via EFT; see paragraph 130203 of this chapter.

130205. Commercial Sources

When neither an MBF nor other government source is available, a DO may purchase foreign currency (including funds for LD checking accounts) from commercial sources using State Department regulations or the currency control laws of the country where the currency will be used. When there are no State Department procedures, the DO purchases foreign currency at the best rate available (e.g., fixed or non-fixed legal rate) under the laws of the country where the currency will be used. Generally, obtain at least three bids in order to determine the "best rate." See paragraph 130208 of this chapter. Purchase foreign currency from commercial sources by U.S. Treasury check whenever possible or, if necessary, using U.S. currency. Draw Treasury checks to obtain foreign currency from commercial sources in favor of the DO and endorse them to the order of the banking institution or commercial enterprise providing the funds.

130206. Repurchase From Individuals and Collections from Foreign Vendors

Subject to the provisions outlined in Chapter 12 of this volume, DOs may repurchase foreign currency from individuals. They may also receive foreign currencies either as refunds from foreign vendors or in payment for sale of excess foreign property (see ***DoD 4160.21-M*** (Defense Materiel Disposition Manual)). Foreign currency sales receipts from post offices, exchanges, commissaries, and other nonappropriated fund activities are not collections by the disbursing office, but may be acquired by purchase only to the extent necessary to acquire foreign exchange for the LD 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, a DO may purchase foreign currency from commercial sources without obtaining bids. These purchases require a statement signed by the seller that provides the date, amount of purchase, and exchange rate. The DO retains the statement as supporting documentation for the monthly accountability reports.

130208. Non-fixed Legal Rate of Exchange

When a DO obtains foreign currency from a commercial source in a country where the rate of exchange is not established by agreement between the U.S. and the foreign country, use ***DD Form 2668*** (Request for Bid (Purchase/Sale)) in duplicate to obtain written bids from at least three legally authorized sources, when available. When practical, solicit bids from sources outside the country of the currency involved. Accept the bid providing the most beneficial exchange rate to the U.S. Government, as certified by another commissioned officer. The DO includes a copy of the certified and accepted bid as a supporting document with the financial reports, and keeps a copy of it to substantiate the place of purchase if some of the currency is eventually sold through commercial channels. See figure 13-1.

130209. Mutilated or Unfit Currency

DOs and authorized agents take every possible precaution to prevent accepting mutilated or unfit foreign currency as a collection, payment, or an accommodation transaction. A DO or authorized agent holding mutilated or unfit foreign currency attempts to replace it through local banks or the host country's central bank. If the host country will not replace mutilated or unfit currency, follow paragraph 130309 of this chapter.

130210. Valuation of Foreign Precious Metal Coins

Treat any foreign gold, silver, or other precious metal coins purchased for purposes other than routine settlement of amounts owed as property held in inventory rather than currency.

1303 DISPOSITION OF FOREIGN CURRENCY AND OTHER NEGOTIABLE INSTRUMENTS

130301. Payments and Sales to Authorized Personnel

DOs may use foreign currency for payments to personnel (see Chapter 12 of this volume) and foreign vendors (see Volume 10 of this Regulation), and may sell foreign currency (accommodation exchange) to authorized personnel for U.S. dollars; see Chapter 12 of this volume.

130302. Disposition of Excess Foreign Funds

When possible, transfer foreign currencies excess to immediate disbursing needs to other DoD DOs, USDOs, or accountable officers in a particular locality who may need them. When the collection of foreign currency causes a noninterest bearing LD checking account to exceed a

30-day supply, and all attempts to sell the currency to other DOs or accountable officers have been exhausted, establish an interest-bearing LD account when possible; see Chapter 14 of this volume. In such cases, the DO immediately places funds in excess of estimated draw-downs in the non-interest bearing account for the ensuing 14-day period in a demand or short-term interest bearing account, when available, but do not maintain balances merely to receive interest.

130303. Sale to Another DoD DO

A. Checks, Drafts, and Money Orders. Sort checks, drafts, and money orders payable in foreign currency by the geographical location of the institutions on which they were drawn and send them by registered mail or courier to a DoD DO located in the country of the monetary unit involved. Send them with a properly completed ***DD Form 165*** (Shipment of Funds) and a letter of transmittal, addressing both to "Disbursing Officer (activity of addressee);" see Chapter 5 of this volume. Include in the letter of transmittal a request for a U.S. Treasury exchange-for-cash check. Indicate on the DD Form 165 the country, type, amount, exchange rate, and U.S. dollar value of the instruments. Endorse the instruments "Pay to the order of disbursing officer (activity of addressee). (Signature of sender)." When there is no DoD DO in the country involved, deposit the instruments following paragraph 130306.

B. Foreign Currency (Cash). Send other than local currencies and currencies not required for official purposes to a DoD DO who may need them, or to a DO located in a country where the currency is legal tender. Exchange the foreign currency for U.S. currency or a U.S. Treasury exchange-for-cash check. When using registered mail or courier, follow Chapter 5 of this volume, and include a properly completed DD Form 165 and letter of transmittal requesting a U.S. Treasury exchange-for-cash check. Include on the DD Form 165 the country, type, amount, exchange rate, and U.S. dollar value of the foreign currency. Do not send foreign coins for exchange except under unusual circumstances and with the prior concurrence by the intended recipient.

C. Rate of Exchange. Use the prevailing rate of exchange on the date of transmittal (for the seller) for the transactions described above, and the prevailing rate on the date of receipt (for the buyer). Since the prevailing rate is the holding rate for the receiving office, there will be no gain or loss in the receiving office's accounts. The selling office accounts for any gain or loss due to exchange rate fluctuations when it receives the exchange-for-cash check.

130304. Sale to an MBF

A DO may sell excess foreign currency to an MBF whenever the currency cannot be sold to another DoD DO. The selling DO uses the MBF "buy rate" as the rate of exchange on the date it sends the currency to the MBF. The selling office accounts for any gain or loss due to exchange rate fluctuations when it receives the U.S. dollars from the MBF.

*130305. Sale Through Commercial Channels

If foreign currency (cash) cannot be sold following the preceding paragraphs, a DO may sell it through commercial channels. If the rate of exchange has been established by agreement

between the U.S. and the foreign country, sell or otherwise dispose of foreign currency for U.S. currency or U.S. dollar checks at the established rate of exchange. For this type of sale, the bank or other entity to which the foreign currency is sold provides a statement showing the amount of U.S. dollars supplied, rate of exchange, amount of foreign currency received, date, and name and address of the bank or other entity. The recipient's representative signs the statement and the DO includes it with the financial reports. Also, a DO may conduct foreign currency sale transactions with a bank or entity approved by the Treasury (e.g., an MBF). When the rate of exchange is not established by agreement between the U.S. and the foreign country, or if there is not a bank or entity approved by Treasury to establish LD accounts, use a DD Form 2668 to request at least three bids from reputable banking institutions or dealers in foreign exchange, if available. Sell the foreign currency to the bidder submitting the most beneficial bid as certified by a commissioned officer other than the DO; the DO accepts it and includes it with the financial reports to support 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. Deposit U.S. dollar instruments drawn on foreign banks or branches of U.S. banks payable through a bank in the U.S. as prescribed in Chapter 5 of this volume for other U.S. dollar instruments. These bear an American Bankers Association routing transit number and may be encoded using magnetic ink character recognition typescript on the bottom, left-hand side.

B. Instruments Drawn on Foreign Banks Payable in U.S. Dollars Through Foreign Banks. If disposition is not possible through a DoD DO or an MBF, endorse U.S. dollar instruments drawn on foreign banks and foreign branches of U.S. banks payable only at the foreign bank or branch following Chapter 5 of this volume; send them for deposit to Citigroup, Global Cheque Collections, 1 Penn's Way, New Castle, DE 19720 (Telephone (302) 324-6792). Send a single Standard Form (SF) 215 (Deposit Ticket) with all U.S. dollar foreign instruments sent to Citigroup on a single day. Prepare the SF 215 as following Chapter 5 of this volume, but leave Block 2 (Date Presented or Mailed to Bank) blank. Enter the date mailed in Block 6 (Agency Use), and include the record of instruments deposited required by Chapter 5 of this volume. Credit the amount of the deposit in the Treasury's General Account (TGA) upon receipt by Citigroup, which will return a confirmed copy of the SF 215 to the DO. Credit the entire amount of the SF 215 in the TGA upon receipt even though the proceeds of these types of checks may not be collected for several weeks. DOs should be aware that they may receive an 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. If disposition cannot be made through a DoD DO or an MBF, endorse instruments drawn on foreign banks and foreign branches of U.S. banks payable only at the foreign bank or branch in foreign currency as prescribed in Chapter 5 of this volume and send them to Citigroup at the address in the preceding paragraph for deposit. Send a single SF 215 (Deposit Ticket) with each foreign currency instrument. Prepare the SF 215 as prescribed in Chapter 5 of this volume, but leave Blocks 2 (Date Presented or Mailed to Bank) and 4 (U.S. dollar amount) blank. Enter the

date mailed in Block 6 (Agency Use), and include the record of instruments deposited required by Chapter 5 of this volume. The DO maintains a description of each instrument should it becomes lost, destroyed, mutilated or unfit to reconstruct, if needed. Inscribe on the front of the SF 215, or the back if space is lacking on the front, 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. The DO may omit this information if adequate records are available to provide identification through an audit trail, or if checks are photocopied or digitally imaged. Upon receipt, Citigroup enters the date and U.S. dollar value on the SF 215, and returns the confirmed copy to the DO.

D. Uncollected Checks and Collection Charges. The minimum U.S. dollar amount of each check that Citigroup will accept for deposit is $5 (U.S.) for Canadian bank checks and $15 (U.S.) for other foreign bank checks. Charge all collection charges (lifting fees) in connection with foreign checks (e.g., uncollectible check charges, exchange fees) assessed after dollar credit has been given in the TGA back to the depositor via an SF 5515 prepared by Citigroup. A considerable period of time may elapse after the deposit is confirmed before assessment of these charges. 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 Citigroup) are collectible from the person or vendor who presented the instrument to the DO.

E. Deposit of Foreign Currency (Cash)

1. If disposition of foreign currency (cash) cannot be accomplished by any of the methods described above, the DO contacts the Bank of America's foreign currency trading desk at 1-800-387-1012. The foreign currency trader will ask for the 5-digit client number (37539, unique to the Treasury) and the 4-digit Agency Location Code (ALC), i.e., the disbursing station symbol number (DSSN). The DoD DO is identified as an extension of the 5-digit client number using the ALC (DSSN). After accessing the client number, the trader creates a sublist of branches/agencies using the ALC (DSSN) and asks the caller for information to update the ALC profile (address, direct phone number, contact name).

2. The foreign currency trader provides a foreign currency conversion rate and the U.S. dollar equivalent (USDE). The Bank of America is able to provide the USDE 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 contacts the Bank of America and informs the trader of the correction/difference.

3. The DO sends a separate SF 215 for each type of currency for all foreign currency transactions. The SF 215 must indicate the DO mailing date, the ALC (DSSN), and in Block 4 the amount of the net U.S. dollar proceeds; indicate in the Agency Use block the name of the foreign country, type and amount of foreign currency, and the 5-digit client number. Upon sale, the Bank of America gives dollar credit through CA$HLINK II, Treasury's deposit reconciliation system, and returns the confirmed copy of the SF 215 to the DO.

4. If the DO makes a deposit ticket error, the Bank of America adjusts the error by preparing an SF 5515 for a decrease or an additional SF 215 for an increase

in the amount. The Bank of America provides an explanation of the adjustment on the SF 5515 or SF 215 and sends a copy of the applicable form, along with the original SF 215, to the DO.

5. For counterfeit, out of circulation, or outdated (having lesser value) foreign currency, the Bank of America prepares an SF 5515, noting the date of receipt, currency note and the serial number, and sends a facsimile copy of the counterfeit note on request.

6. Shipping procedures. DOs follow the shipment of public funds requirements in Chapter 5 of this volume when shipping foreign currencies. DOs must also comply with the following:

a. Send transactions under $100 (USDE) by certified mail using the U.S. Postal Service. Reinforce a sturdy brown envelope with standard shipping tape addressed to Bank of America, FCS-LAOC No. 4658, P.O. Box 54529, Los Angeles, CA 90054-0529.

b. Follow the preceding paragraph for transactions between $100 to $5,000 (USDE), but send them via registered mail. The Bank of America insures this type of shipment.

c. Do not mark or otherwise outwardly identify the contents of these shipments.

d. For transactions over $5,000 (USDE), package the currency tightly in a Brink's self-sealing shipping bag following the sealing instructions on the bag. If a bag is needed, the Bank of America instructs Brink's to arrange for pick-up with a bag or sends bags via Federal Express. Where Brinks' service is not available, an alternate method may be arranged. Address the shipment 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, and is closed only when both Canadian and U.S. Holidays coincide, e.g., New Years and Christmas. Should Saturday access be required, make prior arrangements with Bank of America.

130307. Accounting for Deposits

A. Foreign Negotiable Instruments. Pending receipt of the confirmed copy of the SF 215 (see paragraph 130306.C), record the deposit on line 6.7 of the ***DD Form 2657*** (Daily Statement of Accountability) 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 before the end of the month in which mailed, report the item on line 6.7 of the ***SF 1219*** (Statement of Accountability) as Cash in Transit. The depositary enters the net U.S. dollar proceeds in Block 4 of the SF 215 and distributes the copies as for any regular deposit. Upon receipt of the confirmed copy, the DO enters 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. Account for 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) as either a gain or a loss by exchange transaction as prescribed in section 1304. Do not report deposits of foreign negotiable instruments in accordance with this section as "Deposits Presented or Mailed to Bank" until receipt of the confirmed copy of the SF 215 because the U.S. dollar value to be reported as deposited is not known to the DO until then.

B. Foreign Currency (Cash). Since the USDE of the foreign currency deposit made as prescribed in subparagraph 130306.E was supplied 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 of this volume.

130308. Dishonored Foreign Checks, Drafts, and Money Orders

Dishonored foreign instruments received by DoD DOs are subject to the regular debt collection procedures in Chapter 4 of this volume. DOs request removal of dishonored item deficiencies for instruments received in providing accommodation exchange services that become uncollectible.

130309. Mutilated or Unfit Foreign Currency

DOs in foreign areas contact local banks or fiscal authorities to arrange for the exchange of mutilated or unfit currency for fit currency. DOs ship mutilated or unfit foreign currency held outside the area in which the currency is legal tender to a DoD DO in the country where the currency is legal tender, with a properly-completed DD Form 165 and a letter of transmittal requesting a U.S. Treasury exchange-for-cash check. Send mutilated or unfit foreign currency which the DO cannot exchange for fit currency or a U.S. Treasury check to the Bank of America following paragraph 130306.E at the address in subparagraphs 130306.E.6.a or 130306.E.6.d.

130310. Counterfeit or Altered Foreign Currency

Dispose of counterfeit or altered foreign currency in accordance with any applicable agreement which may exist between the United States and the foreign country. Absent an agreement, ship the currency to the appropriate investigative agency or nearest military security agency. Obtain a receipt for the currency, and account for it in the DO's records in the same manner prescribed in Chapter 5 of this volume for counterfeit U.S. currency. A DO considered at fault in acquiring counterfeit foreign currency is accountable for the value of the currency. Submit requests for relief under the same guidelines that would be used for counterfeit U.S. currency.

1304 FOREIGN CURRENCY EXCHANGE RATES

130401. Prevailing Rate of Exchange

A. General

1. The prevailing rate of exchange is the most favorable rate legally available to the U.S. Government for acquisition of foreign currencies for official disbursement and accommodation exchange transactions. If the currency of any one country is obtained from more than one of the following sources, maintain separate accountability for exchange rate adjustments. These sources are listed in the desired order of acquisition:

a. DoD Contract 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, carry all foreign currency (including the LD checking account) at the prevailing rate. Compute disbursements for official expenditures or accommodation exchange transactions to avoid gains or losses due to fluctuations in rates of exchange to the extent possible. If there is no rate of exchange established by agreement between the U.S. Government and the foreign country or where no MBF is available, conduct foreign currency transactions at the prevailing rate using the rate of exchange of the currency on hand as determined by the method outlined in paragraph 130402.

B. Gain or Loss by Revaluation. Except when using the method outlined in paragraph 130402, any change in the prevailing rate causes a gain or loss by revaluation since there is a change in the U.S. dollar (USD) value of the foreign currency. Whenever possible, revalue the foreign currency on hand (including LD checking accounts) at the beginning of the business day on which a rate change occurs. Determine the new USD value by dividing the total foreign currency on hand (including LD checking accounts) by the new exchange rate, and whether a gain or loss by revaluation has occurred by comparing the USD value at the old rate to the USD value at the new rate. Because DOs carry foreign currency held in the disbursing account at the USD value, adjust that value by the amount of the gain or loss 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 method outlined in paragraph 130402, use ***DD Form 1131*** (Cash Collection Voucher) to credit gains and ***SF 1034*** (Public Voucher for Purchases and Services Other Than Personal) to charge losses, citing the Gains and Deficiencies–Exchange Transactions, **-6763 appropriation. Show the computation of the revaluation gain or loss on the DD Form 1131 or SF 1034, as appropriate. Calculate gain/loss values for each currency individually by DO/DDO/agent/cashier to keep personal accountability accurate. DOs may consolidate the "net" change for all currencies on a single DD Form 1131 or SF 1034, as appropriate. For balance-of-payments purposes, code credits and charges to appropriation **-6763 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, not 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 differences between budgeted foreign currency rates at which obligations are recorded

and the rates at which they are liquidated. Treat the FCFD and the FCFCD portions of foreign currency disbursements separately on disbursement vouchers as charges 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

a. Military service members stationed in overseas areas are authorized advanced overseas housing allowance for security deposits to obtain leased housing. As authorized by the Joint Federal Travel Regulations, Chapter 9, the supporting DO pays the necessary amount in the appropriate local currency and charges the appropriate military pay appropriation for the USDE. The preferred method for paying advanced housing allowance is a limited depositary account (LDA) check in the local currency of the area involved.

b. For disbursing offices that do not maintain an LDA in the required currency, the member presents a copy of the lease agreement containing the amount of foreign currency needed to initiate the lease contract. The disbursing office contacts the local MBF to determine the foreign currency exchange rate applicable on the date the advance is to be paid, computes the USD amount, and requests that the appropriate military pay entitlement office prepare and certify the appropriate voucher for payment of the advance in U.S. dollars, charging the appropriate military pay appropriation. The member converts the payment to local currency at the MBF.

c. The supporting finance office maintains a tracking system, either by input into the master military pay account (MMPA) or by manual methods, showing the amount of the advance paid in local currency, the U.S. dollar equivalent and the exchange rate in effect on the date of payment.

d. Lease Termination

1. At lease termination, service members return the total amount of the deposit in local currency to the supporting disbursing office in exchange for a receipt. The supporting disbursing office credits the U.S. dollar equivalent, based on the rate of exchange in effect on the date of the return, to the appropriation charged when the deposit was advanced, compares that rate of exchange with the rate in effect on the date of the advance, and posts any loss or gain due to currency fluctuation as a charge or credit, as appropriate, to the current military pay appropriation.

2. In instances where the security deposit was paid in U.S. dollars, the member takes the full value of the security deposit in foreign currency to the MBF, converts it to U.S. currency, obtains a receipt indicating the exchange rate, and turns in the U.S. currency and receipt to the disbursing office which prepares a collection voucher for credit to the appropriate military pay appropriation, indicates return of the security deposit, verifies with the MMPA or local record whether a gain or loss has occurred for the current exchange rate, and prepares the appropriate voucher to credit or debit the gain or loss to the appropriate military

pay appropriation, ensuring that the member does not experience any gain or loss due to foreign currency fluctuations.

130402. Recomputed Rate of Exchange

In countries where there is no rate of exchange agreement between the U.S. and host governments or no MBF is available, and a DO must acquire additional foreign currency on hand (including LD checking accounts) through purchase or acquisition to meet operational needs, the DO will need to recompute the operating rate of exchange after the acquisition if the rate of exchange of the newly acquired currency differs from that of the DO's current balance. The DO then disburses from his or her account using the recomputed rate of exchange.

A. Determining the New Rate of Exchange. Determine the new rate of exchange by adding the USDE value of the foreign currency on hand before the new acquisition to the USDE value of the additional foreign currency purchased, and divide the total into the new total of foreign currency units on hand; round the result to five decimal places. Do not adjust the rate until new foreign currency units are acquired. The DO or deputy prepares a certificate of change similar to the example in figure 13-3, and submits the certificate with the next SF 1219. When possible, determine the value of foreign currency on hand (including LD checking accounts) at the beginning of the business day. If recomputation of the rate of exchange for foreign currency on hand is required during a business day, enter the voucher number of the last disbursement or collection voucher processed under the old rate of exchange on the certificate of revaluation. If none have been processed during the current business day, so state.

B. Adjustments Due to Rounding. Due to the rounding on individual disbursements and collection transactions, a difference in the U.S. dollar value of foreign currency on hand may occur and cause 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 account for minor gains or losses, the DO adjusts the U.S. dollar value of foreign currency on hand as part of the daily balancing process. For example, the following reflects transactions occurring on January 3, 20XX:

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	125.31393
859,159,065 (Balance)	$6,854,512.60	125.34211
- 9,396,641 (Disbursed)	74,967.95	125.34211
849,762,424	$6,779,544.65	125.34211

Actual U.S. Dollar Value: 849,762,424 (# of foreign units) divided by the recomputed 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 may not always accurately reflect the U.S. dollar value. Note that the rate of exchange for the newly-acquired foreign

currency differs from that of the initial balance on hand.

1. Accounting for Gains and Losses Due to Rounding. Credit/charge all gains/losses due to rounding to the appropriation Gains and Deficiencies on Exchange Transactions, **-6763, using DD Form 1131 or SF 1034, as appropriate. Attach a certificate of adjustment, prescribed in the next subparagraph, to the voucher to support the transaction.

2. Certificate of Adjustment. The DO or deputy prepares and signs a Certificate of Adjustment Due to Rounding, similar to the example in figure 13-4, when a minor gain or loss results.

1305 CONTRIBUTED CURRENCIES

*130501. Policy

For guidance on using contributed currencies and the expenses which are authorized to be paid with them, see ***DoD Instruction 2110.31*** (Contributions by Foreign Governments for Administrative and Operating Expenses of Military Assistance Programs). For additional guidance see Volume 12, Chapter 24 (Burdensharing and Overseas Relocation Contributions by Foreign Allies).

130502. Procurement

Designated DoD DOs may purchase contributed currencies from Department of State DOs with U.S. Treasury exchange-for-cash checks or U.S. currency, limiting these purchases to current cash requirements as prescribed in Chapter 3 of this volume.

130503. Use

Use contributed currencies to the maximum extent possible in lieu of U.S. currency or other purchased foreign currencies for expenditures authorized to be paid in contributed currency.

130504. Accounting

Record and report contributed currencies in the DO's account in the same manner as other foreign currencies. Maintain prescribed foreign currency records and reports in the usual manner. Also, establish and maintain appropriate internal controls as necessary to identify acquisitions and dispositions of contributed currencies and to provide a record of contributed currency transactions. Commanders responsible for administering the Security Assistance Program may prescribe additional local records and reports concerning use of contributed currency.

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 USS FAIRFAX COUNTY (LST-1193) FPO AE 09569-1814			**2. DSSN** 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 SHALL 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 SHALLIAM B. ELLIS, ENS, SC, USNR	**7. DISBURSING OFFICER'S SIGNATURE**		**8. DATE** JUNE 22, 20XX
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, 20XX
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, 20XX
15. BID ACCEPTED		**16. DISBURSING OFFICER NAME AND SIGNATURE** SHALLIAM B. ELLIS	**17. DATE** JUNE 25, 20XX
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 SHALL 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 13-2. Sample DD Form 2668 (Request for Bid (Purchase/Sale)) (Sale 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 SHALL 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 09569-1814			**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 SHALL 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 SHALLIAM B. ELLIS, ENS, SC, USNR	**23. DISBURSING OFFICER'S SIGNATURE**		**24. DATE** JULY 12, 20XX	
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, 20XX	
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, 20XX	
30. BID ACCEPTED		**31. DISBURSING OFFICER NAME AND SIGNATURE** SHALLIAM B. ELLIS	**32. DATE** JULY 13, 20XX	
33. REMARKS				

DD Form 2668, AUG 93

Figure 13-3. Sample Certificate of Change in Purchase Rate

3RD FORCE SUPPORT GROUP
FLEET MARINE FORCE
FPO SAN FRANCISCO

October 4, 20XX

CERTIFICATE OF CHANGE IN PURCHASE RATE

	Yen	Exchange Rate	U.S. Dollars
Total amount of Japanese Yen on hand at close of business October 3, 20XX	220,000	97.99991	$2,244.90
Japanese Yen received this date through sale of Treasury Check No. 196,240 for $10,000	200,000	102.00022	$1,960.78
Totals	420,000	99.86494	$4,205.68

420,000 Yen divided by $4,205.68 equals 99.86494, which is the new exchange rate for Japanese Yen on hand. This rate is based on the prior purchase exchange rate and the new exchange purchase rate for Yen purchased on October 4, 20XX.

No collection or disbursement vouchers processed this date prior to revaluation of Japanese Yen.

J. A. HANCOCK
DSSN 6870

Figure 13-4. Sample Certificate of Adjustment Due to Rounding

U.S. NAVAL STATION
ROTA SPAIN

January 3, 20XX

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

VOLUME 5, CHAPTER 14: "LIMITED DEPOSITARY CHECKING ACCOUNTS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated March 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Revise chapter to include administrative updates and hyperlinks.	Update

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CHAPTER 14

LIMITED DEPOSITARY CHECKING ACCOUNTS

1401 GENERAL

140101. Overview

In situations where the Department of the Treasury's International Payment System (ITS.gov) will not support mission requirements, disbursing officers (DOs) may maintain official limited depositary checking accounts (LDA) for check or electronic funds transfer (EFT) payments in foreign currency with banks designated as "Depositaries of Public Moneys of the U.S." by the Department of the Treasury (Treasury). Except for LDAs in U.S. dollars established based on Title 10, United States Code, Section 127 (***10 U.S.C. 127***) for Intelligence Contingency Fund (ICF) purposes, LDAs in U.S. dollars may not be established unless specific authority is first obtained from the Director for Accounting and Finance Policy, Office of the Under Secretary of Defense (Comptroller), through Disbursing Policy Division, DFAS Indianapolis (DFAS-ZPFA/IN), 8899 E. 56th Street, Column 329F, Indianapolis, IN 46249-0050.

140102. Selecting Limited Depositaries (LD)

Treasury selects financial institutions to maintain U.S. Government operating accounts per ***31 U.S.C. 3303*** based on obtaining the most beneficial banking arrangement available to the U.S. Government to transact its business, giving preference to American financial institutions unless a local bank's arrangement is more advantageous to the U.S. The DO confers with the local U.S. Embassy or Consulate for assistance in determining which banks meet the criteria for consideration to maintain an account. When anticipating the establishment of a new LDA, the DO solicits all American-owned and leading local financial institutions in the area to determine which would offer the most beneficial arrangement. This solicitation process must 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 considers, in descending order of importance, (1) standard operating services minimally required; (2) customary local banking practices (e.g., telex cost or armored car service); and (3) other special services that may be necessary in a particular country or circumstance (payment of interest on the account, waiver of miscellaneous charges, etc.). The required services must include:

A. Capability to honor payments to payees in outlying areas;

B. Processing of checks and, if possible, EFTs and deposits;

C. Provision of a daily or a monthly bank statement as needed; and

D. Acceptance of the DO's funding procedures.

The DO ensures the bank is a valid, financially-secure, dependable, and reliable financial institution to avoid losses and ensure the protection of U.S. Government funds. Unsolicited

proposals from financial institutions to operate an existing LDA may be received any time, and the LDA is open to all interested financial institutions if the DO determines that one of them either offers a more beneficial banking arrangement than currently received, or reflects a higher level of American ownership than the present LD.

140103. Requesting Limited Depositary Accounts

Once a DO selects an LD, he/she sends a request for approval and designation of an LDA through DFAS-ZPFA/IN to the, Financial Management Service, Department of the Treasury via email to ***treasuryinitiatives@dfas.mil***.

A. Requests for U.S. dollar accounts must include documentation indicating that the DO requested and received a commitment to pledge collateral from the bank suggested for selection. If the bank agrees to pledge collateral, the DO may request a U.S. dollar operating account; otherwise, the DO may request only a U.S. dollar zero-balance account.

B. Request for LDA should include the:

1. disbursing station symbol number (DSSN);

2. justification for the account, to include the reason(s) why ITS.gov will not support mission requirements;

3. location;

4. name of the currency;

5. criteria for determining the preferred bank and reasons for recommending its selection (i.e., results of the competitive process);

6. name of the bank to be designated (regardless of possible previous designation);

7. bank address;

8. name and title of bank official and telephone number(s);

9. percentage of ownership by a U.S. bank; and

10. name of the correspondent bank in the U.S., the account number, and a point of contact (name, title, and telephone number).

1402 ESTABLISHMENT OF LIMITED DEPOSITARY CHECKING ACCOUNTS

140201. Establishment Procedure

Once Treasury approves a request, establish the LDA in the name of the activity to which the DO is assigned. Limit authority to sign checks drawn on the LDA to the DO and other deputies or agents that the DO appoints. When a DO transacts business in multiple foreign currencies, establish and maintain a separate LDA for each.

140202. Letter of Authorization

The commander certifies by letter the name and rank of the DO assigned to the activity, stating that the DO is authorized to maintain an LDA(s) with official funds of the United States in the name of the activity. When a deputy disbursing officer (DDO) works for a centralized DO, the commander's letter identifies the DDO that will maintain the account. The letter:

A. Certifies that the account is subject to checks issued by the DO, other appointed DDOs, and his or her successors in office;

B. Contains specimens of the DO's and authorized DDOs' signatures, and a certification that the signatures are those of the personnel authorized to transact business with the LDA; and

C. Requests the bank to acknowledge acceptance by endorsement of the letter, in triplicate. The bank should retain the original letter and return two copies to the activity.

140203. Blank Limited Depositary Checks

A. Procurement. LDA checks are not available through the U.S. Treasury check contract. Order them from the bank maintaining the LDA, charging their procurement cost to the disbursing activity's operating funds.

B. Print Order Requirements. Obtain LDA checks in continuous form format for mechanized systems. The checks must be overprinted to provide the serial number of the check, name of the activity, any limited-payable notices as may apply in the foreign nation, and information necessary for security and accounting for check issues.

C. Security. Control and safeguard blank LDA checks in the same manner as prescribed for U.S. Treasury checks in Chapter 7 . If LDA checks are lost or stolen, the DO immediately notifies the LD of the serial numbers of those checks, places stop payments against them, and submits copies of the stop-payment requests with the next original LDA reports.

D. Relief of DO. Transfer unused LDA checks to the relieving officer, with no change in serial numbers, for his/her use.

E. LDA No Longer Required. When a LDA is no longer required or when a disbursing office is deactivated, void all unused blank LDA checks and destroy them; see section 1404 and Chapter 8.

1403 MAINTAINING A LIMITED DEPOSITARY CHECKING ACCOUNT

140301. Preparation of Limited Depositary Checks

A. General. Prepare LD checks by typewriter or automated check writing equipment, if available.

B. Record of Check Issues. DOs maintain a record of all LD checks issued. The record includes payee names, voucher numbers, amounts (in the currency of the check), check serial numbers, check dates, and activity name under which the account is established. Other information as to the purpose for which checks are issued and local identification codes is optional at the issuing DO's discretion. The record may be on paper or in media designed for data processing use (e.g., diskette, or compact disk). Keep a separate record for each LDA. Include records of check issues with retained disbursing records.

140302. Disbursement Vouchers

When a payment is made by LD check, enter the notation "LDA Check No.___," on the disbursement voucher. Although a receipt is not generally required for a check payment, local laws may prohibit LD checks drawn outside the U.S. from being returned to the drawer. In these cases, show evidence of receipt of the payment on the voucher on which a LD check payment appears in one of the following two ways:

A. Signature on Original Voucher. Submit the original voucher as a part of the financial reports for the month of payment; or

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 the DO, are satisfactory evidence of payment. The certificate of the bank should essentially say, "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 the checks are on file in this bank and will be held for ___ years." The DO certifies to the reconciliation of the bank statement with the disbursing records.

140303. Delivery of Checks

Before mailing any LD checks outside the country in which the LD is located, the DO verifies that such action is not prohibited by the Status of Forces Agreements or the banking laws of the countries involved. See Chapter 8.

140304. Irregularity after Delivery of Checks

When an irregularity occurs after check delivery and the check is still outstanding, stop payment of the check. Provide a complete report of the facts with the request for stoppage. If the irregularity is discovered after payment of the check, the DO notifies the depositary of the irregularity.

140305. Interest on Deposits

In certain cases, LDs pay interest on checking accounts. When possible, the DO obtains interest on the LDA. The DO canvasses the market to obtain the highest interest rate legally available and commensurate with disbursing requirements, and is responsible for monitoring the interest-bearing accounts to ensure that interest is being paid on a timely basis following agreements between the DO and the banks. Upon notification that interest has been credited to the account, the DO prepares a ***Department of Defense (DD) Form 1131*** (Cash Collection Voucher) crediting **3220, General Fund Proprietary Receipts, Not Otherwise Classified, All Other, for the U.S. dollar equivalent of the interest, and records the transaction as both a collection and an increase of cash on deposit in the LDA.

140306. Account Balances

Do not use LDA balances (or the forfeiture of potential interest earnings on the account) to subsidize banking services that otherwise would be funded through the appropriation process. Keep daily LDA balances as near zero as possible. Otherwise, maintain the LDA balance solely to support disbursing requirements. If the collection of foreign currency causes a noninterest bearing LDA to exceed 5 to 7 business-day supply and all attempts to sell the currencies to other DOs are exhausted, the DO sells the foreign currency for U.S. dollars for deposit to a bank designated as General Depositary for the Treasury.

140307. Review of Limited Depository Accounts

A. Commanders' Review. Commanders require review of LDAs maintained by DOs to ensure compliance with this volume. The cash verification team (see Chapter 3) performs this review quarterly (unannounced), upon transfer of accountability to a successor DO, upon deactivation of the LDA, before departure of the DO from the command, or upon a change in the designated settlement office.

B. DOs' Review. DOs review the LDA on a continuing basis to ensure:

1. Maintenance of account balances at the minimum necessary to meet immediate disbursement needs (checks issued and in process) commensurate with the activity in the LDA;

2. Balances in excess of immediate needs (typically a 5 to 7 business day supply) are promptly withdrawn and deposited with the Treasury;

3. The terms negotiated with the depositary are favorable to the government, including interest on the account at the highest possible rate;

4. At least every 3 years, for each account, the DO determines if it may be cost effective to solicit competitive proposals from all American-owned and leading local financial institutions in the area to secure the most beneficial banking agreement; and

5. DOs immediately notify Treasury's Over-the-Counter Revenue Collection Division through DFAS-ZPFA/IN at the email address listed in paragraph 140103 upon learning of a significant event that affects the designated bank (e.g., bank closure).

1404 VOIDED AND SPOILED LIMITED DEPOSITARY CHECKS

140401. General

Treat original LD checks that are not to be issued as voided or spoiled. Void LD checks with writing errors (e.g., wrong name, amount). In addition, void checks that were physically damaged during preparation, or where the applicable entitlement area has withdrawn the voucher. Mark these checks conspicuously to prevent their negotiation, either in error or through fraud. Prepare separate listings of voided and spoiled checks monthly and attach them to the ***Standard Form (SF) 1149*** (Statement of Designated Depositary Account).

140402. Voided Checks

The functional area authorizing the payment of a voucher may request voiding of a check. The DO's bases his/her decision on the payee's non-entitlement to payment, or an error in the way the check is drawn. Do not report voided checks as issued in the DO's check report. Upon determination to void a payment, render a check nonnegotiable 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. Do not store voided checks in the safe or vault of the DO or any deputies or agents. Prepare a listing of voided checks, entitled "Voided Checks," showing the accounting month, the name of the LD, and the LDA number at the end of each month and send it with the monthly SF 1149. Include the originals of all voided checks with the listing.

140403. Spoiled Checks

A DO issuing a check determines when to report a check as spoiled, basing this decision on the physical appearance of the check (e.g., mutilated, torn, not whole, smudged, or unreadable; or upon discovering an error in the preparation of the check, (e.g., voucher correct but the check data does not match)). Prepare a separate listing of spoiled checks, entitled "Spoiled Checks," in check-number sequence at the end of each month, showing the accounting month, the name of the LD, and the LDA number. Send the listing and the original spoiled checks with the monthly SF 1149. Replace a spoiled check with the next-available serially-numbered check. Except for the check serial number and the check issue date, enter the same information that appeared on the original check. Date the replacement check on its issue date. Render the original check nonnegotiable by writing, marking, or stamping "SPOILED – NOT NEGOTIABLE, REPLACEMENT ISSUED UNDER CHECK NO.___ DATED ____" on the face of the check. Inscribe "Issued to Replace Check No. ____" on every replacement check in the lower left-hand corner of the face of the check. Show this same information on the detailed record of checks issued.

1405 TRANSFERRING PROCEEDS OF LIMITED DEPOSITARY CHECKS

140501. General

Occurrences after an LD check has been issued may require transferring the check proceeds to Treasury or the original appropriation. The most frequent of these is when outstanding check amounts are transferred to Treasury as uncurrent. An uncurrent LD check is one that has not been negotiated through the LD for at least one full fiscal year after the fiscal year in which the check was issued, except where the laws provide that the negotiable period of a check is shorter. The transfer of LD check proceeds may be due to undeliverable checks or checks due deceased or incompetent payees.

140502. Uncurrent Check Transfers

The DO who issued the original check, the successor to that DO, or a settlement officer designated by the supporting DFAS site transfers proceeds of uncurrent checks to Treasury each October.

A. Open LDAs

1. Preparation of Check Listing. Prepare a separate check listing in an original and four copies for each LDA, with a heading showing the DO's name and location and the name and location of the LD. Include the uncurrent LD checks in ascending numerical order on each listing, showing each check's issue date, check number, name of the payee, check amount in the check's currency, and the U.S. dollar equivalent of the check when it was issued (as shown on the payment voucher). Show the total amount of foreign currency units and the total U.S. dollar equivalent of all checks on the listing. Transfer the total U.S. dollar equivalent at the time the checks were issued to Treasury account, 20X6045, Proceeds and Payment of Certain Unpaid Checks.

2. Stop Payment Notice to LD. The DO immediately gives a copy of the uncurrent check listing to the LD, requests that it place stop payments on all checks on it, and instructs the LD 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 Credit Accounting Branch, Financial Management Service, Department of the Treasury 3700 East-West Highway, PG Metro Center II, Room 6D32, Hyattsville, MD 20872.

3. Method of Transfer. The DO prepares an ***Optional Form (OF) 1017-G*** (Journal Voucher (JV)) to document the purchase of foreign currency represented by the outstanding checks, and completes the purchase by issuing a U.S. Treasury check payable to the Department of the Treasury for the U.S. dollar equivalent shown on the check listing. Include a complete explanation of the transaction on the JV, giving the date, check serial number, and DSSN of the activity issuing the U.S. Treasury check. The JV supports the increase in the LDA checkbook balance. Report the transaction on line 6 of the ***SF 1149***. Attach a copy of the JV to the uncurrent check listing and send it with the U.S. Treasury check to the Department of the Treasury; see paragraph 140502.A.2.

4. Accounting for the Transfer

a. Report the U.S. Treasury check in the daily business as "Checks Issued on U.S. Treasury."

b. Increase "Cash on Deposit in Designated Depositary" in the same U.S. dollar amount as the U.S. Treasury check.

c. Increase the LDA checkbook balance by the total amount of foreign currency units shown on the check listing.

d. Compute the U.S. dollar equivalent of the LDA checkbook balance (including the foreign currency units added above) using the current rate of exchange.

e. Compare the computed total U.S. dollar equivalent of the LDA checkbook balance to the total U.S. dollar equivalent shown as "Cash on Deposit in Designated Depositary." Voucher any difference as a gain or loss by exchange transaction on a ***DD Form 1131*** or ***SF 1034***, (Public Voucher for Purchases and Services Other Than Personal) (as appropriate) against **6763, Gains and Deficiencies on Exchange Transactions, and record it in the day's business as either a collection or a disbursement, increasing or decreasing (as applicable) "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:

a. Send the original and one copy of the uncurrent check listing, a copy of the OF 1017-G, and the U.S. Treasury check to the Department of the Treasury. See paragraph 140502.A.2;

b. Send a copy of the uncurrent check listing to the LD;

c. Attach one copy each of the uncurrent check listing, the OF 1017-G, and the DD Form 1131 or SF 1034 to the SF 1149;

d. File one copy of each of the uncurrent check listing, the OF 1017-G, and the DD Form 1131 or SF 1034 in the DO's retained LDA records; and

e. Include the original and appropriate number of copies of the OF 1017-G and DD Form 1131 or SF 1034 with other vouchers supporting the ***SF 1219*** (Statement of Accountability).

B. Closed LDs. When outstanding (unpaid) checks become uncurrent in a closed LDA, transfer the U.S. dollar equivalent to Treasury account 20X6045. The DO having jurisdiction over the closed account arranges 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 follows paragraph 140502.A. If the closed account belonged to a

predecessor DO or is part of the settlement account for a closed disbursing station, prepare an additional copy of the uncurrent check listing to file with the retained records of the closed disbursing station's records; include a reference to the disbursing office accomplishing the transfer and the date of transfer on this copy.

140503. Transferring Proceeds of Undeliverable Checks

This paragraph relates to the proceeds of undeliverable LD checks still due the payee or the payee's estate. Cancel LD checks returned as undeliverable and are not due the payee or payee's estate under section 1406.

A. Time Limit for Holding Undeliverable Checks. Hold undeliverable LD checks only until determination that the DO cannot deliver them with the information available, but not longer than 60 days from the date of issue.

B. Record of Undeliverable Checks. Record undeliverable LD checks on ***DD Form 2658*** (Returned and Undeliverable Check/Bond Record). Includes a complete description of the check, the disbursement voucher number, date the check was returned, disposition of the check, disbursing official authorizing disposition, and disposition date. The DO, principal deputy, or a third person having the DO's written authorization may approve disposition of undelivered checks.

C. Safekeeping of Undeliverable Checks. Protect undeliverable LD checks held in the disbursing office the same as cash. File them in an order best suited for ease of retrieval and ready identification.

D. Disposition of the Proceeds of Undeliverable Checks Drawn on Open Accounts. Credit the proceeds of undeliverable LDA checks (current as to date of issue) drawn on an open LDA 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. Establish a payable to allow for future settlement. Schedule undeliverable LD checks on an ***SF 1098*** (Schedule of Canceled or Undelivered Checks) 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. Process the SF 1098 as a cash collection. To maintain the DO's accountability, increase "Cash on Deposit in Designated Depositary" for the U.S. dollar amount of the SF 1098, and increase the LDA checkbook balance by the total amount of foreign currency units of the listed checks. Compute the current U.S. dollar equivalent of the LDA checkbook balance (including the foreign currency units added) using the current exchange rate. Compare the total U.S. dollar equivalent of the LDA checkbook balance to the total U.S. dollar equivalent shown as "Cash on Deposit in Designated Depositary." Prepare a voucher to document any difference in total U.S. dollar equivalents as a gain or loss by exchange transaction on a ***DD Form 1131*** or ***SF 1034*** (as appropriate) against **6763, and record it in the day's business as either a collection or disbursement, increasing or decreasing, as appropriate, "Cash on Deposit in a Designated Depositary." Update the record of outstanding and undeliverable checks to reflect the disposition. At the time of disposition, render the checks non-negotiable by writing, typing, or stamping on the face of the check, "NOT NEGOTIABLE, PROCEEDS CREDITED IN

GOVERNMENT ACCOUNTS, D.O. SYMBOL (DSSN)" to prevent unauthorized negotiation. Include the amount of the defaced checks on line 3 of the ***SF 1149***. Send the canceled checks and one copy of the SF 1098 with the SF 1149 in the same manner as voided and spoiled checks at the end of each month. Reproduce enough additional copies of the SF 1098 to provide the functional area authorizing the original disbursement a copy so they may establish a payable to handle future claims for the proceeds of canceled undeliverable checks.

E. Disposition of the Proceeds of Undeliverable Checks Drawn on Closed Accounts. If the LDA on which the undeliverable checks were drawn is closed, the successor DO or settlement officer notifies the LD that the checks are being canceled and requests that the value of the checks be transferred to an open account if the DO maintains a LDA, or that the LD transfer the funds to the DO by check payable to the DO by title. Once the proceeds are transferred to the open account, the DO follows paragraph 140503.D for undeliverable checks drawn on an open account. When the LD provides the proceeds by check, the DO collects the check on a ***DD Form 1131*** to the appropriation or fund charged when the undeliverable checks were issued, and does not prepare an ***SF 1098***. Prepare the DD Form 1131 at the rate of exchange in effect when the checks were issued, as shown by the related payment vouchers. Record the DD Form 1131 in the DO's accounts as a cash collection in accordance with Chapter 10. Account for any difference in the U.S. dollar value at the current rate of exchange and the rate of exchange when the checks are collected as a gain or loss by exchange in accordance with Chapter 13. Upon disposition, render the undelivered checks nonnegotiable by writing, typing, or stamping on the face of the check, "NOT NEGOTIABLE, PROCEEDS CREDITED IN GOVERNMENT ACCOUNTS, D.O. SYMBOL (DSSN)" to prevent unauthorized negotiation. Post the record of outstanding and undeliverable checks in the former DO's accounts to reflect their disposition. Send a copy of the DD Form 1131 and the defaced checks with the ***SF 1149*** to support the changes in the closed LDA account at the end of the month. Send a copy of the DD Form 1131 to the applicable functional area to enable it to establish the payable in the event of future claims for the proceeds of the canceled undeliverable checks.

F. Undeliverable Checks Uncurrent as to Date of Issue. Send non-current undeliverable checks that come to the disbursing office, the proceeds of which have been transferred to Treasury account 20X6045 and for which no current claim has been presented, directly to the Credit Accounting Branch, Financial Management Service, Department of the Treasury; see paragraph 140502.A.2. Uncurrent undeliverable checks, which the proceeds have not been transferred to the Treasury, are processed under paragraph 140502. Do not schedule uncurrent undelivered checks on an SF 1098 or DD Form 1131 as current undeliverable checks.

140504. Limited Depositary Checks Due Deceased or Incompetent Payees

A. Checks Current as to Date of Issue. Process unnegotiated LDA checks returned to the disbursing office in connection with a claim for the proceeds which are still due a deceased or incompetent payee but still current as to date of issue under paragraphs 140503.D and 140503.E.

B. Checks Uncurrent as to Date of Issue. Handle unnegotiated LDA checks, 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, as follows:

1. If the proceeds of these checks were not previously transferred to Treasury account 20X6045, perform this transfer as provided in paragraph 140502, before forwarding the check and the claim to Treasury.

2. If transfer of these checks' proceeds to Treasury account 20X6045 has occurred, send the checks with the related claims to Treasury's Credit Accounting Branch, Financial Management Service for settlement.

140505. Claims for the Proceeds of Undeliverable Checks

A. Claims for Settlement by the DO. Support claims for the proceeds of undeliverable checks that have been credited to the appropriation or fund originally charged using an ***SF 1034***. Cite a reference to the original undeliverable check, showing the check serial number, amount, and DSSN, on each voucher.

B. Claims for Settlement by the Department of Defense (DoD). When there is any question of law or fact, send claims for the proceeds of undeliverable checks to DoD, Office of the General Counsel, 1600 Defense Pentagon, Washington, DC 20301-1600.

1406 CANCELING LIMITED DEPOSITARY CHECKS

140601. General

Cancel LD checks when their proceeds are not due to payees or their estates but are for credit to an appropriation or fund account. The procedure to cancel these checks depends on whether the account on which the check was written is open or closed, the check is "current" or "uncurrent," and whether the check is available or unavailable to the DO maintaining the LDA.

140602. Checks Not Due a Payee or Payee's Estate

The functional area submitting the certified payment voucher for issue of the check normally is the only office that may cancel checks not due a payee or the payee's estate. Except as provided in this paragraph, use the ***SF 1098*** to list and report all such checks being canceled. In all cases where practicable, the functional area authorizing the original payment prepares the SF 1098. If the disbursing office prepares the SF 1098, the functional area signs and dates it in the lower right-hand corner in the spaces titled "Forwarded" and "By." The disbursing office marks 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 Current as to Issue Date. The DO cancels LD checks not due a payee as quickly as possible and credits the U.S. dollar equivalent of the foreign currency amount of the checks at the rate of exchange in effect on the dates the checks were issued (as shown on the payment vouchers) to the original appropriation or fund charged for the payments.

1. Open Accounts. If the LDA is open (established and being used by the current DO), process the SF 1098 in the accounts to effect the credit to the fund or appropriation originally charged for the disbursement, increase the LDA checkbook balance, and remove the canceled check from the record of outstanding checks. Account for each SF 1098 as a cash collection. Increase "Cash on Deposit in Designated Depositary" in the same U.S. dollar amount as the SF 1098 to maintain the DO's accountability. Increase the LDA checkbook balance by the total amount of foreign currency units shown on the listed checks. Compute the current U.S. dollar equivalent of the LDA checkbook balance (including the foreign currency units added) using the current rate of exchange. Compare the total U.S. dollar equivalent of the LDA checkbook balance to the total U.S. dollar equivalent shown as "Cash on Deposit in Designated Depositary." Voucher any difference in total U.S. dollar equivalents as a gain or loss by exchange transaction on a ***DD Form 1131*** or ***SF 1034*** (as appropriate) against **6763 and record it in the day's business as either a collection or disbursement, increasing or decreasing, as appropriate "Cash on Deposit in a Designated Depositary." Mark the face of the canceled check "Canceled" and the date of cancellation. Send the canceled check and a copy of the ***SF 1098*** 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, transfer funds between the closed and current (open) LDAs before processing the cancellation action. Otherwise, follow the procedures in the remainder of this paragraph.

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 DO has the check and will cancel it. Ask the LD to transfer the funds involved from the closed 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 paragraph 140602.A.1.

b. Check to be Canceled Drawn on Different LD. 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 canceled and send the funds to the DO, by title. Upon receipt, deposit the funds in the current open LDA and treat them as a cash collection using a 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. Show 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 on the DD Form 1131. State prominently that the transaction involves the proceeds of a canceled check on the DD Form 1131. Account for 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 as a gain or loss by exchange transaction.

B. Unavailable Checks. Cancel LDA checks, the proceeds of which are not due the payee or the payee's estate, and not held by the disbursing office, even though they cannot be forwarded with the SF 1149 as canceled checks.

1. The applicable functional area prepares an SF 1098 and includes an explanation of the circumstances that make the check unavailable. The functional area that authorized the issue of the original check approves the SF 1098, which the DO also signs under the explanation of the unavailability of the check.

2. The DO requests that the LD on which the check was drawn place a stop payment on the check and provide a written acknowledgement when this is accomplished.

3. When the LD's acknowledgement is received, the DO processes the ***SF 1098***, credits the fund or appropriation originally charged, adjusts the checkbook balance, and reduces the record of outstanding checks as prescribed in paragraph 140602.A.1, and sends a copy of the LD's acknowledgement and a copy of the SF 1098 with the ***SF 1149*** at the end of the month.

4. The DO files the original SF 1098 and the bank's acknowledgement with his/her monthly financial reports and keeps copies for the retained records file.

C. Checks Uncurrent as to Date of Issue. Process the proceeds of uncurrent checks not due a payee or payee's estate through the Department of the Treasury account 20X6045. Uncurrent LDA checks, whether or not due to the payee (payee's estate) or available to the DO, are processed through Treasury account 20X6045 as prescribed in paragraph 1405.

1. The DO schedules the check on an SF 1098 prepared in an original and six copies crediting the fund or appropriation originally charged for the payment for the U.S. dollar equivalent of the foreign currency at the rate of exchange in effect on the check's issue date as shown on the payment voucher. Modify the heading of the SF 1098 to read "Schedule of Limited Depositary Checks Canceled by the Department of the Treasury." Include a full explanation of the reason for cancellation of the check on the SF 1098. Do not process this SF 1098 in the accounts as a collection.

2. Send the original and five copies of the SF 1098 and the check, when available, through the supporting DFAS site to Credit Accounting Branch, Financial Management Service, Department of the Treasury with a covering letter or memorandum requesting cancellation of the check. Attach a copy of the outstanding check listing and ***OF 1017-G*** prepared when the check was transferred to the Department of the Treasury account 20X6045 to document the request. Retain one copy of the SF 1098 in a pending receivables file.

3. After cancellation of the check is approved, the Department of the Treasury authorizes issuance of a U.S. Treasury check for the value of the canceled LD check. Process this check and the SF 1080 (Voucher for Transfer Between Appropriations and/or Funds) upon receipt from Treasury as a collection. Support the transaction with the retained copy of the SF 1098.

1407 REPLACING MISSING, MUTILATED, AND FORGED LIMITED DEPOSITARY CHECKS

140701. General

A DO, upon receipt of a claim for a check that is reported as not received, lost, stolen, destroyed, mutilated, forged, or defaced, determines the status of the check from the LD or from retained records. The DO issues a replacement check in accordance with this chapter when checks are reported as outstanding and unpaid before the end of the fiscal year following the fiscal year a check was issued, and such issuance does not involve a question of law or fact. Replace checks 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 with a settlement check. Refer claims through command legal channels for replacement of checks submitted more than one full fiscal year after the fiscal year in which they were issued, involving a question of law or fact, on behalf of deceased or incompetent payees without a court appointed legal representative, or where the claimant's entitlement is in question.

140702. Replacement Check Procedures

A. Action by the Original Payee or Other Claimant. The payee or other claimant notifies the DO in writing over his or her own handwritten signature when a check has been lost, stolen, mutilated, or destroyed, and requests payment on the check be stopped.

1. The notification must provide all information available on the check. When furnished by the DO, the payee or other claimant completes a TFS Form 2244 (Undertaking of Indemnity - Substitute Checks) and returns it to the DO before the end of the fiscal year following the fiscal year of the check's issuance.

2. Claimants other than the original payee present a statement to support their ownership of the check with the TFS Form 2244. Representatives of deceased payees or owners who clearly are entitled to the proceeds of original checks as part of the estate also complete and submit an SF 1055 (Claim Against the United States for Amounts Due a Deceased Creditor).

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 submit a short-form court certificate showing their appointment and qualifications as guardians with the TFS Form 2244.

4. A DO may, at his or her discretion, accept an undertaking of indemnity in the form of a written statement or letter if:

a. The payee or other claimant is a bank or other financial institution and the check was drawn for $15,000 or less;

b. The payee or other claimant is a corporation or business of recognized financial standing and the check was drawn for $5,000 or less;

c. The payee or other claimant is a financially responsible

individual and the check was drawn for $150 or less; or

d. The check was for a recurring payment in any amount greater than $150.

The substance of the statement or letter must be:

> "In consideration of the issuance of a replacement check in lieu of (check number of original check, date, amount, and payee) and the payment of the replacement 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 replacement check(s), to replace the same."

The statement must be witnessed by a person with authority to so act and, when 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, obtain prior approval from the DFAS Director for Strategy, Policy, and Requirements through the supporting DFAS site.

B. Action by the DO. The DO first determines that the check reported as lost, stolen, destroyed, mutilated, or defaced is still outstanding. If so, request the LD stop payment on the check and acknowledge receipt of the request in writing. Upon receipt of the acknowledgement, the DO sends a modified TFS Form 2244 to the claimant for completion and return. The DO makes the following modifications to the TFS Form 2244:

1. Enter the description of the check;

2. Enter the name of the bank on which the check was drawn; and

3. Insert a statement near the added bank name that reads, "This change made before execution of bond with full knowledge and consent of all parties concerned." The claimant and sureties must sign this statement. On completion of the TFS Form 2244, the DO approves the claim for payment when determining the original check still is outstanding. The DO may issue a replacement check before the end of the fiscal year after the fiscal year of issue if there is no question of law or fact concerning the payment, the written claim, the TFS Form 2244 or written statement or letter includes an undertaking of indemnity, and any necessary supporting documents have been received in proper form. Note the approval on the reverse of TFS Form 2244 or on the 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, transfer the funds to an open LDA before issuing a replacement check following paragraph 140602.A.2. The DO issues a replacement check with the current date, payable in the same currency as the original check. In the lower left-hand corner on the face of the replacement check, include information identifying the original check as follows: "Issued in lieu of check number Dated (month, day, year) drawn by (DO who issued original check) on (Name of

LD)." The DO records the number of the replacement check, the date of issue, and the name of the LD on which drawn on the back of the TFS Form 2244 or on the letter undertaking indemnity. At the end of the month, the DO attaches a copy of all replacement checks issued during that month to the ***SF 1149***. If copies cannot be provided, submit a listing of replacement checks issued, showing only the replacement check numbers and numbers and dates of the original checks replaced with the ***SF 1149***. Replacement checks do not increase a DO's accountability; do not reflect them on the ***SF 1219***. File the TFS Form 2244 and all supporting documents 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 any default. Acceptable sureties in connection with TFS Form 2244 are either a corporate surety authorized by the Secretary of the Treasury, or two responsible individual sureties. In foreign countries, the claimant is responsible to secure the certification of financial sufficiency of individual sureties. One of the persons listed on the face of the TFS Form 2244 executes the certification under "Certificate as to Sureties" in the manner prescribed by the instructions on the TFS Form 224. If the amount of the original check had a U.S. dollar value of $200 or less, only one financially responsible surety is required. Sureties are not required if the:

1. DO determines that the nonreceipt, 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 U.S. performing services in connection with an official U.S. function;

2. DO is satisfied that a substantial portion of the check is presented and is in fact the subject of the claim, and that the missing portions will not support a valid claim against the U.S.;

3. Claimant or holder is an officer or employee of the U.S., a municipal corporation, or a political subdivision of the U.S., a state, the District of Columbia, or a U.S. territory or possession; or

4. Claimant is a corporation whose entire capital is owned by the U.S., 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 apply to all LDAs.

A. Action by the Payee of the Check. The payee immediately notifies the DO over his or her own signature when a check has been paid on a forged endorsement, providing all available information on the identification of the forged check. The payee completes the FMS 1133 (Claim Against the United States for the Proceeds of a Government Check) and returns it to the DO issuing the original check within 90 days of the date 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:

1. Sends a written request to initiate reclamation to the LD, asking that the LD acknowledge the request in writing and, if canceled checks are not returned to the account holder with the bank statement, that the LD provide the forged check or a clear legible copy of it to the DO;

2. Gives the payee a copy of the forged check, an FMS Form 1133 with instructions on its completion, informing the payee that the form must be returned within 90 days. The return address at the top right of the form is that of the DO processing the claim. In the opposite box insert the complete name and address of the claimant as shown on the forged check, the check number, the date of issue, and the amount of the check;

3. If the claimant does not complete and return the FMS Form 1133 within 90 days, the DO considers the case closed. If the claimant returns the form within 90 days, the DO sends 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 DO requests the opinion of the investigative service as to the authenticity of the endorsement. The opinion of the handwriting expert is the basis for deciding whether or not a settlement check may be approved for the claimant. Approve a settlement check if the opinion of the handwriting expert is that the endorsement was forged. A DO may issue a settlement before the end of the fiscal year after the fiscal year in which the forged check was issued if there is no question of fact or law concerning the payment; the payee's claim is in writing; and the FMS Form 1133, the certified opinion of the handwriting expert, or any other necessary supporting documents have been received in proper form;

5. A DO, upon determining that a settlement check is due the payee, issues it without waiting for reclamation to be accomplished by the LD. Note the approval 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 issues a settlement check with the current date payable in the same currency as the original check, including in the lower left-hand corner the statement, "Issued in settlement of check number ____ dated (month, day, year) drawn by (DO who issued original check) on (Name of Limited Depositary)." Report settlement checks as checks issued and account for them in the regular manner when preparing the ***SF 1149***; and

6. If the local currency disbursed for the forged check was purchased from a military banking facility, by an open market transaction, or by issuance of a U.S. Treasury check, report the issuance of the settlement check as a Receivable - Check Overdraft on line 7.2 of the ***DD Form 2657*** (Daily Statement of Accountability) and the ***SF 1219***. Follow section 1408 to establish and clear the receivable as a check issue overdraft discrepancy. If the funds originally used to pay the forged check were from U.S.-owned foreign currencies, the DO charges the disbursement of the settlement check to the same foreign currency account.

C. Reclamation. The DO issuing settlement checks must be satisfied that reclamation action is timely and that every effort is made to recover the proceeds of forged LD

checks. The DO, at least twice within the 30 days immediately following the receipt of the LD's acknowledgement of the notification of a forgery, makes a formal written request for completion of reclamation by the LD. If the LD advises that reclamation cannot be made because it can prove a point of local law that relieves it from responsibility, the DO requests relief of liability for the illegal, incorrect, or improper payment; see Chapter 6. If relief is granted, the DO follows section 1408 to clear the check issue overdraft. Credit recoveries made through reclamation to the appropriation charged for the disbursement of the settlement check. If the charge is still carried as a check issue overdraft, clear line 7.2 of both the ***DD Form 2657*** and the SF 1219. If line 7.2 has already been cleared by relief of liability, credit General Fund Proprietary Receipts, Defense Military, Not Otherwise Classified, **3210.

140704. Recovery of Original Check

If the original LD check is recovered before issuance of a replacement check, suspend the replacement check action and request that the LD remove the stop payment against the original check. The payee may negotiate the original check. If the replacement check has been released, render the original check nonnegotiable by writing or stamping across the face of the check "Not Negotiable - Replacement Check Issued Under No._____," and submit it with the next ***SF 1149***.

140705. Referral to Department of Defense, Office of the General Counsel

A. Entitlement or Legal Representation. Send cases involving questions on 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 through command legal channels. Include an assessment or determination from the appropriate entitlement area concerning the underlying obligation. Before referring a case, see paragraph 1406.

B. Question of Law or Fact. Send cases involving any question of law or fact through command legal channels for settlement action.

C. Checks Outstanding More Than One Full Fiscal Year. Send cases involving checks outstanding more than one fiscal year after the fiscal year in which they were issued through command legal channels for settlement. Include in these cases an undertaking of indemnity for the proceeds of a lost, stolen, destroyed, mutilated, or defaced LD check; the check in question, when available, or any identifiable portions thereof; and, any other supporting documentation.

140706. Files

The DO retains approved claims and supporting documentation, or copies of them where the originals have been transferred to the supporting DFAS site, as part of the retained records.

1408 ADJUSTMENT OF CHECK ISSUE DISCREPANCIES

140801. General

This section prescribes the actions required to adjust LDA differences chargeable to DOs. The DO makes these adjustments and records them immediately upon discovery. These procedures do not apply to voided, spoiled, or canceled LDA checks; see sections 1404 and 1406 for applicable guidance. Internal audit reports, GAO or other agency audits, or DO-initiated control measures disclose LD check-issue discrepancies. 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 from that 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 underpayment.

140802. Recording Limited Depositary Check Issue Overdrafts and Underdrafts

A DO, as soon as he or she is aware of a check issue difference (regardless of the U.S. dollar value), prepares an ***OF 1017-G*** in an original and three copies to record the difference, showing a complete explanation of the difference and including a description of the check (check number, date, amount, payee, account number, and LD name) and identification of the related disbursement voucher. Attach the original OF 1017-G to the DO's SF 1219, a copy to the ***SF 1149***, and file the two remaining copies to be 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

Do not include documentation for adjusting check issue discrepancies disclosed and adjusted in the current accounting period with the SF 1149. Rather, retain these documents with the other retained financial records for internal processing. Follow paragraphs 140804 – 140806 to document differences disclosed during the current accounting period which cannot be adjusted until a subsequent accounting period.

140804. Adjustments of Check Issue Overdrafts of More Than $1

A DO finding that an LD check was issued for more than the amount shown on the disbursement voucher and reported in the LDA reports prepares an OF 1017-G under paragraph 140802, and enters 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 begins collection action. When the overpayment is recovered, the DO deposits the funds in the LDA and enters the amount as an increase on line 6.1 and a decrease on line 7.2A of the DD Form 2657, and prepares an OF 1017-G to document the 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*** (Voucher and Schedule of Withdrawals and Credits) to charge the overdraft to the appropriation cited on the original disbursement voucher, including a complete explanation of the adjustment, and processing it 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

A DO finding that a check was issued for less than the amount shown on the disbursement voucher and shown on the depositary reports prepares an OF 1017-G under paragraph 140802, enters the amount of the underdraft as increases to lines 4.1E and 6.1 of the DD Form 2657, and prepares a one-sided SF 1081 crediting deposit fund account **X6999, Accounts Payable - Check Issue Underdrafts.

A. 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.

B. If the underdraft is due to issuing the check for less than the amount on the original voucher, prepare an ***SF 1034*** charging deposit fund **X6999 and issue a check to the original payee for the amount of the underdraft.

C. Record the check and the SF 1034 as a new transaction in the LDA and on the ***DD Form 2657***.

140806. Clearing Overdrafts and Underdrafts of $1 or Less

A DO finding that an overdraft or underdraft of $1 or less exists prepares an ***OF 1017-G*** as described under paragraph 140802 for overdrafts and underdrafts under $1. Do not liquidate LD check issue differences of $1 or less in U.S. currency, even though they are recorded in the DO's accounts, 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, but reconcile them as follows:

A. Clearance of Overdrafts Equal to $1 U.S. Dollar or Less. At the close of each fiscal year the DO prepares a one-sided SF 1081 for the cumulative total of all outstanding check issue overdrafts with a U.S. dollar value of $1 or less, charging the disbursing activity's operating funds and crediting accounts receivable. Describe the transaction completely, and include a listing of the OF 1017-Gs being cleared.

B. Clearance of Underdrafts Equal to $1 U.S. Dollar or Less. At the close of each fiscal year the DO liquidates all outstanding underdrafts for check issue differences with a U.S. dollar value of $1 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 before the end of the fiscal year, the DO confirms the claim and, when necessary, issues a check charging the original appropriation for the disbursement. Refer claims received after the outstanding underdraft has been cleared to the supporting DFAS site, following this paragraph.

140807. Clearing the Subsidiary Account Files

When the adjustment action has been completed, collection made, or an 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, and file the remaining copy with the DO's retained records for the LDA.

1409 DOCUMENTATION OF LIMITED DEPOSITARY ACCOUNT TRANSACTIONS

140901. General

DOs implement controls and safeguards to assure the drawing of LD checks in strict conformance to certified disbursement vouchers. LDAs are a part of the DO's accountability for public funds. The DO must therefore maintain complete and accurate records, and make them available for audit to ensure the integrity of the LDAs. Treat a loss resulting from a bank failure as a physical loss; see Chapter 6.

140902. Standard Form 1149 (Statement of Designated Depositary Account)

Within 30 days after the close of a calendar month, a DO holding an open LDA or a settlement officer charged with settling closed accounts prepares and submits an ***SF 1149***. When closing an LDA, the account holder prepares and submits an SF 1149 within 5 days after closure. For a closed LDA, mark the final SF 1149 "FINAL" at the top of the form. If the LDA holder is the DO, prepare an original and two copies of the SF 1149; if the LDA holder is an agent of the DO, prepare an original and three copies. Support the SF 1149 with the:

A. LD bank statement for the period or a certified list of paid checks;

B. Record of checks issued;

C. Schedule of spoiled and voided checks and the checks themselves;

D. Copy of each ***SF 1098*** issued during the reporting period canceling available checks and the checks themselves;

E. Copy of each SF 1098 issued during the reporting period canceling unavailable checks with the LD's letter acknowledging their cancellation;

F. Copy of each ***OF 1017-G*** issued during the accounting period transferring uncurrent checks or reporting/clearing check issue discrepancies;

G. Original checks returned or recovered after issuing a substitute check or any mutilated or defaced checks received from claimants;

H. Schedule of deposits made to the LDA during the accounting period, showing date and amount of each deposit;

I. List of outstanding checks showing check number, date, and amount; and

J. Copy of the ***SF 1219***.

140903. Preparation of Standard Form 1149.

See figure 14-1.

A. Heading

1. Name of Disbursing Officer 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. Monetary Unit of This Account. Enter the complete name of the monetary unit on deposit with the LD (e.g., Australian dollar, not merely "Dollars," as more than one country uses dollars).

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 SF 1149.

1. Line 1 - Checkbook Balance at Close of Previous Period. Enter the amount shown on line 18 of the preceding months SF 1149. The figure should 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, both available and unavailable, canceled by ***SF 1098***. 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 the SF 1184 (Unavailable Check Cancellation (Cancellation Document)).

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 1184 schedules.

5. Line 5 - Adjustments. Enter the total adjustment increases during the month (e.g., check issue underdrafts or interest credited to the account), and attach a copy of the ***OF 1017-G***s, 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 LD checks transferred to Treasury 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. Enter the total of lines 1 through 6.

8. Line 8 - Total Checks Drawn This Period. Enter the total of all LD checks issued during the period. Report voided checks with zero dollar amounts. Report spoiled checks with zero amounts when replaced by serially-numbered checks. Replacement of spoiled checks does not change the check issue records because the check serial number of the original check is assigned to the replacement 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. Report replacement checks, but omit their amounts. If furnishing a listing instead of carbon copies of the checks, identify replacement checks as such on the listing, omitting the amounts and inserting the numbers and dates of the original checks on the same line as the serial numbers of the replacement checks.

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 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 OF 1017-G, a detailed explanation of each adjustment, or copies of the LD's debit memoranda supporting the decrease.

11. Line 11 - Total. Enter the total of lines 8 through 10.

12. Line 12 - Checkbook Balance Close of Period. Subtract line 11 from line 7 and enter the result.

C. Reconciliation. Prove the checkbook balance by completing lines 13 through 19 as explained in this paragraph 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 it to the SF 1149.

2. Line 14 - Add: Deposits in Transit. Enter the total of deposits included in the amount on line 2 not shown on the bank statement, and attach a listing of these deposits.

3. Line 15 - Total. Enter the total of lines 13 and 14.

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 but not reflected in the checkbook balance (Line 12). The only acceptable reason for an entry on this line is a LD bank error crediting the wrong account. Attach a detailed list showing the amount and date of each deposit comprising this entry.

6. Line 18 - Balance Per Checkbook. Subtract the sum of lines 16 and 17 from the amount on line 15 and enter the result. If this amount equals the amount on line 12, the LDA is properly reconciled. Recheck all entries on lines 1 through 18 to reconcile any difference.

7. Line 19 - U.S. Dollar Equivalent. Show the U.S. dollar equivalent of the monetary units shown on line 12 and reported on the ***SF 1219***, using the rate of exchange from line 20. When the account has been properly reconciled, lines 12 and 18 are equal and the U.S. dollar equivalent is the same for the adjusted bank and adjusted checkbook balances.

8. Line 20 - Rate of Exchange. Enter the official rate of exchange expressed as the units of foreign currency per one U.S. dollar carried to at least two decimal places (100th of one foreign currency unit). This rate is the same as that used to determine the U.S. dollar value on 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 must be one number greater than the ending check serial number from the preceding month's SF 1149. Check serial numbers must run in ascending order from one report to the next.

E. Date and Signature

1. Date. Enter the date of preparation of the ***SF 1149***.

2. Signature of Disbursing Officer or Cashier. The account holder signs in the space provided. If the account holder is not the DO, the DO countersigns the statement above the signature of the account holder before sending the SF 1149 to the supporting DFAS site.

140904. Standard Form 1098 (Schedule of Canceled or Undelivered Checks)

Voucher LD 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 on ***SF 1098***. See paragraph 140503 (undeliverable checks) and section 1406 (canceled checks). If the checks being scheduled are all drawn on the same LDA and are being canceled or are all undeliverable, use a single SF 1098. If they were drawn on more than one LDA or are a mix of canceled and undeliverable checks, use multiple SFs 1098. Do not include undeliverable checks and checks to be canceled on the same SF 1098. LDA checks charged to different appropriations or funds and drawn on the same LDA do not require separate SFs 1098. Prepare the SF 1098 as follows (See figure 14-2 for an example.):

A. Heading

1. Insert "Limited Depositary Account" at the top of the form.

2. Enter an "X" in the "Canceled" block for canceled checks or in the "Undelivered" block for undelivered checks. Mark only one block on each SF 1098.

B. Department or Establishment. Enter the appropriate component title (e.g., 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 (e.g., 1 of 3; 2 of 3; 3 of 3). Leave blank when there is only one page.

F. Location. Enter the name of the LD and the account number.

G. DO Symbol Number. Enter the DSSN of either the LDA holder, or the LDA 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, and Payee. Enter either the information on the check or on the bank's 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 are to be credited.

5. Total. Enter the 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 account holder's name.

4. Disbursing or Accountable Officer. Enter the DO's name.

5. Date. Enter the date of entry of the SF 1098 data in the DO's records. Do not use the date of signature of the SF 1098 unless it and the data entry date are the same.

6. Title. If the LDA holder is the DO, leave blank, otherwise enter the title of the agent holding the LDA.

140905. Optional Form 1017-G (Journal Voucher)

Prepare journal vouchers to document a DO's accountability when disbursement or collection vouchers from the functional areas are not appropriate. A DO documents the transfer of the proceeds of uncurrent checks and adjustments of check issue discrepancies ***OF 1017-G***, prepared as follows.

A. Heading. Type the month and year of the recording of the transaction in the upper left hand corner, and the DSSN and name of the DO immediately below the month and year.

1. JV No. Enter the sequential JV number assigned.

2. Date. Enter the date of preparation of the ***OF 1017-G***.

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, including the DSSN of the issuing activity, check serial number, check date, and payee, plus the identification of any vouchers or other documents associated with the transaction.

3. Debit. Enter the U.S. dollar equivalent of amount to be charged and under it, enclosed in parentheses, the appropriation classification data for entering the disbursement in the financial records.

4. Credit. Enter the U.S. dollar equivalent of the amount to be credited and under it, the appropriation classification data for entering 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 signs and enters his or her typewritten title.

2. Approved By (Signature) and (Title). The DO signs and enters his or her typewritten title.

1410 TRANSFERRING AND CLOSING THE LIMITED DEPOSITARY ACCOUNT

141001. General

LDAs being closed or transferred require reconciliation as part of the process. Before attempting to reconcile an LDA, the DO's agent serving as the LDA custodian contacts the LD and requests a current statement of the account and, if available, all the paid LD checks since the last regular statement. Reconcile the account by preparing an ***SF 1149*** as explained in paragraph 140902.

141002. Transferring a Limited Depositary Account

Use these procedures to transfer an LDA to the DO/DDO, a successor DO, or designated settlement office due to operational requirements or economic considerations.

A. The DO's Agent

1. Obtains an up-to-date bank statement from the LD.

2. Reconciles the LDA.

3. Prepares a list of the outstanding LDA checks and provide it to the individual charged with continuing the account.

4. Gives the LD the name, official title, and address of the successor LDA holder and arrange for future bank statements and paid checks to be delivered to that individual.

5. Turns over all undelivered LD checks to the successor LDA holder.

6. Issues a check to the successor LDA holder for the unexpended reconciled balance of the account.

7. Reports the check transaction on line 10 of the final ***SF 1149***.

8. Forwards the SF 1149 and a list of the outstanding checks to the supporting DFAS site.

9. Enters the amount of the unexpended balance and give a complete description of the check issued to the successor LDA holder as an Other Cash Item on line 7.9 of the ***SF 1219***.

10. Returns any unused checks belonging to the LD for disposition. If they were purchased by the disbursing activity, deliver them to the successor LDA holder.

11. Before transferring the LDA to a settlement office for closure, requests the supporting DFAS site designate a settlement officer to liquidate the account.

12. In addition, notifies DFAS-ZPFA/IN at the email address listed in paragraph 140103 of the transfer.

B. The Successor LDA Holder

1. Verifies the LDA is in balance before relieving the DO's agent and ensures that a balance sufficient to satisfy all outstanding checks remains in the LDA.

2. Notifies the LD of the identities of the new DO and check-signing and agents.

3. Deposits the check received from the previous DO's agent for the unexpended balance and shows the check amount on line 2 of the ***SF 1149*** in the first monthly report of the successor LDA holder.

4. Makes all required reports and processes all transactions required in this chapter for the maintenance of LDAs.

141003. Closing a Limited Depositary Account

A. The DO/DDO or DO's Agent

1. If there are no outstanding checks, reconciles the account and closes the LDA.

2. If there are outstanding checks, leaves a sufficient balance in the account to cover them and transfer the account to a settlement office designated by the supporting DFAS site.

3. Requests an up-to-date statement of the account from the LD.

4. Prepares a list of outstanding checks showing the name of the LD, check number, date, payee name and social security number, 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 the name of the DO that established the LD.

5. Prepares a letter (in triplicate) for the commander's signature advising the LD that the account is being 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, when available, be forwarded until the account balance is depleted. Request the LD acknowledge acceptance by signature, retain the original and return two signed copies to the DO. The LDA holder retains one of the signed copies.

6. Prepares a LD check payable to the DO (by title) under whose authority the account was established for the unexpended balance of the account. The DO cashes the check and accounts for it on the ***SF 1219*** by reducing line 6.1 and increasing line 6.2 by the amount of the check.

7. Reconciles 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 must be the total amount of the checks shown on both the list of outstanding checks and line 16.

8. Sends 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 to the designated settlement office.

9. Returns unused LD checks belonging to the LD to the LD. Store unused LD checks purchased by the disbursing activity and dispose of them in the same manner as U.S. Treasury checks. No certificate of destruction or notification to the DFAS or to the Department of the Treasury is required for destruction of LD checks.

10. Notifies DFAS-ZPFA/IN within 15 days of account closure at the email address listed in paragraph 140103.

E. The Designated Settlement Office

1. Confirms the LDA is in balance before accepting accountability from the DO/DDO or DO's agent.

2. Uses the documentation provided by the LDA holder to validate LDA transactions.

3. Renders the monthly SF 1149 required by paragraph 140902 using the documentation provided by the LDA holder and statements from by the LD.

4. Transfers the proceeds of uncurrent checks to the Department of the Treasury as required by paragraph 140502.

5. Issues replacement checks as required by paragraph 140703.

6. When necessary, disposes of undeliverable checks as required by paragraph 140503.

7. Notifies DFAS-ZPFA/IN within 15 days of account closure at the email address listed in paragraph 140103.

Figure 14-1. Standard Form 1149 (Statement of Designated Depositary Account)

STANDARD FORM 1149
Revised March 1982
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 _____ *(Disbursing officer or cashier)*	0
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. Standard Form 1149 (Statement of Designated Depositary Account) (Back)

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 entry 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 deposits credited by the bank but not credited in the checking account. A detailed list showing the amount and date of each deposit must support this line.
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.

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*U.S. GOVERNMENT PRINTING OFFICE : 1982 0 - 361-526 (8010)

Figure 14-2. Standard Form 1098 (Schedule of Canceled or Undelivered Checks)

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 U.S. Air Force	SCHEDULE NUMBER 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@.000800	F000001	300.00	57*3500
10/13/XX	00,012,001	Tom Grant 686,016L@.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

VOLUME 5, CHAPTER 16: "FOREIGN CURRENCY RECORDS AND REPORTS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated March 2009 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Hyperlink references to Financial Management Regulation Chapters, forms, and verified the Department of Commerce address.	Update
160302 (previous version)	Remove this paragraph and related sections (A through H) regarding the preparation of Standard Form 1219 (Statement of Accountability). This information is provided in Chapter 19 of Volume 5.	Delete

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CHAPTER 16

FOREIGN CURRENCY RECORDS AND REPORTS

1601 SUBSIDIARY RECORDS

160101. General

Treat all transactions involving foreign currency as cash transactions and follow the same principles and guidelines established for controlling U.S. currency. All disbursing officers (DOs), deputy DOs, agents, and cashiers who engage in foreign currency transactions (e.g., collections, disbursements, and accommodation exchanges) keep a record of such transactions on Foreign Currency Control Record (Department of Defense ***(DD) Form 2663***). This form 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 limited depositary accounts (LDAs), as well as the detailed transactions that increase or decrease these balances.

160102. Requirement for Separate DD Forms 2663

Maintain separate DD Forms 2663 for each type of foreign currency used (e.g., Kuwaiti Dinar, British Pound Sterling, Japanese Yen). Also maintain a separate DD Form 2663 for accommodation exchange foreign currency if it is carried at a different exchange rate than that used for disbursements. DOs, at their discretion, may maintain separate DD Forms 2663 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. Complete both sections (sides) of the form to make a complete record of each line entry. See Figure 16-1. Complete the form as follows:

A. Item 1: Date. Enter the applicable transaction date.

B. Item 2: Transaction Reference. Enter data to 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 amount of foreign currency in the “units” column and the U.S. dollar equivalent of those units in the “dollars” column for any foreign currency collected into a Department of the Treasury (Treasury) miscellaneous receipt account.

2. Subitem b: Reimbursement/Refund. Enter the amount of foreign currency in the "units" column and the U.S. dollar equivalent of those currencies in the "dollars" column for any foreign currency reimbursement or refund transactions. DOs, at their option, may use these columns only for reimbursements while netting refunds out in Item 8; draw a single line through the word "refund" when using this option.

E. Item 5: Purchases

1. Subitem a: Government Sources. Enter the amount of foreign currency in the "units" column and their U.S. dollar equivalents in the "dollars" column for foreign currency purchases from government sources (including other DOs). Include foreign currency acquired from government sources to be used for accommodation exchange purposes. Do not include foreign currency acquired in accommodation exchange transactions.

2. Subitem b: Non-government Sources. Enter the amount of foreign currency in the "units" column and their U.S. dollar equivalents in the "dollars" column for foreign currency purchases from non-government sources, including military banking facilities and nonappropriated fund activities. Include foreign currency acquired from non-government sources to be used for accommodation exchanges and foreign currency acquired in accommodation exchanges.

3. Subitem c: Outlay for Accommodation Exchange. This sub-item is for memorandum entry only since any foreign currency acquired in accommodation exchange transactions is included in sub-item 5b. Enter the U.S. dollar equivalents of those currencies in subitem 5b associated with accommodation exchange purchases. These amounts are required for foreign currency reporting. This sub-item 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., Kuwait, United Kingdom, Japan).

G. Item 7: Currency Unit Type. Enter the name of the foreign currency reported on the DD Form 2663 (e.g., Dinar, Pound Sterling, Yen).

H. Item 8: Disbursements. Enter the amount of foreign currency in the "units" column and their U.S. dollar equivalents in the "dollars" column for foreign currency disbursements. When including foreign currency refunds in sub-item 4b, disbursements entered in this item are gross disbursements. When entering only reimbursements in sub-item 4b, disbursements entered in this item are net of refunds.

I. Item 9: Deposits/Sales/Transfers. Enter the amounts of foreign currency in the "units" column and their U.S. dollar equivalents in the "dollars" column represented by accommodation exchange sales, deposits to a general depositary, or transfers to other DOs or agents outside the DOs 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 gains or losses recognized on the basis of individual disbursement or accommodation exchange transactions. Also enter the amounts of physical losses of foreign currency. Process overages of foreign currency as reimbursements to **F3875 or eventually as receipt account collections. See Chapter 6 of this volume.

K. Item 11: Sub Balance

1. Subitem a: On Hand. Enter the cumulative amounts of foreign currency in the "units" column and their U.S. dollar equivalents in the "dollars" column representing the balance of foreign currency on hand (not including currency on deposit in an LDA). Balance (offset) entries in this sub-item with entries in other items of the DD Form 2663 except 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. Enter these transactions as decreases (or increases, as appropriate) in the "units" and "dollars" columns of this subitem and subitem 11b. Enter appropriate references to such transactions in items 1 and 2.

2. Subitem b: LDA. Enter the cumulative amounts of foreign currency in the "units" column and their U.S. dollar equivalents in the "dollars" column representing the balance on deposit in an LDA. Balance (offset) entries in this sub-item with 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" and "dollars" columns of sub-items 11a and b in the in the appropriate columns.

160104. Totaling 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. Quarterly Reports of DOs

A. Cumulative Report of Foreign Currency Purchased With U.S. Dollars from Sources Outside the U.S. Government. Submit this report at the end of each quarter. It is cumulative for the fiscal year. Include the amounts acquired through accommodation exchange transactions as well as purchases from banks and other dealers in currency exchange. Submit the report in the form of a listing with the headings: Country of Currency; Monetary Unit; Number of Units Purchased; Total Dollar Outlay; and Memorandum - Dollar Outlay for Accommodation Exchanges. Submit reports to the supporting Defense Finance and Accounting Service (DFAS) site within 15 calendar days after the close of each quarter.

B. Report of the Balance of Foreign Currency Held Under Dollar Accountability. Submit this report in the form of a listing with the headings: Country of Currency; Monetary Unit; Number of Units; Dollar Equivalent; and Rate of Exchange. Submit

the report at the end of each quarter to the same activity as the cumulative report, with which this report may be combined.

C. Report of Foreign Exchange Received by DOs and Credited Immediately to Miscellaneous Receipt Accounts of the Department of the Treasury. These funds are received for such things as fees and services and are immediately purchased by DOs with appropriated funds for their operating needs. Exclude repayments to appropriations. Submit this report in the form of a listing with the headings: Country of Currency; Monetary Unit; Number of Units; Dollar Equivalent; and Rate of Exchange. Submit it 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, with which it may be combined.

160202. Consolidated Quarterly Reports of Dos

DFAS sites consolidate the quarterly reports of DOs and forward them as directed by DFAS headquarters in time to be delivered to the Treasury 45 calendar days after the close of each quarter. Simultaneously submit a copy of the combined consolidated quarterly reports of DOs or a consolidated quarterly report of foreign currency on hand only to the Balance of Payments Division, Bureau of Economic Analysis, Room 8038, Department of Commerce, 1441 L Street NW, Washington, DC 20230.

1603 STATEMENT OF ACCOUNTABILITY (SF 1219)

160301. General

Report all foreign currency balances held under a DO's dollar accountability, including Limited Depositary (LD) checking account balances, on the ***(SF 1219)***, expressing all entries in the amounts column in their U.S. dollar equivalents. See Chapter 19 of this volume for complete details on preparation of the SF 1219.

Figure 16-1. Foreign Currency Control Record (DD Form 2663), Section I

FOREIGN CURRENCY CONTROL RECORD (Section I)											
1. DATE	2. TRANSACTION REFERENCE	3. EXCH RATE	4. COLLECTIONS				5. PURCHASES				
			a. MISC RECEIPT		b. REIMBURSEMENT/ REFUND		a. GOVERNMENT SOURCES		b. NON-OVERNMENT 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									
									10	11.00	11.00

DD Form 2663, AUG 93

Figure 16-1. Foreign Currency Control Record (DD Form 2663), Section II

FOREIGN CURRENCY CONTROL RECORD (Section II)									6. COUNTRY France	
									7. CURRENCY UNIT TYPE Euro	
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	110.00
					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						

VOLUME 5, CHAPTER 17: "SMART CARDS FOR FINANCIAL APPLICATIONS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated December 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
170202	Updated organization name for submission of smart card programs. Added definitions for the two types of authority that can be requested for card programs. Modified submission requirements for card programs seeking approval for pilot or full roll-out.	Update
170208	Moved card ordering guidance for smart cards to new high-level paragraph, and expanded the requirements to include debit cards.	Update
170209	Moved security and storage requirements for smart cards to new paragraph, and expanded the requirements to include debit cards.	Update
170210	Moved lost, stolen, or damaged cards and replacements information to new high-level paragraph.	Update
170211	Moved audit requirements for smart cards to new paragraph, and expanded the requirements to include debit cards.	Update
Figure 17-1	Updated DoD Financial Smart Card Application, including relabeled fields and the addition of new fields.	Update

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CHAPTER 17

SMART CARDS FOR FINANCIAL APPLICATIONS

1701 SMART CARD OVERVIEW

170101. Smart Card Background

The Department of Defense (DoD) utilizes several smart card applications to conduct financial transactions in a number of settings. Smart cards:

A. Include stored value cards (SVC), debit cards, and combination cards (hybrids that contain both SVC and debit card features);

B. Store or provide access to "electronic funds" and a more secure method of handling funds; and

C. Alleviate the need to carry cash and provide electronic payment to vendors for items purchased or services rendered.

170102. Treasury Guidance

Treasury guidance is pending for smart card programs. However, once published, Treasury guidance will supersede any conflicting information provided in this chapter.

170103. Chapter Overview

This chapter provides:

A. Procedures for requesting approval to begin a smart card pilot program or to move from pilot to full roll-out, except when provided under the General Services Administration (GSA) Smartpay Contract, and

B. High-level procedures and disbursing guidance for SVCs, Combination Cards, and Debit Cards.

1. SVCs

a. The basic trainee SVC program (known as EZpay) is used as an advance of pay to basic trainees of the United States (US) Army, Air Force, and Marine Corps.

b. The Deployed Forces Card (known as EagleCash) is used for electronic financial transactions in overseas locations.

2. Combination Cards. The Navy/Marine Cash Card is used aboard naval vessels.

3. Debit Cards. The US Debit Card is used as an alternate device for payments made by Federal agencies.

1702 POLICY ON SMART CARD UTILIZATION

170201. General

The Defense Finance and Accounting Service (DFAS) has been assigned management and oversight responsibility for the functional aspects and the use of financial smart cards within the DoD, except for GSA Smartpay products. Written approval from DFAS is required for all pilot and full roll-out smart card usage (e.g., stored value or debit) that employ either single purpose or multifunctional applications (combined financial/non-financial applications).

*170202. Card Program Approval

A. General. Requests for approval shall be submitted to the Director, Strategy, Policy & Requirements, Defense Finance and Accounting Service, DFAS-ZPFA/IN, 8899 East 56th Street, Indianapolis, IN 46249-0500. Electronic submissions may be sent to ***treasuryinitiatives@dfas.mil***. Separate requests are required for each financial application. DFAS shall coordinate requests for approval with the Accounting and Finance Policy Directorate, Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) and the appropriate technical authorities, depending upon the card used in the program.

B. Program Magnitude. Requests for approval must indicate whether the program is a pilot effort or a full roll-out program.

1. Pilot Programs. Pilot programs are temporary and must be in operation for no less than 90 days and not to exceed 180 days. Pilots should be used to test card programs prior to full roll-out.

2. Full Roll-Out Programs. Full roll-out programs are non-temporary and must be in operation longer than 180 days. Full roll-out of a card program should follow a pilot.

C. Smart Card Application Package. Requests for approval must be submitted as an application package to DFAS. The application package must be complete before approval of any pilot or full roll-out of a card program. Include the following items in the application package:

1. Requesting Memorandum. The agency headquarters, or designee, should request approval of the pilot or full roll-out program via memorandum. It should be addressed to Strategy, Policy & Requirements, DFAS.

2. Application. All pilot and full roll-out programs are required to submit a completed DoD Financial Smart Card Application (Figure 17-1).

3. Concept of Operations (CONOPS). The CONOPS document should contain guidance on the use of the card program by the agency.

4. Coordination. The package must contain copies of coordination documentation, including the agency or component leadership's and servicing Disbursing Officer's (DO) endorsement of memoranda.

5. Agency Smart Card Program Manager Documentation. A copy of the letter designating the agency smart card program manager must be submitted with each package. See paragraph 170204 for information on program managers.

6. Analysis for Full Roll-Out. If the request is to move from a pilot program to a full roll-out, include an analysis showing:

a. How the pilot program is an improvement over the pre-pilot environment,

b. Any savings realized from the pilot program, and

c. The results of relevant performance measures used during the pilot and proposed for the full roll-out (item 18 of Figure 17-1).

170203. Memorandum of Understanding (MOU)

After approval is granted by OUSD(C), and prior to a new card program being implemented, an MOU must be entered into between the Financial Management Service (FMS), Department of the Treasury, and the agency implementing the program. The MOU describes the terms of the agency's smart card program and the respective responsibilities of the agency and FMS for operation of the program. In addition, the MOU specifies the type of program and smart card(s) being implemented by the agency, the agency's funding schedule, and the fees and costs to be paid by the agency and FMS.

170204. Agency Smart Card Program Manager

A. Designation. The agency must designate a smart card program manager in writing before implementing a smart card program.

B. Responsibilities. The agency must specifically identify the tasks for which the smart card program manager is responsible. The smart card program manager shall manage the smart card program and the activities described in this chapter in accordance with the Memorandum of Understanding (MOU) between the Financial Management Service (FMS) and the agency, the smart card standard operating procedures (SOPs) and other instructional

documents, and program-specific policies and procedures developed by the agency in consultation with FMS. The specific duties of the program manager include:

1. Acts as the agency's liaison among FMS, the agency, and other interested stakeholders;

2. Determines the support for the smart card program within the agency;

3. Develops and obtains agency approval for the concept of operation and other related plans for the implementation of the agency's smart card program;

4. Secures agency funding approvals necessary for the smart card program;

5. Coordinates the agency's implementation of the smart card program;

6. Oversees and obtains agency approvals for changes to the program;

7. Transfers sufficient funds to Treasury's financial or fiscal agent to ensure full funding for the agency's obligations with respect to outstanding smart cards;

8. Maintains accurate, up-to-date lists of accountable officers; and

9. Along with the agency's accountable officers, complies with other smart card program policies and procedures as described in the MOU, SOPs, and other smart card instructional documents.

170205. Smart Card Accountable Officers

A. Designation. The agency must designate one or more smart card accountable officers on the ***Department of Defense (DD) Form 577*** (Appointment/Termination Record – Authorized Signature) before implementing a smart card program. If the agency smart card accountable officer has been previously appointed as a DO, Deputy DO, or Disbursing Agent, and the responsibilities of the card program are covered by the current appointment, then an additional DD Form 577 is not required.

B. Responsibilities. The agency must specifically identify the tasks for which the smart card accountable officers are responsible. The agency should segregate the duties appropriately in accordance with the agency's policies and procedures. As applicable and appropriate, accountable officers are responsible for the duties and responsibilities of a certifying official or a disbursing official, depending upon the designation of the accountable officer, as set forth in ***Title 31, United States Code (U.S.C.), Sections 3322, 3325, and 3528***, and other applicable laws. The smart card accountable officers must manage the smart card program and

the activities described in this chapter in accordance with the MOU between FMS and the agency, the smart card SOPs and other instructional documents, and program-specific policies and procedures developed by the agency in consultation with FMS. The specific duties of the accountable officers may include:

1. Issuing smart cards to cardholders;

2. Accounting for outstanding smart cards and the funds associated with each smart card, to the extent the smart cards and funds are within the control of the agency;

3. Providing instructions to Treasury's financial or fiscal agent as to the proper allocation of funds among the smart cards that are issued, by account number and, where feasible, cardholder name;

4. Maintaining accurate, up-to-date inventories of smart card program hardware and equipment, including point-of-sale (POS) terminals, laptops, kiosks, smart cards, and other items associated with the smart card program that are delivered to agency locations;

5. Safeguarding smart cards as sensitive items, to the extent the smart cards are within the control of the agency (the agency is accountable for smart cards issued by the agency at issuance locations); and

6. Along with the agency's smart card program manager, comply with other smart card program policies and procedures as described in the MOU, SOPs, and other instructional documents.

170206. Standard Operating Procedures

This chapter contains higher level procedures and disbursing accountability requirements for the use of various card programs that have been approved. DoD Agencies, responsible for programs listed within this chapter, are required to develop and maintain detailed SOPs that comply with all current applicable regulations and cover all aspects of their card program for daily operations and/or contingencies.

170207. Loss of Funds

If a physical loss or overage of smart card funds occurs, then the DO or designee should follow the procedures prescribed in ***Chapter 6*** of this volume.

*170208. Card Ordering

Smart cards are ordered through the applicable point of contact for the program (FMS, FMS's fiscal agent, or FMS's financial agent) and delivered to the appropriate site. The point of contact and a designated agency representative(s) shall establish procedures to determine card usage and a secure method of card delivery.

*170209. Security and Storage

Smart card stock shall be treated like blank check stock. Storage and security requirements for blank check stock are prescribed in ***Chapter 3*** of this volume.

*****170210. Lost, Stolen, or Damaged Cards and Replacements

If a smart card is reported lost, stolen, damaged, or malfunctioning, follow procedures laid out in the applicable MOU and SOPs. For all stored value and combination cards reported lost, stolen, damaged, or malfunctioning, a locally produced list should be created and kept on hand for audit purposes. For the US Debit Card, contact FMS's financial agent.

*****170211. Audit Requirements

An initial inventory shall be completed and recorded upon receipt of smart cards from the FMS or other designated representatives. After the cards are inventoried, a signed receipt shall be provided to the issuing representative for his or her records. The DO or designee will complete an inventory log when releasing card stock to authorized personnel and to monitor returns of all unused cards. The DO or designee shall maintain a copy of the signed receipt for his or her records. At least once every calendar month, the DO or designee shall inventory all smart cards secured in the vault. Any open container shall be inventoried by individual count and by sequential serial numbers of the cards. All damaged containers, or those bearing evidence of having been tampered with, shall be opened and all cards shall be individually counted and serial numbers verified. A detailed record of the inventory, to include total cards on hand and sequential serial numbers by card type, shall be retained in the disbursing office. At least once during each calendar quarter, the agency's cash verification team shall conduct a unannounced verification of US Debit Cards to include cards received, issued, returned, and on hand. A copy of the inventory shall be given to the agency's cash verification team as an attachment to their quarterly cash verification report.

1703 EZPAY STORED VALUE CARD

170301. Overview

The EZpay SVC program utilizes a smart card with an embedded computer chip, which is preloaded with a specific amount of funds (e.g., $300, $350, $400), that provides an electronic payment method for advance of pay to trainees of the U.S. Army, Air Force, and Marine Corps. The SVC is a substitute for coin and currency transactions and is issued to alleviate cash or check payments to trainees during training. The card is designed to provide basic trainees with access to their initial advance pay, a more secure method of money handling, and electronic payments to vendors for essential items needed during the first few weeks of training (e.g., haircuts, stationery, stamps, and toiletries). Personnel involved with administering the EZpay program are encouraged to access FMS's ***EZpay website***. This website provides an overview of EZpay and also includes items such as: getting started, common questions, acceptance sites, SVC facts, and the EZpay User's Guide.

170302. Issuance Procedures

The DO or designee shall maintain a vault inventory and issuance log for each denomination (dollar value) of EZpay SVC stock received. This log shall be used to maintain an inventory of card stock on hand and to control the release of cards to the issuing section or individual. When EZpay SVCs are issued, the DO or designee shall examine the log to ensure that all cards issued and cards returned unused, if any, are accounted for and that cards are not removed without authority. An SVC Inventory and Issuance Log, a locally prepared form, shall be used to control all card stock. Use a separate log for cards with fixed monetary amounts. Do not mix card values on the same sheet with other card values. The SVC Inventory and Issuance Log shall contain the date of inventory, beginning card serial number, ending card serial number, number of cards returned, number of cards issued for the day, number of cards remaining in inventory, and the signature of the DO or designee.

170303. Activation and Accountability

Detailed procedures for activation of EZpay SVCs shall be included in the agency's SOP for issuance. The EZpay SVC is a non-reloadable card manufactured with a pre-set amount, and the card should be issued with an expiration date that allows the card holder to use the pre-set amount within the training cycle. Once an EZpay SVC is activated, the DO or designated representative shall ensure that each card number is indicated on the payroll document for tracking purposes and ensure the amount is reflected as an increase in the DO's accountability for that day's business. A payment in an amount equal to the total value of all EZpay SVCs activated that day will be forwarded to the Treasury's Fiscal Agent, which is the financial institution making restitution to the vendors for card usage. The payment will be in the form of an electronic funds transfer. The fiscal agent will complete the required settlement action with vendors who accept the EZpay SVC. The total dollar value of the EZpay SVCs activated for that day, with the exception of replacement card(s) issued, will always match the total of the daily payroll document.

170304. Residual Value on Expired/Cancelled Cards

All personnel should cash out their EZpay SVC prior to departure from recruit training. If a trainee does not cash out, the Treasury fiscal agent shall return the residual value remaining on the EZpay SVC to the DO or designee. The fiscal agent will not return any remaining balances until the EZpay SVCs expire. The DO or designee shall collect any remaining balance into the correct military pay appropriation and provide the data to the military pay entitlement area for credit to the cardholder's military pay account. If systematic return is not possible, the agency and FMS shall initiate good faith efforts to locate and return residual funds to the authorized EZpay cardholder. Should systematic or good faith return not be possible, residual funds greater than 1 year old, and less than $25, are transferred to the Treasury trust fund receipt account **1060, "Forfeitures of Unclaimed Money and Property," to be claimed with supporting documentation by contacting FMS. For amounts over $25, credit 20X6133, "Payment of Unclaimed Moneys." If the number of residuals received is significant, a review shall be conducted by the military component to determine if the value of funds issued to recruits on the

EZpay SVCs is in excess of the amount actually needed for the first few weeks of recruit training.

1704 EAGLECASH STORED VALUE CARD

170401. Overview

The EagleCash SVC is a re-loadable plastic card embedded with a computer chip that stores "electronic funds" in its memory. The card is issued to deployed service members, DoD civilians, and contractors. The card is used as a substitute for coins and currency transactions at concessions and for services at military installations overseas (e.g., barber and beauty shops, food court, post office, and Base Exchange). The card can be reloaded and continually used throughout the tour of duty. The cards are issued by a military Finance Office (inside or outside the continental United States) and may be funded through a partial pay, cash, personal check, or through the EagleCash Kiosk. For more information visit FMS's ***EagleCash website***. This website provides an overview of EagleCash and also includes items such as: getting started, common questions, acceptance sites, SVC facts, the EagleCash User's Guide, and the Kiosk User's Guide.

170402. Issuance Procedures

The DO or designee will issue all cards used in this program. EagleCash cards with a zero dollar value may be issued to individuals who are authorized to receive check-cashing services as prescribed in ***Chapter 4*** of this volume. The name of the individual, appropriate identification number, length of deployment, and bank account information are all collected during the issuance process. EagleCash cards can be issued either at the deployed location or in advance of deployment by the Finance Office.

170403. Activation

When an EagleCash card is issued, it may be loaded with funds drawn either by personal check, cash, or partial pay. Additionally, a self-service card-processing device called the EagleCash Kiosk may be deployed in the field for the purpose of loading funds to the EagleCash card. Before a cardholder uses a kiosk, he or she is required to complete the ***DD Form 2887*** (Application for Department of Defense (DoD) Stored Value Card (SVC) Programs) as reflected in Figure 17-2. Completion of the DD Form 2887 gives the Treasury's fiscal agent access to move money from the cardholder's financial institution to the EagleCash card. Bank information (bank routing number, account number and type of account) is captured electronically or manually and embedded in the computer chip and a PIN is assigned at the chip level for use with the kiosk. The completed and signed DD Form 2887 shall be forwarded to the Treasury's designated fiscal agent who is authorized to initiate debit and credit entries to the individual's financial institution. The DD Form 2887 will allow the cardholder to transfer funds between his or her financial institution and the EagleCash account. The DO shall retain a copy of all enrollment forms completed.

170404. Accountability

The accounting for entries of EagleCash shall be recorded on the appropriate lines of the ***DD Form 2657*** (Daily Statement of Accountability). On each business day, using the EagleCash laptop, Finance Officers or their designees collect all new account transactions, create a compressed or "zipped" file, and email the file to the EagleCash Customer Service Center at ***eagle@bos.frb.org*** or deposit it at another agency designated location.

170405. Residual Value on Expired/Cancelled Cards

If a cardholder departs the area before cashing out their EagleCash card, the Finance Office shall obtain the cardholder's direct deposit information from the applicable payroll system. If the Finance Office does not return the residual value, the Fiscal Agent shall deposit the funds to the cardholder's account on file after the card expires. A credit shall be forwarded to the cardholder's bank account via an Automated Clearing House (ACH) credit using information provided by the cardholder when signing up for EagleCash. If systematic return is not possible, the agency and FMS shall initiate good faith efforts to locate and return residual funds to the authorized EagleCash cardholder. Should systematic or good faith return not be possible, residual funds greater than 1 year old, and less than $25, are transferred to the Treasury trust fund receipt account **1060, "Forfeitures of Unclaimed Money and Property," to be claimed with supporting documentation by contacting FMS. For amounts over $25, credit 20X6133, "Payment of Unclaimed Moneys."

1705 NAVY CASH PROGRAM

170501. Overview

The Navy Cash program was developed in partnership with the U.S. Navy and Marine Corps and the Treasury. The program is administered by the FMS, with assistance of FMS's designated financial agent. All personnel assigned to a ship are eligible to receive a Navy Cash card. Visitors may be issued a Navy Cash Visitors card while aboard the ship. The Marine Cash card is issued when Marines are assigned to or deployed aboard Navy ships and only when Marines participate in bulk enrollment, otherwise they are given a Navy Cash account.

A. Functionality. The Navy Cash and Marine Cash cards are combination cards. The card combines a chip-based electronic purse (stored-value function) with the traditional magnetic strip (debit card and automated teller machine (ATM) function). The electronic purse replaces currency aboard ship. The magnetic strip and branded debit features afford users access to funds in their Navy/Marine Cash accounts world-wide via ATMs and POS devices at merchants who accept debit cards. Cashless ATMs aboard ships provide 24-hour-a-day, seven-day-a-week access to Navy/Marine Cash accounts. The cashless ATMs also provide offline access to accounts at financial institutions ashore and the ability to move money electronically to and from Navy/Marine Cash accounts and those financial institution accounts.

B. Split Pay. Sailors and Marines who elect the Split Pay Option may designate a portion of their pay to be sent directly to their Navy/Marine Cash accounts each payday.

C. Types of Navy Cash Cards

1. Instant Issue. The Instant Issue Navy Cash Cards provide access to all Navy Cash capabilities (i.e., the usage of the chip-based electronic purse and the magnetic strip).

2. Embossed Permanent. The Embossed Permanent Navy Cash Cards also provide access to all the Navy Cash capabilities. These cards are personalized and embossed with the account holder's name. Generally, these cards are only issued as a part of bulk enrollment when Navy Cash is initially implemented on a ship and as replacements for expiring cards.

3. Visitor Navy Cash Card. These cards have chip-only access with the intention only to make purchases on the ship. The cards do not have a Navy Cash account associated with them and do not have a magnetic strip. Also, Visitor Navy Cash cards can only have funds loaded by the disbursing office.

D. Additional Information. Personnel involved with the administering of the Navy Cash program are encouraged to access FMS's ***Navy Cash/Marine Cash website***. This website provides an overview of Navy/Marine Cash and includes items such as: Cardholder Basics, Functional Training, common questions, SVC facts, and the Navy Cash SOP.

170502. Issuance Procedures

The DO or designee may issue the Navy Cash card to newly enrolled account holders from the stock of "instant issue" Navy/Marine Cash cards. In order to obtain a fully functioning card, a DD Form 2887 must be completed and signed before the card will be issued. An example of the DD Form 2887 is shown in Figure 17-2. The DO or designated representative shall annotate appropriate information on the Bulk Card Log when the Navy/Marine Cash card is removed from the safe. The DO or designated representative shall also annotate appropriate information on the Bulk Card Log when he or she issues the card to an individual. If the Bulk Card Log is produced locally, then it shall contain the date the cards are issued, the card numbers, name and last 4 digits of each cardholder's social security number, signature of the cardholder, and the issuing DO or designee's name. Each operator using the Navy Cash system (e.g., in the ship's store, post office, chief's mess, wardroom, disbursing office or Morale Welfare and Recreation (MWR) facilities) must be identified by a four-digit operator ID number that is unique within the Navy Cash system on each ship.

170503. Activation

When a Navy/Marine Cash card is issued, it may be loaded with funds drawn either by personal check, cash, split pay option, or transfer of funds from the card holder's financial institution. Additionally, a self-service kiosk aboard the ship may be used for the purpose of loading and unloading funds to the card. Before a cardholder uses a kiosk, he or she is required to complete the DD Form 2887. In addition to serving as the application form for a fully functioning card, completion of the DD Form 2887 gives the Treasury's financial agent access to

move money from the cardholder's financial institution to the Navy/Marine Cash card. Bank information (bank routing number, account number, and type of account) is captured electronically or manually and embedded in the computer chip and a PIN is assigned at the chip level for use with the kiosk. The completed and signed DD Form 2887 shall be forwarded to the Treasury's designated financial agent who is authorized to initiate debit and credit entries to the individual's financial institution. The DD Form 2887 will allow the cardholder to transfer funds between his or her financial institution and the Navy/Marine Cash account. The DO shall retain a copy of all enrollment forms completed.

170504. Accountability

The DO controls access to the various functions within the Navy/Marine Cash System. Individual operators are assigned to one of six user groups that represent six levels of access rights: DO/Deputy, Marine DO/Deputy, Agent Cashier, Duty Person, Refunds, and Duty Automatic Data Processing. The access rights for each user group are initially set to default settings. The issues associated with accountability for cash management of public funds are addressed in Chapter 3 of this volume. Navy/Marine Cash transactions, such as increasing amounts in either the chip or strip accounts, with funds drawn either by personal check or cash, or giving cash for amounts drawn off a loaded card, occur at the disbursing office. All funds associated with these transactions are part of the DO's accountability. At the end of month reporting, the DO will be responsible for creating an electronic Standard Form (SF) 215 (Deposit Ticket) or SF 5515 (Debit Voucher) and forwarding it to the Treasury financial agent who enters the figures into the CA$HLINK II system. The transactions are confirmed by the financial agent prior to being entered into CA$HLINK II. For ease of tracking and identification, all electronic SF 215s and SF 5515s will use the pre-assigned numbers from the corresponding hard-copy SF 215 and SF 5515. The copy of the SF 215 or SF 5515 shall be included with the appropriate financial documents for retention.

170505. Residual Value on Expired/Cancelled Cards

Prior to transferring from the ship or being separated from active duty, a cardholder may transfer any remaining value to their home financial institution by using the Cashless ATM or request a cash-out from the DO paid in cash or by US Treasury check. All Visitor Navy Cash cards should be cashed out and returned to the DO before a visitor departs ship, since they are reusable. If the cardholder is absent or in a non-active status, then the DO shall contact the financial agent and request that any residual value in the Navy/Marine Cash account be transferred to the home financial institution of the cardholder. If systematic return is not possible, the agency and FMS initiate good faith efforts to locate and return residual funds to the authorized Navy/Marine Cash cardholder. Should systematic or good faith return not be possible, residual funds greater than 1 year old, and less than $25, are transferred to the Treasury trust fund receipt account **1060, "Forfeitures of Unclaimed Money and Property," to be claimed with supporting documentation by contacting FMS. For amounts over $25, credit 20X6133, "Payment of Unclaimed Moneys."

1706 US DEBIT CARD PROGRAM

The US Debit Card (USDC) program is administered by the FMS, with the assistance of FMS's designated financial agent. The USDC provides Federal agencies with the ability to deliver Federal payments through debit cards, as an alternative to checks, drafts, cash, and other non-electronic mechanisms. The USDC is a flexible payment mechanism that can be used to deliver miscellaneous or nonrecurring payments to individuals, or to allow Government employees or military personnel access to cash in their official duties. Examples of the types of Federal payments that can be delivered via a debit card include benefit, payroll, stipend, employee awards, and survey incentives. After implementation of the USDC program, the Agency disburses payments to a card account, and the funds are accessed via a debit card issued to a Federal payment recipient. The cardholder may use the USDC to access authorized Federal payments at ATMs, POS terminals, bank tellers, and other locations where access is permitted. If the USDC is MasterCard- or Visa-branded, the cardholder may use the USDC anywhere the applicable brand is accepted. For more information, visit FMS's ***US Debit Card website*** and the ***U.S. Debit Card Program website***.

*Figure 17-1. DoD Financial Smart Card Application (page 1 of 4)

DEPARTMENT OF DEFENSE (DoD) FINANCIAL SMART CARD APPLICATION		
SECTION I - GENERAL INFORMATION		
1. Program Title:		
2. Program Description:		
3. Sponsoring Organization:		
4a. Name of Smart Card Program Manager (Primary or Alternate):		b. Telephone:
c. E-Mail:		d. Fax:
5. Program Magnitude (Check one):	Pilot [ ]	Full Roll-out [ ]
6. Supporting Disbursing Station Symbol Number (DSSN):		
7. Implementing Location(s):		
8. Duration and Start Date Requested:		
9. Financial Applications(s) (e.g., Debit, Stored Value, Other):		
10. Purpose/Objective (Include improvements/changes to official DoD functions (e.g., disbursing and paying, if any)):		
11a. Anticipated Future Deployment:	Yes [ ]	No [ ]
b. If yes, explain:		

***Figure 17-1. DoD Financial Smart Card Application (page 1 of 4)**

12. Alternatives Considered (e.g., EFT, Travel Card):	
13. Other Non-Financial Applications on Card:	
14a. Total Population Served:	b. Number of Cards:
c. Projected Annual Dollar Amount Deposited on Cards (US Debit Card Program Only):	
15. Other Known Location(s)/Installation(s) Where Card Could be Used:	
16. Projected Savings and Budget Impact:	
17. Anticipated Benefits:	
18. Performance Measures of Pilot:	
19. Barriers to Implementation:	

***Figure 17-1. DoD Financial Smart Card Application (page 2 of 4)**

SECTION II - CARD/VENDOR INFORMATION
20. Issuing Financial Institution Provider/Sponsor and POC:
21. Type of Card Technology/Platform and Size:
22. How Funds Will be Loaded on Cards:
23. Source of Funds to be Loaded on Cards:
24. Security and Privacy Factors:
25. Accountability Controls (including Funds Pool), Auditable Features, and Collateralization/ Warranty Issues:
26. Frequency of In Progress Reviews (e.g., monthly, quarterly):
27. Authorization/Dispute Processes:

***Figure 17-1. DoD Financial Smart Card Application (page 3 of 4)**

28. Association Brand Affiliation (e.g., VISA/MASTERCARD):
29. Network Used, if any (Cirrus, Plus):
30. On-base Merchants Where Card is Accepted:
31. Cost of Cards:
32. Type and Number of Equipment:
33. Cost of Equipment:

***Figure 17-1. DoD Financial Smart Card Application (page 4 of 4)**

Figure 17-2. Navy/Marine and EagleCash Enrollment and Authorization Agreement

APPLICATION FOR DEPARTMENT OF DEFENSE (DoD) STORED VALUE CARD (SVC) PROGRAMS

OMB No. 0730-0016
OMB approval expires Oct 31, 2011

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE ADDRESS IN THE PARAGRAPH BELOW. SUBMIT COMPLETED FORMS AS SHOWN IN "DIRECTIONS".
The public reporting burden for this collection of information is estimated to average 10 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 the burden, to the Department of Defense, Washington Headquarters Services, Executive Services Directorate, Information Management Division, 1155 Defense Pentagon, Washington, DC 20301-1155 (0730-0016). 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.

PRIVACY ACT STATEMENT

AUTHORITY: P.L. 104-134, Debt Collection and Improvement Act 1996, as amended; Department of Defense Financial Management Regulation (DoDFMR) 7000.14-R, Vol. 5, Chapter 17; 5 U.S.C. 5514; 31 U.S.C. Sections 1322 and 3720A; 37 U.S.C. Section 1007; 31 CFR 210 and 285; and E.O. 9397.
PRINCIPAL PURPOSE(S): To enroll individuals in DoD Stored Value Card (SVC) programs; to obtain authorization to initiate debit and credit entries to individual's accounts; and to facilitate collection of any delinquent amounts.
ROUTINE USE(S): The information on this form may be disclosed as generally permitted under 5 U.S.C. Section 552(a)(b) of the Privacy Act of 1974, as amended. It may be disclosed outside of DoD to the U.S. Department of the Treasury, Fiscal and Financial Agents and their contractors involved in providing DoD SVC services. In addition, other Federal, State, or local government agencies that have identified a need to know may obtain this information for the purpose(s) as identified in the DoD Blanket Routine Uses as published in the Federal Register.
DISCLOSURE: Disclosure is voluntary; however, failure to furnish the requested information may significantly delay or prevent your participation in the DoD SVC program.

DIRECTIONS: Submit completed form to Disbursing or Finance Office or other authorized person coordinating enrollment for DoD-approved SVC program. Provide bank or credit union information if you wish to transfer funds from your bank or credit union account to your SVC account at an SVC kiosk or cashless ATM. For more information about DoD SVC programs, please visit http://www.fms.treas.gov/eaglecash or http://www.fms.treas.gov/navycash.

1. STORED VALUE CARD (SVC) PROGRAM APPLYING FOR *(X as applicable)*
☐ EAGLECASH ☐ NAVY CASH/MARINE CASH ☐ OTHER *(Specify)*

SECTION I - APPLICANT PERSONAL INFORMATION

2. RATE, RANK, TITLE	3. FIRST NAME	4. MIDDLE INITIAL	5. LAST NAME

6. SSN	7. PAY GRADE	8. MILITARY BRANCH OR COMPANY NAME *(Contractors)*	9. DATE OF BIRTH *(MMDD)*	10. MOTHER'S MAIDEN NAME OR KEYWORD *(Required for security purposes)*

11.a. MILITARY DUTY ADDRESS *(For Navy/Marine Cash include assigned Division, Unit, etc.)* OR WORK ADDRESS *(Contractors)*	b. USMC ONLY (1) MEU	(2) MLG

c. CITY	d. STATE	e. ZIP CODE	f. COUNTRY

12.a. RESIDENCE/PERMANENT ADDRESS

b. CITY	c. STATE	d. ZIP CODE	e. COUNTRY

13. WORK TELEPHONE NUMBER	14. CELL TELEPHONE NUMBER	15. E-MAIL ADDRESS

SECTION II - APPLICANT BANK OR CREDIT UNION INFORMATION

16.a. BANK OR CREDIT UNION NAME	b. CITY	c. STATE	d. ZIP CODE

17. ABA ROUTING NUMBER *(9-digit number)*	18. ACCOUNT NUMBER

19. ACCOUNT NAME *(Your name as it appears on your account)*	20. ACCOUNT TYPE *(X one)* ☐ CHECKING ☐ SAVINGS

SECTION III - STATEMENTS OF UNDERSTANDING

DEBT COLLECTION/WAIVER OF PRIOR DUE PROCESS: In consideration of receiving a DoD SVC, I hereby knowingly and voluntarily consent to the immediate collection from my pay (military or civilian DoD pay), without prior notice or prior opportunity for a hearing or review, of any amounts that may become due and owing as a result of my use of the SVC. This means the government may deduct amounts owed from my pay as authorized by 5 U.S.C. 5514, 37 U.S.C. 1007, and other applicable laws. If I am employed by a contractor or if I am no longer receiving military or civilian pay, and amounts remain or become due and owing, I understand that the government will initiate debt collection procedures in accordance with the Federal Claims Collection Standards (31 C.F.R. Parts 900-904) and Chapters 28-32, Volume 5, DoD 7000.14-R, DoD Financial Management Regulation.
EXPIRED, LOST, STOLEN, OR DAMAGED CARD: When my DoD SVC expires, any value remaining will be forwarded to my bank or credit union account specified above. If the account has been closed or if any value remaining on the SVC cannot be forwarded to the account for any other reason, I understand that the funds will be transferred to an account in the U.S. Treasury in accordance with 31 U.S.C. 1322 and that I retain the right to claim such funds. For Navy Cash/Marine Cash only: If my DoD SVC is lost, stolen, or damaged, I may be charged a fee for a replacement card.
ADDITIONAL TERMS AND CONDITIONS: By using the DoD SVC, I agree to accept the terms and conditions for use of the SVC established by the issuer of the card. This form may be imaged and kept on file electronically by the U.S. Department of the Treasury and/or its Financial or Fiscal Agent. The electronic image shall be considered the legal equivalent of the original.

SECTION IV- AUTHORIZATION TO MAKE DoD SVC TRANSFERS ELECTRONICALLY TO AND FROM MY BANK OR CREDIT UNION ACCOUNT

I authorize the U.S. Treasury's Financial Agent to initiate debit and credit entries to my bank or credit union account at the financial institution specified above in order to fulfill any requests I may make to transfer funds between my bank or credit union account and my SVC account.

21. SIGNATURE	22. DATE SIGNED *(YYYYMMMDD)*

SECTION V - FOR OFFICE USE ONLY

23. ISSUED BY *(Disbursing/Finance Office Name/Location)*	24. CARD NUMBER *(Last 6 digits)*

DD FORM 2887, FEB 2009 PREVIOUS EDITION IS OBSOLETE. Reset Adobe Professional 8.0

Figure 17-2. Navy/Marine and EagleCash Enrollment and Authorization Agreement

VOLUME 5, CHAPTER 18: "EMERGENCY DISPOSITION OF CURRENCY, COIN, AND NEGOTIABLE INSTRUMENTS"

SUMMARY OF MAJOR CHANGES

All changes are in blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are in ***bold, italic, blue and underlined font*.**

The previous version dated January 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Revised entire chapter to include administrative updates and hyperlinks.	Update
1801	Provided guidance addressing contingency plans and internal controls under emergency operations.	Add
1802	Provided guidance addressing secured vaults and/or safes as designated safe locations to secure currency, coin, and negotiable instruments under emergency conditions.	Update

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CHAPTER 18

EMERGENCY DISPOSITION OF CURRENCY, COIN, AND NEGOTIABLE INSTRUMENTS

*1801 GENERAL

180101. Overview

Heads of Department of Defense (DoD) components must develop and maintain contingency plans and standby procedures to dispose of currency, coin, and negotiable instruments under emergency conditions. Plans should include internal controls to minimize the potential risks of fraud, waste, and mismanagement. Emergency operations include, but are not limited to, combat operations, peacekeeping operations, humanitarian assistance efforts, noncombatant evacuation operations, and disaster relief efforts.

180102. Purpose

This chapter provides guidance for the disposition of currency, coin, and negotiable instruments under emergency conditions. Submit requests for exceptions to this guidance following Chapter 1.

*1802 POLICY

180201. Disposition

A. Emergency Conditions. Under conditions that may require the evacuation, disposal, or destruction of currency, coin, or negotiable instruments, commanders will need to execute their contingency plans. Disbursing Officers (DOs) or the DO's designee will evacuate currency, coin, and negotiable instruments under emergency conditions or in anticipation of enemy action to a designated safe location (e.g., secured vaults or safes). If it appears that capture of these items is possible, DOs or DO's designee will destroy funds as prescribed in this chapter, and are accountable for all public funds under their control.

B. Imminent Threat. Upon initial notification of a threat that may require the destruction of currency, coin, and negotiable instruments, the DO or Deputy Disbursing officer (DDO) or the DO's designee should determine cash requirements, recall or purchase excess funds, and evacuate them to a designated safe haven. Under emergency conditions, or in anticipation of enemy action, the DO or DDO, to the extent possible, evacuates currency, coin, and negotiable instruments held at personal risk. If, in the DO's, DDO's, or commander's opinion, it appears that capture of these funds is possible, destroy them as prescribed in this chapter, or secure them in a manner that will minimize the risk of capture.

1. Combustible Materials. If capture of funds is inevitable, burn paper currency, checks, bonds, and other burnable documents completely to ashes. If this is not possible, use chemical decomposition, shredding, or pulping. These alternative methods must

completely destroy the original character and appearance of the items being destroyed, rendering them non-negotiable.

2. Solid Substances. Dispose of coins and other valuable non-burnable items, including signature plates and digitized signature media, by crushing (plates and media) and/or scattering in deep bodies of water (coins), when possible. When no suitable bodies of water are present, discretely bury these items in the ground. Coins may also be fused or mutilated to make them unrecognizable. Fragment and scatter bars, ingots, and other units of precious or valuable substances, making their recovery impossible or at least uneconomical.

C. Destruction Precedence. DOs/DDOs in areas of elevated tension should anticipate the possibility of emergency destruction and maintain procedures to rapidly inventory and destroy their funds. If there is not enough time to destroy all funds held by the DO/DDO, prioritize the destruction as follows:

1. United States (U.S.) and foreign currency and negotiable instruments carried as cash in the DO's accounts;

2. Blank Treasury checks;

3. Blank limited depository checks;

4. Currency, negotiable instruments, and other valuables held for safekeeping under Chapter 27;

5. Coins; and

6. Other valuables (e.g., signature plates and digitized signature media) in the DO's/DDO's custody.

D. Sudden Destruction. When currency and coins are destroyed by explosion, fire, sinking of a vessel, or aircraft accident, the accountable DO prepares a written statement identifying the circumstances under which the destruction occurred and sends it with a request for relief of liability to the Director, Defense Finance and Accounting Service (DFAS) - Indianapolis, ATTN: DFAS-ZPFA/IN, 8899 E. 56th Street, Indianapolis, IN 46249-0500. If the DO does not survive the disaster that destroyed the funds, the officer designated to settle the account acts on the DO's behalf by reconstructing the accountability of the DO and initiating the appropriate requests for relief.

E. Accounting for Destroyed Currency, Coin, and Negotiable Instruments. DOs account for destroyed currency, coin, and negotiable instruments which were held as public funds on line 7.7 of the ***Department of Defense (DD) Form 2657*** (Daily Statement of Accountability) and the ***Standard Form (SF) 1219*** (Statement of Accountability), and attach copies of supporting ***DD Form 2669*** (Destruction Schedule) to the affected DD Form 2657 and SF 1219. Enter "Currency, Coin, and Negotiable Instruments Destroyed; see attached DD Form 2669" on line 7.7 of both forms.

180202. Preparation for Emergency Destruction of Currency

A. DOs and their Agents

1. U.S. Currency. If time permits, the DO/DDO prepares original and 3 copies of ***DD Form 2669*** for all U.S. currency to be destroyed, noting the reason in the space provided. For full or partial packages of new currency, note the beginning and ending serial numbers of each denomination. Destruction must be witnessed by three persons who are either U.S. commissioned or noncommissioned officers, or U.S. government civilian employees who are U.S. citizens. The DO/DDO may serve as the third witness if one of the other two witnesses is senior in rank to the DO/DDO. Witnesses enter their names, ranks, and signatures in the spaces provided. A DO/DDO serving as a witness completes block 5 and the applicable section of block 8. Do not delay destruction pending arrival of the DO's/DDO's superior. Indicate the method of destruction in the space provided for the witnesses' certifications.

2. Check Stock. If time permits, the DO/DDO prepares a listing (original and 3 copies) of the U.S. Treasury and limited depositary account check stock to be destroyed, indicating the range (from and through) of check numbers for each series of checks maintained. The witnessing requirements in subparagraph 180202.A.1 apply.

3. Foreign Currency and Coin. If time permits, the DO/DDO prepares a DD Form 2669 for foreign currency and coins to be destroyed. Modify the appropriate areas of the form to identify the different denominations; prepare separate forms for currency and coins and separate forms for public funds and those held for safekeeping. The witnessing requirements in subparagraph 180202.A.1 apply.

4. U.S. Coin. If time permits, the DO/DDO prepares a DD Form 2669 as described above for U.S. coin to be destroyed, including the same type of information required for U.S. currency, but listing the denominations and value of each denomination to be destroyed. DO/DDO will cross out the preprinted denominations of paper currency, and enter the coin denominations. Also, cross out "currency" and enter "U.S. coin" immediately above in both the DO's/DDO's and witnesses' certification blocks. The witnessing requirements in subparagraph 180202.A.1 apply.

5. Signature Media. Follow subparagraphs 180201.B.2 and 180202.A.1 for disposal of signature plates and digitized signature media.

B. Non-appropriated Fund (NAF) Custodians

1. U.S. Currency and Coin. When directed by the commander, NAF activities turn in their U.S. currency and coin to the nearest DoD DO/DDO in exchange for a U.S. Treasury check for the appropriate amount. After the exchange, the funds become public funds, for which the DO is accountable. If destruction becomes necessary, paragraph 180202 applies. If an exchange cannot be made, a NAF authority should prepare a destruction schedule similar to the ***DD Form 2669*** and, after verification, dispose of currency and coins following subparagraph 180201.B in the presence of at least one NAF representative and two U.S.

commissioned or noncommissioned officers or U. S. government civilian employees (witnesses as prescribed in subparagraph 180202.A.1).

2. Foreign Currency and Coin. When directed by the commander, NAF activities turn in their foreign currency and coin to the nearest DoD DO/DDO in exchange for a receipt (stated in units of the foreign currency) stating that the foreign currency is being accepted for safekeeping and that neither the DO/DDO nor the U.S. Government is accountable for loss or destruction as a result of the existing emergency; see Chapter 27. If after accepting foreign currency and coin for safekeeping, the DO/DDO must use the funds to meet operational requirements, the DO/DDO issues a U.S. Treasury check to the NAF activities for the U.S. dollar equivalent of the foreign funds used. If destruction becomes necessary and time permits, the DO/DDO prepares a DD Form 2669. When an exchange cannot be made, a NAF authority prepares a destruction schedule similar to the DD Form 2669, and after verification, burns the currency to ashes. Dispose of foreign coins as prescribed in subparagraph 180201.B, with witnesses as prescribed in subparagraph 180202.A.3.

C. Military Banking Facilities (MBFs). Commanders notify MBFs as soon as possible when they believe it is prudent for them to liquidate their coin and currency holdings. Bank managers in critical areas may periodically exchange currency that exceeds day-to-day requirements for a U.S. Treasury check, thus reducing currency susceptible to loss.

1. U.S. Currency and Coin. When it becomes necessary to destroy U.S. currency and coin, the MBF transports it to the nearest DoD DO/DDO and exchanges it for a U.S. Treasury check. As with U.S. currency and coin received from NAF activities, the DO/DDO is accountable for and includes it on the appropriate DD Form 2669. When an exchange cannot be made, the bank manager prepares a destruction schedule similar to the DD Form 2669, and after verification of the currency to be destroyed, burns the currency to ashes in the presence of at least one MBF representative and two U.S. commissioned or non-commissioned officers or U.S. government civilian employees who are U.S. citizens. Dispose of U.S. coins as prescribed in subparagraphs 180201.B and 180202.A.1.

2. Foreign Currency and Coin. When it becomes necessary to destroy foreign currency and coin, the MBF transports it to the nearest DoD DO/DDO and exchanges it for a receipt stating that the foreign currency is being accepted for safekeeping and that neither the DO/DDO nor the U.S. Government is accountable for loss or destruction as a result of the existing emergency; see Chapter 27. If after accepting foreign currency and coin for safekeeping, the DO/DDO must use the funds to meet operational requirements, the DO/DDO issues a U.S. Treasury check to the MBF for the U.S. dollar equivalent of the foreign funds used. If destruction becomes necessary and time permits, the DO/DDO prepares DD Form 2669. When an exchange cannot be made, the bank manager should prepare a destruction schedule similar to the DD Form 2669, and after verification of the currency to be destroyed, burn the currency to ashes. Follow subparagraphs 180201.B and 180202.A.3 to dispose of foreign currency and coin.

D. Other DoD-Sponsored Activities

1. U.S. Currency and Coin. When it becomes necessary to destroy U.S. currency and coin, managers of these activities deliver them to the nearest DoD DO/DDO in exchange for a U.S. Treasury check. As with U.S. currency and coin received from NAF activities, when a U.S. Treasury check is issued in exchange for the value of the funds, the DO is accountable for the funds and includes them on the appropriate ***DD Form 2669***. When an exchange cannot be made, the activity manager prepares a destruction schedule similar to the DD Form 2669, and verifies and burns the currency to ashes in the presence of at least one representative from the activity and two U.S. commissioned or noncommissioned officers or U.S. government civilian employees who are U.S. citizens. Follow subparagraphs 180201.B and 180202.A to dispose of U.S. currency and coin.

2. Foreign Currency and Coin. When it becomes necessary to destroy foreign currency and coin, managers of these activities deliver them to the nearest DoD DO/DDO in exchange for a receipt stating that the foreign currency is being accepted for safekeeping and that neither the DO/DDO nor the U.S. Government is accountable for loss or destruction as a results of the existing emergency; see Chapter 27. If after accepting foreign currency and coin for safekeeping, the DO/DDO must use the funds to meet operational requirements, the DO/DDO issues a U.S. Treasury check to the activity for the U.S. dollar equivalent of the foreign funds used. If destruction becomes necessary, the DO/DDO prepares DD Form 2669 if time permits. When an exchange cannot be made, the activity manager prepares a destruction schedule similar to the DD Form 2669, and after verification, burns the currency to ashes. Follow subparagraphs 180201.B and 180202..A to dispose of foreign currency and coin.

Figure 18-1. Sample Department of Defense (DD) Form 2669 (Destruction Schedule)

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/XXXX

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
James M. Jonas, CDR, SC, USN	S.C. Gorman, CDR, USN	A.F. Doyle, CAPT, USN

9. LOCATION	10. DATE
NAS Troublespot, APO	11/13/XXXX

DD Form 2669, AUG 93

VOLUME 5, CHAPTER 19: "DISBURSING OFFICER ACCOUNTABILITY REPORTS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated May 2009 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
190104	Revised the requirement that a paying agent needs to prepare a DD Form 2665 each day they conduct business. OUSD(C), DCFO memorandum dated September 23, 2010 allows the paying agent to submit their business on the day they do a final turn-in to the disbursing officer.	Update
1906 Previous Version	Deleted "Cash Forecasting Requirements". This requirement is covered in Chapters 5, 7, and 11 of this volume.	Delete
Multiple	Deleted references to the Navy's Automated Teller Machines.	Delete

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CHAPTER 19

DISBURSING OFFICER ACCOUNTABILITY REPORTS

1901 DISBURSING OFFICER (DO) ACCOUNTABILITY

190101. Concept

All disbursing officers (DOs) are agents of the Department of the Treasury (Treasury). Each DO is accountable to the Treasury for the cash items (including receivables) in his or her possession. The Statement of Accountability (Standard Form ***(SF) 1219***) is a DO's official monthly recording and reporting of this accountability to the Treasury. DOs maintain their daily accountability on the Daily Statement of Accountability (Department of Defense ***(DD) Form 2657***). This form is similar and subsidiary to the SF 1219. DOs report disbursement and collection transactions on both the DD Form 2657 and the SF 1219, with collections reported as net of disbursements on the SF 1219.

190102. Balancing

A. General. DOs balance cash in their possession daily using DD Form 2657 as the permanent written record. They keep documents representing cash for which they are accountable in their vault or safe and account for them daily on the DD Form 2657 and monthly on the SF 1219. When accounts are inspected, DOs present the DD Form 2657 to the inspectors for examination. See Appendix A of this volume. Deputies, cashiers, and agents perform most DO cash transactions. They report their accountability to the DO on the Daily Agent Accountability Summary ***(DD Form 2665)***, and prepare of this form based on an actual count of all cash and negotiable instruments in their possession. All deputies, cashiers, and agents use the Statement of Agent Officer's Account ***(DD Form 1081)*** 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 of this chapter, the DO or primary deputy balances all deputies, cashiers, and agents daily, using the DD Form 2665. The DO may rely on the daily count by a deputy, cashier, or agent at a remote location, as verified by the latter's signature on the DD Form 2665.

B. Navy Vessels. DOs aboard Navy vessels balance their own cash using the DD Form 2657, and their deputies, cashiers, and agents using DD Form 2665 at least weekly, 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 should balance all deputies, cashiers, and agents daily.

C. Deputies, Cashiers, and Agents at Remote Locations. Deputies, cashiers, and agents who are geographically distant from the DO (e.g., DO in Indiana and agent in Afghanistan) need not submit the DD Form 2665 to the DO daily. They do, however, keep a daily record of transactions, prepare a DD Form 2665 daily, and submit it along with all supporting documentation (e.g., all collection and disbursement vouchers and deposit tickets)

and the DD Form 1081 to the DO whenever a turn-in is effected.

190103. Overview of DD Form 2657

The DD Form 2657 is to one day what the SF 1219 is to one month. The former summarizes the amounts the Treasury would seek 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, cashiers, and agents. DOs report detailed transactions in their subsidiary records. Section I of the DD Form 2657 reflects the total DO accountability to the Treasury at the end of each business day. The accountability reflected on the SF 1219 is the accumulated DD Form 2657 accountability on the last day of the accounting period (Month-to-Date Column). Section II (for the current DO) and section III (for all prior DOs of that Disbursing Station Symbol Number (DSSN)) summarize the elements of total DO accountability. Total Sections II and III in section IV. Section I totals (except for line 1.0) start with a zero balance at the beginning of each new accounting period (e.g., month) and when there is a change of DOs before 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 Section IV total must agree with the Section I total 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 DOs cash accountability, the Treasury, and disbursement and collection transactions recorded in the accounting system. The DO signs the daily DD Form 2657 as an official attestation to the balance of the account. See section 1902 of this chapter for detailed preparation instructions.

*190104. Overview of DD Form 2665

Each deputy, cashier, and agent prepares a DD Form 2665 for each day during which they transact business, to summarize that day's business, recording transactions in U.S. dollar values. Paying agents appointed to work with contracting on contingency operations need only to prepare a DD Form 2665 on the day they turn-in all their business to the DO. For the DD Form 2665 to reflect a continuous picture of the transactions affecting the accountability of a deputy, agent, or cashier, show the advance on the first DD Form 2665 prepared after receipt of an advance from the DO (or other principal authorized to provide advances), and the turn-in on the last DD Form 2665 prepared up to the time of turn-in (submission of financial reports to the DO or other principal). The DD Form 2665 is thus a stand-alone document that provides a complete picture of a deputy's, cashier's, or agent's accountability transactions from day to day. To the extent possible, do not perform a turn-in in the middle of a business day. If such a turn-in is necessary, however, then prepare a DD Form 2665 up to the time of and including the turn-in, and prepare another DD Form 2665 for the portion of the business day after the turn-in. See section 1903 of this chapter for detailed preparation instructions.

190105. Overview of DD Form 1081

Deputies, cashiers, and agents prepare a DD Form 1081 as a summary of cash transactions and receipt for cash and vouchers on hand whenever a settlement of the account

occurs. This form summarizes cash transactions for the period covered by the turn-in. The DO or principal deputy verifies the DD Form 1081 when the deputy, cashier, or agent settles their account; signs the original and copy of the form; keeps the original and supporting documents supporting the form; and returns the signed copy to the deputy, cashier, or agent. DO or principal deputy should perform an actual cash count at the time of turn-in or settlement. The deputy, cashier, or agent keeps 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 the Voucher Control Log ***(DD Form 2659)***

This form summarizes daily disbursement and collection transactions by voucher number; identifies the means of payment (i.e., check, cash, travelers check, electronic funds transfer (EFT), or a no-pay adjustment) and the check/EFT trace number (enter under other); ensures that all voucher numbers are accounted for; ensures that all payment and collection vouchers are entered in accountability records; functions as a double-check against the DD Forms 2657 and 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 each functional area and/or branch disbursing office to prepare a DD Form 2659 when these areas or offices are assigned a separate series of voucher numbers. See Chapter 11, Figure 11-1 for an example of DD Form 2659.

190107. Overview of SF 1219

The SF 1219 summarizes totals of all receipts and expenditures of public funds occurring during an accounting period and the status of the DO's account at the close of that period. An accounting period normally begins on the first day of each calendar month and ends on the last day of that month. An accounting period may not extend 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 before the last day of a month or commences disbursing duty on other than the first day of a month; see Chapter 2 of this volume. See section 1905 of this chapter for detailed preparation instructions.

1902 PREPARATION OF DD FORM 2657

190201. General

Every DO prepares a DD Form 2657 (Figure 19-1) for each day they transact business. Except as provided in Chapter 20 of this volume, prepare this form in an original only as 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 DOs 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 to pay vouchers, including regular and special payrolls and the value of any check-issue adjustments. Support check-issue adjustments with Financial Management System (FMS) Form 5206 (Advice of Check-Issue Discrepancy) or Optional Form ***(OF) 1017-G*** (Journal Voucher). See Chapter 9 of this volume. If a DD Form 2657 is prepared for the first day of a month, then 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, e.g., checks written to obtain operating cash, for purchase of foreign currency, or for providing funds to agents. Support check-issue adjustments shall be properly supported by FMS Form 5206 or OF 1017-G. If the DD Form 2657 is for the first day of a month, then 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 unexplained overages during the business day for vouchering on the next business day. Do not enter overages occurring on the last day of the month on this line. Do not report amounts entered on this line on line 2.3 of the SF 1219. When preparing 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, e.g., collections from dining facilities, assign only one collection voucher number for the entire month; prepare the formal collection voucher on the last business day of the month. Report daily receipts of this nature on this line and as U.S. Currency/Coinage on Hand (Line 6.2A). When processing the formal collection voucher at the end of the month, remove the accumulated collections from this line and include them as reimbursements on Line 4.1E. Also, use this line

to record accumulated small exchange gains supported by a net gain and loss voucher on the last day of the month (rather than daily).

E. Line 2.34: Discrepancies in DOs Account – Credit. This is a Department of the Treasury 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 being assumed by the DO. The deactivated DSSN must report this same accountability figure on line 4.37 of its DD Form 2657. Also use this line to record a transfer of funds from another DO, which the transferring DSSN must record on line 4.37 of its DD Form 2657. If the DD Form 2657 is for the first day of a month, then 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 must record the transaction on their SF 1219 for the same accounting period.

H. Line 2.8: Intra-governmental Payments and Collections (IPAC). DOs participating in Department of the Treasury's IPAC system use this line. See Chapters 10, 11, and 24 of this volume for detailed information. In the "Today" column, enter the net daily IPAC interagency payments and collections for certain supplies and services rendered, including any adjustments for the current business day. When collections exceed disbursements, record the amount as a negative. If the DD Form 2657 is for the first day of the month, then 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 IPAC transaction is processed in the Department of the Treasury'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 IPAC with a January 30th processing date 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 IPAC transactions processed by Treasury in February and one for the January amount.

2. Use additional 2.8 lines if an erroneous amount was reported in a prior month. Treasury notifies the agency on FMS Form 6652 (Statement of Differences – Disbursing Office Transactions). Report a separate line for the month in which an 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 the "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 the DD Form 2657 is for first business day of a month,

then the amounts will 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 for the first business day of a month, then the amounts will be the same.

K. Line 4.1A: Gross Disbursements. Disbursements are payments from (or charged to) an appropriation or fund, supported by formal disbursement vouchers. See Chapter 11 of this volume. Collection of payments made in error which are processed as bracketed (negative) amounts on disbursement vouchers are negative disbursements. See Chapter 10 of this volume. Enter total gross disbursements (including IPAC 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 (reported on line 4.1B) and negative reimbursements occurring on disbursement or collection vouchers (reported on line 4.1E). If the DD Form 2657 is for the first day of a month, then 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. See Chapter 10 of this volume. On the rare occasion that requires reversal of a refund, process a collection voucher (with the amount bracketed) as a negative refund. Refunds occurring on disbursement vouchers (voucher deductions) are also considered to be negative disbursements. Include them on Line 4.1A as reductions 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 for the first day of the month, then 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. These are 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 for the first day of the month, then the amounts must be the same.

N. Line 4.1D: Less Receipts. Receipts are collections credited to Treasury's miscellaneous receipt accounts supported by formal collection vouchers. In the "Today" column, enter the total collections credited to these accounts. If the DD Form 2657 is for the first day of a month, then 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 collections for property sold or services furnished, credited to appropriations on formal collection vouchers. Return over-collection of reimbursements to remitters, vouchering them as bracketed (negative) amounts on collection vouchers or positive amounts on disbursement vouchers. Treat the transactions as negative reimbursements and reduce the amount reported as reimbursements. In the "Today" column, enter the total of collections classified as appropriation reimbursements (including IPAC collections) less any negative reimbursements, whether from collection or disbursement vouchers. If the DD Form 2657 is for the first day of a month, then 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 for the first day of a month, then 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 on the DD Form 2657 is the same as Net Disbursements 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 Department of the Treasury's General Account) during the business day. See Chapter 5 of this volume. This is a total of all SFs 215 (Deposit Ticket), including deposited canceled checks, mutilated or decomposed currencies, food stamps, and credit card collections. Do not include deposits to limited depositary checking accounts (LDA) on this line. Reduce the total entered by the value of any SFs 5515 (Debit Voucher) processed during the day, except for those SFs 5515 for EFT payments to a bank which are recorded on line 4.2B. Report deposits prepared, verified, SF 215 attached, dated, and removed from an agent's or cashier's possession but still on hand at the close of the business day, 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 it on line 4.2A. This will be a regular routine for DOs depositing collections received on a business day but reporting them on the next business day. If a DD Form 2657 is for the first day of the month, then 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, bracketed 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 LDA transactions vouchered on the last day of the accounting period.

T. Line 4.34: Discrepancies in DOs Account - Debits. This is a Treasury 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. A deactivating DSSN uses this line to transfer its final accountability to another DSSN. The gaining DSSN assumes accountability for this balance by recording an increase on line 2.37. Also use this line to record a transfer of funds to another DSSN which records this same amount on line 2.37 of its DD Form 2657. If the DD Form 2657 is for the first day of the month, then 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 DSSNs making such a transfer record the transaction on their respective SFs 1219 in 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 for the first day of the month, then the amounts will 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. These amounts must agree; both columns reflect end-of-day accountability. This amount represents a DO's accountability to the Treasury at the close of that particular business day. Carry the "Today" column amount forward as the beginning accountability (line 1.0) on the DD Form 2657 for the next business day. 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. LDAs are normally foreign currency checking accounts held in a DO's own name, similar to an individual's personal checking account. Unless scheduling on the back or on an attachment, show the name and location of the LDA and the foreign currency unit (e.g., pesos) in the blank space under the Description column for line 6.1. Report all entries in the amount columns in U.S. dollars. See Chapter 14 of this volume. If the amount on this line includes both U.S. dollars and U.S. dollar equivalents of foreign currency, then show the U.S. dollar equivalent of foreign currency as a memo entry in the "Description" column; otherwise, 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. Report interest earnings with an appropriate Treasury miscellaneous receipt account collection voucher on line 4.1D. Also include any gain resulting from a beginning-of-day revaluation of the foreign currency on deposit, reporting these gains with a

collection voucher (DD Form 1131) 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 disbursing activity' operating funds, and reported it 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 disbursement voucher (***SF 1034*** (Public Voucher for Purchases and Services Other Than Personal)) 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, 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 must agree with the DOs 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. See Chapter 3 of this volume. Also include vouchers returned to deputies, agents and cashiers. Do not include currency and coins identified on lines 6.3 through 6.9 (e.g., currency and coins held by deputies, agents, and cashiers at locations other than the main disbursing office, or cash held for payrolls).

1. When 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, leaving the "Daily Decrease" column blank.

2. When 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, leaving the "Daily Increase" column 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. Also include vouchers returned to deputies, agents, and cashiers. Do not include foreign currency and coins included on lines 6.3A through 6.9 (e.g., 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, then 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 (e.g., 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 follows:

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, then enter the U.S. dollar equivalent amount of the increase in the "Daily Increase" column, leaving the "Daily Decrease" column 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, leaving the "Daily Increase" column 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 normally result when an SF 215 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 a bank) at the close of the business day. Report these deposits on line 6.3A. These amounts are not considered a part of the DO's cash authority. Do not delay preparation of the DD Form 2657 merely to record a prepared deposit on line 4.2A instead of line 6.3A.

1. Enter the amount 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 will normally equal the amount in the "Daily Increase" column.

E. Line 6.3B: Other Undeposited Instruments on Hand. There will normally be no reason to carry undeposited negotiable instruments over beyond the current or next business day. However, exceptions may 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 must equal 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 Military Banking Facilities (MBFs) (see Chapters 12 and 34 of this volume), or cash held for approved contingency requirements (as approved by the Department of the Treasury).

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, then enter the amount of the increase in the "Daily Increase" column, leaving the "Daily Decrease" column 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, leaving the "Daily Increase" column 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, including vouchers returned to an agent by the DO. Do not include amounts held by deputies, agents, and cashiers in the main disbursing office. Reflect amounts 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., Euros), 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 when the DO's rate of exchange differs from the rate used on the DD Form 1081 prepared by the deputies, agents, or cashiers, the DO prepares a gain or loss voucher (DD Form 1131 or SF 1034, as appropriate) to account for the difference.

1. If the amount on the latest DD Forms 1081 is more than the amount 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 on the latest DD Forms 1081 is less than the amount 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 must equal the combined total of all the individual DD Forms 1081.

H. Line 6.6: Advances to Contractors. Enter cash advanced to contractors under advance payment pool agreements. Compute the amounts for the "Daily Increase," "Daily Decrease," and "Month-to-Date" columns in the same manner as for line 6.5. See Chapter 11 of this volume.

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. See Chapters 5 and 13 of this volume.

1. In the "Daily Increase" column, enter cash not yet received for which Treasury exchange-for-cash checks have been drawn, mutilated or decomposed currency forwarded to the Federal Reserve Bank (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 the designated financial agent and supported by DD Forms 1131.

2. In the "Daily Decrease" column enter the total cash and U.S. 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 which are now reported in the "Daily Increase" column of line 4.2A (Deposits Presented or Mailed to Bank). If a chargeback is received from the bank, then notify the appropriate functional area and prepare a negative DD Form 1131 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 must 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. 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 requires the

approval of the servicing Defense Finance and Accounting Service (DFAS) site. 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 preparing the SF 1219.

L. Line 7.1: Deferred Vouchers. These are paid vouchers that have not been recorded in the accounting system. Vouchers paid by deputies, agents, or cashiers not yet examined by the DO may be deferred until this review is complete. See Chapter 11 of this volume.

1. Enter the amount of any paid vouchers being recorded as deferred during the business day in the "Daily Increase" column. Do not include them in 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 equal the total of deferred vouchers outstanding.

M. Line 7.2A: Accounts Receivable – Check Overdrafts

1. Enter any new check issue overdraft increases supported by FMS Forms 5206 or OFs 1017-G in the "Daily Increase" column. See Chapter 9 of this volume.

2. Enter any collections or disbursements against an undercharged appropriation reducing the check-issue overdraft amount reported on a previous DD Form 2657 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 of the DD Form 2657 for the previous business day.

4. The DO or primary deputy reviews accounts receivable for check overdrafts at least monthly to assure all necessary actions are being taken to clear the 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 reviews accounts receivable at least monthly to assure all necessary actions are being taken to clear the receivables.

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 to be reported to the supporting DFAS site. See Chapter 6 of this volume.

2. Enter any recoveries of losses or reimbursements by the supporting DFAS site 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 must equal the total of all outstanding loss cases.

P. Line 7.4: Dishonored Checks Receivable

1. In the "Daily Increase" column, enter the amount of dishonored checks received during the business day via an SF 5515 to be retained in DO accountability (i.e., not returned to the activity who originally accepted them). See Chapter 4 of this volume.

2. In the "Daily Decrease" column, enter the amount of 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 equal the 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 equivalents. 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. DOs charged with responsibility to settle accounts of predecessor DOs use this section 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. The DO or primary deputy reviews accounts receivable for check overdrafts at least monthly to assure all necessary actions are being taken to clear the 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. The DO or primary deputy reviews accounts receivable at least monthly to assure all necessary actions are being taken to clear the receivables.

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.

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.

F. Line 10.0: Total Predecessor DOs 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 equal 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 signs the DD Form 2657 to attest to the accurate representation of accountability.

190210. Item 5: Date

Enter the date the DD Form 2657 is signed.

190211. Section V: Distribution of Cash on Hand

This section 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- and off-site deputy DOs, agents, and cashiers (including mobility-line cashiers). It 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 subparagraph 190102.B and paragraph 190104 of this chapter, all DO deputies, agents, and cashiers prepare a DD Form 2665 for each day they transact business. Prepare the form in an original only as a permanent record (i.e., typed or printed in ink). State all totals in U. S. dollars. See Figure 19-2.

190302. Item 1: Date

Enter the business date of the DD Form 2665.

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. 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 at the end of a calendar month.

A. Line 1: Accountability – Beginning. In sub-item "c" (Today), enter the ending accountability balance from line 15 of sub-item "c" of the previous business day. In sub-item "d" (Cumulative), enter the ending accountability from line 15 of sub-item "d" of the DD Form 2665 prepared immediately following the last turn-in to the principal. The beginning accountability balance in sub-item "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 sub-item "b," enter the amount of advances received

during the business day by cash, prepositioned checks, or other in the appropriate blocks. See Chapter 3 of this volume. Do not enter memorandum accountability advances on this line. In sub-item "c," enter the total of the amounts entered in sub-item "b." In sub-item "d," enter the sum of the amount entered in sub-item "c" and the amount in sub-item "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, then the amount entered in sub-item "d" must equal the amount entered in sub-item "c."

C. Line 3: Vouchered Collections. In sub-item "c," enter the total vouchered collections made during the business day. See Chapter 10 of this volume. Do not enter memorandum or non-vouchered collections on this line. In sub-item "d," enter the sum of the amount entered in sub-item "c" and the amount in sub-item "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, then the amount entered in sub-item "d" must equal the amount entered in sub-item "c."

D. Line 4: Treasury Check Issues. In sub-item "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 sub-item "c," enter the total of all Treasury checks issued from sub-item "b." The amount entered in sub-item "c" must equal the sum of the amounts entered in sub-item "b." In sub-item "d," enter the sum of the amounts entered in sub-items "c" and "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, then the amount entered in sub-item "d" must equal the amount entered in sub-item "c." This line is for use only by deputy DOs authorized by the principal to issue Treasury checks.

E. Line 5: Transfers from Other DSSNs. In sub-item "c," enter the total of cash or other cash accountability items received from another DSSN during the business day. In sub-item "d," enter the sum of the amount entered in sub-item "c" and the amount in sub-item "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, then the amount entered in sub-item "d" must equal the amount entered in sub-item "c."

F. Line 6: Exchange Gain Accumulations. In sub-item "c," enter the value of any minor gains from revaluation of foreign currency on hand, or rounding gains involved in exchange transactions not vouchered immediately (that is, not included on line 3). See Chapter 13 of this volume. In sub-item "d," enter the sum of the amount entered in sub-item "c" and the amount in sub-item "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, then the amount entered in sub-item "d" must equal the amount entered in sub-item "c." Voucher accumulated exchange gains before any turn-in to the principal.

G. Line 7: Other. In sub-item "c," enter the value of any other increases in accountability, e.g., deferred or returned vouchers, or a cash overage that will not be vouchered until the next business day. Explain what the increases are. In sub-item "d," enter the sum of the amount entered in sub-item "c" and the amount in sub-item "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, then the amount entered in sub-item "d" must equal the amount entered in sub-item "c."

H. Line 8: Total Increases. In both sub-items "c" and "d," enter the respective total of lines 2 through 7.

I. Line 9: Gross Accountability. In sub-item "c," enter the sum of sub-item "c" amounts on lines 1 and 8. In sub-item "d," enter the sum of sub-item "d" amounts on lines 1 and 8.

J. Line 10: Transfers to Other Disbursing Officers. In sub-item "c," enter the total of cash or other cash accountability items transferred to another DSSN during the business day. In sub-item "d," enter the sum of the amount entered in sub-item "c" and the amount in sub-item "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, then the amount entered in sub-item "d" must equal the amount in sub-item "c."

K. Line 11: Exchange Loss Accumulations. In sub-item "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 not vouchered immediately. In sub-item "d," enter the sum of the amount entered in sub-item "c" and the amount in sub-item "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, then the amount entered in sub-item "d" must equal the amount entered in sub-item "c." Voucher accumulated exchange losses before any turn-in to the principal.

L. Line 12: Other. In sub-item "c," enter the value of valid decreases in accountability during the business day not covered on lines 10 and 11, e.g., a cash shortage that will not be vouchered until the next business day. Explain the decreases. In sub-item "d," enter the sum of the amount entered in sub-item "c" and the amount in sub-item "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, then the amount entered in sub-item "d" must equal the amount entered in sub-item "c."

M. Line 13: Returns to Principal. Complete this line only on the first DD Form 2665 prepared after a turn-in. Enter the total value of accountability items turned in to the principal in both sub-items "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 sub-items "c" and "d," enter the respective total of amounts entered on lines 10 through 13.

O. Line 15: Accountability – Ending. In both sub-items "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 sub-items "c" and "d" must be equal.

190304. Section II – Distribution of Agent Accountability

This section shows the make-up of all items for which a deputy, agent, or cashier is

accountable to the principal. Enter the items on the appropriate line (16 through 31) that describes the accountable item in sub-item c, "Accountability Before Transfers." When the DD Form 2665 is the first one prepared after an agent turn-in, enter the amount of the turn-in on the appropriate lines in sub-item "d" (Returns to Principal); otherwise, leave sub-item "d" blank. If no agent turn-in is entered in sub-item "d," then leave sub-item "e" (Accountability After Transfers) blank. The amount in sub-item "c" is then the final accountability for the day. If there is an entry in sub-item "d" for any of the lines in this section, then complete sub-item "e." Compute the entry on each line of sub-item "e" by subtracting the amount in sub-item "d" from the amount in sub-item "c." Add the amounts in each of the three sub-items and enter the respective totals on line 32. To prove the computations and totals entered on line 32, subtract the total in sub-item "d" from the total in sub-item "c." The result must equal the total on line 32 in sub-item "e." If an agent turn-in is recorded for the day, then complete sub-items "d" and "e" as described in this paragraph.

A. Line 16: Limited Depositary. Enter the U.S. dollar value of the current LDA balance. See Chapter 14 of this volume. 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. See Chapter 12 of this volume. 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. See Chapter 7 of this volume. These checks are issued as advances to an agent that the latter has not negotiated. Do not enter Treasury checks issued by the agent (if the agent is a deputy DO with authority to issue Treasury checks) that have not been delivered to payees.

E. Line 20: Negotiable Instruments (U.S.). Enter the value of all undeposited U.S. dollar negotiable instruments on hand in the agent office. See Chapter 5 of this volume. 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. Leave blank.

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 DSSN, e.g., cash not yet received for which Treasury checks have been issued, mutilated or decomposed currency forwarded to an 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 DSSNs for which a U.S. Treasury check has not yet been received. Report decreases to funds in transit on receipt of the above expected cash or U.S. Treasury check. Enter increases as positive amounts, decreases as negative amounts.

J. Line 25: Funds with Subagents. Generally, primary agent advancing of funds to any type of subagent (e.g., a paying agent) does not change overall primary agent accountability. For example, an increase on this line representing a cash advance to a subagent is offset by a decrease to lines 17 or 18, as appropriate. However, if the primary agent is a deputy DO authorized to issue Treasury checks and the advance to the subagent is by a U.S. Treasury check issued by that agent, then record the advance on line 4 of section I as a U.S. Treasury check issue. When the subagent returns funds or paid vouchers, record the return as a decrease to this line, offsetting this decrease by an increase to the appropriate line in this section (e.g., cash on hand or paid vouchers).

K. Line 26: Deposit Tickets. Unlike deposits by a DO, agent deposits to an FRB or Treasury's General Account (TGA) do not officially reduce the agent's accountability. The agent's accountability is reduced only when the principal receives the applicable confirmed deposit tickets. 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. Any checks dishonored will be returned to the DO by the depositary on an SF 5515. The DO reduces DD Form 2657 line 4.2A (Deposits Presented or Mailed to Bank) and increases line 6.5 for the agent that deposited the check. The agent records the dishonored check as an increase to this line and either retains it until recoupment is made in an accommodation transaction or removed from accountability by processing a reverse DD Form 1131 and returning it to the functional area or collection activity from which received. See Chapter 4 of this volume. A decrease to this line applies 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, deputy DOs authorized to issue Treasury checks are also responsible to collect the amount of any check issue overdrafts applicable to checks they have issued. They receive these amounts as advances from the DO, with a copy of the FMS Form 5206, and record them on this line. Enter the value of check overdrafts being carried by the agent deputy DO. As a matter of expediency, the DO may choose to adjust FMS Forms 5206 attributable to agent Treasury check overdrafts without transferring accountability back to the agent. Make such adjustments directly to the DOs DD

Form 2657.

N. Line 29: Loss of Funds. Enter the value of agent losses of funds. Generally, the agent follows loss of funds procedures in Chapter 6 of this volume, reporting to the DO instead of the supporting DFAS site. Transfer agent losses recouped immediately to the DO for recording on the DD Form 2657; record the transfer in sub-item "d." This does not relieve the agent of liability for the loss; it is for recording purposes only.

O. Line 30: Deferred Vouchers. Enter the value of agent-deferred and incorrect vouchers returned from the DO on hand. An agent-deferred voucher can occur when the agent makes a payment but cannot include the voucher in his/her next scheduled turn-in. This normally occurs because of an error on the voucher that can only be corrected by contacting the payee. Establish the deferred voucher as an increase to this line and an offsetting decrease to line 23 (Paid Vouchers). When the deferred voucher is corrected, either transfer it back to line 23 pending turn-in to the principal, or retain it on this line until the next scheduled turn-in. Agents record vouchers returned for correction as memorandum entries in section IV, line 41.

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 sub-item "b."

Q. Line 32: Total Agent Accountability. Enter the total of the values entered on lines 16 through 31. It must equal the total entered in section I, sub-item "c," line 15. A turn-in to the DO recorded in section I, line 13 must also appear on the applicable lines in section II, sub-item "d," with the amounts for each line in sub-item "e" computed and entered. Enter the total of the values on lines 16 through 31 of sub-items "d" and "e." The total entered in sub-item "d" must equal the total entered in section I, sub-item "c," line 13, and the total entered in sub-item "e" must equal the total entered in section I, sub-item "c," line 15.

190305. Section III - Location of Cash/Negotiable Instruments

Enter the location and value of agent accountable items (both U.S. and foreign currency and coin) in this section.

A. Line 33: Agent. Enter the value of accountable items located in the agent's safe in the applicable sub-items.

B. Line 34: Deputy Agent. Enter the value of accountable items located in the deputy agent's (or subagent's) safe in the applicable sub-items.

C. Line 35: Cashier. Enter the value of accountable items located in the cashier's safe in the applicable sub-items.

D. Line 36: Other. Enter other locations where accountable items are stored in the space provided in sub-item "b," and the values of these items in the applicable sub-items.

E. Line 37: Totals. Enter the totals of sub-items "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 types or prints his or her name.

190307. Item 3 – Address of Agent

The agent types or prints his or her duty location.

190308. Item 4 – Signature of Agent

The agent signs the DD Form 2665 to attest to the accuracy of his or her accountability.

190309. Section IV – Memorandum Agent Accountability

This section includes memorandum-type information which is an official part of the agent's accountability data reflected in other areas of the DD Form 2665.

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 end of the business day. Also enter disbursement voucher numbers not used, duplicated, and voided.

C. Line 40: Collection Vouchers on Hand. This subsection tracks the voucher numbers of agent collection vouchers on hand at the end of the business day. Note that, unlike disbursement vouchers, collection vouchers are not part of agent accountability but that the instruments collected (e.g., cash, checks) are. Nonetheless, the agent prepares collection vouchers to document all collections received and also ensures turn-in of the original and required copies to the principal for eventual forwarding to the servicing DFAS site with the DO's financial reports. Also, enter collection voucher numbers not used, duplicated, and voided.

D. Line 41: Vouchers Returned for Correction. Vouchers returned by the DO for correction increase an agent's accountability. The agent is responsible to correct and return them to the DO. 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. An agent authorized to issue Treasury checks (i.e., a deputy DO) completes this section for each series of blank checks on hand by entering 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

Prepare the DD Form 1081 (Figure 19-3) as a summary of cash transactions and receipt for cash and vouchers on hand between DOs and their agent officers (deputies, agents, cashiers, and paying and collection agents). Also, a DO advancing funds to an agent prepares this form. The agent officer initiates this form when to turn in funds and/or cash vouchers to the DO. Show cash transactions that increase the accountability of an agent officer in the Increase column. Show cash transactions that decrease the accountability of an agent officer

190402. Preparation of DD Form 1081 by DO

The DO prepares an original and two copies of the DD Form 1081 to account for an advance of funds to an agent officer. Enter the identifications of the DO and the agent officer in the blocks provided. Enter all totals in U.S. dollars; see Figure 19-3.

A. Line 1: The balance brought forward should be the same as the amount on line 12e of the last DD Form 1081. If this is a subsequent advance and the last DD Form 1081 was not for a return, then the beginning balance would be the total on line 12c of the last DD Form 1081. If no DD Form 1081 has been submitted, then the beginning balance is zero.

B. Lines 2 through 4: In the Increase column, enter on the appropriate line the amount of currency included in the current advance. Enter the foreign currency units and conversion rate on line 3.a. Show the U. S. dollar value of the foreign currency units on line 3.b. Leave line 4 blank.

C. Lines 5 and 6: Leave blank. Do not use these lines for an advance of funds.

D. Lines 7A, 7B, and 7C: In the Increase column, enter the amount of U.S. Treasury checks and/or any other negotiable instruments included in the advance. As space permits, enter the check number(s) on the corresponding line, continuing the list on the reverse of the form if necessary.

E. Line 8: Leave blank. Do not use this line on an advance of funds.

F. Line 9: In the Increase column, enter the dollar value of incorrect vouchers returned to the agent officer.

G. Lines 10 and 11: In the “Transactions” column, enter an identification of items other than those described above that are part of the advance of funds. Enter the amount of these items in the “Increase” column.

H. Line 12: In the "Beginning Balance" column, enter the grand total of the amount on line 1 plus the total of the amounts in the "Increase" column on lines 2 through 11. This grand total represents the balance in the agent officer's account after the advance.

I. Statements

1. Disbursing Officer. The DO places 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 completes the Date and Signature blocks to authenticate the statement opposite the box checked. Send the signed original and duplicate of the form, together with the funds, to the agent officer. Retain the triplicate copy pending return of the signed original by the agent officer.

2. Agent Officer. The agent officer verifies that the items received agree with the amounts on DD Form 1081. The agent officer then places an "X" in the box provided opposite the agent officer's "On Advance" statement and completes the Date and Signature blocks to authenticate the statement shown opposite the box checked. Return the original DD Form 1081 to the DO as a receipt for the funds, and retain the duplicate.

190403. Preparation of DD Form 1081 by Agent Officer

An agent officer prepares an original and 2 copies of the DD Form 1081 to account for a return of funds and/or cash vouchers to the DO. Enter the identifications of the DO and agent officer in the blocks provided, showing all totals in U. S. dollars; see Figure 19-4.

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. The beginning balance on the DD Form 1081 must be the ending balance from the previously submitted DD Form 1081 for the agent. If there has been no previous DD Form 1081, then the beginning balance is zero.

B. Lines 2 through 4: In the Decrease column, enter on the appropriate line the amount of currency included in the return. Enter foreign currency units on line 3.a, showing the conversion rate. Show the U. S. dollar value of the foreign currency on line 3.b. Leave line 4 blank.

C. Line 5: In the Increase column, enter the amount of agent officer collections 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 Department of the Treasury for the DO's DSSN.

E. Lines 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, e.g., 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 included in the return.

G. Line 9: Leave blank.

H. Lines 10 and 11: In the Transactions column, enter an identification of items other than those described above included in the return, and enter the amount of these items in the Decrease column.

I. Line 12: In the Beginning Balance column, enter the total of the amount on line 1 plus the total of the amounts in the Increase column on lines 2 through 11. In the Ending Balance column, enter the grand total of the amount in the Increase column of this line minus the total of the amounts 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 places an "X" in the box opposite the agent officer's “On Return” statement to indicate that the form is accounting for the return of funds, cash, and/or vouchers to the DO, completes the “Date” and “Signature” blocks to authenticate the statement opposite the box checked, delivers the signed original and duplicate of the DD Form 1081 with the funds and/or cash vouchers to the DO, and keeps the third copy pending return of the duplicate signed by the DO. Subject to approval of the parent DO, paying agents in remote operational contingency locations may transmit electronically-scanned or facsimile copies of this documentation to the parent disbursing office when appropriate to minimize undesirable exposure of paying agents in remote operational contingency situations. A paying agent is solely responsible to ensure that all documentation is legible and that:

a. the scanned or facsimile copies were produced from original documents and cannot be altered,

b. any changes to the original documents and/or digital images can be detected,

c. the copies are not destroyed but retained until the applicable retention period expires, and

d. access to the images is limited to authorized personnel.

2. Disbursing Officer. The DO verifies that the amounts reported on the DD Form 1081 agree with the items received, places an "X" in the box opposite the “On Return” statement, completes the “Date” and “Signature” blocks to authenticate the statement opposite the box checked, returns the signed duplicate to the agent officer as a receipt for the items turned in, and keeps the original. In cases of agents transmitting documents electronically, the DO must verify and be satisfied that the electronic submissions are in fact from the paying agent. Further, the DO is responsible to ensure that adequate internal controls are implemented to prevent the posting of duplicate items when the remote operational contingency location is

submitting the documents electronically and then sending the originals. The DO must also provide for the confirmation and acceptance of electronically-signed documents, and return of the accepted DD Form 1081 to the agent.

1905 PREPARATION OF SF 1219

190501. General

Every DO submits an SF 1219 (Figure 19-5) monthly for each DSSN assigned whether or not any transactions occur or any accountable balance is involved. A DO being relieved submits a final SF 1219 regardless of the fact that the last day of the accounting period may be other than the last day of the month. Plainly mark the final SF 1219 "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 (e.g., month) to complete the similarly-numbered lines of the SF 1219. Combine certain alpha-suffixed cumulative line totals on the DD Form 2657 for entering on the SF 1219.

190502. Heading

A. Name of Disbursing Officer. Enter the DO's full name and rank or grade.

B. Location of Disbursing Officer. Enter the disbursing activity's unit identification code, name, and location.

C. Name of Agency. Enter "Army," "Navy," "Air Force," or "Marine Corps," as applicable. Defense agencies enter the appropriate Service based on which one obtained the DSSN.

D. Agency Location Code. Enter the four-digit DSSN under which the DO is operating. Prepare a separate SF 1219 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 may not extend beyond the last day of a calendar month. Exceptions to the calendar month as the reporting period depend on situations such as when a DO is relieved from disbursing duties before the last day of the month, or when a DO commences disbursing duties on 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 agree with the 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, this amount

must be the same as that shown on line 11.0 of the relieved DOs final SF 1219. Note: Relieving DOs assigned to tactical units and naval vessels follow the instructions in Chapter 2 of this volume for this line. DOs reporting foreign currency enter the amount of foreign currency (including LDAs) 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; see Chapter 5 of this volume. 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 (Month End Check Issue Summary). The total of checks issued (including adjustments) entered refers only to checks drawn on the U.S. Treasury; it does not include limited depositary account checks. Treat limited depositary account checks as cash transactions and reflect them 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. Record the final accountability of a deactivated DSSN that is being assumed by the DO; see Chapter 22 of this volume. Show this same figure 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 must have a corresponding entry on line 4.37 of his or her SF 1219. The amount entered must be the same as that 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's IPAC system 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 IPAC. The paper version of the SF 1219 has not yet been revised by the Department of the Treasury to include Line 2.8 – IPAC Payments and Collections. However, Treasury has revised the requirements for disbursing offices that electronically prepare and submit the SF 1219. The electronic format includes Line 2.8 specifically for IPAC. When preparing the SF 1219 manually, strike out the caption 2.39 and insert 2.8 – IPAC Payments and Collections. Enter the net monthly IPAC interagency payments and collections, including any adjustments, for the current month. The amount entered must equal that shown in the Month-to-Date column, line 2.8 of the final DD Form 2657 for the reporting period. Treasury FMS will compare customer and billing agencies' SF 1219 IPAC transactions with the IPAC data. When there is a difference in the comparison, Treasury will generate FMS Form 6652 (Statement of Differences - Disbursing Office Transactions). Investigate the differences and report necessary corrections 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. Use separate lines for IPAC transactions processed in the Treasury'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. This 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. This 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; see Chapter 5 of this volume. The amount must 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 for a deactivating DSSN that is transferring its final accountability to another DSSN. The gaining DSSN assumes accountability for this balance by recording an increase on line 2.37 of its SF 1219 for the same reporting period. Also use this line to record a transfer of funds to another DO. The receiving DSSN must have a corresponding entry on line 2.37 of its SF 1219 in 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. When there is only one LDA, show the name and location on the Name and Location of Depositary line of the description column. See Chapter 14 of this volume. When a DSSN maintains more than one LDA, 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 amount for all LDAs on line 6.1; enter "See Attached" on the Name and Location of Depositary line. Report the amount on this line, which must agree with the DOs computed limited depositary checkbook balance, in U.S. dollars.

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. See Chapters 3 and 12 of this volume. 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. Report cash held by deputies, agents, and cashiers at locations other than the main disbursing office on line 6.5. Report cash held for payrolls 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. See Chapters 12 and 34 of this volume. This amount entered includes cash held under custody account agreements in overseas contract MBFs or, when separately approved by the Treasury, 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. 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. See Chapter 11 of this volume. 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. See Chapters 5 and 13 of this volume. 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. 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. See Chapter 6 of this volume.

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. See Chapter 4 of this volume.

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. DOs responsible to settle accounts of predecessor DOs use this line; see 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. DOs responsible to settle accounts of predecessor DOs use this line; see 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. DOs responsible to settle the accounts of predecessor DOs use this line; see Chapter 22 of this volume. Enter the total of lines 9.2 through 9.4. This total must 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 agree with the amount entered in Part A on line 5.0, and

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 Defense Switched Network (DSN)) of the person to contact should any questions arise regarding the SF 1219. The DO or, during periods of his/her authorized absence, the authorized deputy DO, signs the certification in the space provided. The signature must be in the same form as that used to sign Treasury checks. Type the date of submission in the space provided. In the case of a DO being relieved from disbursing duty, the relieving DO certifies the receipt of accountability at the bottom of the SF 1219; see Chapter 2 of this volume. Also see Figure 19-5.

190505. Air Force Merged Accountability and Fund Reporting (MAFR) System Balancing

Air Force DOs 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). When not using line 4.1A, 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). When not using line 4.1B, 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.

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 columnar headings indicate the detailed information to be reported in this part. Show information for the DSSN under which there were check issues 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 Treasury checks issued during the reporting period. Include check-issue adjustments using OFs 1017-G applicable to checks issued during the current reporting period (after such checks have been reported as check issues to the Department of the Treasury) in the total in this column. When overdrafts or underdrafts are discovered before reporting these same checks under level 8 check issue reporting, change the level 8 report (i.e., without a check issue adjustment). For an overdraft, make an accountability-balancing increase to line 7.2A of the DD Form 2657. For an underdraft, issue another check and record it in the normal manner, citing both check numbers 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 may 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 a 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 match both the amount reported on line 2.1 of Section I, Part A on the face of the SF 1219 and on line 3 in the summary portion of the SF 1179.

B. Part B – Summary of Deposits Presented or Mailed to Bank. Show an analysis by DSSN of the SFs 215 and SFs 5515 that have been taken up in the accounts of the DO during the current reporting period.

1. Column (1) – Deposit Symbol. Enter the DSSN of the depositing activity.

2. Column (2) – Deposits Presented or Mailed to Bank This Month. Enter the total of all SFs 215 presented or mailed to an 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 deposits presented or mailed to a depositary during the first few days of the month that are physically dated in the previous month are excluded them 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 a prior month. In column (4) enter 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, then show each month and year 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 may not submit corrected or amended SFs 1219 under any circumstances. Make any necessary adjustments on a 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 required, the designated settlement office (see Chapter 22 of this volume) submits a supplemental SF 1219 showing the adjustments and explains them in detail on attached supporting documentation.

Figure 19-1. DD Form 2657 (Daily Statement of Accountability) 1st Day of Month (Front)

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	INCREASE	CHECKS ISSUED IN PAYMENT OF VOUCHERS		
2.1B		CHECKS ISSUED - ALL OTHERS		
2.3		OTHER TRANSACTIONS (Do not report on SF 1219)		
2.34		DISCREPANCIES IN DO ACCOUNT - CREDITS (Do not use this line)		
2.36		PAYMENTS BY ANOTHER DO (Do not use this line)		
2.37		TRANSFERS FROM OTHER DOs		
2.8		IPAC PAYMENTS AND COLLECTIONS		
2.9		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	DECREASE	NET EXPENDITURES		
4.2A		DEPOSITS PRESENTED OR MAILED TO BANK		
4.2B		EFT DEBIT VOUCHERS		
4.3		OTHER TRANSACTIONS (Do not report on SF 1219)		
4.34		DISCREPANCIES IN DO ACCOUNT - DEBITS (Do not use this line)		
4.36		PAYMENTS FOR OTHER DOs (Do not use this line)		
4.37		TRANSFERS TO OTHER DOs		
4.9		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. DD Form 2657 (Daily Statement of Accountability) 1st Day of Month (Back)

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	
OTHER Imprest Fund				

Figure 19-1. DD Form 2657 (Daily Statement of Accountability) 2nd Day of Month (Front)

DAILY STATEMENT OF ACCOUNTABILITY			1. DSSN	2. DATE
			6432	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	IPAC 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 DOs 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. DD Form 2657 (Daily Statement of Accountability) 2nd Day of Month (Back)

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. DD Form 2657 (Daily Statement of Accountability) 15th Day of Month

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	IPAC 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. DD Form 2657 (Daily Statement of Accountability) 15th Day of Month (Back)

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	
OTHER Imprest Fund				
TOTAL	3,200	8,000.00	45,000.00	12,250.00

DD Form 2657, AUG 93 (Back)

Figure 19-1. DD Form 2657 (Daily Statement of Accountability) Last Day of Month (Front)

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	IPAC 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	9,750.00	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
John R. Doe, Major, USAF	SIGNATURE	9/30/XX

DD Form 2657, AUG 93

Figure 19-1. DD Form 2657 (Daily Statement of Accountability) Last Day of Month (Back)

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	
OTHER Imprest Fund				
TOTAL	3,200	8,000.00	45,100.00	2,500.00

DD Form 2657, AUG 93 (Back)

Figure 19-2. DD Form 2665 (Daily Agent Accountability Summary) 1st Day of Month (Front)

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.	INCREASES	ADVANCES	a. Cash 10,000.00	b. Prepositioned Checks	c. Other	10,000.00	10,000.00
3.		VOUCHERED COLLECTIONS				500.00	500.00
4.		TREASURY CHECK ISSUES		a. Vouchered 1,000.00	b. Other	1,000.00	1,000.00
5.		TRANSFERS FROM OTHER DISBURSING OFFICERS					
6.		EXCHANGE GAIN ACCUMULATIONS					
7.		OTHER (Explain)					
8.		TOTAL INCREASES				11,500.00	11,500.00
9.		**GROSS ACCOUNTABILITY**				11,500.00	11,500.00
10.	DECREASES	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**				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**		6,000.00			

2. NAME OF AGENT (Type or Print)
William J. Ellis, SSGT

3. ADDRESS OF AGENT (Type or Print)
DFAS-DE

4. SIGNATURE OF AGENT

DD Form 2665, AUG 93

Figure 19-2. DD Form 2665 (Daily Agent Accountability Summary) 1st Day of Month (Back)

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. DD Form 2665 (Daily Agent Accountability Summary) 2nd Day of Month (Front)

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.	INCREASES	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.	DECREASES	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			

2. NAME OF AGENT (Type or Print)
William J. Ellis, SSGT

3. ADDRESS OF AGENT (Type or Print)
DFAS-IN

4. SIGNATURE OF AGENT

DD Form 2665, AUG 93

Figure 19-2. DD Form 2665 (Daily Agent Accountability Summary) 2nd Day of Month (Back)

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. DD Form 2665 (Daily Agent Accountability Summary) 3rd Day of Month (Front)

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.	INCREASES	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.	DECREASES	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)
William J. Ellis, SSGT

3. ADDRESS OF AGENT (Type or Print)
DFAS-IN

4. SIGNATURE OF AGENT

DD Form 2665, AUG 93

Figure 19-2. DD Form 2665 (Daily Agent Accountability Summary) 3rd Day of Month (Back)

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. DD Form 2665 (Daily Agent Accountability Summary) 4th Day of Month (Front)

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.	INCREASES	ADVANCES	a. Cash	b. Prepositioned Checks	c. Other		4,000.00
3.		VOUCHERED COLLECTIONS				100.00	100.00
4.		TREASURY CHECK ISSUES		a. Vouchered 10,000.00	b. Other	10,000.00	13,000.00
5.		TRANSFERS FROM OTHER DISBURSING OFFICERS					
6.		EXCHANGE GAIN ACCUMULATIONS					
7.		OTHER (Explain)					
8.		TOTAL INCREASES				10,100.00	17,100.00
9.		**GROSS ACCOUNTABILITY**				23,100.00	23,100.00
10.	DECREASES	TRANSFERS TO OTHER DISBURSING OFFICERS					
11.		EXCHANGE LOSS ACCUMULATIONS					
12.		OTHER (Explain)					
13.		RETURNS TO PRINCIPAL	a. Paid Vouchers 14,500.00	b. Deposit Tickets		14,500.00	14,500.00
			c. Other Returns (Explain)				
14.		TOTAL DECREASES				14,500.00	14,500.00
15.		**ACCOUNTABILITY – ENDING**				8,600.00	8,600.00

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	8,600.00

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)
William J. Ellis, SSGT

3. ADDRESS OF AGENT (Type or Print)
DFAS-DE

4. SIGNATURE OF AGENT

DD Form 2665, AUG 93

Figure 19-2. DD Form 2665 (Daily Agent Accountability Summary) 4th Day of Month (Back)

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 19-3. 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		0.00		
2. U.S. DOLLARS	2,562.00			
3. FOREIGN CURRENCY 250 @ 5.82432	42.92			
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		17,604.92		

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 19-4. DD Form 1081 (Statement of Agent Officer's Account) (Return of Funds/Vouchers)

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		17,604.92		
2. U.S. DOLLARS				
3. FOREIGN CURRENCY 250 @ 5.82432			42.92	
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		18,804.92		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 19-5. SF 1219 (Statement of Accountability)

STANDARD FORM 1219
Revised April 1982
Department of the Treasury
1-TFM 2-3100

STATEMENT OF ACCOUNTABILITY

NAME OF DISBURSING OFFICER John R. Doe, Major, USAF	LOCATION OF DISBURSING OFFICER *(Mailing Address)* 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

6.1	CASH ON DEPOSIT IN DESIGNATED DEPOSITARY Bank of London England (Pounds) *(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

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
D. M. JACKSON DSN 123-4321		1 Jul XX

NSN 7540-00-634-4245 (OVER) PREVIOUS EDITION NOT USABLE 1219-106

Figure 19-5. SF 1219 (Statement of Accountability) (Reverse)

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 CHECKS ISSUED THIS PERIOD	ADJUSTMENTS FOR PRIOR MONTH'S ISSUES (+ or -)				TOTAL CHECKS ISSUED† (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)	138,000.00
TOTALS‡	137,660.00		40.00		300.00	138,000.00

PART B. – SUMMARY OF DEPOSITS PRESENTED OR MAILED TO BANK (Line 4.2)

DEPOSIT SYMBOL	DEPOSITS PRESENTED 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 MAILED TO BANK** (Column 2 + 4)
		MONTH PRESENTED OR 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	1,800.00		200.00	2000.00

* 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.

STANDARD FORM 1219 (BACK)
REVISED 4-82

VOLUME 5, CHAPTER 20: "SUBMISSION OF DISBURSING OFFICER'S FINANCIAL REPORTS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated October 2008 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Revise hyperlinks and references	Update
200302	Removed the requirement for disbursing officers to follow the instructions provided by their respective supporting Defense Finance and Accounting Service (DFAS) site for submission of monthly EFT conversion data (reports).	Delete
200302	Added the requirement to submit DD Form 2667 to DFAS to report a physical loss of funds per Chapter 6 of this volume.	Add

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*200302. Requirement for Submission of the DD Form 2667 4

CHAPTER 20

SUBMISSION OF DISBURSING OFFICER'S FINANCIAL REPORTS

2001 GENERAL

Every disbursing officer (DO) must keep detailed records of all transactions. See Chapter 21 of this volume. These records must be available for examination by authorized representatives of the Secretary of Defense and the Comptroller General of the United States. DOs are required to submit several financial reports to support the Department of Defense's (DoD's) formal accounting to the United States for all public funds collected and disbursed. These reports are the basis for the official audit and settlement of accounts by the U.S. Government Accountability Office (GAO). The DO's financial reports provide information by which DoD maintains administrative accounting controls.

2002 SUBMISSION OF FINANCIAL REPORTS

200201. Submission of DO's Financial Reports

DOs submit financial reports to the supporting Defense Finance and Accounting Service (DFAS) following instructions provided by that site.

200202. Accounting Period

DOs submit financial reports 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 a month.

A. For a new disbursing office, the accounting period begins on the first day official business is transacted. When one DO relieves another, the accounting period for the relieved officer ends on the date of relief. The accounting period for the relieving officer normally begins on the next calendar day. Whenever possible, relief of a DO should occur on the last day of a month to preclude the need to submit an additional set of financial reports for that month.

B. An accounting period may not extend beyond the end of a calendar month. The first day of the accounting period coincides with the date of commencement of disbursing duty notification forwarded under Chapter 2 of this volume. For any month during which accountability ends because of closing of a disbursing station symbol number (DSSN), submit the financial reports from the first day of the month through the date of closing.

200203. Use and Distribution of Financial Reports by DFAS Sites

The applicable DFAS site examines all financial reports. Once the examination is complete it distributes and retains the original financial reports and documents as required, i.e., maintain the Standard Form ***(SF) 1219*** (Statement of Accountability) and disbursement and

collection vouchers for the statutory 6-year and 3-month period required by the National Archives and Records Administration General Records Schedule 6. See Volume 5, Chapter 21. A DO or designated settlement officer may, on a case-by-case basis, decide to keep records for a longer period if needed to complete an audit, investigation, reconciliation of payment or collection discrepancies, or for other purposes. The applicable DFAS site may retain the original records, associated papers, and supporting documentation of original vouchers, or send them to the nearest federal records center for retention, as appropriate, based on storage availability at the DFAS site. After the 6-year and 3-month retention period, destroy the original records. Certifying officers forwarding payment vouchers to the DO maintain supporting documentation as required for the statutory 6-year and 3-month period in a secure container. See Volume 5, Chapter 3 for guidance on safeguarding funds and related documents.

2003 ADDITIONAL REPORTS FOR SUBMISSION

200301. Requirement for Quarterly Submission of the SF 1219

Quarterly, and upon relief of a DO, send an additional copy of the SF 1219 to the DFAS Disbursing/Debt Management Policy Division, DFAS Indianapolis (DFAS-NPD/IN), 8899 East 56th Street, Indianapolis, IN 46249-5000. DOs may email a copy of the SF 1219 to ***disbursing-debtmanagementpolicy@dfas.mil***.

*200302. Requirement for Submission of the DD Form 2667

When a physical loss of funds is incurred by deputies, disbursing agents, cashiers, paying agents, collection agents, or imprest fund cashiers, forward the DD Form 2667 to DFAS-NPD/IN within 5 calendar days after the end of each month. See Chapter 6 of this volume. Forward the DD Form 2667 to the DFAS Disbursing/Debt Management Policy Division, DFAS Indianapolis (DFAS-NPD/IN), 8899 East 56th Street, Indianapolis, IN 46249-5000. DOs may email a copy of the SF 1219 to ***disbursing-debtmanagementpolicy@dfas.mil***.

VOLUME 5, CHAPTER 21: "DISBURSING OFFICE RECORDS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated February 2009 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
210202.C.2	Deletes reference to Navy's Automatic Teller Machine (ATM) at Sea. The ATMs have been removed from all ships and the system is no longer used. Chapter 26 of this volume has been deleted.	Delete

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CHAPTER 21

DISBURSING OFFICE RECORDS

2101 Retention of Disbursing Office Records

210101. General

Keep original disbursing office records and associated papers, and supporting documentation for 6-year and 3-months, consistent with guidance in the ***National Archives and Records Administration General Records Schedule 6***. A disbursing officer (DO) or designated settlement official may, on a case-by-case basis, decide to keep records for a longer period to complete reconciliation of payment or collection discrepancies, or for other purposes.

210102. Disbursing Office Records

A. Original Disbursing Office Records. Original disbursing office records include, but are not limited to, records shown in Figure 21-1. The requirement for retaining original records applies to DOs who receive records that accompany payment or collection transactions, or who transmit financial reports. The requirement applies to both paper and electronic records kept as original supporting documents at both the functional and disbursing offices. When certifying officials send electronic payment files only to the DO, they keep supporting documentation for 6 years and 3-months, except that the retention period for such documentation for Foreign Military Sales (FMS) transactions is 10 years; see Volume 15, Chapter 6 of this Regulation. Adequate hardcopy and electronic records-storage controls must be in place to ensure that only authorized personnel have access to any paper documents and electronic images, and only for authorized purposes. Original disbursing office records and supporting documents in electronic format negate the need to store duplicate hardcopy documents. Electronic record storage requires adequate controls to ensure that integrity of the digital images accurately represent the corresponding paper documentation and detect changes to an original digital image.

B. Unclassified Records. Unclassified records do not require special security or storage controls and may be stored in open files or cabinets. Store these records with adequate controls that readily identify:

1. Records that have been removed from the files;

2. The name of the individual(s) who removed the records;

3. The date the records were removed;

4. The name of the individual(s) who returned the records;

5. The date the records were returned; and

6. Other information needed to contact the responsible individual(s), e.g., organization, address, telephone number, and e-mail address to ensure that records are returned timely.

C. Duplicate Records. Duplicate copies of disbursement and collection vouchers and associated supporting documents may be destroyed after one year.

2102 Transfer and Disposition of Retained Disbursing Office Records

210201. Nontactical Disbursing Offices

Transfer all disbursing office records to the incoming (relieving) DO as a part of the relief process described in Chapter 22 of this volume. When a disbursing office is deactivated, package and mail all disbursing office records to the office designated to settle the accounts.

*210202. Tactical Units and Naval Vessels

A. Detachment with Relief. When a DO of a tactical unit or naval vessel is relieved from disbursing duty by another DO, the relieving DO keeps the relieved DO's disbursing records for 90 days from the date of relief, and then packages and sends them to the supporting Defense Finance and Accounting Service (DFAS) site or alternate designated by that DFAS site for retention until the expiration of the required retention period. If deployed, do not transfer the records until 90 days after the unit or vessel returns to homeport.

B. 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 from service), package and send all disbursing office records to the applicable support DFAS site or alternate designated site for retention.

C. Shipment of Retained Documents. To facilitate shipment of retained records, DOs of tactical units and naval vessels file retained records in these categories:

1. Public vouchers, other than payrolls, with supporting documents.

2. Payroll vouchers with supporting documents, to include military pay money lists.

3. Collection vouchers with supporting documents.

4. Checking accounts records, to include records of 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.

5. Daily Statement of Accountability (***DD Form 2657***).

6. Statement of Designated Depositary Account (***SF 1149***).

7. Statement of Accountability (***SF 1219***).

8. Listing of instruments deposited with the quintuplicate (Agency) copy of Deposit Tickets (SF 215).

9. Unavailable Check Cancellation (***SF 1184***).

10. Debit Vouchers (SF 5515).

11. Certificate of revaluation of foreign currency.

12. Quarterly reports on the status of suspense accounts.

13. Other miscellaneous retained disbursing documents.

Figure 21-1. Original Disbursing Office Records

Original Disbursing Office Records

Original disbursing office records include, but are not limited to:

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. Records of payroll deposit transactions to individual service members' local pay accounts that are accessed via shipboard cash dispensers (automated teller machines).

12. Any other document, record, log or electronic file that supports disbursing transactions or affects the accountability of the disbursing officer or accountable individual(s).

13. Local check cashing policies and agreements.

VOLUME 5, CHAPTER 22: "SETTLEMENT OF DISBURSING OFFICER ACCOUNTS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated March 2009 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Update hyperlinks and format to comply with current regulatory guidance.	Update

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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 disbursing officer (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 disbursing station symbol number (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 closed, the supporting Defense Finance and Accounting Service (DFAS) site will designate another non-tactical disbursing station within the site's cognizance to perform the settlement function if the disbursing operations of the closed station are assumed by another disbursing station within that site's cognizance. When a non-tactical disbursing station under the cognizance of one DFAS site is closed and the disbursing function is assumed by a disbursing station under the cognizance of a different DFAS site, the settlement function is a shared responsibility of the gaining disbursing station and the losing DFAS site. This shared responsibility is necessary in order to avoid creating transactions for and by others or cross disbursements. In this case, the losing DFAS site shall request the gaining DFAS site 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 site will be necessary. This coordination shall include the use of electronic mechanisms such as Intergovernmental Payment and Collection (IPAC) to transfer funds between the site and the disbursing station. For example, a request for stop payment of a treasury check issued by the closed disbursing station will result in a credit to the former DFAS site in the **F3880 account. Upon receipt, the DFAS site shall prepare a disbursement voucher charging the **F3880 account and transfer the credit to the gaining disbursing station (via IPAC). Upon receipt of the IPAC 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 site of the closed disbursing station and request the dollar amount be transferred via IPAC. The DFAS site shall prepare a disbursement voucher charging the appropriate suspense account and transfer the funds to the requesting disbursing station via IPAC. Upon receipt of the IPAC 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 Statement of Accountability ***(SF 1219)*** of the former DOs of the closed disbursing station, such as those described in paragraph 220402 of this chapter, remains with the DFAS site under whose cognizance the disbursing station operated prior to closing.

B. Tactical Disbursing Stations. For naval vessels and tactical units, the servicing DFAS site shall perform the duties of settlement officer for relieved DOs whether or not the disbursing function of the naval vessel or unit is closed.

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 that 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 Statement of Accountability (Department of Defense ***(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 site 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 site. 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 Debit Vouchers (Standard Form (SF) 5515) received by the settlement officer after the date of relief of a DO (which is 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 shall be provided by the servicing DFAS site. Instructions pertaining to a relief of liability item shall be provided by the Relief of Liability Section, Disbursing/Debt Management

Policy Division, Defense Finance and Accounting Service Indianapolis (DFAS-NPD/IN), 8899 E. 56th Street, Indianapolis, IN 46249-0500.

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 a Journal Voucher ***(Optional Form (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 closed 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 site 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 closed 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 closed 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 DOs 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 DOs 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 a SF 5515, Advise of Check Issue Discrepancy (Financial Management Service (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 a SF 1219 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 a Journal Voucher (OF 1017-G) to document the collection and deposit the funds on a Deposit Ticket (Standard Form (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 DFAS-NPD/IN, will direct the preparation of a Public Voucher for Purchases and Services Other Than Personal (Standard Form ***(SF) 1034*)** 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 DOs accountability is cleared. Normally, the documents required to be submitted are: supplemental SF 1219; appropriate copies of the 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 pertain to preparation and submission of financial reports. In addition to the normal distribution requirements, one additional copy of each document prepared shall be forwarded to the servicing DFAS site. 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)

SF 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 recertified 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 DFAS site. 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 DFAS site.

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 DFAS site 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 DFAS site for processing. If an FMS Form 5206 is received after the former DO's records have been forwarded to the DFAS site as prescribed in Chapter 21 of this volume, the document shall be forwarded by cover letter to the cognizant DFAS site for processing.

220505. Daily Advice of Status (DAS)

Upon receipt of a DAS from the Department of the Treasury indicating the original and recertified Treasury check issued by the previous DO were both negotiated and previous credit given by the Department of the Treasury or the canceled original check is being reversed, the current DO shall take the same actions as prescribed above for debit vouchers.

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

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 20XX THROUGH 31 OCT 20XX	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 20XX

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

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 20XX THROUGH 30 NOV 20XX	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 - 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		
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 20XX

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

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 20XX THROUGH 31 DEC 20XX

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 20XX

NSN 7540-00-634-4245 (OVER) PREVIOUS EDITION NOT USABLE 1219-106

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

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 20XX THROUGH 31 DEC 20XX	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
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 DECREASES 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		
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	
7.4	RECEIVABLES – DISHONORED CHECKS	
7.5		
7.6		
7.7		
7.8		
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	0.00
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 20XX

NSN 7540-00-634-4245 (OVER) PREVIOUS EDITION NOT USABLE 1219-106

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

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 20XX THROUGH 31 JAN 20XX	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
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 DECREASES 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	1,000.00	
	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	PAYROLL CASH	
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	1000.00
9.4	OTHER ACCOUNTABILITY	500.0
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 a true and correct statement of accountability for the period stated at the office referred to above.

WALTER R. GOOD, SETTLEMENT OFFICER FOR WILLAIM A. PRINGLE. DSSN 0002 (619) 952-1234	SIGNATURE AND TITLE OF CERTIFIER WALTER R. GOOD	DATE 31 JAN 20XX

NSN 7540-00-634-4245 (OVER) PREVIOUS EDITION NOT USABLE 1219-106

Figure 22-6. Sample SF 1219 (Statement of Accountability) (Supplemental to Decrease Accountability)

STANDARD FORM 1219
Revised April 1982
Department of the Treasury
1-TFM 2-3100

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 20XX THROUGH 28 FEB 20XX	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
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 DECREASES 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	PAYROLL CASH	
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.

WALTER R. GOOD, SETTLEMENT OFFICER FOR WILLAIM A. PRINGLE. DSSN 0002 (619) 952-1234	SIGNATURE AND TITLE OF CERTIFIER WALTER R. GOOD	DATE 28 FEB 20XX

NSN 7540-00-634-4245 (OVER) PREVIOUS EDITION NOT USABLE 1219-106

VOLUME 5, CHAPTER 23: "UNITED STATES SAVINGS BOND"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated October 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Update the chapter to include administrative updates and hyperlinks.	Update

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CHAPTER 23

UNITED STATES SAVINGS BONDS

2301 OVERVIEW

Effective September 30, 2010 the Department of the Treasury (Treasury) discontinued the payroll savings plans for the purchase of paper United States (U.S.) Savings Bonds. U.S. Savings Bonds are now purchased through the Treasury's ***TreasuryDirect®*** accounts. U.S. Savings Bonds purchased prior to September 30, 2010 and held in safekeeping will remain there until service members either request them or leave active duty.

2302 SAFEKEEPING SAVINGS BONDS

230201. Records

The Book-Entry System for safekeeping savings bonds keeps a completely automated inscription data file (excluding the bond serial number which is assigned only when the bond is redeemed) to ensure bonds may be issued on demand. If applicable, the supporting Defense Finance and Accounting Service (DFAS) site keeps a record of each hardcopy bond held for each active duty military member. These records show the bond number, issue date, and denomination and series of the bond. Annually, each supporting DFAS site advises affected active duty military members with bonds held in safekeeping that their bonds held in safekeeping are available upon request.

230202. Retention of Bonds

A service member's bonds are held in safekeeping only as long as the member is on active duty. The bonds are withdrawn from safekeeping at the time of separation, discharge, or retirement from active duty. If the member does not request his/her bonds at the time of separation, the supporting DFAS site attempts to notify the member, and sends bonds not withdrawn from safekeeping 120-days from the date of separation, discharge, or retirement to the United States Department of the Treasury, Series HH/H, Bureau of Public Debt (BPD), Division of Customer Assistance, P.O. Box 2186, Parkersburg, WV 26106-2186.

230203. Members Requesting Bonds

Custodians release Book-Entry and/or hardcopy bonds in their possession to a member upon receipt of the member's written request, a signed facsimile request, or sends the member's request to the BPD for release of hardcopy bonds no longer in their possession.

230204. Undeliverable or Returned Bonds

When the U.S. Postal Service returns a mailed bond to the Federal Reserve Bank (FRB), Pittsburgh as undeliverable, the FRB, Pittsburgh sends the savings bond to the applicable DFAS Disbursing Officer (DO) who keeps a record of all bonds returned as undeliverable using an automated equivalent of ***Department of Defense (DD) Form 2658*** (Returned and Undeliverable

Check/Bond Record) following procedures in Chapter 8 for undeliverable Treasury checks. The record must include at least the series, denomination, serial number, and date of the bond; name, address, SSN of the owner; date of return; disposition; and date of disposition. If the bond is later delivered in person to the purchaser of the bond, obtain the signature of the purchaser on the record. The DO makes every effort and uses all possible sources of information to deliver returned bonds. If delivery still cannot be made, the DO shall keep the bond for a period of 30-days.

230205. Disposition After 30-Day Period

After attempts have been made to obtain a current mailing address, send all bonds that have been held as undeliverable for a period of 30-days after receipt, uncanceled, by first-class mail to: Data Entry, Casefile and Scanning Section, Bureau of the Public Debt (BPD), Department of the Treasury, 200 Third Street, Parkersburg, WV 26106-5312. Also send an advance notification letter to the BPD to alert the Bureau that a shipment of undeliverable bonds is in transit. The DO sends the undeliverable bonds to the BPD with a copy of the advance notification and a listing that includes the bond serial numbers. The DO keeps a copy of the letter and list for his/her records. Shipments of undeliverable bonds to the BPD may contain no more than 5,000 bonds. Upon receipt of the shipment, the BPD provides the DO a receipt by signing and returning the DO's original letter.

230206. Inquiries Regarding Nonreceipt of Bonds

If a claim is valid, the DO contacts the FRB, Pittsburgh by email (***http://www.treasurydirect.gov/call.htm***) using the FRB, Pittsburgh's, template, providing the data as shown in Figure 23-1. The DO may send one email message with three different bond owners on one template. The FRB, Pittsburgh processes the ***Public Debt (PD) Form 3062-4 E*** (Claim for United States Savings Bonds Not Received). The FRB, Pittsburgh waits 30-days beyond the printing date of the bond before initiating the claims process to allow enough time for return of undeliverable bonds.

230207. Death of a Service Member

In the event of a service member's death, and upon receipt of proof of entitlement to ownership, mail the bonds to the designated co-owner, beneficiary, or executor. If no co-owner, beneficiary, or executor was designated, or if the designated co-owner, beneficiary, or executor cannot be found, send the bonds to the United States Department of the Treasury, Series HH/H, Bureau of Public Debt (BPD), Division of Customer Assistance, P.O. Box 2186, Parkersburg, WV 26106-2186.

230208. Storage Facilities

The supporting DFAS site holds bonds that active duty military members elected for safekeeping electronically in the Book-Entry System. Store all bonds, including bonds released from the Book-Entry System and bonds returned undeliverable to the supporting DFAS site, in a vault that meets the same security requirements for storage of Treasury checks as prescribed in

Chapter 3. The supporting DFAS site attempts to obtain a current mailing address for bonds that have been returned undeliverable. If a current mailing address is not obtained, the supporting DFAS site sends all undeliverable bonds that have been held for a period of 3 months after receipt to the United States Department of the Treasury, Series HH/H, Bureau of Public Debt (BPD), Division of Customer Assistance, P.O. Box 2186, Parkersburg, WV 26106-2186, for disposition as prescribed in subparagraph 230204.

2303 REDEEMING SAVINGS BONDS

230301. General

Military Banking Facilities (MBF) are authorized to redeem savings bonds. In overseas areas where no MBFs are available, DOs may request this authorization through their chain of command. This is the only situation where a DO may redeem savings bonds. If the request is justified, the DO's Commander/Director sends the request to the United States Department of the Treasury, Series EE and I, Bureau of Public Debt (BPD), Division of Customer Assistance, P.O. Box 7015, Parkersburg, WV 26106-7015. Disbursing offices with current authority to redeem savings bonds may continue this service providing no changes in area support by a local MBF has occurred.

230302. Cashing Bonds

A. Authorized DOs. The DO authorized to redeem savings bonds must use the redemption tables and procedures in ***Department of the Treasury Circular 750***. Note: Series EE and I Bonds issued after February 2003 must be at least 12 months old based on date of issue before the DO may redeem them.

B. Redeemed Bonds. Return redeemed bonds on a separate Standard Form (SF) 215 (Deposit Ticket) following instructions provided by the servicing FRB.

C. Discrepancies. 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*** (Daily Statement of Accountability), and attempt to recover the overpayment from the payee. If collection is made, prepare an ***Optional Form 1017-G*** (Journal Voucher) to document the collection and record the transaction as a decrease to line 7.2B and an increase to cash. If collection is not made, process the shortage as a physical loss of funds as prescribed in Chapter 6.

D. Internal Revenue Service (IRS) Form 1099-INT. The DO issues an ***IRS Form 1099-INT*** (Statement for Recipients of Interest Income) to recipients of $10 or more of interest paid on redeemed savings bonds. This form includes the amount of interest paid, name, address, Taxpayer Identification Number (usually the bondholder's Social Security Number (SSN)), person to who paid, and other information needed by the IRS. Do not cash a bond for individuals who refuses to furnish his/her SSN. Since individuals redeeming bonds may move by calendar year-end, DOs should furnish the form to the recipient at the time of the transaction.

Figure 23-1. Federal Reserve Bank, Pittsburgh Branch's Template for Non-Receipt Claims

Non-Receipt Claims

Bond Serial Number:	
Bond Owner's Social Security Number:	
Name:	
Current Address:	
City, State and Zip Code:	
Is the Bond Owner a Minor? (Yes or No)	

VOLUME 5, CHAPTER 24: "ELECTRONIC COMMERCE"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated June 2011 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Table of Contents	Updated format of Table of Contents.	Update
240303.A	Updated reference to Trading Partner Agreements (TPAs).	Update
240305.D.3	Removed reference to prohibited use of suspense account F3875 in Intragovernmental Payment and Collection (IPAC) system. Treasury Financial Manual Bulletin No. 2007-07 has been rescinded.	Delete
240306.A	Added new paragraph on acceptable reasons for adjustment of IPAC transactions.	Add
240603	Created new paragraph title, "Collections Services," and renumbered subparagraphs, and also renumbered paragraph 240603 to 240604 for clarity.	Update
2407	Removed reference to the Treasury General Account Deposit Reporting Network (TGAnet). System has been decommissioned.	Delete
2408-2411	Renumbered sections due to removal of 2407.	Update
240801	Added new paragraph for clarification on separation of cash and checks for deposits using the Over the Counter Channel Application (OTCnet).	Add
240802	Added new paragraph on required information in Block 6 of the SF 215 Deposit Ticket.	Add
240803	Added new paragraph on scanned check handling.	Add
Figure 24-4	Updated reference.	Update

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CHAPTER 24

ELECTRONIC COMMERCE

2401 GENERAL

240101. Purpose

Government entities disburse funds to and collect funds from individuals, businesses, and other government entities via cash, checks, and a variety of electronic mechanisms. This chapter provides information and guidance on several electronic disbursement and collection mechanisms that are Department of Treasury (Treasury) programs and services.

240102. Electronic Funds Transfer (EFT)

EFT is mandatory within the Department of Defense (DoD). EFT utilizes the Federal Reserve Bank (FRB) and its computer network to deposit funds into the checking or savings account of an individual or business. For guidance on mandatory use of EFT, see Volume 7B, Chapter 19 (Retired Pay); Volume 8, Chapter 1 (Civilian Pay); and Volume 9, Chapter 2 and Chapter 8 (Travel Pay) of this Regulation.

240103. Electronic File Transmission

Payment or payroll files shall be transmitted to the FRB by electronic file transmission.

240104. Contractor Pay Applicability

Refer to Volume 10 of this Regulation.

240105. Official Authorization List (OAL) for the Federal Reserve Bank

A. Overview. The OAL identifies all individuals who are authorized to transact business and provide instructions to the FRB on behalf of a Disbursing Office. Each Disbursing Officer (DO) must validate the OAL for their office at least annually. If changes are required, follow the process in paragraph 240105.B of this chapter.

B. OAL Change Process. To make changes to the OAL, Disbursing Offices shall complete the form at Figure 24-1. For instructions to complete the OAL form, see Figure 24-2. When making changes to the OAL, each DO shall validate the individuals currently authorized to transact business with the FRB and complete and sign the Agency Authorization Letter at Figure 24-3. The Disbursing Office shall forward the notarized OAL form and the Agency Authorization Letter to Disbursing Station Symbol Number (DSSN) Management at: DSSN Management Section, Disbursing Policy/Treasury Initiatives, Strategy, Policy, and Requirements Directorate (DFAS-ZPF/IN), 8899 East 56th Street, Indianapolis, IN 46249-0500. DSSN Management will match the DO's and Deputy Disbursing Officer's (DDO) names with those in the DoD DSSN database. The Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) shall give final approval before forwarding the package to the FRB.

C. OAL Change Documentation. The OAL form, instructions, authorization letter, and district contacts are located at the ***FRB Services – Account Services Forms web page***.

2402 CARD ACQUIRING SERVICE

240201. Overview

The Card Acquiring Service is a government-wide network that allows federal agencies to receive credit and some debit card payments (i.e., VISA, MasterCard, American Express, and Discover credit cards, and some debit cards) due to the Federal Government. Plastic cards can be used to collect payments from the general public and from Government entities for a variety of reasons, including, but not limited to: sales of material, services, fees, fines, debts, customs duties, and taxes. Treasury's Financial Management Service (FMS) designated one financial agent to process plastic card collections and to provide uniform nationwide credit and debit card services for federal agencies. Credit and debit cards may be used for collections received over-the-counter, by mail, by phone, or over the Internet. Information pertaining to the Card Acquiring Service can be found at the ***FMS's Card Acquiring Service website***.

240202. Card Processing Rules and Regulations

Activities participating in the Card Acquiring Service will use the "FMS Card Processing Rules and Regulations" as a guide when processing credit and debit card transactions. Activities must complete and submit the Agency Participation Agreement (APA) to FMS for approval, in order to establish a processing relationship. The rules and regulations and APA form for the Card Acquiring Service can be found at the FMS's Card Acquiring Service, ***Forms and Operating Rules and Regulations web page***.

240203. Processing Transactions

All activities must settle on a daily basis, regardless of the amount accumulated that day. Activities will pay the assessed non-qualifying interchange fee when they fail to settle electronically every day. The network bank will inform the activity of its particular cutoff times for deposits. In an electronic environment, settlement transactions should take place through an Electronic Data Capture/Point of Sale at various times during the day (or once at the close of business) in order to meet the cutoff time for deposits.

240204. Reports and Reconciliation

Based on the report requirements established in the participation agreement with the network bank, reports of the merchant's plastic card activity will be made available electronically 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 Cash Collection Voucher (***Department of Defense (DD) Form***

1131), submitted to the DO or DDO, and Standard Form (SF) 215 information posted in the Transaction Reporting System (TRS) and/or CA$HLINK II.

240205. Internal Controls

Internal control procedures shall be established by each participating DoD activity to ensure that plastic 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.

2403 INTRA-GOVERNMENTAL PAYMENT AND COLLECTION (IPAC) SYSTEM

240301. Overview

A. This section covers general information on the IPAC system. This section also identifies general requirements and technical specifications prescribed by the Treasury.

B. The IPAC system will be used for buyer-seller (i.e., reimbursable) transactions between federal agencies. The IPAC system is used because it accomplishes the following:

1. Facilitates timely posting of collections to reduce receivable balances;

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 as the collection agency.

240302. IPAC

The IPAC system's primary purpose is to provide an automated, standardized, interagency funds expenditure transfer mechanism for Federal Program Agencies (FPAs). It facilitates intragovernmental Federal e-commerce by transferring funds, with related descriptive data, from one FPA to another on a real-time basis. The IPAC system enables FPAs to exchange accounting information and to transfer funds between FPAs involved in buyer-seller relationships. It establishes standardized interagency payment, collection, and adjustment procedures through an Internet-based application. The IPAC system also includes a module for the Retirement Insurance Transfer System transactions that are transmitted to Office of Personnel Management.

*240303. Originating the IPAC Transactions

A. Trading Partner Agreement. Per ***Treasury Financial Manual (TFM) Volume I, Part 2, Section 4700, Appendix 10***, Trading Partner Agreements (TPAs) are required between agency location codes (ALCs) in order to help facilitate the payment/collection process. These TPAs contain agreed upon terms between the ALCs that help ensure that necessary transaction information is provided so that both sides will be able to reconcile their transactions. An example of a Bilateral TPA is in Figure 24-4.

B. Initiating the Order

1. 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. The IPAC system is not designed to be dependent on appropriation data as criteria to match an existing obligation since the Treasury transfers funds at ALC level.

2. After fulfilling the customer agency's requisition/order, the originating agency (based on whether it is a payment or collection transaction) must input the appropriate data in all the IPAC required data fields. Also, it must input the customer agency's special requirements and any descriptive information, supplied with the requisition/order, in the appropriate fields of the IPAC transaction.

C. Initiating the IPAC Transaction

1. If a collection transaction is initiated by the billing agency, then the transaction provides essential invoice information and immediately charges the funds to the 8-digit customer ALC. Within DoD, 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 payment transaction initiated by the customer agency (i.e., disbursement) is used to credit funds of the billing ALC when a hardcopy invoice is received. A payment transaction is also used to transfer payroll deduction type payments (e.g., Internal Revenue Service or Veterans Education Assistance Program).

2. Transactions can be input manually into the on-line system or created automatically by accounting or disbursing systems for bulk data transfer or host-to-host transmissions. The IPAC system automatically will issue an IPAC Document Reference Number (DRN) that is the equivalent of a U.S. Treasury check number and will ensure that no two transactions have the same number.

3. Bulk files are queued for processing as soon as they are

received into the IPAC system; on-line transactions are transmitted in "real-time." Whether an on-line or bulk data transfer transaction, the transaction originator must include a point of contact and telephone number to ensure the receiving agency can accurately determine who to contact if there is a need for adjustment.

4. A collection or disbursement voucher (e.g., DD Form 1131, ***SF 1080*** (Voucher for Transfers Between Appropriations and/or Funds) or ***SF 1034*** (Public Voucher for Purchases and Services Other than Personal) 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.

D. Required Data Elements for Initiating IPAC Transactions. There are mandatory fields that must be filled out in the IPAC system to process specific IPAC transactions. These data elements vary by transaction type and are required by the Treasury. The mandatory fields for each transaction are:

1. Payment and Collection Transactions

a. ALC Contact

b. Contact Telephone Number

c. Contact E-mail Address

d. Originating ALC

e. Customer ALC

f. Invoice Number

g. Pay Flag

h. Quantity

i. Unit Price

j. Unit of Issue

k. Detail Amount

l. Obligating Document Number

m. Purchase Order Number

n. Receiver Department Code

o. Sender Treasury Account Symbol (TAS)

p. Sender Business Event Type Code (BETC)

q. Sender U.S. Standard General Ledger Account Information

r. Receiver TAS

s. Receiver BETC

2. Adjustment Transactions

a. ALC Contact

b. Contact Telephone Number

c. Contact E-mail Address

d. Originating ALC

e. Customer ALC

f. Amount

g. Original IPAC Document Reference Number

h. Original Disbursing Office Symbol

i. Sender TAS

j. Sender BETC

k. Sender U.S. Standard General Ledger Account Information

l. Receiver TAS

m. Receiver BETC

n. Original Accomplished Date

3. Zero Dollar Transactions

a. ALC Contact

b. Contact Telephone Number

c. Contact E-mail Address

d. Originating ALC

In addition to the Treasury required information, an ALC can require specific and/or descriptive data necessary for their ALC to process the transaction completely. This specific information should be outlined in the TPA that was agreed upon by the participating ALCs.

240304. Processing Cycle

The IPAC system is available through the last day of each month to enter bills or transfers for that month. However, unless a different cutoff date and time has been agreed upon in a TPA, agencies will not process any new transactions the last four workdays of the month to avoid month end accounting problems.

240305. Recording IPAC Transactions

A. Standard Form 1219 (Statement of Accountability). IPAC transactions are recorded on lines 2.8 and 4.1 (A or E, as applicable) of the ***DD Form 2657*** (Daily Statement of Accountability) and on the ***SF 1219***. If a hardcopy SF 1219 is used, then cross through line 2.39 and replace with 2.8. Refer to Chapter 19 of this volume for instructions 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).

B. Reconciliation. An ALC can print out their activity from the IPAC system, for the past 18 months, to assist the ALC in ensuring all transactions are accounted for on the current month SF 1219. Refer to Chapter 19 of this volume for instructions on reporting prior month IPAC transactions that are processed in current month accountability.

C. Monthly Reporting of Differences by the Treasury to Agencies. The Treasury will compare the customer and billing agencies' SF 1219 with the IPAC data. If there is a difference, then an FMS Form 6652 (Statement of Differences, Disbursing Office Transaction) will be generated. This statement is prepared by the Treasury 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 details all transactions charged against a particular ALC. Agencies will investigate the differences and make the necessary corrections on their next SF 1219. 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.

D. Monthly Reporting of Unprocessed Transactions

1. Unidentified transactions between federal agencies, including IPAC transactions, will be debited or credited to account F3885, Undistributed Intragovernmental Payments. The Treasury identified a three-digit limit, F3885.007, specifically for the IPAC system. All new transactions that remain unclassified at month-end will be recorded in

F3885.007.

2. The detailed transactions and the reconciliation to the Treasury will remain in the existing tool used for recording and clearing unprocessed IPAC transactions.

*240306. Adjustments of Erroneous Charges

Both the billing and customer agencies should recognize that the system cannot tolerate uncontrolled charges or adjustments. The adjustment function should not be used to adjust charges that originated under other billing systems. The charge should also not be considered erroneous simply because the customer agency receives the paid billing statement before supplies are received. If the receiving agency subsequently finds that the transaction was erroneous, then the adjustment should be made at that time. However, the receiving agency is limited to 90 days to process the adjustment. It should be noted that the sending agency also has the ability to make an adjustment to an erroneous transaction prior to, or after its submission to the receiving agency within 90 days.

A. There are some situations that warrant an immediate adjustment to a transaction. Some acceptable reasons for immediate adjustment are:

1. Wrong ALC was billed for the transaction;

2. Funds cited do not belong to the billed ALC;

3. Appropriation charged to liquidate the reimbursement has cancelled or closed;

4. Transaction exceeds authorized funding;

5. Duplicate transaction; and

6. Noncompliance with required data elements set forth in a TPA.

Anytime a transaction appears to be erroneous, there needs to be sufficient reason to adjust it back. If you can take ownership of a transaction (i.e., a valid billing that belongs to your ALC), then it should not be rejected without sufficient research and notification. Communication between trading partners is key to resolving erroneous transactions.

B. The agency representative that created the original transaction should be contacted. If the transaction is erroneous, then the receiving agency will access the IPAC on-line system and make the menu selection for IPAC adjustments. The IPAC system will guide the user with prompts. The user will enter all pertinent data as requested. The IPAC system contains edits to ensure that the original transaction is matched. Once the data is entered correctly, the system will issue an IPAC Adjustment Voucher Number unique to each transaction. Adjustments are considered a new transaction for reporting purposes and

included in the net totals for the month in which the adjustment is accepted in the IPAC system.

C. In cases where the originating agency (i.e., the ALC that created the transaction) 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 IPAC transaction will be prepared for the proper amount.

240307. Basic Criteria to Access the IPAC System

In order for billing and customer agencies to use the IPAC system, the following are required:

A. A Master Administrator must be assigned the responsibility of setting up IPAC Agency Administrators (IAAs) for one or more ALCs. The IAAs are responsible for registering agency personnel as IPAC users. These users will then be given a user id and gain access to the IPAC system based on assigned roles.

B. The Treasury must assign each ALC an Identification Number and password that will enable access to the system. The Treasury also requires the ALCs of the corresponding agencies from which the transactions will originate or be received. Agencies that are Non-Treasury disbursing offices (such as DoD) control their own Billable/Non-billable status.

240308. Restrictions

The Treasury reserves the right to (a) make any adjustments centrally in Treasury's Central Accounting System and (b) to remove any agency from the IPAC system in those instances when the agency fails to comply with the rules and regulations set forth by the Treasury. For additional information on the IPAC system, refer to Chapters 10, 11, and 22, of this volume and Volume 4, Chapter 3 of this Regulation.

2404 LOCKBOX COLLECTIONS

240401. 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 Treasury General Account (TGA) at the FRB New York (FRBNY). FMS has designated a network of commercial banks to serve as lockbox collection points for other federal agencies. A lockbox is a post office box established by an approved financial institution for receipt of payments to an agency. Lockboxes facilitate collections of receipts mailed to federal agencies arising from the payment of fees, loan repayments, payment of purchases from federal agencies, and other payments. 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. 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. The Treasury provides compensation to selected banks for specified lockbox services. There are three types of lockbox services available to participating activities: retail, wholesale, and electronic. Treasury is currently in the process of converting lockboxes to other mechanisms (e.g., Credit Gateway).

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 designated financial agent in the lockbox network to the agency.

C. Electronic Lockbox. An electronic lockbox is either a wholesale or retail lockbox that processes transactions electronically. The remitter can provide payments through Automated Clearing House (ACH), by wire transfer, or with paper checks. 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.

240402. The Lockbox Collection Process

The designated financial agent, acting as the lockbox bank, will assign a unique post office box number to the billing activity of the agency, 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 designated financial agent picks up the mail several times a day from the post office box. Lockbox bank personnel open the mail and process it according to the agency's instructions. Check remittances are cleared through the banking channels in accelerated batches. A record of the payment is forwarded to the agency. Agencies have the option of receiving a copy of the payment checks and/or invoice. The designated financial agent forwards correspondence received with the payment to the agency. Each day, the designated financial agent enters, verifies, and reports total deposit information into the CA$HLINK II system via personal computer, mainframe, or touch-tone telephone. The designated financial agent reports the deposit data to the Treasury and the agency via CA$HLINK II. On the following business day, the bank transfers the funds by wire or ACH to FRBNY with credit to the DO's DSSN designated in the Memorandum of Understanding (MOU). The bank will issue an SF 215 (Deposit Ticket) for the daily deposit.

A. Billing Activity Documentation. The bank will forward, via mail, 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 5-workdays 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).

B. Disbursing Office Documentation. 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). Once the disbursing office receives the completed SF 1080 from the billing activity, the disbursing office shall charge **F3875, Budget Clearing Account (suspense), assign the voucher number, and process 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 (Debit Voucher) 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.

240403. Electronic Lockbox Process For ACH Credit Transactions

A. The federal agency advises the consumer or corporation of the obligation due the Government and provides the consumer or corporation with the appropriate information to include in the transaction.

B. The consumer or corporation provides the detailed payment instructions to its financial institution to authorize the ACH credit transaction to the designated financial agent in the FMS network.

C. The designated financial agent deposits the funds for credit to the Treasury's account at the FRBNY.

D. The designated financial agent forwards the deposit data to the Treasury and the agency via CA$HLINK II.

240404. 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 nonrecurring, confirmed and intermittent transactions; and approval from the servicing Defense Finance and Accounting Service (DFAS) site to implement a lockbox operation.

240405. Lockbox Implementation

Generally, a lockbox application is identified through cash management reviews and audits. DoD activities desiring to use lockbox services should contact FMS through the supporting DFAS site, and provide an updated cash flow review consisting of current collection practices and deposit information. FMS and the DoD activity will jointly 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 then select a network bank for the activity to implement lockbox services. Activities utilizing lockbox collection services (billing activity) shall enter into an 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's financial regulations and reports. Recommendations will be made for an alternative collection mechanism when a lockbox application is not viable.

240406. Scanned Documents and Digital Imaging

Imaging is the creation of digitized images of remittance documents that can be displayed, enlarged, tagged, annotated, routed, duplicated, stored, and indexed. The financial agents in FMS lockbox network can provide federal agencies with images of checks, envelopes, invoices, remittance advices and correspondence.

2405 CREDIT GATEWAY

240501. Overview

The Credit Gateway is a collection program for Fedwire and ACH credit transactions. It replaces the Fedwire Deposit System program and the Remittance Express program. In the future, electronic lockboxes (ACH credits) will convert to Credit Gateway as well. For more information about Credit Gateway, see FMS's ***Credit Gateway website***.

240502. Implementation

Activities who want to use the Credit Gateway must complete the new account setup form and email it to FMS. FMS will coordinate with the financial agent to assign an account number. Upon notification that the account number is active, the activity can provide the account number to customers and receive payments. Activities interested in creating a Credit

Gateway account should review FMS's ***Credit Gateway: Getting Started web page***.

240503. Credit Gateway Process

A. The activity advises the customer of the obligation due the Government, either by invoice, bill, letter, or other means. The agency also supplies the customer with the appropriate information to include in the transaction.

B. When the customer sends the payment through their financial institution, the FRB receives the transaction and credits the Treasury's account.

C. Transaction information is submitted to the Treasury and the agency via the TRS. TRS reports this information to CA$HLINK II (until it is decommissioned), and the information is available in CA$HLINK II after the close of business. The transaction information includes both detailed payment information and summary SF 215 information. Both systems will allow the activity to download the information.

1. Fedwire Reporting. TRS will report deposit information for Fedwires in near real-time. CA$HLINK II summary and detail deposit information will not be available until after the close of business.

2. ACH Credit Reporting. TRS will report future-dated and settled ACH credit entries. CA$HLINK II summary and detailed deposit information will be available on the morning of the settlement date, but future-dated ACH credit information will not be available.

2406 PAY.GOV

240601. Overview

Pay.gov was developed by FMS to meet a commitment of processing collections electronically using Internet technologies. Pay.gov satisfies agencies' and consumers' demands for electronic alternatives by providing the ability to electronically complete forms, make payments, and submit queries 24 hours a day. Pay.gov is a secure government-wide collection portal and provides a suite of services allowing agencies to obtain and process collections in an efficient and timely manner.

240602. Services

The Pay.gov application is comprised of 4 services:

A. Billing/Notification,

B. Forms,

C. Reporting, and

D. Collections.

*240603. Collections Service

The Pay.gov collections service has plastic card transaction and ACH debit transaction processing options. Activities who want to accept plastic cards through Pay.gov must apply for an Internet merchant account with the FMS Card Acquiring Service. Pay.gov accepts several payment options:

A. One-time Payments. The customer submits a one-time payment to the activity.

B. Recurring Payments. The customer sets the payment details and establishes a specific interval of time between each payment. Payments continue until all payments have been made or the payments have been canceled.

C. Deferred Payments. The customer can enter and schedule a payment up to 30 days in advance. Customers performing a plastic card transaction cannot use this option.

D. Preauthorized ACH Debits. The customer can authorize the activity to submit payment information on their behalf for regular recurring ACH debits. The customer must provide advance written authorization. The activity submits the payment information to Pay.gov.

240604. Implementation

Activities considering use of Pay.gov are directed to FMS's ***Pay.gov – Getting Started web page***. Guides and technical information can be found at the ***Pay.gov Agency Documentation website***.

2407 PAPER CHECK CONVERSION OVER THE COUNTER (PCC OTC)

240701. Overview

PCC OTC is a Treasury application used to convert U.S. negotiable instruments (such as personal checks, money orders, and Treasury checks) other than cash into EFTs. The checks can be processed when received over the counter at the point-of-sale or through the mail. The checks are scanned via a check imager terminal. Once the check is imaged, the agency may enter information into agency-specific configurable fields (e.g., amount of transaction, Social Security number, address). The images and data are transmitted to the PCC OTC application. PCC OTC supplies the check information and images to the collection application, which will either convert the check to an ACH debit or truncate it under Check 21. If the check is truncated under Check 21, the check will be presented via an image cash letter or as a substitute check depending on the agency specific processing setup. Activities considering use of PCC OTC are directed to FMS's ***PCC OTC website*** or ***PCCOTC.gov*** for more information.

240702. Procedures

FMS has created a set of Standard Operating Procedures (SOP) that should be followed whenever using the PCC OTC application. This SOP outlines the day to day operations involved in processing transactions through PCC OTC. The SOP can be found at the ***PCC OTC Standard Operating Procedures web page***.

240703. Processing

All PCC OTC items are processed through the FRB of Cleveland. Unlike with manual SF 215s, U.S. Treasury checks do not need to be processed on a separate SF 215 from other negotiable instruments. Guidance on manual SF 215s is contained in Chapter 5 of this volume. PCC OTC allows for batch processing of U.S. Treasury checks, personal checks, and other authorized negotiable instruments. All items processed in the same day are reflected in the "215 Deposit Ticket Report" (e.g., U.S. Treasury and personal checks). For a listing of authorized negotiable instruments, see the PCC OTC SOP.

240704. Forms

There is a User Access Request Form that must be filled out before access will be granted to the PCC OTC application. In addition to the User Access Request form, there is a PCC OTC Security Contact Authorization form. The purpose of the PCC OTC Security Contact Authorization Form is to designate PCC OTC Security Contacts. These contacts are authorized to request access be granted to PCC OTC for another individual. The request must be approved by a third party in a managerial position, and a person cannot authorize him/herself. These forms, as well as instructions, are available at the ***PCC OTC Security Forms web page***.

240705. Policy

In order to ensure the separation of duties, the individual scanning checks into PCC OTC cannot also be the individual responsible for releasing the batch for processing. The individual responsible for releasing the batch must review all items presented for deposit before submitting the batch. The review shall include at a minimum the verification that:

A. The written amount of the item matches the amount entered by the individual that scanned the item;

B. A clear image of the item scanned is present; and

C. Any discrepancies found during the review are corrected.

2408 OVER THE COUNTER CHANNEL APPLICATION (OTCnet)

OTCnet integrates the functionality of the PCC OTC and Treasury General Account Deposit Reporting Network (TGAnet) systems into a single Web-based application for making cash and check deposits. It allows the user to perform the end-to-end process over the

Internet, using software provided through the browser. However, there are "off-line" check capture capabilities for activities operating in locations with intermittent or unavailable bandwidth and communication. Those activities using PCC OTC will continue use of PCC OTC until conversion to OTCnet Check Capture. Deposits made to a local Treasury General Account, will be done using OTCnet Deposit Reporting. After conversion, all transactions must be processed through OTCnet. For more information about OTCnet, see FMS's ***OTCnet website***.

*240801. Deposit of Cash and Checks

TFM Bulletin No. 2005-04 states that depositaries using TGAnet, which has been replaced by OTCnet, are not subject to procedures regarding the processing of SF 215s or SF 5515s contained in ***TFM Volume V, Part 1, Chapter 2000***: Deposits for Credit to Treasury's General Account. This includes the requirement of separating cash and check deposits into different transactions. So, when using the OTCnet Deposit Reporting function, the depositing agency may combine cash and checks into one deposit. However, U.S. Treasury checks must still be on a separate deposit to be forwarded to FRB Cleveland.

*240802. Required Information in Block 6

At a minimum, Block 6 of the OTCnet deposit ticket (i.e., SF 215), must identify the depositing entity's name, location, and who prepared the deposit and their phone number. The extent of additional information required in Block 6 is at the discretion of the Disbursing Officer.

*240803. Handling of Scanned Checks

After scanning checks in OTCnet, you must retain the scanned checks in an approved secured manner, see Chapter 3 of this volume, for a period of time not to exceed 14 calendar days, and then they must be destroyed. This allows for verification in OTCnet as well as applicable reporting systems, that the checks have been processed.

2409 INTERNATIONAL TREASURY SERVICES (ITS.GOV)

ITS.gov is the Treasury's comprehensive international payment and collection system and it is the preferred payment method for foreign-currency transactions. DOs are encouraged to use ITS.gov to the maximum extent possible wherever the infrastructure will support its use. Prior to using ITS.gov, an MOU between the activity and the FMS is required. Activities interested in using ITS.gov should contact FMS. Contact information is available at FMS's ***ITS.gov website***. See Chapter 12 of this volume for guidance on foreign-currency payments.

2410 TRANSACTION REPORTING SYSTEM (TRS)

TRS is an on-line centralized repository of detailed deposit and collection transaction data that has been collected from all of Treasury's collection systems and settlement mechanisms into a single system. TRS provides the ability for agencies to view summary

and/or detail level data; extract and analyze data in various scenarios; and produce flexible, standardized reports based on agencies' needs. TRS will replace CA$HLINK II for deposit and collection recording. Currently, TRS does not contain all the functionality of CA$HLINK II. CA$HLINK II will remain available for use until all functionality is integrated. For more information on TRS, see FMS's ***TRS website***.

Figure 24-1. Official Authorization List Form

OFFICIAL AUTHORIZATION LIST (Government Organizations)

(1/10/05)

Federal Government
Routing Transit No. (RTN) _____
Page _____of _____

This supersedes our previous
Official Authorization List:
(Circle:) YES or NO
If neither is circled, previous list will also remain in effect

Name of Organization:	**Effective Date:**
Street Address:	**Telephone:**

To the Federal Reserve Banks: Below are the names, titles, and signatures of the individuals authorized to execute contracts and transact business with you and to issue instructions on behalf of the Organization identified above.

Name and Title (printed): (leave blank if no limitations)	**Telephone No. and E-Mail Address:**	**Signature:**	**Limitations to Authority:**

Authorizing Official (must be authorized by an authorization letter submitted to the Federal Reserve Banks by the Organization to contractually bind the Organization and to provide a list of other Organization officials who are authorized to execute contracts and transact business with the Federal Reserve Banks and to issue instructions on behalf of the Organization):

Signature_____ _____ **(Printed Name and Title of Authorizing Official)** _____ **(Telephone)** _____ **(E-Mail Address)**	**State of _____)** **County of ______)** **Subscribed and sworn to before me on_____, 20___,** **(Date of Signature)** **by _____.** **(Authorizing Official's Printed Name)** _____ **Notary Public** *(Notary Seal)*

Figure 24-2. Instructions for Completing the Official Authorization List (Government Organizations)

Instructions for Completing the Official Authorization List
(Government Organizations)

The following provides information for completing the *Official Authorization List (Government Organization)* form:

- Provide the Federal Government Routing Transit No. (RTN) (nine-digit number sometimes referred to as an "ABA") that has been issued to your organization for purposes of accessing Federal Reserve Bank Services. Also, provide the official name, complete street address and telephone number of your organization.

- Provide the date on which the *Official Authorization List* becomes effective.

- Indicate whether the list supersedes or adds to a previously submitted *Official Authorization List* by circling the "Yes" or "No", as applicable, at the top right-hand corner of the form. (If nothing is indicated, then the previous *Official Authorization List* will also remain in effect).

- The *Official Authorization List* form contains space for listing six individuals. If your organization needs to identify additional authorized individuals, please submit additional form pages. In every case, indicate the page number of each form page and the total number of pages being submitted as a single list (i.e. "Page 1 of 1" or "Page 2 of 4").

- Print the name and title of each authorized individual. Provide a signature specimen for each individual listed.

- Unless expressly limited in the "Limitations of Authority" box provided on the form, the individuals identified on the *Official Authorization List* will be able to transact business and provide instructions to the Reserve Banks with respect to all Reserve Bank services accessible by your organization. It is not necessary to list all of the individuals who will be contacting or dealing with the Reserve Banks on the *Official Authorization List*. What is important is that you identify at least one or two individuals who are authorized by the *Official Authorization List* to transact business for each of the services that your organization accesses. Many of our services require authorization lists specific to that service (for example, off-line funds transfer authorization lists or the End User Authorization Contact form). These specialized authorization lists can only be submitted by an individual who is authorized on this *Official Authorization List*.

- In the "Limitations to Authority" section, specify whether the individual's authority to transact business with and issue instructions to the Federal Reserve Banks is limited to a particular service(s) (for example, "check and ACH services only"). Authority to designate others on any specialized authorization list (see the bullet point above) will also be limited to that particular service. ***Additionally, authority to use electronic access for the particular service(s) listed will be included.*** (For example, an Individual limited to "check and ACH services only" will be authorized to access such services through FedLine® access channels). Please note, other limitations such as dollar amount will not be accepted. If there are no service limitations, please leave the box blank.

- The *Official Authorization List* must be signed by an "Authorizing Official" of your organization. The "Authorizing Official" is an official of your organization who has been identified in an authorization letter submitted to the Federal Reserve Banks as having the authority to execute contracts and provide a list of other officials of your organization who are authorized to execute contracts and transact business with the Federal Reserve Banks (the approved form for this authorization letter will be provided to your organization upon request and the letter must be submitted on the official letterhead of your organization). Please print the Authorizing Official's name and title, and provide his/her telephone number and e-mail address. The Authorizing Official's signature must be notarized. (For multiple-paged *Official Authorization Lists*, each page must be signed by the Authorizing Official, but only the signature on the first page must be notarized).

- Please return the properly completed and signed *Official Authorization List* to:
  East Rutherford Operation Center
  100 Orchard Street
  East Rutherford NJ 07073
  "FedLine" is a registered trademark of the Federal Reserve Banks.

Figure 24-3. Sample Agency Authorization Letter

(Agency Letterhead)

(Date)

To the Federal Reserve Bank of _____:

In order to allow for designated Department of Defense ("Agency") employees to be able to use certain Federal Reserve Bank services and effect transactions through the Agency's account, please be advised that the following persons [and each of their successors in office] are each hereby authorized to execute agreements relating to such services and to transmit to the Federal Reserve Banks a list of the names, titles and signatures of Agency employees, including themselves, to be recognized as authorized to transact business and issue related instructions on behalf of the Agency:

[insert names & titles]

Agency employees designated as having authority to issue instructions or otherwise transact business with the Federal Reserve Banks are authorized to view information, issue instructions and engage in transactions on behalf of Agency as necessary or incidental to such business. The Federal Reserve Banks' Operating Circulars, including where appropriate Operating Circular No. 5 and the Certificate Practice Statement, will govern access by Agency employees to Federal Reserve Bank services except to the extent that such Operating Circulars are inconsistent with any specific fiscal agency delegation or agreement.

This authorization is to remain in effect until I (or my successor in office) notify you in writing of any change, and you have had a reasonable time to act on such notice.

(Agency) DoD signature

By:_____

Name:_____

Title:_____

Figure 24-4. Example of a Bilateral Trading Partner Agreement

BILATERAL TRADING PARTNERSHIP AGREEMENT

Intra-governmental Payment and Collection (IPAC) Trading Partnership Agreement between the Defense Finance and Accounting Service, Agency Location Code (ALC) 0000 _____ and _____, Agency Location Code (ALC)______.

Reimbursable billings (SF-1080/1081) will be generated by ALC 0000_ _____ and ALC _____ for payments and collections from each other. IPAC is the preferred method of collecting these receivables. This agreement states that ALC 0000_____ and ALC_____, will provide all data elements required below for all transactions processed by both Trading Partners.

The following IPAC data elements will be provided when initiating an IPAC transaction between trading partners.

Required Treasury Fields:

- ALC Transaction Contact (Technical POC)
- Contact Phone
- Contact E-mail Address
- Purchase Order Number
- Invoice Number
- Quantity
- Unit of Issue
- Unit Price
- Detail Amount
- Pay Flag
- Sender's Treasury Account Symbol
- Receiver's Treasury Account Symbol
- Sender Standard General Ledger Account Information
- Receiver's Department Code
- Accounting Classification Code
- AAA/FSN/ADSN
- Obligating Document Number (MIPR Number)
- Sender and Receiver Business Event Type Code (BETC)
- Sender and Receiver Business Partner Network number (BPN)

The Transaction Description field on each detail line MUST be used to supply the additional information requested by the trading partners:

- Complete Line of Accounting to include Fiscal Station Number (FSN), Accounting and Disbursing Station Number (ADSN), or Authorization Accounting Activity (AAA)
- Brief description of goods and services
- Receiving office Point of Contact and phone number if available

"One-to-one billing" will be used by both partners. "One-to-one billing," for the purpose of this agreement, means the use of detail lines will be done when funds, for more than one action, are processed on a single IPAC transaction. For example, the summary amount may be $500.00, but if funds for two separate actions are included in this amount, then there must be two detail lines.

ALC 0000_____ will not initiate or accept any new IPAC transactions during the last four business days of the month. Only adjustments entered or charged will be accepted. Any exceptions must be coordinated with the POC listed below.

Both trading partners have the right to reverse (adjust), without notice, any transaction that does not belong to their ALC, does not contain the required information referenced above or if the transaction exceeds authorized funding.

*Figure 24-4. Example of a Bilateral Trading Partner Agreement (continued)

The Intra-governmental Business Rules, ***Treasury Financial Manual (TFM) Volume I, Part 2, Section 4700, Appendix 10,*** mandates that trading partners register their BPN numbers in the BPN Federal Register (***FEDReg***). For the purposes of this agreement, the requesting agency is the buyer and the providing agency is the seller.

The following information must be exchanged between trading partners at the time of procurement:

- The common agreement number (order number)
- Funding Source
- Buyer and Seller TAS
- Buyer and Seller BETC
- Effective Date
- Duration of the Agreement
- Expiration Date of Funding Source
- Amount
- Method of Payment
- Buyer and Seller BPN
- Method of Performance
- Frequency of Performance
- Provisions for Advance Payments
- Method of liquidating Advance Payments
- Trading Partners right to modify, cancel, or terminate the agreement

Dispute Resolution:

Both the Buyer and the Seller agree to contact the POC, in a timely manner, to try and resolve any discrepancies before reversing transactions that fall outside the guidelines for automatic adjustment mentioned on the previous page.

Both Trading Partners must agree to any amendments to this agreement prior to implementation.

Accounting/Finance office POC information

Name:
Location:
Telephone Number:
Email Address:

Contracting Office Contact

Name:
Phone Number:

This agreement will commence on_____. Any amendments must be agreed upon by both trading partners prior to implementation.

_____	_____
Disbursing Officer/Deputy	Disbursing Officer/Deputy
_____	_____
Accounting Representative	Accounting Representative

VOLUME 5, CHAPTER 25: "CLAIMS AGAINST THE GOVERNMENT (INCLUDES QUESTIONABLE AND FRAUDULENT CLAIMS)"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated August 2008 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Adds certifying officer responsibilities for also detecting and reporting possible fraud.	Add
250201	Clarified definition of fraud.	Update
250403.E	Adds references to Volume 8, Chapter 8 and Volume 7A, Chapter 50 of this Regulation.	Add
250408	Deletes the use of the "Fraud Alert Reporting System".	Delete

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CHAPTER 25

CLAIMS AGAINST THE GOVERNMENT (INCLUDES QUESTIONABLE AND FRAUDULENT CLAIMS)

2501 OVERVIEW

This chapter provides policy for processing claims against the government, including questionable and fraudulent claims presented for certification or payment that the certifying officer or disbursing officer (DO) believes to be illegal or improper. This chapter includes the definition for fraud and how it differs from general inaccuracies on voucher submissions. Personnel responsible for processing vouchers must thoroughly research those vouchers. When necessary, they request an advance decision from the appropriate authority; see subparagraph 250302.B of this chapter. Also, see Volume 10, Chapter 3 of this Regulation for guidance on vendor/contractor claims against the government.

2502 FRAUD DEFINED

*250201. Fraud

Fraud is any intentional deception designed to deprive the United States (U.S.) unlawfully of something of value or to secure from the U.S. a benefit, privilege, allowance, or consideration to which a claimant is not entitled. For example, a person submits a claim for reimbursement of a taxi fare for $70, knowing that the actual fare was only $20, intending to obtain more money than the person is entitled to receive. The amount claimed is $50 more than the entitlement (misrepresentation of a material fact). The claimant knows the actual cost but claims more (intent to deceive), and the government is entitled to rely on the truthfulness of the amount claimed.

250202. Claims

Claims may also not be authorized for payment, but not considered fraudulent. An example of this may be a claim for payment prohibited by law or otherwise not authorized, and lacks evidence of willful intent. These claims also may be referred to the appropriate authority for an advance decision.

2503 ADVANCE DECISIONS

250301. Claims

A certifying officer or DO who believes a claim for certification or payment to be illegal or improper processes it in accordance with the following paragraphs.

250302. Application for Decision

A. Authority. Under ***Title 31, United States Code (U.S.C.), section 3529 (31***

U.S.C. 3529), a certifying officer, DO, or head of an agency may request an advance decision on the propriety of any prospective payment from an authorized official; see Appendix E of this volume. This authority does not cover the rendering of decisions on questions of law pertaining to payments already made, or for hypothetical cases.

B. Content. State in the request the facts and evidence sufficient to support the reason(s) for the request and upon which the decision is to be based. As a general rule, decisions are rendered only when the request is accompanied by a specific claim or voucher (legible copies are acceptable). Send these requests through the General Counsel of the Department of Defense (DoD) Component or the Defense Finance and Accounting Service (DFAS) to the Deputy General Counsel (Fiscal), DoD (DGC(F)) for determination. The affected Component or DFAS General Counsel must attach a legal memorandum that discusses the legality of the proposed payment under the circumstances.

C. Forwarding of Certain Requests Concerning Military Personnel. Send requests for advance decisions concerning pay, allowances, travel, transportation, retired pay, or survivor benefits for military personnel through the requesting certifying officer's or DO's chain of command.

250303. Other Actions

The responsible activity, DFAS site, or appropriate General Counsel may return cases involving entitlement questions that have been clearly decided authoritatively, with a determination that no advance decision is necessary. Advance decision requests may be resubmitted through the responsible activity or supporting DFAS site to the DoD DGC(F) for reconsideration of a Component General Counsel's advisory interpretation. Attach a copy of the memorandum of each decision to the voucher. NOTE: For cases within DFAS involving payments or certifications of $250 or less, decisions rendered by DFAS General Counsel are conclusive to the settlement of accounts.

250304. Decisions Rendered

A. Payments in Question. An advance decision is conclusive only regarding the particular payment involved on the question presented. A statement made by the responsible office on an advance decision in the statement of facts submitted which is broader than the stated facts rendered necessary is not binding in the settlement of accounts.

B. Effect On Other Payments. Although an advance decision is only conclusive regarding the specific payment reviewed, certifying officers should use the principles cited in the decision in making entitlement decisions.

*2504 FALSE, FICTITIOUS, OR FRAUDULENT CLAIMS

250401. Determination of Fraud

Although a claimant must complete a claim accurately to ensure proper payment, it is

inappropriate to assume automatically that the claim is fraudulent because it is not prepared according to the requirements of publications such as the ***Joint Federal Travel Regulations (JFTR)*** or the ***Joint Travel Regulations (JTR)***.

A. Do not assume every inaccuracy on a claim is evidence of an intent to defraud the government. When minor discrepancies exist as a result of clerical or computation errors, misunderstanding of procedure, or failure to properly document, the intent to deceive may be missing, and a finding of fraud would not likely be supported without evidence. Discuss these errors with the claimant and correct them. For example, when a person inadvertently submits a travel voucher for hotel expenses that contains minor additional room charges that are not payable and, upon notification the claimant acknowledges the mistake and there is no intent to deceive, no fraud has occurred.

B. Where discrepancies are obvious, involve a large or unreasonable amount of money, or are made frequently, a finding of fraud is more likely, absent a satisfactory explanation from the claimant. To ensure the propriety of all payments, the certifying officer and DO are responsible primarily for determining the existence of fraud in a claim; see Chapter 33 of this volume.

250402. Required Action When a Suspected Fraudulent Claim Is Presented for Payment

If there is reason to suspect that a claim presented for certification or payment contains fraudulent information, the certifying officer requests his or her commander or comparable authorized civilian initiate an investigation into the suspected fraud, or a DO suspecting fraud returns the voucher to the certifying officer. The requirement to request an investigation applies regardless of the dollar value. Once the investigation and legal review by the supporting Staff Judge Advocate (SJA) or legal counsel is complete, the investigating officer gives a copy of the completed report of investigation (ROI) to the certifying officer and DO.

A. If the ROI does not support a finding of fraud, the certifying officer may certify the voucher for payment for all amounts to which the claimant is otherwise entitled. The certifying officer documents the reasons for the determination of no fraud, and may be called upon from time to time to furnish this documentation to determine if the guidelines are being applied uniformly throughout DoD.

B. If the ROI confirms that some items of the claim are fraudulent, the certifying officer may certify the voucher for payment of those items free of fraud in certain cases. A claimant who protests the determination of fraud and insists on payment of the entire claim may submit a new claim for the items denied because of fraud. The certifying officer processes the reclamation for the items denied as prescribed in paragraph 250405 of this chapter.

250403. Required Action Upon Discovery That a Fraudulent Claim Has Been Paid

A certifying officer or DO who discovers or is supplied credible information that indicates that a claim was paid based on fraudulent information or documents reviews the

retained copy of the claim to determine if the claim submitted contains false information.

A. A certifying officer or DO who determines that a claim remains suspect requests his or her commander or comparable authorized civilian initiate an investigation into the suspected fraud. The requirement to request an investigation applies regardless of the dollar value of the suspected fraud and includes illegal or improper payments made as a result of issuing recertified payments where the payee negotiated both the original and recertified payment checks. Once the investigation and legal review by the supporting SJA or legal counsel is complete, the investigating officer gives the certifying officer and DO each a copy of the final ROI.

B. The certifying officer or DO sends a report to the supporting DFAS site through their commander or comparable authorized civilian equivalent upon learning that a possible illegal or improper payment was made on the basis of fraud. Include in the report a basic statement of the irregularity and the date, amount, and identification of the individual(s) involved. Upon completion of the final recovery, investigative, or other negative action, the certifying officer or DO advises the supporting DFAS site.

C. A determination of a potentially fraudulent claim is the responsibility of the certifying officer and/or DO who bases his or her determination on the criteria in this paragraph and on the legal opinion of the supporting SJA or legal counsel. If the certifying officer or DO determines that no fraud is present, the certifying officer certifies the voucher for payment. A certifying officer who determines that some or all items of the claim are fraudulent does not certify any of the items recovered for payment. Include the following in the second report:

1. A citation of the applicable contract or travel order number,

2. Voucher number,

3. Date of payment,

4. Appropriation charged,

5. A description of the supporting documentation,

6. A description of how the fraud was committed,

7. A description of procedural deficiencies in the disbursing office,

8. The action taken to correct the deficiencies, and

9. Information as to amounts recovered or scheduled for repayment from the recipient of the fraudulent payment.

D. Except under unusual circumstances, do not classify reports or make them in message form. No report is required if the fraud is detected before payment. Should a reclamation claim be received for any or all of an amount recovered by the government because of an illegal or improper payment of any voucher item obtained by fraud or misrepresentation processed under paragraph 250405 of this chapter, a certifying officer may not certify such a claim for payment. Do not defer either submission of a reclamation claim or recovery of amounts paid pending final determination on the claim.

E. Fraud against the government is a serious offense. A commander or equivalent civilian manager consults with representatives of the appropriate Human Resources office in coordination with the supporting legal counsel staff when determining the seriousness of an offense.

1. Procedures for Collecting Illegal or Improper Payments from Civilian Employees. The certifying officer or DO sends fraudulent claims for which payments have been issued to the appropriate pay office and local agency Office of General Counsel (OGC) or SJA for referral to the Defense Criminal Investigative Service or military criminal investigative organization, as appropriate. Recover payments based on substantiated claims of fraud by direct repayment by the employee through salary offset or by other procedures established in Volume 8, Chapter 8 of this Regulation. The certifying officer or DO may take no further action on the fraudulent claim until OGC or SJA gives the DO specific processing and disposition instructions. Hearings may be required under ***5 U.S.C. 5514***, Installment Deduction for Indebtedness to the United States.

2. Collection Procedures for Debt Owed by Military Members. The certifying officer or DO collects debts owed by military members in accordance with ***37 U.S.C. 1007(c)***, Deductions from Pay, and this Regulation. When a debtor requests reconsideration of a fraud determination, the creditor organization ensures that any evidence or statements submitted by the debtor are considered when the debt is reviewed. The certifying officer or DO refers questionable cases to the local SJA for determination. See Volume 7A, Chapter 50 of this Regulation for additional information concerning debt collection procedures for military members.

250404. Corrected Claims

When it is established or is reasonably apparent 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, the certifying officer may not certify this subsequent claim. If the claimant persists in having the claim processed, process it under paragraph 250405 of this chapter.

250405. Reclaims of Items Disallowed or Recovered Due to Fraud

The certifying officer forwards reclaims for items disallowed or recouped due to fraud to the appropriate responsible office through the certifying officer's chain of command and DoD OGC(F); see Appendix E of this volume. If the entire claim was denied, submit the original

claim. Send the completed claim with a cover letter or memorandum from the certifying officer stating specific information as to why the claim is considered fraudulent, and the statement: "I have not certified and will not certify this claim for payment unless authorized by competent authority." Include the original and two copies of all supporting documents (and the orders with all endorsements if travel is involved), and a copy of the payment voucher on which payment was made for the items free of fraud. If applicable, provide a copy of the ROI and a statement by the claimant supporting his or her belief that the claim is not fraudulent. The claimant's commander may submit a statement at the claimant's option. When endorsing the certifying officer's letter or memorandum, the certifying officer's commander states an opinion on the case supporting either the certifying officer or the claimant.

250406. Accountability for Amounts Paid Due to Fraud

Most instances of fraud occur when a military member or civilian employee whose identity is clearly established submits a claim containing information known to be false. Occasionally, payments are made to individuals whose true identity cannot be determined. In some cases, the individual committing the fraud uses a fictitious name. In others, the name of an actual military member or civilian employee may be used. Losses resulting from the fraudulent acts of other than disbursing office personnel are not physical losses; treat them as improper payments. The DO accounts for these irregularities by leaving the payment charged to the appropriation. In any of the above situations, report and investigate the occurrence as prescribed in Chapter 6 of this volume.

250407. Relief of Liability

Submit requests for relief of liability for illegal or improper payments caused by fraudulent claims as prescribed in Chapter 6 of this volume.

2505 CLAIMS AGAINST THE GOVERNMENT

250501. General

31 U.S.C. 3702, Authority to Settle Claims, provides general authority for settling claims against the U.S. It provides that any claim against the U.S. will be barred forever unless the claim, bearing the signature and address of the claimant or an authorized agent or attorney is received by the responsible agency within 6 years after the date the claim first accrued. The Secretary of Defense may waive the time limitation for certain late claims involving military personnel. This statute applies unless a more specific statute, with its own period of limitation for asserting claims against the government, governs a claim.

250502. Claims

The offices listed in Appendix E of this volume have been designated to settle claims against the government. Process claims not listed following DoD Component claims regulations and procedures.

250503. Claim Submission Procedures

A. General. Submit claims on an individual voucher basis using the appropriate claim form, identifying the payee by name and social security (or employer's identification) number, as appropriate, supported by a claim over the claimant's signature and address. If 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. Submit claim vouchers with supporting documents by transmittal letter to the supporting DFAS site. Submit vouchers covering claims chargeable to either lapsed or available appropriations in an original with sufficient copies for normal distribution. See Volume 8 of this Regulation for guidance on processing claims for payments due deceased civilian employees.

B. Voucher Preparation. Include on the voucher:

1. The name and current address of the claimant or assignee,

2. The appropriation and other accounting data chargeable,

3. A statement as to the purpose of the payment,

4. A citation of the contract number,

5. Previous voucher payment(s),

6. Project order and any other data required to process the voucher,

7. An explanation of the difference when the recommended amount of payment is different from the amount claimed, and

8. Details regarding setoff as specified in subparagraph 250503.D of this chapter.

C. Letter of Transmittal. Include in the letter of transmittal a statement of facts surrounding the claim, the reason(s) for forwarding the claim, an explanation of the doubtful aspects, and either a recommendation with supporting reason(s) or a statement that there is no specific recommendation and the reason no recommendation is made. Include a statement that the claim will not be certified for payment until authorized by appropriate authority.

D. Setoff. In all cases involving setoff, submit an additional copy of the voucher, showing the amount recommended for setoff and the complete accounting data to be credited. Also furnish a statement showing the basis for the setoff in sufficient detail to permit adequate explanation to the claimant. If no recommendation can be made regarding the amount to be set off, the responsible settlement authority inserts the amount on the voucher.

250504. Review of Claims

The supporting DFAS site reviews each claim to determine whether it is complete, as described in this section, and 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, return the claim to the submitting office with:

A. Advice that all or a major portion of the claim should be paid locally,

B. A citation to the regulation(s) that authorizes or provides for such payment, and

C. A statement that the doubtful portion of the claim should be resubmitted, if appropriate.

250505. Payment of Claims After Approval by the Responsible Settlement Authority

The supporting DFAS site sends approved civilian and military pay claims to the appropriate office for payment. The supporting DFAS site pays all other approved claims. Distribute copies of vouchers for approved claims paid against available appropriations in the same manner as other comparable vouchers. For example, send one copy of a voucher for approved claims paid against a successor appropriation to the payee, one copy to the office that administers the applicable successor appropriation, and one copy to the accountable activity.

VOLUME 5, CHAPTER 27: "SAFEKEEPING OF FUNDS AND VALUABLES (FOR PERSONNEL AND MORALE, WELFARE, AND RECREATION ACTIVITIES)"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated November 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Updated the chapter to include administrative updates and hyperlinks.	Update

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CHAPTER 27

SAFEKEEPING OF FUNDS AND VALUABLES (FOR PERSONNEL AND MORALE,WELFARE, AND RECREATION ACTIVITIES)

2701 AUTHORITY FOR SAFEKEEPING DEPOSITS

270101. Authority

All Department of Defense (DoD) disbursing officers (DOs), deputy DOs (DDOs), and agents are authorized to accept for safekeeping, funds including cash and checks for morale, welfare, and recreation (MWR) activities, for which safe custody otherwise would not be available. When a DO, DDO, or paying agent is unavailable, or when it is impractical for one of them to accept and account for safekeeping deposits, the commander may appoint any military member or DoD civilian employee as a safekeeping custodian to accept and account for safekeeping deposits. Prepare a separate ***Department of Defense (DD) Form 577*** (Appointment/Termination Record – Authorized Signature (see ***Chapter 2***)) to appoint a DO, DDO, paying agent, military member, or DoD civilian employee as a safekeeping custodian. Keep safekeeping deposits in a secured safe and establish appropriate audit procedures to maintain accountability. DOs, DDOs, agents or other appointed custodians may be authorized to accept personal funds and valuables (for safekeeping) of military members and DoD civilian personnel assigned to the activity. In all cases, consider funds accepted for safekeeping to be funds held in trust for which the United States (U.S.) is accountable, but not all funds held in safekeeping are necessarily considered to be within the DO's financial accountability for purposes of reporting appropriated funds to the Department of the Treasury via the ***Standard Form (SF) 1219*** (Statement of Accountability).

270102. Restrictions

All deposits and withdrawals are subject to the commander's local regulations which, based on available facilities, establish necessary and proper restrictions as to the time, place, and frequency of deposits and withdrawals, and the types of objects classified as valuables. Impose necessary restrictions to prohibit interruption of the activity's priority fiscal operations, e.g., special and regular payroll activities. Safekeeping services should not be abused by the deposit of objects which, because of their nature or value, are not usually afforded additional protection. Limit deposited valuables to funds, negotiable instruments including bonds, credit cards, travelers' checks, and checkbooks, and objects classified as jewelry having an intrinsic value requiring additional protection. Do not accept objects such as wallets, snapshots, keys, or items having no intrinsic value to justify additional protection for deposit.

270103. Responsibility for Deposits

A. Custodial Officers. Commanders appoint custodial officers and hold them responsible for the proper handling of and accounting for all safekeeping deposits as stated in paragraph 270101. Appointments must state the specific duties authorized to be performed by the custodial officer and include that he or she will be pecuniarily liability for safekeeping

deposits. Section 2702 applies to the safekeeping of nonappropriated funds for MWR activities. See Chapter 6 for processing of losses not identifiable to an individual account holder, but do not record losses of nonappropriated funds on the DO's ***SF 1219***. If a loss is sustained, notify the depositor of his or her right to submit a claim for reimbursement of the personal property loss as provided in the applicable 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. When the volume or nature of safekeeping deposit transactions warrants, the custodial officer may formally appoint an assistant custodian for initial receipt and temporary custody of safekeeping deposits pending their delivery to the designated custodian. Provide separate safekeeping facilities to which no other person has access to the assistant custodian for safekeeping funds and valuables. Cover all custody transfers between the custodian and assistant custodian(s) with receipt. An assistant custodian is responsible for the proper accounting and handling including receipt and prompt delivery to a permanent custodian of all safekeeping deposits. Process all losses in accordance with subparagraph 270103A.

270104. Deposit of Postal Funds

Receive and handle safekeeping deposits of postal funds as prescribed in ***DoD 4525.6-M***, "DoD Official Mail Manual." Identify this deposit as "postage stamp fund" or "postal money order fund," as applicable, on the safekeeping deposit receipt.

270105. Deposit of Funds Under Emergency Conditions

Follow paragraph 270202 to receive and handle safekeeping deposits of funds by military banking facilities, nonappropriated fund custodians, and other DoD sponsored activities. Identify on the safekeeping deposit receipt the depositing agency, custodian making the deposit, and the deposit itself.

2702 SAFEKEEPING OF NONAPPROPRIATED FUNDS FOR MWR ACTIVITIES

270201. Accounting for Separate Funds

Except as provided in paragraph 270202, place each safekeeping deposit in a separate sealed envelope following the deposit procedures in paragraph 270202A. Process withdrawals in accordance with the procedures provided in paragraph 270202B.

270202. Accounting for Commingled Funds

When the volume of safekeeping deposits warrants, and when it is desirable to accommodate more than one deposit or withdrawal transaction in (nonindividual) safekeeping deposit accounts at nontactical activities, custodial officers are authorized to collocate the

safekeeping of funds. To prevent commingling with official funds, place safekeeping funds in a separate container identified as safekeeping funds. At activities other than Navy ships, 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.

A. Deposits

1. Receipt for Deposit. Use a ***DD Form 2674*** (Record and Receipt of Deposits and Withdrawals of Safekeeping Funds) for each deposit processed and assign a consecutive series deposit numbers beginning with "1" preceded by the letter "D." Assign each depositor a depositor's account number using a consecutive series of numbers beginning with "1." The information on the DD Form 2674 should identify the depositor, depositor's account number, date of deposit, and the amount deposited. The custodial officer gives the original signed copy of the DD Form 2674 to the depositor and the custodial officer retains a copy.

2. Individual Ledger Sheets. For each depositor, the custodial officer keeps a separate ledger sheet, the heading of which includes the following: depositor's account number, name and location of the depositing MWR activity, and signature of the MWR activity representative making the deposit. The custodial officer enters the amount of each deposit in the debit column of the ledger sheet and the total amount on deposit in the balance column, as well as, the date of each deposit and the deposit receipt number.

3. Cash-on-Hand Ledger Control Sheet. In addition to the individual ledger sheets described in the preceding subparagraph, the custodial officer also keeps a cash-on-hand ledger control sheet entering the amount of each deposit in the debit column and the total amount on deposit by all depositors in the balance column. If preferred, a 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 combined balances of the individual depositors' ledger sheets.

B. Withdrawals. When requesting a full or partial withdrawal of the funds on deposit, the depositor presents the original deposit receipt(s) to the custodial officer. The custodial officer confirms the depositor's account balance and obtains a signature in the applicable section of the retained copy of the DD Form 2674 verifying it against the signature on the deposit record and/or the individual ledger sheet before releasing the funds requested. If the request is for a full withdrawal, the custodial officer destroys the original DD Form 2674 in the presence of the depositor. A depositor may make up to three partial withdrawals of a safekeeping deposit. If the deposit is not withdrawn in full after three requests, the custodial officer destroys the original DD Form 2674 and issues a new one for the new deposit amount. Return the identical currency that was presented by the depositor when the deposit is withdrawn, e.g., a deposit made in Japanese Yen cannot be withdrawn in U.S. dollars. For withdrawals by check as authorized in paragraph 270203, enter the check number on the withdrawal request. The custodial officer enters the withdrawal 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. With command approval, and if 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 may establish and maintain a checking account in a local bank for deposit of safekeeping funds. Maintain such accounts only in financial institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund. Funds in excess of the insured limits are collateralized by the financial institution in accordance with ***Title 31, Code of Federal Regulation, part 202***, "Depositaries and Financial Agents of the Federal Government." Establish the account 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"). Loans or investments from safekeeping deposit funds are prohibited.

B. Check Records. All checks should be serially prenumbered. A complete record of all checks drawn, deposits made to the safekeeping checking account, and a running account balance is maintained in the checkbook. Reconcile statements from the financial institution immediately upon receipt and file them with the bank ledger control sheet. Mark spoiled checks "VOID" and file them in sequence.

C. Deposits to Safekeeping Fund Bank Account. Deposit checks, money orders, and cash received for safekeeping (except cash required to be kept on hand to meet safekeeping withdrawal requirements) to the authorized account. Checks and money orders may be accepted for deposit to the safekeeping fund account subject to collection. Withdrawals, however, are not 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. Draw checks for withdrawals of safekeeping funds on the safekeeping deposit fund account whenever practical. Checks may 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, replenishment of cash on hand (through an exchange-for-cash check) needed to meet safekeeping withdrawal requirements, or transfers of unclaimed monies.

E. Cancellation of Checks. All checks drawn on the safekeeping deposit fund account must bear the following stamped endorsement on the reverse side: "This check is not valid unless presented for payment within 12 months from date of issue." If a check is canceled, the custodian confirms stop payment action with the financial institution and credits the depositor's safekeeping account for the amount of the canceled check. An effort should be made to locate the depositor and effect payment. If the depositor cannot be located, close the account by drawing a check payable to the Department of the Treasury for deposit. The custodian prepares a ***DD Form 1131*** (Collection Voucher) with credit to **1060, Forfeitures of Unclaimed Money and Property when the amount is less than $25. For amounts of $25 or more, credit 20X6133, Payment of Unclaimed Moneys, including on the collection voucher all information available as to the identity and location of the depositor. The custodial officer presents the check and DD Form 1131 to the DO for collection. Forward any claim subsequently

received for the funds, with a copy of the related DD Form 1131, to the supporting Defense Finance and Accounting Service site for processing.

F. Bank Ledger Control Sheet. In addition to the cash-on-hand ledger control sheet, the custodial officer keeps a separate ledger control sheet for "cash-in-bank." When cash, checks, or money orders are deposited in the bank, the custodial officer debits the cash-in-bank ledger control sheet and credits the cash-on-hand ledger control sheet. Post exchange-for-cash checks as credits to the bank ledger control sheet and debits to the cash-on-hand ledger control sheet. Post withdrawals by check as credits to the bank ledger control sheet and debits to the individual ledger sheet. The sum of the cash-in-bank and cash-on-hand ledger control sheets must agree with the combined balances of the individual depositors' ledger sheets.

2703 SAFEKEEPING OF PERSONAL FUNDS AND VALUABLES OF MILITARY MEMBERS AND DOD CIVILIAN EMPLOYEES

270301. Deposits

The custodian records all deposits on ***DD Form 2674***. Use a series of consecutive numbers beginning with "1" for assignment to safekeeping deposits. Assign each deposit, at the time it is made, the next number in this series. The custodian enters the following data in the appropriate spaces of the DD Form 2674: the deposit number, the date of deposit, a description of the deposit (if money, then enter the amount in figures and words), and the signature and rank of the custodial officer (or assistant custodian) receiving the deposit. The depositor is required to enter his or her social security number, signature, and rank or rate in the spaces provided. The custodian gives the original signed copy of the DD Form 2674 to the depositor and retains a copy for file.

270302. Withdrawals

A depositor wishing to withdraw a deposit presents the original DD Form 2674 to the custodial officer, who verifies the depositor's signature and determines that the serial number, date and description correspond with the data appearing on the retained copy of the form. After the identity of the depositor and authenticity of the receipt have been established, the depositor acknowledges receipt of the deposit by entering his or her signature and the date of withdrawal in the space provided on the retained copy of the DD Form 2674. The custodial officer destroys the original DD Form 2674 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 on 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.

270303. Withdrawal of Funds or Valuables Subsequent to Transfer of Depositor

If a depositor is transferred before withdrawing safekeeping deposits, the custodial officer delivers the depositor's cash balance to the DO in exchange for a U.S. Treasury check. Draw the U.S. Treasury check in favor of the depositor. The check and the depositor's valuables (if any) are forwarded, with a letter of transmittal, to the commander of the activity where the depositor was transferred for delivery to the depositor. The transmittal letter should include all available details about the depositor and request acknowledgement of receipt. Insert data regarding the transfer on the retained copy of the DD Form 2674 for file.

270304. Deposit and Withdrawal of Funds by Incapacitated Persons

To process deposits and withdrawals of funds and valuables, an officer or any other person designated by the commander must accompany an incapacitated person to witness and sign each transaction. Deliver receipts for safekeeping deposits to the commander.

270305. Deposits of Deceased or Missing Persons

The custodial officer delivers cash on deposit to the DO in exchange for 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 depositor's personal effects. The Treasury check is drawn as "Exchange-for-Cash, Safekeeping Deposit No. _____ of name, rank or rate, SSN." Deliver the check and the depositor's valuables (if any) held for safekeeping to the appointed officer (or inventory board) for disposition in accordance with the applicable DoD Component regulations. Obtain a receipt for the check and valuables (if any) transferred in accordance with these instructions. Enclose a retained copy of the ***DD Form 2674*** with a notation describing the disposition. If available, destroy the original DD Form 2674.

2704 BALANCING AND VERIFICATION OF SAFEKEEPING DEPOSITS

270401. Balancing

The safekeeping custodial officer balances 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 retained copies of DD Forms 2674, or the individual ledger sheets and ledger control sheet, as applicable. The custodial officer certifies 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 calendar quarter, the cash verification team (appointed by the commander), verifies all safekeeping deposits in the presence of the custodial officer. Include the results of the verification in the report of verification to the commander.

B. Separate Deposits. Separate deposits should be confirmed by verifying the contents of each envelope against the retained copies of DD Form 2674. The verifying officers should certify:

> 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. Commingled Funds. The custodial office verifies commingled funds 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, examine the latest statement from the financial institution and verify the amount on deposit in the checking account. The verifying officers certify the last entry on the ledger control sheet:

> We, the undersigned, on (date), 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. Reporting a Shortage or Overage. Safekeeping funds are considered funds for which the U.S. is accountable. Even though the U.S. has no beneficial interest in such funds, the U.S., by accepting custody of them, assumes a trust responsibility for their care and safekeeping. The custodial officer should promptly report any shortage or overage of safekeeping deposits to the commander who should take actions similar to those prescribed in Chapter 6 for a shortage or overage of public funds.

270403. Transfer of Safekeeping Deposits Upon Relief of Custodial Officer

In preparation for being relieved of custodial duties, the outgoing custodial officer balances all safekeeping deposits and prepares a duplicate list of all active deposits. The list and all active deposits should be turned over to the relieving custodial officer, who should verify all deposits and receipts. The ***DD Form 2674*** and any other records of commingled deposits should be transferred to the relieving officer. If a checking account is maintained, the account should be reconciled and transferred to the relieving officer. The relived custodial officer should made arrangements with the financial institution to transfer the account to the new custodial officer.

Figure 27-1. Department of Defense (DD) Form 2674 (Record and Receipt of Deposits and Withdrawals of Safekeeping Funds

RECORD AND RECEIPT OF DEPOSITS AND WITHDRAWALS OF SAFEKEEPING FUNDS			**1. DEPOSIT NUMBER**
PRIVACY ACT STATEMENT **AUTHORITY:** Executive Order 9397, Department of Defense Financial Management Regulation (DoDFMR) 7000.14-R, Vol. 5, Disbursing Policy and Procedures, and 31 CFR 210. **PRINCIPAL PURPOSES**: This form is designed exclusively to help overseas and afloat DoD custodial officers account for and track funds and valuables placed in safekeeping. **ROUTINE USES**: The information on this form may be disclosed as generally permitted under 5 U.S.C. Section 552a (b) of the Privacy Act of 1974, as amended. It may also be disclosed outside of the Department of Defense to Federal, state, or local government agencies, which have identified a need to know, for the purpose(s) identified in the DoD Blanket Routine Uses as published in the Federal Register. **DISCLOSURE:** Voluntary; however, failure to provide the requested information may result in refusal to accept funds and valuables for safekeeping.			
2. DEPOSIT			
a. AMOUNT DEPOSITED *(In words)*			**b. AMOUNT DEPOSITED** *(In figures)*
c. DESCRIPTION OF OTHER PROPERTY DEPOSITED			
d. DEPOSITOR			
(1) SIGNATURE	(2) RANK OR TITLE	(3) ACCOUNT NUMBER OR SSN	(4) DATE (YYYYMMDD)
e. RECEIPT Receipt is acknowledged of the deposit of cash in the amount specified, or valuables as described, with the officer whose signature appears below, for safekeeping under the above deposit number. The deposit will be restored upon surrender of this receipt and identification of depositor by signature.			
(1) SIGNATURE		(2) RANK OR TITLE	(3) DATE (YYYYMMDD)
3. WITHDRAWAL			
a. AMOUNT WITHDRAWN (*In words)*			**b. AMOUNT WITHDRAWN** *(In figures)*
c. DESCRIPTION OF OTHER PROPERTY WITHDRAWN			
d. RECEIPT. I hereby acknowledge receipt of above amount/article(s) as a withdrawal of my deposit.			
(1) SIGNATURE		(2) RANK OR TITLE	(3) DATE (YYYYMMDD)
4. WITHDRAWAL			
a. AMOUNT WITHDRAWN *(In words)*			**b. AMOUNT WITHDRAWN** *(In figures)*
c. DESCRIPTION OF OTHER PROPERTY WITHDRAWN			
d. RECEIPT. I hereby acknowledge receipt of above amount/article(s) as a withdrawal of my deposit.			
(1) SIGNATURE		(2) RANK OR TITLE	(3) DATE (YYYYMMDD)
(1) SIGNATURE OF DRAWER		(2) RANK OR TITLE	(3) DATE (YYYYMMDD)

DD FORM 2674, SEP 2007 PREVIOUS EDITION IS OBSOLETE

VOLUME 5, CHAPTER 28: "MANAGEMENT AND COLLECTION OF INDIVIDUAL DEBT"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated September 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
280208	Divided 280207 into two paragraphs, "Duplication of Administrative Proceedings" and "No Private Right Created" since they are separate subjects. Renumbered remaining paragraph.	Update
280402.G (Sept 2010 version)	Deleted paragraph on individual high dollar improper payments since these are not to be reported publicly per Office of the Secretary of Defense (OSD) and Office of Management and Budget guidance.	Delete
280402.F	Added language that demand letters to the debtor should comply with the Treasury Financial Management Service (FMS) due process notification requirements listed in Appendix 8, "Managing Federal Receivables," dated May 2005.	Add
280904.A.5	Added the requirement that debt packages referred to Debt and Claims Management Office must include the date the debt became delinquent. Added language that demand letters should comply with the Treasury FMS due process notification requirements listed in Appendix 8, "Managing Federal Receivables," dated |May 2005.	Add
280904.A.7	Clarified language to create a transmittal number by adding a unique identifier for each transmittal letter.	Update

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CHAPTER 28

MANAGEMENT AND COLLECTION OF INDIVIDUAL DEBT

2801 OVERVIEW

280101. Purpose

This chapter provides an overview of the requirements for debt management and collection of individual debts within the Department of Defense (DoD).

280102. Scope

Policies and procedures in this chapter apply to administrative actions associated with the collection and disposition of individual debts owed to the United States and collected by DoD. This chapter does not apply to collection of debts owed by contractors, vendors, assignees, state and local governments, or foreign governments. Nor does this chapter apply to the collection of child support, alimony, or commercial debts from the pay or salaries of DoD civilian employees or military members through garnishment or involuntary allotment. This chapter also does not apply to antitrust, fraud, tax, and interagency claims. Refer to Table 28-1 to determine the applicable volume and chapter for guidance on collection of debts not covered by this chapter.

280103. Internal Controls

All organizations involved in the collection and management of individual debts will establish and maintain internal controls to ensure debts owed to DoD are aggressively managed and collected in accordance with this chapter and other applicable regulatory and statutory requirements.

2802 GENERAL GUIDANCE

280201. General Legislative Authority

A. Where a specific statutory authority applies to the collection of a particular category of debt, the provisions of the applicable statute and implementing regulation(s) must determine the appropriate debt recovery and collection procedures that must be used in each case.

B. The "Federal Claims Collection Act of 1966" gave agencies certain authorities to collect delinquent debts. The "Debt Collection Act of 1982" expanded agencies' authority to use such tools as credit bureau reporting and private debt collection agencies. In 1984, the Congress added tax refund offset as a collection tool available to agencies with the passage of the Deficit Reduction Act. The "Federal Claims Collection Standards" (FCCS), ***Title 31, Code of Federal Regulations, Parts 900-904 (31 C.F.R. 900-904)*** prescribes standards for Federal agencies' use in the administrative collection, offset, compromise, and suspension or termination of collection activity for civil claims for money, funds, or property, except as

otherwise provided for by specific Federal Agency statutes or regulations, or by ***Title 11 of the United States Code (U.S.C.)***, when the debt involves bankruptcy. The FCCS also prescribes standards for referring debts to the Department of Justice (DOJ) for litigation. Rules governing the use of certain debt collection tools under the "Debt Collection Improvement Act of 1996," such as administrative wage garnishment, are also issued in ***31 C.F.R. 285***.

280202. Debt Management Program

The DoD Components must establish and maintain a debt management program to identify, recover, and collect debts owed by individuals to the United States, as appropriate. The recovery of debts must be undertaken promptly, using a strategy that is determined to result in maximum recovery of debt within acceptable costs. Debtors must be afforded appropriate due process in accordance with this and applicable regulations and ***31 C.F.R. 901.3(b)(4)***. The DoD Components must clearly designate the official(s) responsible for the recovery and collection of individual debts within the DoD Component. Guidance must be established that clearly assigns responsibilities for processing, monitoring, reporting, and closing out individual delinquent debts throughout the entire debt collection process.

280203. Prompt Collection of Debt

Debt Collection Offices (DCOs) must take prompt and aggressive action to recover and collect debts owed to DoD and to the United States and must pursue continuing follow-up actions, as necessary, to ensure that debts owed to DoD and to the United States are collected.

280204. Prevention of Indebtedness

The DoD Components must institute procedures and assign responsibility to designated personnel as necessary to ensure that all appropriate personnel and organizations (e.g., personnel, entitlement, payroll, finance and accounting, disbursing, and legal offices) are promptly notified and kept apprised of any activities that potentially could give rise to indebtedness by any member, employee, or other personnel based on employment or other financial or contractual relationship between DoD and the indebted individual(s). The DoD Components must maintain continuous communication and follow-up to prevent inadvertent indebtedness to remain unresolved for an extended period.

280205. Method of Payment

Debts may be paid in the form of money, or, when a contractual basis exists, demand may be made for the return of specific property or the performance of specific services. Debts otherwise may be resolved by law, regulation, contract, or agreement.

280206. DoD Debtor Information Exchange and Debt Collection Partnership Programs

DCOs must participate in sharing information concerning delinquent debtors. DCOs must cooperate with each other and with other Federal agencies, including private debt collection

agencies and credit bureaus, to facilitate the collection of delinquent debts owed by current and former DoD civilian employees and military members.

280207. Duplication of Administrative Proceedings

Nothing in this chapter or FCCS requires the omission or duplication of administrative proceedings associated with debt collection that may be required by other laws or regulations. Refer to ***31 C.F.R 900.7***.

*280208. No Private Right Created

DoD's failure to comply with FCCS does not create any right or benefit, substantive or procedural, enforceable by law or in equity by a party against the United States, its agencies, its officers, or any other person. Refer to ***31 C.F.R 900.8***.

280209. Accounting Entries

Guidance for recording associated accounts receivable transactions for individual debt is in Volume 4, Chapter 3.

2803 DEBT COLLECTION AND RECOVERY TOOLS FOR DELINQUENT DEBTS

280301. General

This section contains information on debt collection remedies and procedures, including those specified in the "Debt Collection Improvement Act" and FCCS. Nothing contained in this chapter, however, precludes the use of any other administrative remedies that may be available under other statutes, regulations, or DoD's common-law rights for the collection or disposition of delinquent debts. These remedies generally do not apply to debts arising under, or payments made under, the "Internal Revenue Code of 1986," the "Social Security Act" (except to the extent provided under ***42 U.S.C. 404***, and ***31 U.S.C. 3716***), or tariff laws of the United States.

280302. Offset by DoD and/or the Department of the Treasury

A. Administrative and Salary Offset by DoD. Refer to section 2808 for guidance on administrative and salary offset from DoD civilian employees and military members.

B. Administrative Offset of Federal Payments. Refer to paragraph 281204 for guidance on the Department of the Treasury's administrative offset programs.

280303. Authorities Other Than Offset

A. Suspension or revocation of eligibility for loans and loan guarantees, licenses, permits, or privileges (except for disaster loans and where exempted by the Under Secretary of Defense (Comptroller) or his designee, the Deputy Chief Financial Officer, DoD);

B. Liquidation of collateral;

C. Collection in installments;

D. Administrative wage garnishment;

E. Credit bureau reporting;

F. Contracting with collection agencies; or

G. Litigation. (Refer to paragraph 281201 for a detailed explanation of referral to DOJ.)

280304. Alternative Administrative Remedies

A. Security or collateral may be liquidated by the DoD Component through a power of sale or nonjudicial foreclosure if debtors fail to pay debts within a reasonable time after issuance of a demand letter, if such action is in the best interests of the government. Give consideration to security or collateral disposition costs as compared to amounts that might be received from such a sale. After the DoD Component liquidates the security or collateral to satisfy a debt, the DoD Component must give the debtor a written notice of sale and an accounting of surplus proceeds in accordance with applicable law or regulation. The servicing general counsel should be contacted if there is a bankruptcy filed, which is possible if there is a liquidation of security or collateral.

B. Collection from other sources, including liquidation of collateral or security, is not a prerequisite to requiring payment by a surety or insurance concern unless expressly required by law.

280305. Lump-Sum Collection

DCOs must request payment of debts, along with penalties, administrative charges, and interest in one lump-sum amount, whenever possible. Lump-sum collection is the preferred collection method. Lump-sum collections by offset from current pay or salary, unless voluntary, cannot exceed the percentages specified in Volume 7A, Chapter 50, Volume 7B, Chapter 28, and Volume 8, Chapter 8, and other applicable regulations.

280306. Collection Before Due Process

DCOs may, when necessary, collect the money before giving due process. For example, appropriate collection action(s) may precede written demands for payment when necessary to protect the DoD Component's interests and to prevent the applicable statute of limitations from expiring. Due process should be completed as expeditiously as possible after collection.

2804 NOTIFICATION TO DEBTOR

280401. General Requirements for Debt Notification and Demand for Payment

FCCS requires the issuance of a minimum of one demand letter. That requirement may be a single, all-inclusive demand letter or several successive and progressively stronger demand letters depending on the type and amount of the debt and the debtor's response to collection efforts. Use demand letters to expedite the resolution and collection of debts or arrive at the earliest practicable decision on the final disposition or referral of debts to DOJ for litigation. In determining the timing of the demand for payment, give consideration to the need to refer delinquent debts promptly to DOJ for litigation.

*280402. Demand Letters

DCOs must issue the initial demand letter within five working days following confirmation of the debt, the basis of indebtedness, and the amount of the debt. DCOs must exercise care to ensure that demand letters are mailed or hand-delivered on the same day that they are dated. Demand letters will inform the debtor of the following information and requirements:

A. The reason for the indebtedness (e.g., overpayment of living quarters allowance), the authority of establishing the debt (e.g., 31 U.S.C. 3716), and the rights, if any, that the debtor may have to seek review of the indebtedness.

B. The applicable standards (e.g., ***31 C.F.R. 901.9***) upon which any interest, penalties, or administrative charges are based.

C. The date by which payment must be made in order for the debtor to avoid late charges and enforced collection (that date generally will not be more than 30 days from the date the demand letter is mailed or hand-delivered).

D. The name, address, and telephone number of a point of contact or office the debtor may speak with or write to regarding the demand for payment of the debt.

E. Remedies that DCO will use to enforce payment of debts may include:

1. Federal salary offset, including routine pay adjustments and recoupments, or salary offsets according to the policies and procedures specified in Volume 7A, Chapter 50; Volume 7B, Chapter 28; and Volume 8, Chapter 8 or other provisions of this Regulation, as appropriate;

2. Assessment of interest, administrative charges, and penalties;

3. Allotments;

4. Collection of collateral and collection from other sources;

5. Tax refund and administrative offset (through the Department of the Treasury Offset Program);

6. Credit bureau reporting;

7. Collection agencies;

8. Administrative wage garnishment; or

9. Litigation.

F. Other appropriate information, if applicable, including DCO's willingness to discuss alternative methods of payment, any rights to a hearing, and any opportunity to seek a waiver or remission of the debt. Demand letters should comply with the Treasury Financial Management Service (FMS) due process notification requirements listed in "***Managing Federal Receivables***," Appendix 8, dated May 2005.

2805 RESPONDING TO DEBTOR INQUIRIES

DCOs must respond promptly to communications from debtors, normally not later than 30 days from the date of receipt of the debtor's correspondence. DCOs must advise debtors who dispute debts to furnish available evidence to support their position. Refer to section 2810 for information on reconsiderations and hearings. When it becomes necessary to extend the 30 day notice/written demand period, DCO must act promptly to facilitate a possible referral/request for debt litigation from DOJ within 1 year of the most recent debt delinquency event.

2806 INTEREST, PENALTY, AND ADMINISTRATIVE CHARGES

Title 31, U.S.C., section 3717 and FCCS authorize the assessment of interest, penalty, and administrative charges on delinquent debts. All interest, penalty, and administrative charges on delinquent debts must be calculated and recorded in the DoD Component accounting system. Refer to Volume 4, Chapter 3, Annex 1 for guidance on assessing these charges and possible waiver of these charges.

2807 INSTALLMENT COLLECTION

280701. Installment Criteria

If a debtor informs DCO that financial constraints prevent payment of a debt in one lump-sum, then payments may be accepted in regularly scheduled installments. If the debtor submits financial statements, then make those documents a part of the debtor's permanent debt file. DCO will base a decision to accept installment repayment of a debt on a review of the debtor's financial statement(s) or independent verification of the debtor's reported financial position and the following factors:

A. Age and health of the debtor;

B. Present and potential income;

C. Inheritance prospects;

D. Possibility of hidden assets or fraudulent transfers;

E. Assets/income available through enforced collection; and

F. Reasonable and necessary living expenses for the debtor and the debtor's dependents.

280702. Installment Timing and Amount

Debtors generally must make installment payments on a monthly basis. Installment payments must bear a reasonable relationship to the size of the debt and the debtor's ability to pay. Except when a debtor can prove financial hardship or another reasonable cause exists, installment payments must be at least $50 each month and must be sufficient to liquidate a debt within three years or less. Installment payments from current pay or salary, unless voluntary, must not exceed the offset percentages established in Volume 7A, Chapter 50; Volume 7B, Chapter 28; and Volume 8, Chapter 8.

280703. Installment Payment Agreement

DCOs that agree to accept installment payments must obtain signed, legally enforceable repayment agreements from the debtor. Such agreements must specify the terms agreed upon by the parties, including a provision accelerating the debt, and requiring that the remaining debt balance must be due and payable immediately upon the debtor's default on the agreement. As part of the agreement, require the debtor to submit financial statements annually, as necessary, whenever the repayment period exceeds three years. DCOs must accept installment payments, notwithstanding a debtor's refusal to execute a written agreement or to provide security.

280704. Installment Payment Delinquency

Debts in an active repayment status (according to an installment payment agreement) are not considered delinquent. If an installment payment is not made by the due date, then the entire balance of the debt becomes delinquent from the due date of the missed payment.

280705. Installment Payment Application to Multiple Debts

DCOs accepting installment payments for multiple debts of a debtor must apply the payments to the various debts owed to DoD according to the best interests of DoD and in accordance with FCCS. Unless otherwise prescribed by statute or regulation, DCOs will collect debts owed to more than one DoD Component or Federal Agency in the following priority sequence (within each component, collect the oldest debt first):

A. Debts owed to the creditor DoD Component;

B. Debts owed to other DoD Components; and

C. Debts owed to other Federal Agencies.

280706. Installment Payment Application to Late Payment Charges and Debt Principal

Installment payments must be applied in the following order:

A. Penalty charges;

B. Administrative charges;

C. Accrued interest; and

D. Debt principal balance.

280707. Installment Payment Review

DCOs that collect debts by installment must review the debtor's annual financial statements and determine whether to collect the balance due in a lump-sum or continue the installment payment agreement at the same or increased amounts. Smaller installment payments may be accepted at the request of a debtor, on an exception basis, when a request is supported by financial data confirming the debtor's inability to pay the full amount of the agreed upon installment payment. DCOs normally must not reduce installment payments if a determination is made that the debtor could have controlled the financial condition that reduced the debtor's ability to meet existing installment payment requirements.

2808 ADMINISTRATIVE AND SALARY OFFSET FOR COLLECTION OF INDIVIDUAL DEBT

280801. General

This chapter implements the administrative offset authority in 31 U.S.C. 3716 and FCCS for collecting delinquent debts owed to the United States. Debts owed to DoD or other Federal agencies by current or retired members of the military or current or retired DoD civilian employees that can be collected through salary offset must be collected as provided in Volume 7A, Chapter 50; Volume 7B, Chapter 28; and Volume 8, Chapter 8. Debts determined to be owed to the United States that must be collected administratively other than through salary offset must be collected under the authority of 31 U.S.C. 3716 and FCCS applying the procedures in this section.

280802. Administrative Offset for Advancements and Deductions

Under ***5 U.S.C. 5705***, when making collections of unearned advance per diem or mileage allowances, DCOs must give DoD civilian employees the opportunity to immediately pay the

amount due. If immediate payment is not made, then full offset, if it does not cause undue financial hardship, must be made immediately against accrued pay, retired pay, or any other amount due the civilian employee from the United States. If the civilian employee does not pay, or if there is no amount available for offset, then DCO must follow all other appropriate debt collection provisions of this Regulation. DCOs should inform employees of the requirement for immediate repayment of unearned advances of per diem and mileage allowances at the time that advances are made. Hearings are not required, but DCOs must reconsider debts upon request of the debtor.

280803. Administrative Offset for Damage to Military Housing

Under ***10 U.S.C. 2775***, administrative offset is authorized to pay for the cost of repair, replacement, or cleaning of military housing caused by the abuse or neglect of military members. Hearings are not required for debts being collected by administrative offset under this statute. All other provisions for administrative offset apply to collection of these debts. DCOs must reconsider these debts upon request of the debtor.

280804. Administrative Offset for Administratively Determined Debts

Under ***37 U.S.C. 1007***, administrative offsets are authorized to collect debts that administratively are determined to be owed to a DoD Component by a military member. Except where there are questions of debt validity or truthfulness, hearings are not required before collection of debts by administrative offset under this statute. Policies and procedures for collecting routine pay adjustments under this statutory authority are in Volume 7A, Chapter 50 and Volume 7B, Chapter 28.

280805. Administrative Offset to Recover Public Funds

Under ***5 U.S.C 5512***, administrative offset is authorized to offset the pay of an accountable officer in arrears to the United States for all sums for which he or she is liable. This authority only pertains to collection of debt when the debt is the result of an individual being held liable for a loss of funds. Withhold the pay of individuals in arrears to the United States until they have accounted for and paid into the U.S. Treasury all sums for which they are liable. Refer to Chapter 6 of this volume for additional guidance on loss of funds.

280806. Salary Offset for Monthly Installments

Under ***5 U.S.C. 5514***, DCOs may initiate salary offset to collect indebtedness by installment deductions. Refer to Volume 7A, Chapter 50; Volume 7B, Chapter 28; Volume 8, Chapter 8; and Volume 13, Chapter 8 for salary offset procedures under this statute. This statutory authority must be used to collect indebtedness of military members, DoD civilian employees, and nonappropriated fund instrumentality (NAFI) employees from their current pay or salary accounts when offset is not authorized or required by other more specific statutes. Unless otherwise provided by this or other Regulation, the paying office must ensure that the debtor has received due process before the current pay or salary can be involuntarily offset to satisfy a debt to the United States. The right to a hearing conducted by an independent hearing

official is one of the due process protections afforded an individual under this statute. Refer to section 2810 of this chapter for guidance on hearings. Debts owed by individuals to agencies other than DoD Components are sent by those agencies to the Department of the Treasury's Federal Offset Program for processing. Additional guidance pertaining to the Department of the Treasury's offset program can be found at: ***http://www.fms.treas.gov/debt/top.html***.

280807. Offset Under Statutes Not Specifically Covered

Nothing contained in this chapter must prevent the collection of indebtedness under the common law within the statutory period allowed, utilizing any available statutory authority not covered herein.

280808. Collection by Administrative Offset

A. General. Administrative offset under 31 U.S.C. 3716 is the withholding of funds from amounts payable by the United States to a person, including a state or local government but excluding an agency of the United States, to satisfy a debt. The provisions for administrative offset in FCCS hereby are implemented by FCCS and this chapter. In the event of any inconsistency between this chapter and FCCS when 31 U.S.C. 3716 is the authority for the action, the provisions of FCCS will prevail. Where feasible, DCOs must collect debts by administrative offset whenever a debtor refuses to pay a debt in lump-sum or by an installment repayment agreement. Debts not subject to administrative offset under 31 U.S.C. 3716 still can be collected by offset under the common law or other applicable statute. This paragraph applies to administrative offsets undertaken pursuant to 31 U.S.C. 3716 and FCCS against funds or money payable to or held for a debtor. This paragraph does not apply to:

1. Offset against Federal salaries, to the extent that FCCS are inconsistent with regulations implementing salary offsets under 37 U.S.C. 1007 or 5 U.S.C. 5514 (also refer to Volumes 7A, 7B, 8, and 13);

2. Offset under ***31 U.S.C. 3728*** against a judgment obtained by a debtor against the United States;

3. Offset or recoupment under common law, state law, or Federal statutes specifically prohibiting offset or recoupment of particular types of debts; or

4. Offset in the course of judicial proceedings, including bankruptcy.

B. Provisions for Administrative Offset. FCCS provides for administrative offset utilizing both agency managed noncentralized administrative offset programs and centralized Department of the Treasury administrative offset programs. The following provisions apply to either a noncentralized or centralized administrative offset program.

1. Statute of Limitation. Section 14219 of ***Public Law 110-246*** amended 31 USC 3716(e) to eliminate the 10 year statute of limitations on collection by administrative offset. As a result, all debts, including those previously ineligible for collection

prior to the removal of the time limit, may now be collected by administrative offset, without any time limitation. Debts more than 10 years delinquent as of December 31, 2009, that were previously ineligible for collection may now be collected by administrative offset provided additional notice and due process requirements are met. Refer to subparagraph 280808.B.3 of this chapter.

2. Notice Requirements. Before administrative offset is initiated, DCO will advise the debtor of the proposed action. This notification may be part of the initial demand letter described in paragraph 280402 of this chapter. Whether included in the initial demand letter or issued as a separate notification, the DCO will include in the notice of intent to offset, at a minimum, the following:

a. Written notice of the basis and the amount of the debt and the intent to use administrative offset to collect the debt after 30 calendar days from date of the notice, unless a written response is received from the debtor requesting a hearing or debt determination reconsideration or the debtor provides supporting or mitigating statements/documents or repayment. Debts referred to the Treasury Offset Program (TOP) require 60 day notice prior to referral.

b. Information regarding the debtor's right to inspect and copy government records related to the debt at the debtor's expense.

c. Information regarding the debtor's right to a hearing, including a statement of the type of hearing (oral or administrative) appropriate for the debt in question, and an offer to reconsider the debt basis and amount. Refer to section 2810 for additional guidance on hearings.

d. A request for the debtor to submit any documentation or statement regarding the debt basis or amount for inclusion in a reconsideration or hearing.

e. An opportunity to make a written agreement to repay the debt.

f. A date for the debtor to respond in writing to the notice of offset and submission of additional documentation or statement, normally not less than 30 days from receipt of the initial notice or 45 days if recipient is overseas.

g. The fact that the debtor's failure to respond will result in processing the administrative offset.

h. The fact that if the debtor knowingly provides false or frivolous statements, representations, or evidence, then the debtor may be subject to penalties under the False Claims Act (***31 U.S.C. 3729***, ***3730***, and ***3731***), ***18 U.S.C. 286***, ***287***, ***1001***, or ***1002***, or other applicable statutes.

i. Statement that any amounts paid or administratively offset from a payment for the debt that are later waived or found not owing will be promptly refunded unless prohibited by law or contract.

j. Mailing address and telephone number of point of contact for the debtor to write or call with any questions or discussions regarding the debt.

3. Additional Notice and Due Process Requirements. Additional notice and due process requirements apply to the collection of debts that are 10 years delinquent as of December 31, 2009, and which are referred to TOP. For debts outstanding more than 10 years on or before December 31, 2009, a second written notice of the agency's intent to offset must be issued to the debtor even if such a notice was previously issued prior to the debt becoming 10 years delinquent. The second notice must describe the agency's intent to collect the debt through offset and provide the debtor with additional inspection, copying, review, and repayment opportunities. The second notice must meet the requirements of subparagraphs 280808.B.2.a through B.2.j. Refer to 31 C.F.R. 285.5 for additional guidance.

4. When Requirements may be Omitted. The requirements that must precede administrative offset may be omitted under any of the following circumstances:

a. The administrative offset is in the nature of a recoupment.

b. The first indication of the existence of a debt provides an insufficient time before the payment subject to administrative offset would be made to the debtor to allow for prior notice and opportunity for review.

NOTE: When the preceding conditions are present, afford the debtor an opportunity for review as soon as practicable and promptly refund any money offset to collect an indebtedness ultimately found not to have been owed.

5. FCCS requires disbursing officers and certifying officials to cooperate with all government agencies to collect debts referred for administrative offset except under either of the following conditions:

a. The offset would not be in the best interest of the United States with respect to the program against which offset is requested as determined by the head of the agency holding funds or monies for offset; or

b. The offset would be contrary to another applicable law.

6. When collecting multiple claims by administrative offset, amounts recovered must be applied to those claims in accordance with the best interests of the United States, as determined by the facts and circumstances in each case, particularly the applicable statutes of limitation.

7. When a debtor previously has been given any of the required notice and review opportunities with respect to a debt, there is no need to duplicate these before initiating administrative offset with regard to that debt, except as provided in subparagraph 280808.B.3. Accomplish administrative offset as funds or monies become due and payable to a debtor after consideration is given to administrative offset requirements.

280809. Noncentralized Administrative Offset

A. Requests for Offset From Non-DoD Federal Agencies. Administrative offsets under 31 U.S.C. 3716 and FCCS can be made by DoD or other Federal Agency disbursing officers or officials certifying or authorizing payments to a debtor. All requests from non-DoD Federal agencies for administrative offset by the DoD Components must be forwarded to the Department of the Treasury. Additional information regarding the Department of the Treasury administrative offset process is available at http://www.fms.treas.gov/debt/top.html.

B. Determining Merit of Offset. Organizations processing requests for administrative offset are not authorized to determine the merits of debts for which offset is requested. DCO requesting the offset is responsible for determining the validity and merits of the debt.

C. Requests for Offset Within DoD

1. Requests by a DCO from one DoD Component for administrative offset against a military member or civilian employee of another DoD Component are initiated by sending a ***DD Form 139*** (Pay Adjustment Authorization), ***DD Form 2481*** (Request for Recovery of Debt Due the United States by Salary Offset), other prescribed or authorized form, or an automated transaction to the debtor's payroll processing activity. Refer to Volume 7A, Chapter 50 and Volume 8, Chapter 8 for specific guidance regarding processing these requests.

2. The request must include certification that the debtor owes the debt and that requesting DCO has fully complied with regulatory requirements concerning administrative or salary offset.

3. The request must include a point of contact at DCO who must respond to questions or disputes from the debtor.

4. When a debtor consents to administrative offset in writing or signs a statement acknowledging receipt of due process procedures, requesting DCO will include the consent or statement with the request for offset along with the certification and all supporting documentation. Administrative offset cannot be accomplished until the organization requested to make the offset has been provided the supporting documentation. The organization processing the offset will advise the debtor of the offset request and when the offset will be accomplished. If the debtor terminates employment or transfers to another agency while an offset is ongoing, then the organization processing the offset must inform requesting DCO that the individual is no longer employed by the organization and will provide a recap of amounts offset to date.

280810. Department of the Treasury Centralized Administrative Offset Program

The FMS, Department of the Treasury, has broad administrative offset collection responsibilities for delinquent debts based on the "Debt Collection Improvement Act of 1996," as codified at ***31 U. S. C. 3711(g)***. The DoD Components are required to refer legally enforceable debts over 180 days delinquent to the Department of the Treasury for continued collection action. Refer to paragraph 281204 for additional information.

280811. Administrative Offset From the Civil Service Retirement and Disability Fund (CSRD) and the Federal Employee Retirement System (FERS)

Procedures for requesting offset from CSRD or FERS for debts owed by retired DoD civilian employees are contained in Volume 8. Requests for offset forwarded to the Office of Personnel Management in accordance with Volume 8 must not be referred to the Department of the Treasury under paragraph 280809 or 281204 of this chapter since this action would result in duplicative offset requests. These debts, however, are eligible for all other collection processes.

2809 COLLECTION AND PROCESSING OF INDIVIDUAL OUT–OF–SERVICE DEBT

280901. General

This section pertains to the processing of individual out-of-service debts referred by DCOs to the Defense Finance and Accounting Service (DFAS), Debt and Claims Management Office (DCMO). DCMO operates and maintains the Defense Debt Management System (DDMS) to provide centralized, cost-effective, automated debt management and collection assistance for delinquent debts owed to DoD by individuals who currently are not paid by DoD. DCMO must comply with the "Federal Claims Collection Act of 1966," as amended, ***31 U.S.C. 3701-3720E*** and all applicable laws and regulations, including the FCCS.

280902. Incidence of Individual Out-of-Service Debts

Individual out-of-service indebtedness occurs when the debtor is not receiving salary or other payments from DoD that can be offset to collect existing debt owed to DoD. Individual out-of-service debts may arise from overpayments, erroneous payments, indebtedness by the public for use of DoD's facilities or services, or indebtedness by individuals previously serving in or employed by a DoD Component.

280903. Obtaining Service from DCMO

The DoD Components not supported by DFAS may obtain debt collection services from DCMO. The DoD Component and DCMO must document the services to be provided using a Support Agreement (***DD Form 1144***).

*280904. Individual Out-of-Service Debt Collection Procedures

A. DCO Responsibilities. DCO is the office responsible for initial debt collection and due process actions. DCO may be part of the DoD Component's supporting accounting office or a separate organizational element within the DoD Component. DCO will:

1. Issue the initial bill, invoice, notice, or demand letter to the debtor and take appropriate follow-up action. Only one demand letter is required; however, DCOs may issue additional follow-up notices to the debtor as deemed appropriate. Refer to section 2804.

2. Complete any previously initiated actions such as reclamation, appeal, litigation, or foreclosure before referring delinquent individual out-of-service debts to DCMO.

3. Research and verify the military or civilian status of debtors to ensure that only eligible individual out-of-service debts are referred to DCMO.

4. Refer delinquent individual out-of-service debts that are $225 or greater to DCMO no later than 60 days after the payment due date when DCO has not been able to collect the debt or establish a repayment schedule. If an individual has multiple debts all under $225, then consolidate the debts and refer them to DCMO as one debt package. Refer to Volume 4, Chapter 3 for guidance on guidance for clearing individual out-of-service debts that are under $225.

5. Use a transmittal letter to control referral of eligible debts to DCMO and to ensure that the debts are received by DCMO. Prepare the transmittal letter in duplicate and send it to DCMO, DFAS-IN, Department 3300 (ATTN: Special Actions), 8899 E. 56th Street, Indianapolis, IN 46249-3300, as required, but no less frequently than weekly. Identify on the transmittal letter all attached debt case files by name, Social Security number, and amount. Include the name, email address, and telephone number for DCO point of contact and the name and location of the office accountable for the debt. Attach a copy of all documentation and background material in the debt case files. Documentation includes:

a. A copy of the original bill or other demand for payment.

b. The demand letter should comply with the Treasury FMS due process notification requirements listed in "***Managing Federal Receivables***," Appendix 8, dated May 2005, in order for the DCMO to accept the debt.

c. The original debt principal amount with complete accounting classification and fiscal year to be credited with any collections. Include a copy of the original disbursement voucher when the debt is the result of a previous payment.

d. The date the debt became known.

e. The date the debt was due.

f. The date the debt became delinquent.

g. The amount of accrued interest, administrative charges, and penalty fees.

h. Copies of any follow-up correspondence.

i. Amounts and dates of any prior collections (and the accounting classification credited). Include a copy of the collection voucher when the collection was not processed through salary offset.

j. The debtor's branch of service or agency where formerly employed.

k. The debtor's, sponsor's, or beneficiary's Social Security number.

l. Military status and date of separation for members or employees whose period of service or employment ended with indebtedness.

m. Copy of DD Form 139, if available.

n. Copy of DD Form 2481, if available.

o. Any other relevant documentation or information regarding the debt.

6. Include in each transmittal package a statement certifying that the amounts of the debts being referred are correct and that the debts are delinquent, valid, and legally enforceable. DCOs referring debts electronically will also submit a certification statement. Refer to Figure 28-1 of this chapter for a sample certification statement.

7. Assign a unique 9-digit transmittal number to each transmittal letter. Create transmittal numbers using the date of the transmittal letter and a unique number for each transmittal letter on that date (i.e. the time stamp as a component of the transmittal number).

8. Correct any errors in debt packages returned by DCMO for correction/additional action and send the debt package back to DCMO using a new transmittal number.

9. Coordinate with their supporting accounting office to ensure that accountability for the referred debts is removed from its records in accordance with procedures in Volume 4, Chapter 3 upon receipt of the duplicate copy of the transmittal letter.

10. Maintain names, official addresses, and contact information for all witnesses to the events leading to the debt and copies of and location of physical evidence (documentation and other evidence) relating to the debt for payroll debts involving fraud, misrepresentation, or credibility, and for all non-payroll debts. This information is necessary in

the event that the debt must be referred to DOJ for litigation.

11. Follow up with DCMO to obtain the status of the referred debt when 60 days have elapsed from receipt of the duplicate copy of the transmittal letter and no additional information has been received.

12. Mail payments received from a debtor after the debt was referred to DCMO to DCMO, DFAS-IN, Department 3300 (ATTN: Case Management), 8899 E. 56th Street, Indianapolis, IN 46249-3300. Include the debtor's name and Social Security number so the proper account can be credited.

B. DCMO Responsibilities. DCMO will:

1. Assist DCOs in the centralized management of debts, including automated, centralized processing, referral, reporting, and accounting of debts.

2. Return uncollectible debts, debts requiring additional DCO collection action, and debts with incomplete documentation to DCO with an explanation of the reason for the return.

3. Determine the effective date for entering the debts into DDMS, annotate the effective date on the duplicate copy of the transmittal letter, and return the duplicate copy of the transmittal letter to DCO.

4. Pursue collection action once debts are entered in DDMS. Actions include servicing, collecting, compromising, suspending, or terminating collection. A general overview of the individual out-of-service delinquent debt collection steps is illustrated in Figure 28-2 of this chapter. The procedures include referring delinquent debts to private collection agencies for collection, reporting to credit bureaus, and referring uncollectible delinquent debts to the Department of the Treasury Offset Program and to DOJ for possible litigation. Timelines indicated in Figure 28-2 of this chapter are based on the date that the debt is first referred to DCMO and do not reflect the actual age of the debt. In the case of deceased debtors, DCMO uses ***DD Form 2840*** (Request for Information Regarding Deceased Debtor) to seek information from state probate courts concerning the establishment of an estate and pursues collection of the indebtedness in this manner.

5. Provide the data recorded in DDMS monthly to DFAS departmental accounting offices.

6. Upon request, provide feedback regarding status of debt collection to the applicable DoD Component.

C. DFAS Departmental Accounting Offices. DFAS departmental accounting offices must use DDMS to establish and maintain accountability at the departmental level for all debts referred to DCMO. DFAS departmental accounting offices will report the transfer-out and transfer-in of these debts on Part I, Section A, Line 5.A, "Reclassified/Adjusted Amounts" on the

Treasury Report on Receivables (TROR), and provide the required footnote. Refer to Volume 4, Chapter 3 for specific reporting requirements.

280905. Collection Assistance for Military Pay System-Generated Individual Out-of-Service Debts

Uncollectible debts on the Master Military Pay Account (MMPA) for Active Component (AC) and Reserve Component (RC) service members due upon separation or retirement, as well as debts for offset from retired pay, or annuitant pay periodically are systemically referred to DCMO. Once these system-generated debts are entered in DDMS, they are treated the same as collection action(s) taken on installation-generated debts. Defense Retiree and Annuitant Pay System (DRAS) debts are created when payments are made after the entitlement has ended. Those debts are transferred each month by an interface between DRAS and DDMS.

2810 RECONSIDERATION AND HEARINGS FOR ADMINISTRATIVE OFFSETS

281001. General

A. Upon written request, a debtor is entitled to reconsideration or a hearing (when authorized by statute) regarding determination of a debt. Both, reconsideration and hearing, involve review of debt documentation. A debtor is entitled to only one hearing, either administrative or oral, per debt owed to DoD.

B. Reconsideration is an informal examination of internal debt records by DCO to validate the debt without appointment of a hearing official. Reconsideration does not include a determination of the credibility or veracity of the debt.

C. An administrative hearing is accomplished by a hearing official and must involve consideration of debtor-submitted statements and documentation as well as DCO internal debt files.

D. An oral hearing consists of an appearance by the debtor before a hearing official to present arguments regarding the debt. An oral hearing normally will be conducted when the question of the indebtedness cannot be resolved by review of the documentary evidence, for example, when the validity of the debt involves an issue of credibility or veracity.

E. DCO will refer all requests for hearings received from DoD military members, DoD civilian employees, and NAFI employees to DFAS, DFAS/JFEA-IN, 8899 East 56th Street, Department 3300 (ATTN: Hearings), Indianapolis, IN 46249-3300.

F. When a debtor has requested and is entitled to a hearing in conjunction with administrative offset, DCMO must determine whether an administrative or oral hearing is appropriate. An oral hearing is not required with respect to determinations of indebtedness that do not involve issues of credibility or veracity and when DCMO has determined that review of the written record is an adequate means to discover and correct any prior mistakes. When a debtor has requested a hearing and DCMO determines that an oral hearing is not required, then

DCMO must provide an administrative hearing.

G. There are no provisions for review or appeal of debt determination decisions rendered with regard to administrative offset; however, DCOs, DCMO, and debtors may exercise any other collection, appeal, waiver, remission, or review right that may be provided by other statute or regulation with regard to the debt.

281002. Debtor Responsibilities

A. Debtors must indicate, in their initial written response to a notice of administrative offset, their desire for a reconsideration of the debt or a hearing. The debtor must furnish, by the date specified in the notice of administrative offset, any facts and reasons why they believe that the debt is erroneous.

B. Debtors afforded an oral hearing on the existence or amount of the debt may petition for an administrative hearing in lieu of an oral hearing. Debtors who elect an administrative hearing in lieu of an oral hearing waive any right to an oral hearing and must agree to accept the administrative hearing decision as final as part of their written petition. Once approved by DCMO, the debtor cannot revoke his or her petition for an administrative hearing.

C. At least 3 working days before an oral hearing, the debtor must give the hearing official and DCMO the name of his or her representative, if one is selected, copies of any records that he or she plans to introduce if the records are different from those in the possession of DCMO, and a list of any witnesses, along with a summary of their anticipated statements.

D. Debtors, their representatives, and witnesses are responsible for their expenses incident to inspecting and copying government records and attending oral hearings.

E. If the debtor fails to submit a request in writing to DCO for a reconsideration or hearing by the date specified in the administrative offset notification letter, fails to appear on time at a scheduled oral hearing, or fails to file required documentation with DCO or hearing official by the specified due date, then DCO may grant the request if the debtor can show that the delay was because of circumstances beyond his or her control or because of failure to receive notice of the time limit (unless otherwise aware of it).

F. During oral hearings, debtors may not raise any issues not previously raised with the hearing official and DCMO nor may they introduce any facts or records not previously submitted.

281003. DCO and DCMO Responsibilities

A. <u>DCO Responsibilities</u>

1. When the debtor requests reconsideration and DCO determines that the request is appropriate, DCO will issue a response to the debtor within 60 days after receiving the request. The response must advise the debtor that the basis for the debt and amount

were reconsidered, indicate whether the debtor's contentions were accepted in whole or in part, specify the debt amount now owed, and, if applicable, reaffirm DCO's intent to collect the debt by administrative offset.

2. When the debtor requests a hearing, DCO will forward the request to DCMO. Refer to paragraph 281001.E.

B. DCMO Responsibilities

1. When an administrative hearing is requested and deemed appropriate, DCMO will issue a response to the debtor within 60 days after receiving the request. The response must advise the debtor that the basis for the debt and amount were reviewed, indicate whether the debtor's contentions were accepted in whole or in part, specify the debt amount now owed, and, if applicable, reaffirm DCMO's intent to collect the debt by administrative offset.

2. When an oral hearing is requested and deemed appropriate (refer to subparagraphs 281001.D and F), DCMO will, within 20 working days after receiving the debtor's request, notify the debtor of the time, date, and location of the oral hearing and provide a list of any additional submissions required of the debtor and the mailing address for the submissions. Whenever feasible, DCMO will schedule an oral hearing site, time, and date convenient for the debtor. Also, at least 3 working days before an oral hearing, DCMO will forward to the debtor and hearing official a package containing copies of debt records in the possession of DCMO, a statement supporting the basis for the debt, the amount of the debt, and names of DCMO witnesses and their anticipated statements. DCMO will document all significant matters discussed at the oral hearing.

3. Upon the written request of a debtor, DCMO will change oral hearings to administrative hearings if the request is received at least 3 working days before established oral hearing dates and if all submissions will be available to hold the administrative hearing at the already established time and site.

281004. Administrative Offset Reconsideration or Hearing Officials

A. General. Personnel eligible to reconsider debt determination issues or officiate over hearings include, but are not limited to, supervisors, management personnel, and other employees who are assigned to offices performing functions associated with matters pertaining to debt management, debt collection, debt servicing, claims examination, military pay, vendor or contract pay, or contracting. Other eligible personnel include grievance and appeals examiners, attorney advisors, judge advocates, and similar personnel who have been trained in or are qualified to perform hearing officer duties.

B. Reconsideration or Hearing Officials Under 31 U.S.C. 3716. Title 31, U.S.C., section 3716 specifies that reconsiderations or hearings will be performed within the agency. In most instances personnel assigned to DCO must be available to accomplish any debtor requested reconsiderations regarding debt existence or amount. In accordance with

subparagraph 281001.E of this chapter, all requests for hearings will be forwarded to DCMO.

C. Hearing Officials Under 5 U.S.C. 5514. Hearing officials will be appointed according to guidance in Table 28-2.

281005. Hearing Official Responsibilities

Hearings must be held according to the following requirements:

A. An administrative hearing must consist of a thorough examination of the regulations, records, documents, and facts underlying the debt.

B. An oral hearing must consist of an informal conference between the debtor and the hearing official for the presentation of documents, witnesses, and arguments.

C. Except for oral testimony, the only evidence permitted at oral hearings must be that already furnished as prehearing submissions.

D. Debtors must not raise any issues at oral hearings not previously raised with DCMO.

E. The hearing official must issue a written decision to the debtor within 30 days after the date of the hearing. The hearing official may extend this deadline. A hearing official's decision must be final for the purposes of 31 U.S.C. 3716 and must discuss the basic facts documenting the debt and will include conclusions concerning the basis and amount of the debt.

F. Hearing officials will review debtors' submissions received not later than three working days after the due date to determine if debtors forfeited their hearing right. If debtors show good cause, then this right will not be forfeited due to minor submission delays.

2811 BANKRUPTCY DEBTS

281101. Bankruptcy Petition Filed

Upon learning that a bankruptcy petition has been filed with respect to a debtor, before taking any further collection action, DCO must obtain legal advice concerning the impact of the Bankruptcy Code (Title 11) on any pending or planned collection action. In most cases, collection action should stop immediately unless it is determined that the automatic stay imposed at the time of filing pursuant to ***11 U.S.C. 362*** has been lifted or is no longer in effect.

281102. Proof of Claim

After obtaining legal advice, a proof of claim in most cases should be filed with the bankruptcy court or the trustee. Attorneys should be aware of and provide advice, as necessary, relating to the consequences on sovereign immunity of filing a proof of claim under the

provisions of ***11 U.S.C. 106***.

281103. Relief from Automatic Stay

A secured creditor may seek relief from the automatic stay regarding its security, subject to the provisions and requirements of 11 U.S.C. 362.

281104. Offset and Recoupment

Offset is stayed in most cases by the automatic stay. DCOs must seek legal advice regarding initiation of action to freeze payments to the debtor and payments to other agencies available for offset pending relief from the automatic stay from the bankruptcy court. DCOs also must seek legal counsel regarding the possibility of recoupment.

2812 DEBT REFERRALS OUTSIDE THE DEPARTMENT OF DEFENSE

281201. Referrals to DOJ

A. General. After taking aggressive collection action, DCOs must promptly refer to DOJ for litigation all uncollectible delinquent debts greater than $2,500, exclusive of interest, penalties, and administrative charges, that cannot be compromised, suspended, or terminated. In addition, DCOs must promptly refer any debt based in whole or in part on conduct in violation of the antitrust laws or any debt involving fraud, the presentation of a false debt, or misrepresentation on the part of the debtor or any party having an interest in the debt to DOJ. DCOs must refer debts with a principal amount over $1,000,000, exclusive of interest, penalties, and administrative charges, to the responsible DOJ litigation division in Washington, D.C. Debts with a principal amount of $1,000,000 or less, exclusive of interest, penalties, and administrative charges, must be referred to DOJ's Nationwide Central Intake Facility as required by the Claims Collection Litigation Report (CCLR) instructions. DCOs must promptly refer debts within the statute of limitations period for initiating lawsuits against debtors, and generally within one year of the date that the debt last became delinquent.

B. Documentation

1. DCOs will use a CCLR and include a signed Certificate of Indebtedness to refer all uncollectible debts to DOJ for litigation or approval for compromise, suspension, or termination. Refer to section 2813 of this chapter for additional information on compromise, suspension, and termination.

2. A blank CCLR and instructions for completion of CCLR are located at the FMS website, Managing Federal Receivables, ***Appendix 10-B***. Forward CCLR to Director, Commercial Litigation Branch, P.O. Box 875, Ben Franklin Station, Washington, D.C. 20044.

3. DCO must complete all sections of CCLR appropriate for the debt being referred and furnish such other information as required by DOJ. Include as attachments to

CCLR a completed checklist or brief summary of actions taken to collect or resolve the debt and an explanation for the omission of any administrative collection action required by FCCS, or this chapter. If a debtor's address is unknown, then include a list of the debtor's prior known addresses and an explanation of actions taken to locate the debtor. Include with the debt referral the debtor's latest credit history data, such as a commercial credit report, balance sheet, or financial statement submitted by the debtor. Also indicate whether there is reasonable prospect of enforcing debt collection.

4. Credit data may be omitted from CCLR if a debtor is bankrupt, in receivership, or if the debtor's liabilities are fully covered by insurance. If applicable, then include the identity and address of the insurer, and the type and amount of insurance. Credit data also may be omitted if credit history is not available, such as may be the case for a state or local government unit.

5. Indicate clearly on CCLR the DOJ litigation action being sought (e.g., enforced collection or judgment lien) with respect to the underlying debt.

C. Notification to Debtor. Before a delinquent debt can be referred to DOJ, DCOs must notify the debtor that litigation may be initiated if the debt cannot be collected using administrative procedures. This notification can be issued either as part of the demand letter described in paragraph 280402 of this chapter or in a separate notice. When referring a debt for litigation, give evidence to DOJ that this notification has been provided to the debtor.

D. Minimum Amount for Referral. Generally, only non-fraud debts with a principal balance greater than $2,500 are eligible for referral to DOJ. After consultation with the Financial Litigation staff attorneys of DOJ, DCOs may refer debts under $2,500, exclusive of interest, penalties, and administrative charges, to DOJ for acceptance under the following circumstances:

1. Litigation to collect such smaller debts is important to ensure compliance with policies or programs.

2. Referral is for the purpose of securing a judgment against the debtor that will be filed as a lien against the debtor's property pursuant to ***28 U.S.C. 3201***, and returned to the referring office for enforcement.

3. The debtor has the ability to pay the debt and the Government effectively can enforce payment with due regard for the exemptions available to the debtor under federal and state law and the judicial remedies available to the Government.

E. Preservation of Evidence. Preserve all debt files and records that may be needed by DOJ to prove its case in court. Include certified copies of the documents that form the basis for the debt in the debt referral package. Provide originals of the documents if requested by DOJ.

F. Contact With Debtor After Referral. Once a debt has been referred to DOJ, DCO personnel must refrain from contact with the debtor regarding the debt. DCOs must

refer debtors raising questions to the appropriate DOJ office and must notify DOJ immediately of any payments received by DCO on referred debts in accordance with DOJ guidance.

G. Suspension or Termination of Collection Action. DOJ has exclusive jurisdiction over the debts referred to DOJ. DCOs will terminate the use of any administrative collection actions on debts referred to DOJ for litigation. Refer to 31 C.F.R. 904.1.

281202. Debt Referrals to Private Collection Agencies

A. Authority to Use Private Collection Agencies. Designated DCOs may utilize private collection agencies to supplement their debt collection programs.

B. Contracts for Private Collection Agency Services. Federal agencies generally are required to use government-wide contracts to obtain services provided by private collection agencies. Contracts with private collection agencies to locate delinquent debtors and recover delinquent debts will define the services available that generally will conform to the following terms agreed to between the Federal Government and the collection agency.

1. The referring DCO must retain the authority to resolve disputes, compromise debts, suspend or terminate collection activity, refer debts to credit bureaus, and refer debts to DOJ for litigation.

2. The collection agency is not allowed to offer the debtor, as an incentive for payment, the opportunity to pay the debt less the collection agency's fee unless the collection agency is granted authorization by DCO in advance of granting such an offer.

3. The collection agency is subject to the "Privacy Act of 1974" to the extent specified in ***5 U.S.C. 552a*** and to applicable Federal and state laws and regulations pertaining to debt collection practices, including but not limited to, the Fair Debt Collection Practices Act (***15 U.S.C. 1692***).

4. The collection agency is required to account for all amounts collected.

5. The collection agency must comply with other requirements, as appropriate, with regard to locating and contacting debtors, accepting installment payments, processing late payment charges, and returning uncollectible debts to the referring DCO.

6. The debts cannot be subject to the requirement to transfer debts to the Department of the Treasury. Refer to 31 U.S.C. 3711(g) and 31 C.F.R 285.12(e).

C. Funding Private Collection Agency Contracts. Contracts with private collection agencies may be funded in accordance with either of the following:

1. Fixed Fee. Payment to the collection agency is a set fee

determined without regard to the amount actually collected under the contract, but only to the extent that funds are made available in advance in appropriations.

2. Contingent Fee. Payment to the collection agency is based on a provision in the contract permitting the collection agency to deduct a fee, consistent with prevailing commercial practice, based on a percentage of the amount collected under the contract.

281203. Debt Reporting to Credit Bureaus

A. Authority to Report Debts. DCOs must develop and implement procedures for reporting delinquent debts to credit bureaus and other automated databases. DCOs also must develop procedures to report nondelinquent debts to credit bureaus. Procedures must comply with the "Bankruptcy Code" and the "Privacy Act of 1974" (5 U.S.C. 552a), as amended. Provisions of the "Privacy Act" do not apply to credit bureaus. Consumer debt reporting must be consistent with due process and other requirements in 31 U.S.C. 3711(e). Effective March 1, 2007, in accordance with ***10 U.S.C. 2780(b)***, debts incurred by military members will not be reported to credit bureaus during the time that a decision regarding waiver or remission/cancellation of the debt is pending.

B. Due Process. Before reporting debts to credit bureaus, DCOs must ensure that the due process requirements have been met. Duplication of previously provided due process notice(s) or opportunity for review with respect to a particular debt is not required prior to reporting the debt to the credit bureau as long as the following requirements have been met:

1. Information comes from a system of records for which the Privacy Act notice indicates that information in the system may be disclosed to a credit bureau.

2. DCO has decided that the debt is valid and overdue.

3. DCO has notified the debtor in writing:

a. That payment of the debt is overdue;

b. That, within not less than 60 days after sending the notice, DCO intends to disclose to a credit bureau that the debtor is responsible for the debt;

c. Of the specific information to be disclosed to the credit bureau; and

d. Of the rights the debtor has to a complete explanation of the debt, to dispute information in the records of the DoD Component or DCO regarding the debt and to administrative repeal or review of the debt.

4. Debtor has not:

a. Repaid or agreed to repay the debt under a written

repayment plan that the debtor has signed and the DoD Component or DCO has agreed to; or

b. Filed for review of the debt under section 2810.

5. DCO has established procedures to:

a. Disclose promptly, to each credit bureau to which the original disclosure was made, a substantial change in the condition or amount of the debt;

b. Verify or correct promptly information about the debt on request of a credit bureau for verification of information disclosed; and

c. Get satisfactory assurances from each credit bureau that the credit bureau is complying with all laws of the United States related to providing consumer credit information.

6. Information disclosed to credit bureaus is limited to:

a. Information necessary to establish the identity of the debtor, including name, address, and taxpayer identification number;

b. The amount, status, and history of the debt; and

c. The DoD Component or program under which the debt arose.

C. Maintaining Reported Debts Current. Once a debt is reported to a credit bureau, DCO must make prompt disclosure to that credit bureau of any substantial change in the condition or amount of the debt. DCO also must verify or promptly correct information about a debt when required and when requested by a credit bureau.

D. Maintenance of Debt Records. The credit bureau must remove accurate, negative information from a credit report only if it is over 3 years old. Bankruptcy information can be reported for 10 years. DCOs must retain records for debts reported to credit bureaus in accordance with guidelines of the National Archives and Records Administration General Records Schedule.

281204. Referral to Department of the Treasury

A. Treasury Offset Program

1. FMS, Department of the Treasury, has broad administrative offset collection responsibilities for delinquent debts based on the "Debt Collection Improvement Act of 1996," as expressed in 31 C.F.R. 285.7. FMS established TOP to accomplish centralized administrative offsets of federal tax and nontax payments to collect federal delinquent debts government-wide. Under TOP, a database of certified delinquent debts submitted by

government creditor organizations is maintained and updated. Before FMS disburses a payment, it makes a comparison to determine whether the payment should be offset to satisfy a payee's delinquent debt. As necessary, the Department of the Treasury determines, in the best interest of the United States, how funds collected must be applied to multiple debts. Additional information on TOP can be found at ***https://www.fms.treas.gov/debt/top.html***.

2. Some payments are prohibited by law from being offset and are exempt from centralized administrative offset. For example, certain payments under the "Social Security Act," "Black Lung Benefits Act," and "Railroad Retirement Board Act" are generally exempt, unless the Department of Treasury issues regulations permitting offset. In addition, the Department of the Treasury can exempt offset of means-tested benefit payments (programs wherein eligibility for beneficiary payment is based on the need to maintain a certain standard of living) and other classes of payments based on a determination that offset would not be in the best interest of the United States. An example would be administrative offset to collect a debt where the offset would tend to interfere with or defeat the purpose of a government payment program.

B. Cross-Servicing. Cross-Servicing is the collection of debt by one agency on behalf of another agency in accordance with 31 U.S.C. 3711(g). Additional information on Treasury Cross-Servicing can be found at ***http://fms.treas.gov/debt/crosserv.html***.

C. Delinquent Individual Debt. In accordance with 31 U.S.C. 3711, DoD is required to refer individual debt that has been delinquent for 180 days to FMS, Department of the Treasury for continued collection action. Prior to referral to FMS, DCOs must consider the out-of-service debt program and procedures in section 2809 of this chapter to determine whether the out-of-service program offers more cost-effective services and debt management controls and reporting. DCO must send any required offset correspondence to debtors at the most current address as maintained in the DoD Component's files, regardless of source. FMS is authorized to charge fees to cover the costs of debt collection and administrative offset programs are authorized and FMS deducts such fees from the amount offset before the residual amount is transmitted to referring DCO. These offsets are not subject to any type of verification by the paying activity, so any action by a debtor to recover an offset will be referred to DCO. Although FMS will not identify the source of the offset to DCO, any tax information that may be known by any means is confidential and its use is restricted and governed by ***26 U.S.C. 6103***.

D. Offsets for State Debts. Under 31 U.S.C. 3716(h), the Department of the Treasury may enter into reciprocal agreements with states for federal disbursing officers to collect state debts through offset of federal payments and for state disbursing officers to collect federal debts through offset of state payments. Thus, as a result of Department of the Treasury and state government agreements and implementing regulations, offsets of state debts certified to Department of the Treasury may be paid to states and DoD may receive requests from Department of the Treasury to offset payments to satisfy debts due to states.

E. Computer Matching. In accordance with 31 U.S.C. 3716(f), the Department of the Treasury may waive the provisions in the "Computer Matching and Privacy Protection Act of 1988" concerning matching agreements and post-match notification and

verification (5 U.S.C. 552) for administrative offset under this paragraph upon receipt from a DCO that the due process requirements in subparagraph 280808.B have been met. The certification of a debt in accordance with subparagraph 280904.A.6 will satisfy this requirement. If the Department of the Treasury grants such a waiver, then only the Department of the Treasury Data Integrity Board is required to oversee any matching activities in accordance with 31 U.S.C 3716(f).

2813 DEBT COMPROMISE, SUSPENSION, AND TERMINATION

281301. General

FCCS provides agencies authority to compromise, suspend, or terminate collection action. Requests for compromise, suspension, or termination of collection action may be prepared and submitted by DCO, DCMO, Accounts Receivable Office (ARO), fund holder, or other entity involved in individual debt management.

281302. Determining Debt Amount for Compromise, Suspension, and Termination

Debts must not be subdivided to avoid monetary ceilings for debt compromise, suspension, or termination of collection actions. A debtor's liability arising from a particular transaction must be considered a single debt in determining if a debt is greater than $100,000, between $100,000 and $500,000, or over $500,000 for purposes of compromise, suspension, or termination. The amounts are exclusive of interest, penalties, and administrative costs.

281303. Compromise

A. General. Compromise is the acceptance of less than the full amount of the debt in satisfaction of the entire amount of the debt. Any debt based in whole or in part on conduct in violation of the antitrust laws, or any claim involving fraud, the presentation of a false claim, or misrepresentation on the part of the debtor or any party having an interest in the debt, will not be compromised. Refer these debts promptly to DOJ. DCOs will take no further action on debts referred to DOJ. If such debt is otherwise below the threshold for DOJ referral, then DOJ may retain the debt or may return the debt with instructions for further handling. Refer to ***31 C.F.R. 902*** for additional guidance on when a compromise may be approved.

B. Approval Authorities

1. DFAS has authority to approve compromises for debts referred to DFAS when the principal amount does not exceed $100,000. DFAS will coordinate with the fund holder as part of carrying out these responsibilities.

2. DoD Components have authority to approve compromises for debts not referred to DFAS when the principal amount does not exceed $100,000.

3. DOJ has delegated to the Department of the Treasury authority to approve compromises for debts less than or equal to $500,000 when the debt is being serviced by

the Department of the Treasury in its cross-servicing program.

4. DOJ has authority to compromise debts exceeding $100,000 when the debt is not serviced by the Department of the Treasury in its cross-servicing program and also has authority to compromise all debts greater than $500,000. Only DOJ can consider noncash compromise offers for debts exceeding $100,000.

5. DFAS and the DoD Components cannot approve a compromise on a debt referred to DOJ for litigation unless the debt is returned to DoD for disposition.

C. Referring Compromise Offers to DOJ. Acceptable offers of compromise exceeding $100,000 that are not being serviced by the Department of the Treasury in its cross-servicing program and all offers exceeding $500,000 must be referred to DOJ using a CCLR. See paragraph 281201 of this chapter for guidance on preparation and submission of the CCLR. The referral must include appropriate financial information and a recommendation for the acceptance of the compromise offer by DOJ. DOJ approval is not required if a decision is made to reject a compromise offer.

D. Review of Compromise Offers by DOJ. If DFAS or the DoD Component is uncertain whether or not to accept a firm, written substantive compromise offer on a debt within the delegated compromise authority of $100,000 or less, then DFAS or the DoD Component may refer the compromise to DOJ. Use CCLR to refer the offer along with supporting data and particulars concerning the debt. DOJ may act upon the offer or return it with instructions or advice for further action.

E. Reasons for Compromise. Debts may be compromised for any one or a combination of several valid reasons. When assessing the merits of a compromise proposal, it may be beneficial to obtain a current financial statement from the debtor and a credit report or other financial information to aid in evaluating the debtor's assets, liabilities, income, and expenses. Possible grounds for compromise include the following:

1. Compromise Because of Litigation Risks. If there is significant doubt concerning the government's ability to prove its case in court for the full amount of the debt, then a compromise may be appropriate. The amount accepted in a compromise agreement should reflect such factors as the complexity of the legal issues, the probability of a bona fide dispute as to the facts, the availability of witnesses and supporting evidence, and the probability of successful prosecution. In determining the litigation risks involved, DFAS or the DoD Component must consult with agency counsel and DOJ to consider the probable amount of court costs and attorney fees that may be imposed against the government if litigation is unsuccessful.

2. Compromise Because of Debtor Inability to Pay Full Amount. DFAS or the DoD Components may compromise debts if the debtor is unable to pay the full amount due in a reasonable time or if the full amount due could not be collected in a reasonable time using enforced collection. Consider, as a minimum, the following factors, in determining a debtor's ability to pay the full amount of the debt:

a. Current financial statement from the debtor;

b Credit reports and other financial information;

c. Debtor's age and health;

d. Debtor's present and potential income;

e. Debtor's inheritance prospects;

f. The possibility that assets have been concealed or improperly transferred by the debtor; and

g. The availability of assets or income that may be realized by enforced collection proceedings.

3. Compromise Because Collection Costs Exceed Amounts Recoverable or Collection is not Anticipated. DFAS or a DoD Component may compromise a debt if the cost of collection does not justify the enforced collection of the full amount. Collection costs may be a substantial factor in the compromise of smaller debts. An amount accepted in compromise may reflect a discount for the administrative and litigation costs of collection along with consideration for the time involved to effect collection. In determining whether the cost of collection justifies enforced collection of the full amount, DFAS or the DoD Component must consider whether continued collection of the debt, regardless of cost, is necessary to further an enforcing principle, such as the willingness to aggressively pursue defaulting or uncooperative debtors.

F. Compromise With Joint and Several Liability. When two or more debtors are jointly and severely liable, collection must be pursued against all debtors, as appropriate. Do not attempt to allocate payment of the debt between debtors, but proceed to liquidate the debt as quickly as possible. A compromise agreement with one debtor will not release the indebtedness with the remaining debtors. The amount of a compromise with one debtor should not be considered a precedent or binding in determining the amount that would be required from other jointly or severally liable debtors.

G. Compromises Payable in Installments. Installment payment of compromised debts generally should not be accepted since this is not an advantageous form of compromise in terms of time and administrative expense. If installment payment of a compromise is necessary, however, then DFAS or the DoD Component must obtain a legally enforceable written agreement that stipulates immediate payment of the original debt, less sums already paid, in the event of default. Whenever possible, obtain security for installment repayment agreements.

H. Enforcement Policy. Accidental or minor violations of regulations that result in indebtedness may be treated less severely than willful and substantial violations. Statutory penalties, forfeitures, or debts established as an aid to enforcement and to compel

compliance may be compromised so long as no present or future harm is done to standards for enforcement, deterrence, or compliance.

I. Tax Consequences to the U.S. Government. In negotiating a compromise, consider the tax consequences to the government. In this situation, consider requiring a waiver of tax loss carry-forward and tax loss carry-back rights of the debtor in the compromise agreement and furnish a copy to the Internal Revenue Service.

J. Mutual Releases of the Debtor and the U.S. Government. In appropriate circumstances, implement an accepted compromise by means of a mutual release, whereby the debtor is released from further nontax liability on the compromised debt in consideration of payment in full of the compromise amount, and the government and its officials, past and present, are released and discharged from any and all claims that the debtor may have against them arising from the same transaction.

281304. Suspension of Collection Action

A. General. Suspension of collection action is a determination to temporarily cease collection action. Any debt, based in whole or in part on the violation of antitrust laws must be referred promptly to DOJ for a decision on the disposition of the debt. Likewise, any claim involving fraud, the presentation of a false claim, or misrepresentation on the part of the debtor or any party having an interest in the debt, will not be suspended, but will be promptly referred to DOJ for a decision on the appropriate disposition of the debt. DCOs will take no further action on debts referred to DOJ. DOJ may retain the debt for processing or may return the debt with instructions for further handling. Refer to ***31 C.F.R. 903*** for additional guidance on when suspension of collection action is appropriate.

B. Approval Authority

1. DFAS has authority to suspend collection action on debts referred to DFAS when the principal amount does not exceed $100,000. DFAS will coordinate with the fund holder as part of carrying out these responsibilities.

2. DoD Components have authority to suspend collection action on debts not referred to DFAS when the principal amount does not exceed $100,000.

3. DOJ has delegated to the Department of the Treasury authority to approve suspension of collection action on debts with a principal amount of $500,000 or less when the debt is being serviced by the Department of the Treasury in its cross-servicing program.

4. DOJ has authority to approve suspension of collection action on debts with a principal balance exceeding $100,000 when the debt is not serviced by the Department of the Treasury in its cross-servicing program and approval to suspend collection action on all debts greater than $500,000.

C. Suspension of Collection Action. Suspend collection action on a debt when any of these conditions arise:

1. The debtor cannot be located;

2. The debtor's financial condition is expected to improve;

3. The debtor has requested a waiver or review of the debt and suspension of the debt is appropriate under subparagraph 281304.D; or

4. The debtor's current financial condition or future financial prospects justify retention of the debt for periodic review and collection activity based on any of the following factors:

a. The applicable statute of limitations has not expired; or

b. The debtor agrees to pay interest on the suspended debt amount and the suspension is likely to enhance the debtor's ability to pay the full debt principal amount at a later date with interest.

D. Suspension During Waiver, Remission, or Review. Do not suspend collection activity if it is determined that a request for waiver, remission, or review is frivolous or made primarily to delay collection. Suspend collection activity during the time required for consideration of a debtor's good faith request for waiver, remission, or review of the debt if any of the following factors apply:

1. The statute under which the request is sought prohibits collection activity during that time;

2. The amount collected during that time cannot be refunded under the applicable statute;

3. There is reasonable possibility that the debtor will prevail; or

4. There is reasonable assurance that the debt could be collected if the debtor does not prevail.

E. Suspension for Bankruptcy. When a bankruptcy petition has been filed with respect to a debtor, collection activity on a debt must be suspended pursuant to 11 U.S.C. 362**,** ***1201***, or ***1301***, unless it can be clearly established that the automatic stay has been lifted or no longer is in effect. With the coordination and assistance of the supporting legal office, seek action to prevent disbursement of funds to the debtor until relief from the automatic stay is obtained.

F. Consideration of Delay of Collection Action. As amended by section 661 of the ***Fiscal Year 2010 National Defense Authorization Act (NDAA)***, 37 U.S.C. 1007(c)

provides that military members subject to deductions from pay under that section may request a delay in the start of the repayment requirement to recover the indebtedness. Before beginning deductions from pay, DCO will consider the reasons provided by the military member for the requested delay, including the financial ability of the service member to repay the indebtedness, and the hardship that immediate collection would impose on the military member and the military member's dependents.

G. Suspension of Collection of Overpayments to Wounded or Injured Military Members

1. The policy contained in this paragraph is applicable to overpayment of pay or allowances made to military members after October 28, 2009.

2. In accordance with section 661 of the Fiscal Year 2010 NDAA, if a military member, through no fault of his/her own, incurs a wound, injury, or illness while in the line of duty in a combat operation or combat zone designated by the President or the Secretary of Defense and is overpaid pay or allowances while recovering from the wound, injury, or illness, then collection of that overpayment may not be deducted from the military member's pay until:

a. the military member is notified of the overpayment; and

b. the later of the following occurs:

(1) the end of the 180 day period beginning on the date of the completion of the military member's tour of duty in the combat operation or combat zone; or

(2) the end of the 90 day period beginning on the date of the military member is reassigned from a military treatment facility or other medical unit outside of the theater of operations.

3. The provisions of subparagraph 281304.G.2.b do not apply if the military member after receiving notification of the overpayment, requests or consents to collection of the overpayment at an earlier date.

H. Referral to DOJ for Approval to Suspend Collection Action. DOJ may suspend collection activity on a debt with a principal balance exceeding $100,000 that is not being serviced by the Department of the Treasury in its cross-servicing program and all offers exceeding $500,000. If suspension is appropriate, then DFAS or the DoD Component must refer such debts to DOJ using a CCLR and specifying the reasons for referral. Refer to paragraph 281201 for guidance on preparation and submission of the CCLR.

281305. Termination of Collection Actions

A. General. Termination of collection action is a determination to cease collection action with no intention to resume collection action at a later date. Any debt, based in whole or in part on the violation of antitrust laws must be referred promptly to DOJ for a decision on the disposition of the debt. Likewise, any claim involving fraud, the presentation of a false claim, or misrepresentation on the part of the debtor or any party having an interest in the debt, will not be terminated, but will be promptly referred to DOJ for a decision on the appropriate disposition of the debt. DCOs will take no further action on debts referred to DOJ. DOJ may retain the debt for processing or may return the debt with instructions for further handling. Refer to ***31 C.F.R. 903.3 and 903.4*** for additional guidance on the termination of collection action.

B. Approval Authorities

1. DFAS has authority to terminate collection action on debts referred to DFAS when the principal amount does not exceed $100,000. DFAS will coordinate with the fund holder as part of carrying out these responsibilities.

2. DoD Components have authority to terminate collection action on debts not referred to DFAS when the principal amount does not exceed $100,000.

3. DOJ has delegated to the Department of the Treasury authority to approve termination of collection action on debts with a principal amount of $500,000 or less when the debt is being serviced by the Department of the Treasury in its cross-servicing program.

4. DOJ has authority to approve termination of collection action on debts with a principal balance exceeding $100,000 when the debt is not serviced by the Department of the Treasury in its cross-servicing program and approval to terminate collection action on all debts greater than $500,000.

C. Reasons to Terminate Collection Action. Active collection of a debt may be terminated after all appropriate means of collection have been pursued and a determination is made, based upon the results of collection activity, that the debt cannot be collected. Termination results in removal of the debt from the active collection files and write-off from the accounting records generally follows. Terminate collection activity when a determination is made that any of the following conditions apply:

1. No substantial amount can be collected using all tools available;

2. The debtor cannot be located;

3. Costs of collection are anticipated to exceed amounts recoverable;

4. The debt is legally without merit;

5. Enforced collection is barred by any applicable statute of limitations;

6. Documentation indicates that further collection action would be futile;

7. The debt cannot be substantiated; or

8. The debt has been discharged in bankruptcy.

D. Record of Terminated Accounts. Although a debt may be terminated for collection activity, DFAS or the DoD Component must retain a record of the debt for the purposes of:

1. Selling the debt, if the Department of the Treasury determines the sale is in the best interest of the United States;

2. Pursuing collection activity at a later date in case there is a change in the debtor's status or a new collection tool becomes available;

3. Offsetting against future income or assets not available at the time of termination of collection activity; and

4. Screening future applicants for prior indebtedness.

E. Termination for Bankruptcy. Generally, DFAS or the DoD Components must terminate collection activity on a debt that has been discharged in bankruptcy, regardless of amount. Subject to the provisions of the Bankruptcy Code, however, collection activity can continue for any debt payments specified under a plan of reorganization. Offset and recoupment rights may survive the discharge of the debtor in bankruptcy, and under some circumstances, debts also may survive the discharge. For example, the debt of a known creditor of a debtor may survive a discharge if the known creditor did not receive formal notice of the proceedings. As with other bankruptcy issues, the DoD Component must seek the counsel of the supporting legal office regarding debts or offsets that may survive the discharge of a debtor in bankruptcy.

F. Exception to Termination. When a significant enforcement policy is involved or recovery of a judgment is a prerequisite to the imposition of administrative sanctions, debts may be referred to DOJ for litigation even though termination of collection action otherwise might be appropriate.

G. Referral to DOJ for Approval to Terminate Collection Action. DOJ may terminate collection activity on debts with a principal balance exceeding $100,000 that are not being serviced by the Department of the Treasury in its cross-servicing program and may terminate collection activity on all debts exceeding $500,000. If termination is appropriate for these debts, then DFAS or the DoD Component must refer such debts to DOJ using the CCLR

and specifying the reasons for referral. Refer to paragraph 281201 of this chapter for guidance on preparation and submission of CCLR.

281306. Suspension or Termination of Indebtedness From Deceased Debtors

Under 31 U.S.C. 3711 (f)(1), when deemed appropriate, the Secretary of Defense has the authority to suspend or terminate an action by the Secretary or by the Secretary of a military department to collect a claim against the estate of a service member who died while on active duty with the Army, Navy, Air Force, Marine Corps, or Coast Guard during a period when the Coast Guard is operating as a service in the Navy.

2814 STANDARDS FOR DETERMINING FINANCIAL POSITION OF DEBTOR

281401. General

Various actions within the debt collection process may require DCO to make decisions based on the financial position of the debtor.

281402. Information to be Considered

The following information may be considered when determining the financial position of the debtor:

A. Income from all sources and expenses for the debtor, spouse, and dependents;

B. The extent that assets of the debtor, spouse, 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 a debtor or spouse can borrow money to meet the offset and minimum subsistence expenses; and

E. The extent to which the debtor, spouse, and dependents have other exceptional expenses that should be taken into account and whether these types of expenses have been minimized.

2815 DEBT WRITE-OFF AND CLOSE-OUT

Refer to Volume 4, Chapter 3 of this for guidance on debt write-off and close-out.

2816 REMISSION AND WAIVER OF INDEBTEDNESS

281601. Remission of Indebtedness Due From Military Members

Title 10, U.S.C., sections ***4837***, ***6161***, and ***9837*** provide authority for the remission of indebtedness due from a military member. This process is not available to DoD civilian employees. Requests from Army and Air Force military members will be forwarded to their respective services for processing. Requests from Navy and Marine Corps military members will be submitted on a ***DD Form 2789*** (Waiver/Remission of Indebtedness Application) and will be forwarded to DFAS-IN, Department 3300 (Waiver/Remission), 8899 East 56th Street, Indianapolis, IN 46249-3300 for processing.

281602. Waiver of Indebtedness Arising From Erroneous Payments

Title 5, U.S.C., section 5584, ***10 U.S.C. 2774***, and ***32 U.S.C. 716*** provide authority to waive an indebtedness which is the result of an erroneous payment of pay or allowances or an erroneous payment of travel, transportation or relocation expenses and allowances. All requests for waiver of indebtedness for DoD civilians (current and retired) and military members (active, reserve, retired and National Guard) will be submitted on a DD Form 2789 and will be forwarded to DFAS-IN, Department 3300 (Waiver/Remission), 8899 East 56th Street, Indianapolis, IN 46249-3300 for processing. Refer to ***DoD Instruction 1340.23, "Waiver Procedures for Debts Resulting from Erroneous Pay and Allowances,"*** for additional guidance.

2817 REFUNDING PREVIOUSLY COLLECTED DEBTS AND LATE PAYMENT CHARGES

281701. General

Occasionally, because of post-collection clarification regarding a debt, monies collected for penalties, administrative costs, interest, and collection fees must be authorized for refund to the debtor by the DoD Component or DCO. Such refunds occur for a variety of reasons, but generally are based on a determination that the debt is invalid or should have been forgiven under applicable law or regulation. When making a refund payment, the DoD Component or DCO must prepare a Standard Form ***SF 1034*** (Public Voucher for Purchases or Services Other Than Personal), or other approved voucher and submit it for payment, along with documentation from the debtor or other source(s) that establishes the former debtor's claim against the Government. The DoD Component or DCO must retain a copy of the voucher and supporting documentation in the debtor's case file.

281702. Determination of Refund Amount

The amount collected from the debtor that is subject to refund usually includes penalties, administrative charges, and interest computed on the principal amount of the debt. Additional fees will have to be considered for inclusion in the refund if the debt was collected by the Department of the Treasury and/or a commercial collection agency. A debt refund might be applied against a part, or to the entire amount, of the debt. When a debt is collected, the principal debt amount is credited to the appropriation or other account owed the debt if the appropriation/account is still open. If the appropriation/account is closed, then the collection must be credited to receipt account 3200, "Collections of Receivables from Canceled Accounts."

A. Once DCO effects collection, the amounts received for penalty, administrative charges, and interest are credited to a miscellaneous receipt account that is prefixed by the appropriate departmental symbol (17, 21, 57, 96, or 97 for the Navy, Army, Air Force, Corps of Engineers, and Defense, respectively).

B. When collection is effected through TOP, the fee added to the debt is retained by the Department of the Treasury. The amount collected by offset (minus the amount retained by the Department of the Treasury) is deposited to the appropriate appropriations and accounts. If a refund is required, then the amount refunded to the debtor must be the total amount collected by offset even, though a portion representing the Department of the Treasury's administrative fees was not returned to referring DCO.

C. When collection is made by a commercial collection agency, the amount collected from the debtor includes an additional fee assessed on the total debt referred for collection. The collection agency retains its fees and remits the remainder of the amount collected from the debtor to DCO. The remaining amount represents debt principal, penalty, administrative costs, and interest referred to the collection agency. These amounts are credited to the appropriate appropriation(s) and account(s). If the debtor is entitled to a refund, then the amount refunded must be the total amount collected, including the collection agency fee.

281703. Funding the Payment of Collected Debt Refunds

A. The refund of the amounts collected for principal debt, interest, penalty, and administrative charges should be charged to the appropriation or account that was credited with the collection. Any amount to be refunded that was credited to an appropriation or account that subsequently has been closed, must be charged to the current fiscal year for the same appropriation or account as allowed by law. For example, if the original principal debt were collected into a military pay appropriation, the associated interest and administrative fees were collected into 3210 (General Fund Proprietary Receipts, Defense Military, Not Otherwise Classified), and the penalty was collected in 1099 (Fines, Penalties, and Forfeitures, Not Otherwise Classified), then the refund will be charged to these same accounts for the amounts originally collected.

B. The refund to the debtor for fees assessed and retained by the Department of the Treasury or private collection agencies, must be charged to the applicable DoD Component's current year operating funds.

Table 28-1. DoD Financial Management Regulation Volumes and Chapters on Debt Collection

DOD FINANCIAL MANAGEMENT REGULATION VOLUMES AND CHAPTERS ON DEBT COLLECTION

Category of Debtor	Volume and Chapter
General Guidance on Receivables	Volume 4, Chapter 3
Military Member (Active or Reserve) to include Retired and Out-of-Service	Volume 7A, Chapter 50 Volume 7B, Chapter 28 Volume 9, Chapter 8
Civilian Employee (paid from appropriated funds)	Volume 8, Chapter 8 Volume 9, Chapter 8
Civilian Employee (paid from nonappropriated funds)	Volume 13, Chapter 8
Contractor or vendor	Volume 10, Chapter 18
Foreign Indebtedness	Volume 6A, Chapter 12 Volume 15, Chapter 5

Table 28-2. Selection of Hearing/Reconsideration Officials for DoD Component Debts

SELECTION OF HEARING/RECONSIDERATION OFFICIALS FOR DOD COMPONENT DEBTS UNDER 5 U.S.C. 5514 (Note 1)

	COLUMN A	COLUMN B	COLUMN C
RULE	If the Creditor Component is the:	And the Debtor is employed by the:	Then obtain a hearing official from:
1	DFAS	DFAS	Any DoD Component
2	DFAS/DoD Component (Note 2)	DoD Component	Other DoD Component (Note 3)
3	DFAS/DoD Component (Note 2)	DFAS	Other DoD Component (Note 3)
4	DoD Component	DFAS	Other DoD Component (Note 3)
5	DoD Component	DoD Component	DFAS/Other DoD Component (Note 3)
6.	Other DoD Component	Other DoD Component	DFAS/Any DoD Component
7.	NAFI	NAFI, DFAS, DoD Component	DFAS, Any DoD Component, or Other NAFI (Note 4)

Note 1. Contact DFAS-Indianapolis (DFAS-JFEA-IN) for guidance in cases with circumstances other than those included in this table.
Note 2. DFAS and a DoD Component both are considered creditor Components in situations when one makes payment for the other using the other's appropriation. In this case, neither the paying nor employing Component can provide the hearing official.
Note 3. Other DoD Component is one other than the creditor DoD Component identified in Column A as the Creditor Component.
Note 4. Other NAFI is one other than the creditor NAFI identified in Column A.

Figure 28-1. Debt Certification Statement

DEBT CERTIFICATION STATEMENT

Pursuant to ***Title 28, United States Code, Section 1746***, I certify under the penalty of perjury that to the best of my knowledge and belief that the debts submitted herewith are delinquent, valid and legally enforceable in the amounts stated. The debts are not subject to any circumstances that legally preclude or bar collection, including collection by offset. Records available do not show that any debtor owing a debt has filed for bankruptcy protection.

_____ _____

Date Signature of Debt Certifying Official

Print Name:_____

Title:_____

Office Symbol:_____

PREPARATION AND SUBMISSION INSTRUCTIONS

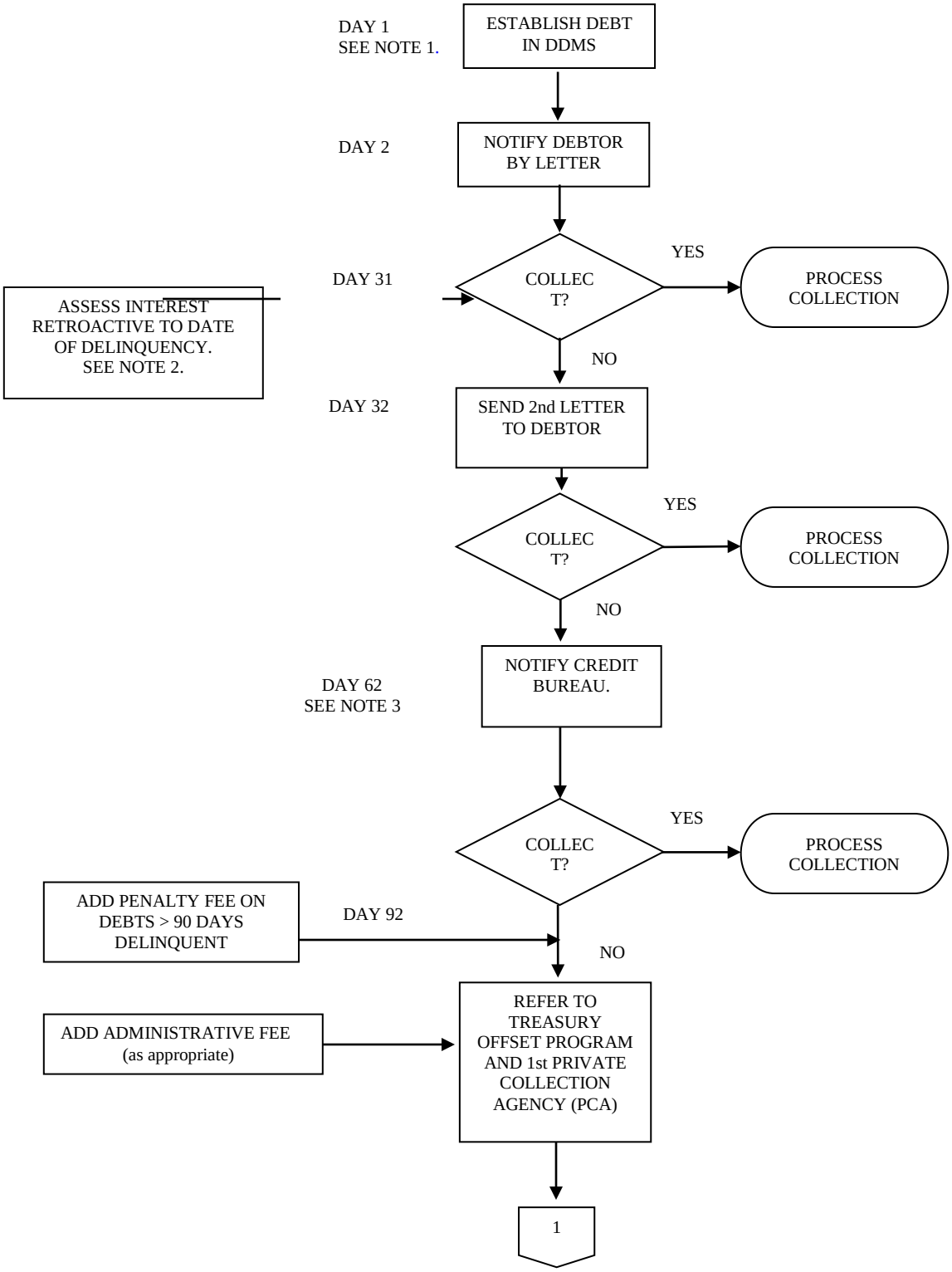
REQUIRED SIGNATORY: The submitting office's director, deputy director, or designee.

MANUAL DEBT SUBMISSION: Prepare and send a copy of the Certification Statement along with each manual submission of debts.

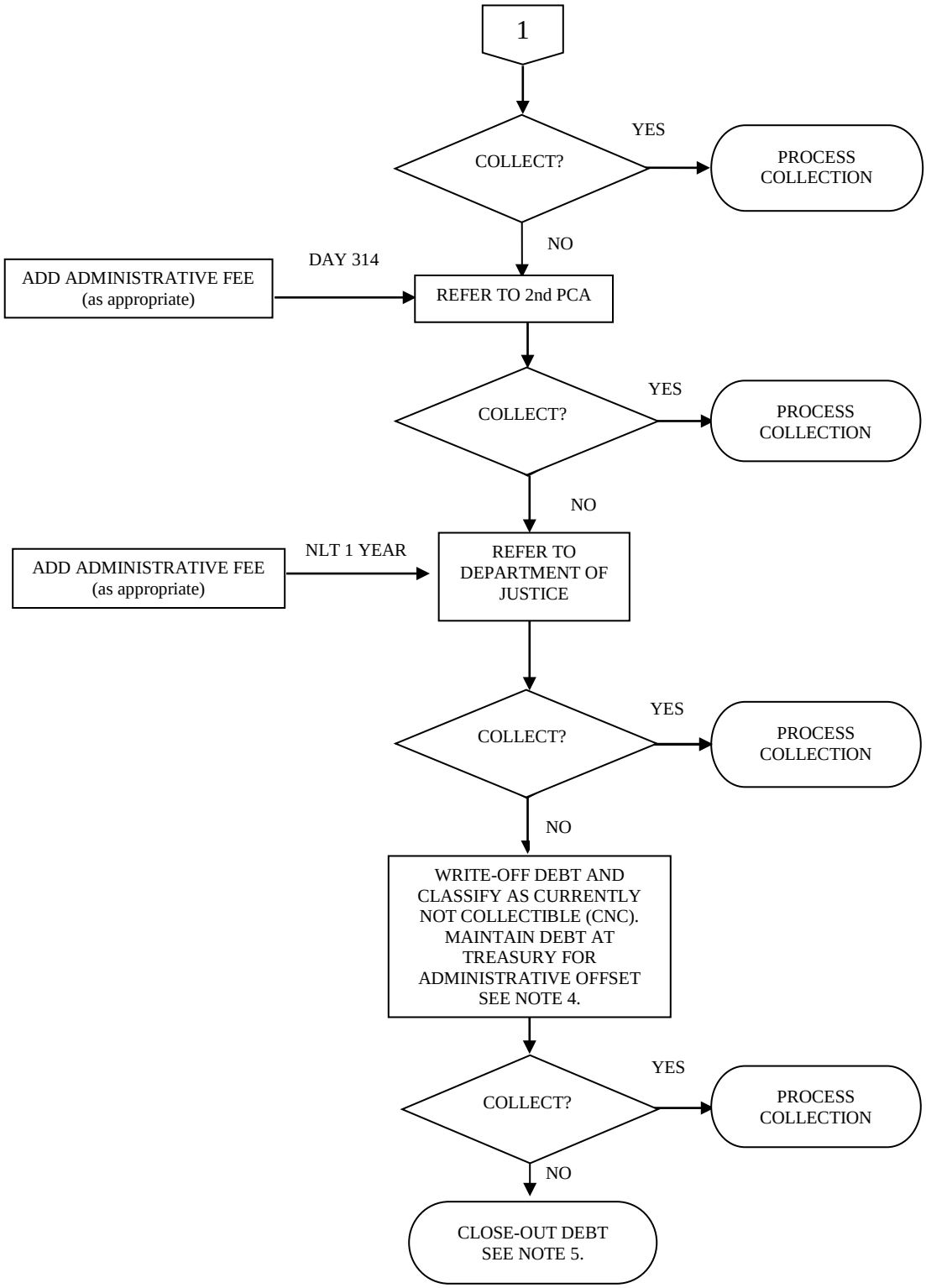
ELECTRONIC DEBT SUBMISSION: Prepare and mail a copy of the Certification Statement to cover the electronic submission of debts to: DCMO, DFAS-IN, Department 3300 (ATTN: Debt Establishment), 8899 E. 56th Street, Indianapolis, IN 46249-3300. Prepare and mail a new Certification Statement whenever the signatory changes. For those periodic electronic debt submissions when it is not necessary to reissue and mail a paper copy Certification Statement (i.e., no change in signatory), e-mail the Certification Statement to cover the electronically transmitted debts. Contact DCMO to obtain the current e-mail address for submission of e-mailed certifications.

Figure 28-2. Defense Debt Management System (DDMS) Debt Processing Steps

DEFENSE DEBT MANAGEMENT SYSTEM (DDMS) DEBT PROCESSING STEPS



DEFENSE DEBT MANAGEMENT SYSTEM (DDMS) DEBT PROCESSING STEPS (Continued)



DEFENSE DEBT MANAGEMENT SYSTEM (DDMS) DEBT PROCESSING STEPS

NOTES:
1. The number of days depicted in this chart reflects the approximate number of days that a debt has been recorded in DDMS.
2. Interest is accrued and assessed monthly throughout the life of a delinquent debt.
3. Debts are reported to credit bureaus no earlier than 60 days from date debtor is notified of the intention to report the debt to a credit bureau. DCMO includes this notice in the initial letter to the debtor (Day 2).
4. Refer to Volume 4, Chapter 3 for guidance on write-off and classification of debt as CNC.
5. Refer to Volume 4, Chapter 3 for guidance on close-out of debts.

VOLUME 5, CHAPTER 33: "CERTIFYING OFFICERS, DEPARTMENTAL ACCOUNTABLE OFFICIALS, AND REVIEW OFFICIALS"

SUMMARY OF MAJOR CHANGES

All changes are in blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are in ***bold, italic, blue, and underlined font*.**

The previous version dated August 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
330101	Added definition of "accountable official," and cites the different examples thereof.	Addition
330103	Added statutory basis for requiring payment vouchers to be certified by persons appointed in writing to make such certifications.	Addition
330201	Updated with Department of Defense (DoD) Directive 5118.03 as the basis for re-delegation of authority to appoint certifying officers and departmental accountable officials (DAOs).	Revision
330201.C.	Consolidated former paragraphs 330205 – 330207, and provided statutory basis precluding disbursing officials from certifying vouchers they will eventually pay.	Revision
330202	Added the delineating difference between certification of fund availability and certification of vouchers for payment.	Addition
330301.C.	Incorporated policy from the Office of the Under Secretary of Defense, Deputy Chief Financial Officer (OUSD(C) DCFO) Memorandum, June 23, 2010, subject: "Appointment of Certifying Officers in Overseas Contingency Operations for Micro-Purchases," and cancels that memorandum.	Addition
330304.A.2.	Updated the Certifying Officer Legislation training.	Revision
330304.B.3.	Added cross-reference to Chapter 1 for guidance on prohibited payments.	Addition
330305	Added DAO's responsibilities in the performance of their duties. Also, added requirement for supervisors and appointing officials to clearly define DAO's functions before determining appointments (appointments of DAOs not mandatory).	Addition

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
330401.A	Replaced Social Security Number (SSN) with the DoD ID Number as a required item of information on the DD Form 577.	Revision
330401.C.	Added the prohibition of certifying officers and DAOs from re-delegating their appointed authority.	Addition
330401.D.	Added that the reassignment of an appointing authority does not affect an existing appointment.	Addition
330401.G.	Added policy prohibiting the amending of DD Forms 577.	Addition
330402.A.	Simplified submission of DD Forms 577 for certifying officer appointments.	Revision
330402.C.	Added distribution requirements of DD Forms 577 for appointment-terminations.	Addition
330403	Added retention requirements for DD Forms 577.	Addition
330501	Added that all except intra-governmental payments from appropriated funds require certification, and incorporates records retention guidance from former paragraph 330706.	Addition
330502	Added policy to specify that certifying officers certify payments “to,” not “for” or “on behalf of,” disbursing officers (DOs).	Addition
330503	Added certification of files of payments (“batch certification”).	Addition
330506	Added the impact of altering a certified voucher and includes a provision that post payment printing and scanning of properly-certified electronic vouchers do not invalidate the original certifications.	Addition
330601	Revised payment review officials.	Revision
330602.A.	Added statutory authority for Government Accountability Office to establish the statistical sampling threshold.	Addition
330602B.1.	Added that management decides the most appropriate time to conduct pre-payment reviews of payment vouchers.	Addition
330603.A.	Incorporated former paragraph 330702 (deleted).	Revision
330702	Added statutory basis for a disbursing or certifying official not being pecuniarily liable for payment or certification of a voucher not audited specifically because of an approved random sampling procedure.	Addition

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*CHAPTER 33

CERTIFYING OFFICERS, DEPARTMENTAL ACCOUNTABLE OFFICIALS, AND REVIEW OFFICIALS

3301 GENERAL

*330101. Overview

The Department of Defense (DoD) recognizes the difficulty of any single official exercising direct personal control over all aspects of each business transaction. Therefore, DoD relies on automated systems and accountable officials to ensure accountability of government funds including the accuracy, propriety, and legality of every payment. An accountable official is a member of the United States (U.S.) Armed Forces or DoD civilian employee to whom public funds are entrusted or who participates in the process of certifying vouchers for payment in connection with the performance of government business. Accountable officials include disbursing officers (DOs), deputy disbursing officers (DDOs), cashiers, imprest fund cashiers, change fund custodians, paying and collection agents, certifying officers, and departmental accountable official (DAOs). This chapter addresses certifying officers and DAOs. Certifying officers are accountable officials who ensure transactions are processed by all responsible officials, are properly documented and computed correctly according to source documents, and correct and proper for payment. DAOs are accountable officials that provide information, data, or services that certifying officers rely on to certify vouchers.

330102. Purpose

This chapter addresses the selection, appointment, responsibilities, and qualifications for certifying officers; certification of vouchers for payment; DAOs; random review of disbursement vouchers; and pecuniary liability.

*330103. Statutory Basis

A. Certifying Officers. Under Title 31, United States Code (U.S.C.), Section ***3325(a)(1) and (b)***, a DoD disbursing official may disburse money only as provided by a voucher certified by the Secretary of Defense (SecDef), an officer or employee of the DoD, or member of the U.S. Armed Forces having written authorization from the SecDef to certify vouchers.

B. Departmental Accountable Officials (DAOs). Under ***10 U.S.C. 2773a***, the SecDef may designate any DoD civilian employee or member of the U.S. Armed Forces under the Secretary's jurisdiction as a DAO. In the performance of their duties, DAOs are responsible for providing certifying officials with information, data, or services that are directly relied upon by the certifying officer in the certification of vouchers for payment.

3302 POLICY

*330201. Authority to Appoint

DoD Directive 5118.03 delegates authority to appoint certifying officers under 31 U.S.C. 3325(a)(1) and (b), and DAOs under 10 U.S.C. 2773a to the Under Secretary of Defense (Comptroller) (USD(C)). This volume re-delegates that authority to DoD Component Heads, who may further re-delegate that authority. See Chapter 1 for policy on who may be appointed to positions of accountability to the U.S.

A. Based on the separation of duties principles cited in Chapter 1, DOs, their deputies, and agents may neither be appointed as, nor appoint certifying officers for payments they will eventually make. See subparagraph 330301C for conditions that may require deviation from normal separation of duties requirements.

1. DOs and DDOs may certify cover vouchers supported by properly certified subvouchers; see Chapter 11.

2. Where a DO supervises separate computation and disbursing functions, persons in the computation section may be certifying officers. In limited situations (e.g., afloat units, noncombatant evacuations, contingency operations, training exercises), disbursing office personnel may be appointed as certifying officers. Make these appointments through command channels, excluding the DO, and describe the circumstances in Item 14 of the appointing ***DD Form 577***, Appointment/Termination Record-Authorized Signature.

B. DoD personnel who may be appointed to certify vouchers for payment include, but are not limited to, commanders, deputy commanders, resource managers and other key fund control personnel, travel authorizing officials, purchase-card and centrally-billed-account (CBA) approving officials, and other personnel in equivalent positions. For example, a traveler's supervisor could be a travel authorizing and a certifying official. See paragraph 330304 for certifying official training requirements and section 3304 for policy on appointments.

* C. The same person may not serve as both a DAO and certifying officer for the same types of payments.

*330202. Certification of Fund Availability vs. Certification of a Payment Voucher

A. Certification of Fund Availability. As key fund control personnel, resource managers must certify fund availability before goods and/or services are ordered based on funding authorizations that allow incurrence of obligations for which the U.S. government will make a payment at some future date (see paragraph 330303). This does not create pecuniary liability consequences under either 31 U.S.C. ***3527*** or ***3528*** (see also paragraph 330701), but may have Anti-deficiency Act implications (see Volume 14).

B. Certification of a Voucher for Payment. This is an attestation by a properly appointed and trained certifying officer that a voucher is correct and proper for payment. Such a certification normally occurs before payment, but may occur simultaneously with receipt of and payment for goods and/or services, particularly in tactical situations. Only persons properly appointed on a DD 577 may make these certifications; see sections 3304 and 3305.

3303 RESPONSIBILITIES

330301. Appointing Authorities

DoD Component Heads or their designees:

A. May appoint certifying officers and DAOs, other than themselves, and terminate appointments when required (see paragraph 330401 and Chapter 1).

B. Oversee the appointees and their execution of the duties described in paragraphs 330304 and 330305.

* C. Must be aware that in cases involving micro-purchases (normally $3,000 or less) in support of overseas contingency operations, to balance mission accomplishment with acceptable risk and cost benefit, it may be necessary to deviate from normal separation of duties and internal control principles required by Chapters 1 and 2, and the policy in subparagraph 330201C. Deviations are at the discretion of the commander, who must be aware of the increased possibility of the risk of errors, theft, and fraud that may result from the merging of payment certification responsibilities with other functions. Because such mergers may compromise internal controls, commanders must make every effort to mitigate these risks. Post-payment reviews, rotation of duties, and reviews of financial data and reports by management or external resources are tools available to mitigate these risks.

D. Implement controls to effect timely appointment terminations.

330302. Supervisors

Supervisors ensure that subordinate certifying officers and DAOs are trained in their responsibilities, including initial training and refresher training annually (see subparagraph 330304A); periodically review their performance to ensure compliance with established regulations, policies, and procedures, including local standard operating procedures; review appointments annually for validity and current status, and make appropriate recommendations for change to appointing authorities.

330303. Key Fund Control Personnel

Resource or other key fund personnel maintaining a system of funds control, are responsible for certifying fund availability, and assignment of proper funding citations on commitment and obligating documents. A certification of fund availability is not a certification for payment (see paragraph 330202 and Volume 14).

330304. Certifying Officers

A. Qualifications. Certifying officers:

1. Must have knowledge of the subject matter, background, or experience in the preparation of a voucher for payment; appropriations and other funds and accounting classifications; and the payment process (e.g., location of designated paying and accounting offices). See paragraph 330202.

* 2. Must complete an approved Certifying Officer Legislation training course applicable to their mission area within two weeks of their appointment and refresher training annually, and provide proof of completion to their supervisor. Evidence of having completed this training is required prior to performing as a certifying officer. On-the-job training is not acceptable.

3. Should read the Treasury ***publication***, "Now That You're a Certifying Officer."

B. Responsibilities. Certifying officers must satisfy themselves that, under Treasury Financial Manual, Volume 1, Part 4A, ***Chapter 2070***, the automated and manual processes supporting their voucher certifications:

1. Check the accuracy of facts stated on a voucher and in supporting documents and records, and may rely on data received from reliable automated systems that have been certified as compliant with the Federal Financial Management Improvement Act (FFMIA) (see Volume 1, Chapter 3);

2. Verify the accuracy of computation of a voucher before certification;

* 3. Determine the legality of a proposed payment from the appropriation or fund cited on the voucher (see Chapter 1 for policy on prohibited payments);

4. Ensure there is a legal obligation to pay (e.g., a contract);

5. Ensure the payee has fulfilled the prerequisites to payment (e.g., an invoice, receiving report, approved travel claim);

6. Ensure the payment is legal under the appropriation or fund involved (e.g., the correct appropriation and fiscal year);

7. Seek advance decisions on questionable vouchers; see Chapter 12;

8. Repay a payment:

a. Determined to be erroneous (i.e., illegal, improper, or incorrect) due to an inaccurate or misleading certification;

b. Prohibited by law; or

c. Not a legal obligation of the fund or appropriation cited; unless the payment is recovered by collection or offset from the payee or another source, (e.g., collected from a DAO or relief is granted under subsections (b) or (c) of 31 U.S.C. 3528; also see Chapter 6);

9. Respond timely to a reviewing official's questionable-payment inquiry.

10. Include the payee's Tax Identification Number (TIN) (for businesses) or Social Security Number (SSN) (for individuals).

C. See paragraph 330701B for pecuniary liability implications.

*330305. Departmental Accountable Officials (DAOs)

A. DAOs are responsible in the performance of their duties to provide certifying officers with information, data, or services to support the payment certification process. They have unique mission area responsibilities that require supervisors and appointing officials to not only decide if DAO appointments are required, but also define clearly each DAO's functions. Appointment of DAOs in not mandatory; examples of persons whose duties could be considered as appropriate to support their being appointed as DAOs include, but are not limited to, receiving officials, contracting officers, personnel who make payment eligibility determinations, time and attendance personnel, and travel approving officials. Consider personnel in the following areas for appointment as DAOs:

1. Purchase Card Program. Approving officials may be appointed as certifying officers with the additional responsibilities outlined elsewhere in this chapter, for assigned accounts. Other personnel may be appointed as DAOs. See Volume 10.

2. Contract and Vendor Pay. See Volume 10, Chapter 23.

3. Centrally Billed Accounts (CBAs). See Volume 9, Chapter 3.

4. Personnel Programs. Personnel officers ensure accurate and timely input of personnel data supporting payments.

a. Military Pay. See Volume 7A.

b. Civilian Pay. See Volume 8.

c. Travel. See Volume 9.

B. DAOs must complete approved training applicable to their mission areas within two weeks of their appointment, refresher training annually, and provide a printed copy of their training completion certificate to their supervisor. Evidence of having completed this training is required prior to performing as a DAO. See subparagraph 330201A for appointment eligibility, and subparagraph 330701C for pecuniary liability implications.

330306. Payment Review Officials.

See paragraph 330601.

330307. Automated Information System (AIS) Administrators.

In addition to other responsibilities, AIS administrators operate and maintain automated system(s) that support the entitlement, certifying, and disbursing processes so that these system(s) operate in accordance with prescribed functional requirements so that the integrity of the data is maintained and unauthorized access is prevented. They must also ensure that the systems they administer are certified as compliant with the FFMIA; see Volume 1, Chapter 3.

3304 DEPARTMENT OF DEFENSE (DD) FORM 577

330401. Appointment and Termination.

Appointing authorities (see paragraph 330301) appoint and terminate the appointments of certifying officers and DAOs using DD 577 identifying, as necessary, the types of payments to be certified (e.g., vendor pay, purchase card, CBAs, travel, transportation, military and civilian pay) and, if appropriate, the entitlement system(s) involved. Avoid the term "various" and similar generalities when identifying types of vouchers to be certified. Include the reviewing official's organization on the appointment if desired. The effective date of an appointment (Item 12) may not be earlier than the date of the appointment (Item 4).

* A. Include the appointee's DoD Identification Number (employee number for direct-hire, non-U.S. citizen outside the U.S.), name, organization, and position. Limit access to any personally identifiable information (PII) to only those who require it in the performance of their duties and control it following the Privacy Act of 1974 (***5 U.S.C.552***).

B. When appointing employees outside the U.S. who are precluded by local law, treaty, or status of forces agreement from being held pecuniarily liable to the U.S. (see Chapter 1), make an appropriate comment in Item 14.

* C. Appointees acknowledge their appointment in Section III; they may not re-delegate their appointed authority.

* D. Appointments remain in force until terminated by an appointee's reassignment or for cause. An appointing authority's reassignment does not affect existing appointments.

E. Certifying officers who certify vouchers electronically, (e.g., Defense Travel System), must submit the DD 577 electronically, satisfying the requirements in Chapter 1.

F. Certifying officers who certify manual vouchers or submit manual certifications of electronic payments must submit original, manually-signed DD 577s (see subparagraph 330402.A.1).

* G. These forms cannot be amended. Pen-and-ink changes are not authorized. Any change (e.g., to alter the types of vouchers to be certified) requires termination of the existing and preparation of a new appointment.

* H. Terminate appointments using Section IV and advise the agencies that received copies of the original appointments.

330402. Distribution

* A. Certifying Officer Appointments. Ensure the training required by paragraph 330304B2 is complete before submission.

1. Payments Certified to DFAS DOs. Send the form to the DFAS-IN DO (secure e-mail ***dfas-incddd577@dfas.mil***) following that office's guidance. Forms sent as attachments to secure e-mails must be copies of original DD 577s, not "copies of copies."

2. Payments certified to non-DFAS DOs. Send the form following the paying DO's instructions.

3. Immediate payment. Fax or email a signed copy of the form to the appropriate DO. Follow up with a normal submission.

B. DAO Appointments. Appointing authorities ensure completion of the training required by paragraph 330305, keep the signed original DD 577s, and send copies to the offices that certify vouchers. Offices and organizations that rely on DAOs must establish and implement mechanisms for identifying and facilitating communication with them.

* C. Appointment Terminations. Use Section IV to terminate appointments, and send copies to all recipients who received copies of the original appointments.

*330403. Retention Requirements

Keep DD 577 copies for six years and three months after appointment termination; except for transactions affecting Foreign Military Sales (FMS) for which the retention period is ten years following case closure (see Chapter 21 and Volume 15, Chapter 6).

3305 CERTIFICATION

*330501. General

All payments from appropriated funds must be certified (excludes intra-governmental; see the Government Accountability Officer's (GAOs) Policy and Procedures Manual for Guidance of Federal Agencies, ***Title 7, Section 6.5A***. Certifying officers review payment vouchers before certification and submission to DOs for payment to ensure that the information on the vouchers agrees with all supporting documentation. See Chapter 11 for voucher certification requirements and Chapter 21 for records retention policy. Make supporting documentation available for review by authorized personnel for six years and three months after voucher payment (ten years following cash closure for FMS payments).

*330502. Effect of Certification

Certifying officers certify to, not "for" or "on behalf of," DOs or their agents that vouchers are correct and proper for payment from the appropriation(s) or other funds cited on them or on supporting vouchers, and that the proposed payments are legal, proper, and correct (see subparagraph 330304.B.6). They may certify either individual vouchers or a file of several vouchers; see subparagraph 330503. Manual certifications require the certifying officer's signature and typed or printed name, date, and dollar amount. See Chapter 1 for electronic signature requirements. Submit manually certified vouchers to the disbursing office by mail or fax.

*330503. Certification of a File of Payments (Batch Certification)

Batch certification attests that a file contains a specified number of payments totaling a specific dollar amount equal to the total of vouchers contained in the file and that each voucher in the file has been certified as correct and proper for payment. Pecuniary liability attaches to the original certifying officer for each payment. The person that certifies the file is pecuniarily liable for vouchers in that file not previously individually certified. Once a file is input, a DO processes each payment separately.

330504. Successive Certification

An authorized certifying officer may certify a hardcopy voucher and changes to it before disbursement. More than one certifying officer may be involved with a given payment; this is known as "successive certification." When this occurs, the successive certifying officer(s)' actions do not diminish the responsibility of the officer who certified the original voucher. If the officer who certifies an additional related voucher differs from the one who certified the original, the first certifying officer is pecuniarily liable for the correctness of the original voucher and the successive certifying officer is pecuniarily liable only for the additional voucher(s). If a voucher is certified and then changed (e.g., to take a discount, add interest penalties), the certifying officer certifying the legality, propriety, and correctness of the changes is pecuniarily liable for only the payments based on those changes.

330505. Foreign Military Sales (FMS) Transactions

Persons who certify FMS Trust Fund vouchers for payment obtain Expenditure Authority (EA) before certifying them. They request EA, either by contacting the Director of Security Cooperation Accounting at DFAS-IN or drawing the EA interactively from the Defense Integrated Financial System in the same calendar month of the intended payment. If obtaining the EA and the payment do not occur in the same month, return the original EA and request EA in the next month. Failure to obtain EA before disbursement is subject to reporting and disciplinary requirements in Volume 14.

*330506. Altering a Certified Voucher

Altering a certified voucher invalidates the certification. A DO who determines that a certified payment voucher is improper must return it for correction and a new certification. However, post payment printing and scanning of paid vouchers that were properly certified electronically do not invalidate the original certifications.

3306 RANDOM REVIEW OF DISBURSEMENT VOUCHERS

*330601. Payment Review Officials

Payment review officials are not subject to pecuniary liability since they are not in accountable positions. State their responsibilities in their position descriptions and performance standards, or appoint them by means other than a DD 577.

330602. Examination Requirements

* A. General. Title 7, of the GAO Manual, which implements ***31 U.S.C. 3521(b)(1)***, requires pre-payment examination of payments over $2,500. (See paragraph 330603 for payments of $2,500 or less.) Various publications provide guidance on statistical sampling methods for pre- and post-payment reviews (e.g., Government Accountability Office (GAO) report ***GAO/AIMD 21.3.2***, May 2000, Streamlining the Payment Process While Maintaining Effective Internal Control; Office of Management and Budget Circular A-123, Management's Responsibility for Internal Control, and ***Appendix C***, Requirements for Effective Measurement and Remediation of Improper Payments. GAO reports and publications provide examples of statistical sampling applications in the pre- and post-payment phases, but no single procedure is appropriate for every type of disbursing system. The appropriateness of these reviews depends largely on the extent of automation of the system that computes and processes payments. Fully automated systems that perform reviews of all records through extensive edit checks and balances before payment is made essentially replace manual invoice process and examination procedures.

B. Pre-payment Reviews

* 1. Pre-payment reviews may occur any time before payment and are subject to management's judgment of the most appropriate stage in the voucher-preparation process for their conduct. These reviews ensure that vouchers are substantiated by documentation for lawful and proper payment. Under manual processing systems, they include verification of accuracy of computation. These requirements include ensuring that:

a. Payments are allowed by law and regulation.

b. Payments are authorized and approved for payment.

c. Requests for payment are supported by basic documents.

d. Payee identification is correct.

e. Manual calculations are correct and data are input correctly to automated computation systems.

f. Proper accounting classifications are charged (i.e., supported by a proper obligating document).

g. Funds are available to support disbursements.

h. Any required special certificates or receipts are attached to the disbursement documents.

i. Duplicate payments are prevented through proper manual or automated edits and checks.

2. Pre-payment review officials who determine that proposed or actual certified payments are of questionable legality, propriety, or correctness must send inquiries to the certifying officers challenging the decision to certify these payments, and keep files of these inquiries or those received from other sources. Inquires must be resolved within 30 days.

C. Post-Payment Reviews. See Volume 10.

330603. Statistical Sampling Plans

* A. DoD Components may use statistical sampling plans for vouchers not exceeding $2,500. Agencies must establish their own dollar limitations within that maximum based on cost/benefit analysis of their voucher examining operations. If a certifying official uses an approved pre-payment statistical sampling procedure and reviews only those vouchers selected in the sample as a basis for certification, he or she identifies the vouchers selected for

review. If a DoD Component determines that an alternate voucher-examining plan is required, it sends a written request through Director, DFAS to the (USD(C)) for approval under paragraph 330603C. The request must identify the reason for the alternate plan to include a description of the plan, alternate procedures for statistical sampling, and a business case that indicates savings without jeopardizing the Government's interest.

B. Sampling plans must be statistically valid and adhere to technical guidelines in professional texts and publications (both Federal and non-Federal) on the subject. Include in the sampling plans the purpose, scope, frequency of the review, a definition of the population from which the sample will be selected, the sample size and element selection method, procedures to analyze results of the sampled records, and methods to document and report the results of the sample review. Sampling plans require review and approval (or in most cases, original preparation) by qualified statisticians before submission for final approval. Review and update them periodically to ensure they reflect the most recent occurrence rate trends and allow for population estimates within predetermined sampling probability and precision levels.

C. The Director, DFAS, or designee approves statistical sampling plans for payment vouchers processed by DFAS DOs and ensures implementation of these plans at locations for which DFAS is responsible. The USD(C) approves statistical sampling plans for other DoD Components whose officials ensure implementation of these plans.

3307 PECUNIARY LIABILITY

330701. Presumption of Negligence

Certifying officers and DOs, but not DAOs, are pecuniarily liable automatically when there is a fiscal irregularity based on the "presumption of negligence" (***28 U.S.C. 2512*** and 31 U.S.C. 3527). A fiscal irregularity is either a physical loss of cash, vouchers, negotiable instruments, or supporting documents, or an erroneous (i.e., illegal, improper, or incorrect) payment. Physical losses generally apply only to DOs and their agents. To gain relief of liability, certifying officers and DOs must prove that they were neither negligent nor the proximate cause of the irregularity. See Chapter 6 for policy concerning liability and relief of accountable officers.

A. Disbursing Officers. Under 31 U.S.C. 3325 and other applicable law, DOs are pecuniarily liable for payments not in accordance with the vouchers certified to them for payment, and for errors in their accounts. DOs who make payments in accordance with certifications of properly appointed certifying officers may be relieved of their liability.

B. Certifying Officers. Under 31 U.S.C. 3528 and other applicable law, certifying officers are pecuniarily liable for payments resulting from improper certifications.

C. Departmental Accountable Officials. DAOs are not subject to the presumption of negligence, but may be held pecuniarily liable under 10 U.S.C. 2773a(c) for illegal, improper or incorrect payments resulting from information, data, or services they negligently provide to certifying officers; and upon which the certifying officers relied to certify payment vouchers. Any pecuniary liability of DAOs for losses to the U.S. resulting from illegal, improper, or incorrect payments may be either individual or joint and several with that of other officers or employees of the U.S. or members of the uniformed services who are also pecuniarily liable for those losses.

*330702. Erroneous Payments under Random Sampling Procedures

Under ***31 U.S.C. 3521(c)***, certifying officers and DOs who pursue diligent collection action are not pecuniarily liable for payments on vouchers in a population of vouchers subject to sampling but not reviewed. See Chapter 6 in the case of a fraudulent or suspected fraudulent payment.

VOLUME 5, CHAPTER 34: "FINANCIAL INSTITUTIONS ON DOD INSTALLATIONS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by *bold, italic, blue and underlined font*.

The previous version dated March 2013 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
340403.B.1 – 340403.B.4	Update the mailing information for the Army, Navy, Air Force and Marine Corps Worldwide Military Locator Services.	Update

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CHAPTER 34

FINANCIAL INSTITUTIONS ON DOD INSTALLATIONS

3401 OVERVIEW

340101. Purpose

This chapter implements ***DoD Instruction 1000.11***, "Financial Institutions on DoD Installations," codified in ***Title 32, Code of Federal Regulations, Part 230***, and prescribes guidance governing the establishment, support, operation and termination of banks and credit unions operating on Department of Defense (DoD) installations worldwide, to include Military Banking Facilities (MBFs). 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, consistent support.

340102. Applicability

In addition to the DoD Components cited in Chapter 1, this chapter applies to the Uniformed Services University of the Health Sciences, all DoD nonappropriated fund instrumentalities including the Military Exchange Services and morale, welfare and recreation (MWR) activities, and all other organizations within DoD.

3402 POLICY

The policy pertaining to financial institutions operating on DoD installations is contained in ***DoD Instruction 1000.11*** and in section 3404, "General Policy Provisions."

3403 RESPONSIBILITIES

340301. The Under Secretary of Defense (Comptroller)

The Under Secretary of Defense (Comptroller) (USD(C)) shall develop and monitor policies governing establishment, operation, and termination of financial institutions on DoD installations.

340302. The Under Secretary of Defense (Acquisition, Technology and Logistics)

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)

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 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 DoD 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 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) 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***, "International Agreements."

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 in accordance with this guidance. 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.

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 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 Figure 34-1.

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 5500.07***, "Standards of Conduct."

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 Instruction 1327.06,*** "Leave and Liberty Policy and Procedures" and ***DoD Instruction 1400.25, Volume 630***. "DoD Civilian Personnel Management System: Leave".

340306. The Commanders of the Combatant Commands 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. Commanders of Major Commands and Subordinate Installation Commanders shall: The Commanders of the Combatant Commands 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, 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 5500.07***.

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 Instruction 1327.06*** and ***DoD Instruction 1400.25, Volume 630***.

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.

I. 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 technologies or establish new business lines (e.g., in-store banking) where the respective DoD Component has determined that the offering of such services is warranted.

J. 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)/CFO, through the Director, DFAS, before notifying the appropriate regulatory agency.

3404 GENERAL POLICY PROVISIONS

340401. Financial Institutions on DoD Installations

In accordance with ***DoD Instruction 1000.11***, 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.

A. Except in limited situations overseas, 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.

B. MBFs shall be established on DoD installations only when a demonstrated and justified need cannot be met through other means. The provisions for the Department of the Treasury to establish MBFs are contained in ***12 U.S.C. 265***. 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. During mobilization, it may become necessary to designate additional MBFs as an emergency measure. The Director, DFAS, may recommend the designation of MBFs to the Department of the Treasury.

C. 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 and credit union liaison officer prior to the commander's consideration.

D. 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 ***DoD Instruction 1000.11*** or this chapter. The DoD Components shall rely on commercially available sources in accordance with ***DoD Directive 4100.15***, "Commercial Activities Program."

E. Installation commanders shall not seek the provision of financial services from any entity other than the on-base banking office or credit union.

F. 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.

G. Nonappropriated fund instrumentalities (including MWR activities and the Military Exchange Services) that desire and are authorized to provide accommodation exchange services 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 the customer rate available at the MBF.

340402. 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.

340403. Central Locator Services

Military locator services shall be provided per the guidelines in Figure 34-1.

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 Instruction 1344.09***). 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).

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 and separated personnel, financial institutions may telephone (502) 613-4400 or write to:

Department of the Army
U.S. Army Human Resources Command
Attn: AHRC-FOI
1600 Spearhead Division Ave.
Fort Knox, KY 40122-5504

* 2. For addresses of Navy active, retired and separated personnel, financial institutions may telephone 866-U-ASK-NPC ((866)-827-5672)) or write to:

Navy World Wide Locator
Navy Personnel Command
PERS 1
5720 Integrity Dr.
Millington, TN 38055-3120

* 3. For addresses of Department of the Air Force active, retired and separated personnel, financial institutions may telephone (210) 565-2660 or write to:

Air Force Personnel Center
HQAFPC/DS1W
550 C Street West
Randolph AFB, TX 78150-4752

* 4. For addresses of United States Marine Corps active, retired and separated personnel, financial institutions may telephone or write to:

Active	Retired/Separated
U.S. Marine Corps	U.S. Marine Corps
HQMC Code MMSB	HQMC Code MMSR
2008 Elliot Road	3280 Russell Road
Quantico, VA 22134-5030	Quantico, VA 22134-5103
(800) 268-3710	(703) 784-9304/5

340404. 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*** 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.

340405. Service

On-base financial institutions are encouraged to install Automated Teller Machines (ATMs) at those installation(s) on which they are located.

A. 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 paragraph 340401.

B. 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.

C. ATM approval authority is as follows:

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.

D. The availability of ATM service shall not preclude the later establishment of a banking office should conditions change on an installation.

E. Proposals by an installation commander to install ATMs on domestic installations from other than on-base financial institutions, including the Military Exchange Services, MWR 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, 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 non-accountholders) shall receive preference.

F. 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 bona fide 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.

340406. 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.

340407. 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***.

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.

340408. 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.

340409. 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 uncollectible 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.

340410. Operating Agreements

A. Before operations of an on-base banking office or credit union begin, a written operating agreement (See Figure 34-2) 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) 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 to comply with this Regulation and ***DoD Instruction 1000.11*** (codified in ***Title 32 of the Code of Federal Regulations, Part 231***).

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 DoD 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.

340411. 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 MWR activities or any other organizational entity within DoD.

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). 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 Instruction 1344.09***, "Indebtedness of Military Personnel").

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.

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 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.

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 Chapter 5.

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, 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 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, to publication in ***FedBidzOpps*** and financial institution trade journals as outlined in 340503.A.3) 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 ***FedBizOpps*** 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 Figure 34-2, paragraph 3, 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 paragraph 340503.

340505. Use of Space, Logistical Support, and Military Real Property for Domestic Banks Land Leases

A. Lease Terms

1. The consideration for a lease shall be determined by appraisal of fair market rental value in accordance with ***10 U.S.C. 2667***. 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. 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, intra-station 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 the Unified Facilities Criteria and Unified Facilities Guide Specifications (***MIL-STD-3007F***), 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 the Unified Facilities Criteria and Unified Facilities Guide Specifications (***MIL-STD-3007F***).

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 ***DoD Instruction 7700.18***, "Commissary Surcharge, Nonappropriated Fund (NAF), and Privately Financed Construction Reporting Procedures."

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 the Unified Facilities Criteria and Unified Facilities Guide Specifications (***MIL-STD-3007F***).

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

Each installation commander having an on-base banking office shall appoint a Bank Liaison Officer (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 uncollectible checks, overdrawing accounts, or defaulting on loans (within the guidelines of Figure 34-1) 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. Space shall be granted by the installation commander through a lease to the banking institution that will provide in-store service. The selection process must ensure 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. Consistent with DoD Component delegation, the final decision to solicit for an in-store banking office rests with the installation commander. 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. Close coordination among all cognizant DoD organizations is essential throughout the selection process.

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, 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).

340510. Domestic Military Banking Facilities

A. <u>Domestic Military Banking Facilities (MBF) Establishment</u>

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 ***12 U.S.C. 265***.

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 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. 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.

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 (1) the banking and currency control laws of certain host countries do not permit MBFs to operate on DoD installations or (2) 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.

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 the Unified Facilities Criteria and Unified Facilities Guide Specifications (***MIL-STD-3007F***).

(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***, "DoD Housing Management."

d. Education, on a space-available, tuition-paying basis, provided by the DoD Education Activity to minor dependents of assigned staff.

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, intra-station 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 5101.11E***, "DoD Executive Agent for the Military Postal Service (MPS)." 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 in 340603.A.

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.

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.

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 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, 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. 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 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 or Federal Land:

1. Criteria governing the assignment of space and construction of new space for credit unions are in the Unified Facilities Criteria and Unified Facilities Guide Specifications (***MIL-STD-3007F***).

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. The cumulative total of space furnished shall be subject to the limitations of the Unified Facilities Criteria and Unified Facilities Guide Specifications (***MIL-STD-3007F***).

a. The furnishing of office space and/or land (including ATM placement) to on-base credit unions is governed by the Federal Credit Union Act (***12 U.S.C 1770***). Notwithstanding any other provision of law, upon application by any credit union, the provision of no-cost federal office space or no-cost land lease is for a period not to exceed 5 years. This is limited to credit unions if at least 95 percent of the membership to be served by the allotment of space or the facility built on the lease land 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 and/or land. This statement shall be prepared on the credit union's letterhead and signed by either the chairman of the board of directors or the president. A certification shall also 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 and/or the free lease of land. The statement shall be updated every 5 years and on renewal of each no-cost permit or license. (See Figure 34-3 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. 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.

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 intra-station 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, 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 be provided a no-cost land lease, if they meet the 95 percent criterion established in subparagraph 340704.A.2.a. Credit unions not meeting the 95 percent criterion shall enter into a land lease in accordance with subparagraph 340704.A.2.b and paragraph 340506.

340706. Construction

Credit unions constructing a building on a DoD installation shall do so in accordance with paragraph 340507.

340707. ATM Service

Credit unions offering ATM service shall do so in accordance with paragraph 340405.

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, 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, 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

When a credit union office is located on an installation, the commander shall appoint a Credit Union Liaison Officer (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).

340710. In-Store Banking

In-store banking services may be provided in accordance with paragraph 340509, 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*** et seq.).

3408 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, 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 the Unified Facilities Criteria and Unified Facilities Guide Specifications (***MIL-STD-3007F***).

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 DoD Education Activity to minor dependents of assigned staff.

D. Utilities (i.e., electricity, natural gas or fuel oil, water and sewage), heating, intra-station 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 5101.11E***. The use of free IDS is authorized for all routine mail sent and received between APOs and 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 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 the customer rate available at 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.

Figure 34-1: Guidelines for Application of the Privacy Act to Financial Institution Operations

1. The following guidelines govern the application of ***DoD Directive 5400.11*** to those financial institutions that operate under this Regulation:

A. Financial institutions and their branches and facilities operating on Department of Defense (DoD) military installations do not fall within the purview of ***5 U.S.C. 552*** et seq.

1. 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)).

2. These financial institutions are not "government contractors" within the meaning of 5 U.S.C.552a(o), 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 Guidance***, 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.

3. Since the Act does not apply to them, these financial institutions are not required to comply with 5 U.S.C. 552a(e)(3) 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.

B. 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***. 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.

C. 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:

Figure 34-1: Guidelines for Application of the Privacy Act to Financial Institution Operations (Continued)

> 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.

D. Even though an agreement described in subsection A.3, above, has not been obtained, DoD 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 ***5400.07***. 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.

E. 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 DoD 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.

2. 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.

Figure 34-2: 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 Instruction 1000.11, "Financial Institutions on Military Installations;" and Volume 5, Chapter 34 as codified in Title 32 of the Code of Federal Regulations; 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

Figure 34-2. Sample Operating Agreement Between Military Installations and Financial Institutions (Continued)

(3) Maintaining savings accounts and (any other interest-bearing 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 are 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 interest-bearing accounts offered by the banking institution

(3) Currency and coin for change.

4. Service charges shall be as follows:

a. Service for Individuals

Figure 34-2. Sample Operating Agreement Between Military Installations and Financial Institutions (Continued)

(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 non-accountholders 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 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.

Figure 34-2. Sample Operating Agreement Between Military Installations and Financial Institutions (Continued)

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, intra-station 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 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.

d. The local commander shall determine the recurring/frequency requirement for installation access and issue the appropriate installation and/or facility access credential consistent with local security requirements using Government authoritative databases for vetting purposes, as prescribed in ***Directive-Type Memorandum 09-012,*** Interim Policy Guidance for DoD Physical Access Control.

Figure 34-2. Sample Operating Agreement Between Military Installations and Financial Institutions (Continued)

7. Termination of this Agreement shall be consistent with the termination provision of the real property lease and Volume 5, Chapter 34. 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 offices, have hereunto set their hands this day of *(month, day, year).*

_____	_____
FINANCIAL INSTITUTION OFFICIAL	INSTALLATION COMMANDER

Figure 34-3: Sample Certificate of Compliance for Credit Unions

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 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)

VOLUME 5, APPENDIX A: "CASH VERIFICATION"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated August 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Update hyperlinks and references	Update
A00102.A&B	Add the information requiring the examination of inventoried Stored Value Cards and Debit Cards.	Add
A00102.F	Delete Chapter 26 as a reference regarding "Safekeeping Deposits". Chapter 26 has been deleted.	Delete
A00216	Delete this paragraph and related sections (A thru G) that make reference to the ATM system and requirements directed or referenced by Chapter 26. Chapter 26 has been deleted and the ATM systems are no longer in operation. Renumber subsequent paragraphs.	Delete

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CASH VERIFICATION

A001 CASH VERIFICATION TEAM PROCEDURES

A00101. Nature and Time of the Verification

Chapter 3 of this volume requires that at least once during each calendar quarter a cash verification team conduct a surprise verification of the cash and other assets under the accountability of the disbursing officer (DO). Generally, it is not practical to verify cash on days involving unusually high volumes of disbursing transactions. The cash verification team ensures that the DO and his or her agents are given neither formal nor informal advance notification of the intent to conduct the verification. Verification scheduling should be random to ensure it does not predictably fall during a particular time period each quarter. If an audit of the DO's accountability has been conducted by transfer of account or if component investigative or audit agencies have conducted a verification during any given quarter, the commander may elect to omit a separate cash verification for that quarter. If such a determination is made, then the cash verification team prepares a written statement for the commander's signature specifying the circumstances for the determination.

A00102. Verification Procedures

A. General. Immediately upon arrival, the cash verification team presents a copy of its letter of appointment and, with continuous presence of the DO or a deputy, assumes control over all cash and other assets in the DO's accountability. If access is refused, the verification team leader immediately notifies the commander. Each custodian of public funds prepares a Department of Defense (DD) ***DD Form 2665*** (Daily Agent Accountability Summary) and the DO prepares a ***DD Form 2657*** (Daily Statement of Accountability) for the close of business of that day and turns it over to the cash verification team. No custodian of public funds may conduct further business until the cash verification team has completed the count of that custodian's funds and examined the inventory list of Stored Value Cards and Debit Cards. See Chapter 17 of this volume. Normally, the duty cashier's funds are verified first 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 are secured and their contents 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 verifies the amounts shown on custody receipts either by telephone with the accountable person, examination of the permanent file of cash verifications and certification held by the disbursing office, or any other means available to complete the verification. The verification team notes actions taken and any limits to the verification in the report. If any agent's cash accountability is not physically verified when the DO's cash accountability is verified, no quarterly verification of agent cash is considered to have been made. Verify documents representing unvouchered expenditures by

determining that checks were issued to designated payees or that the signatures on cash receipts are authentic. Examine undeposited checks to ensure that they are negotiable instruments the DO is authorized to exchange for cash and that checks received as collections are maintained separately from those checks received in accommodation exchange transactions. Verify that the DO deposits receipts daily, or if daily deposits of less than $5,000 are impractical, that receipts are accumulated until the total reaches $5,000 and then deposited, but verify that deposits are made by Thursday of each week, regardless of the amount accumulated. See Chapter 5 of this volume. Inventory both blank checks working stock and bulk storage to ensure that all check issues have been properly reported. Where roll stock of blank checks is used, conduct the inventory by recording the ending number from the reels and not by unrolling of the reel, which could destroy the stock. Examine voided and spoiled checks held by the DO pending local destruction to ensure they are properly defaced and stored in authorized containers. Inventory undelivered checks to ensure that none are missing, none exceed the time limit to be held, and all are properly safeguarded. See Chapter 8 of this volume. In addition, examine the inventory list of Stored Value Cards and Debit Cards being held, and verify that they are properly safeguarded. See Chapter 17 of this volume.

C. Authorizations and Records. Compare amounts of cash held at personal risk by the DO and his or her agents to the authorization to hold such cash, as indicated by the commander's signed letter. See Chapter 3 of this volume.

D. Imprest and Change Funds. Members of the cash verification team verify imprest and change funds at least once each quarter. This may be simplified by appointing an individual rather than a team. Accomplish these verifications by totaling all receipts and counting all cash to prove the total shown on the cash receipt held by the DO. Investigate and document on the cash verification report any receipts for cash advanced by the imprest fund cashier more than five days old if not redeemed before the report is issued. Change fund accountable individuals certify in writing that their funds are intact at the time of the cash verification. Change fund verification consists of verifying that the cash drawer contains the amount shown on the change fund documentation, after adjusting for any sales proceeds or receipts on the day of verification. Verifications of both imprest fund cashiers and change fund custodians ensure that none of the funds include personal checks from the cashier/custodian, any of their supervisors, or the individual charged with accountability for the funds. See Chapter 2 of this volume.

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 inserts 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 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 verifying the DO's cash accountability, the cash verification team verifies all safekeeping deposits and the postal stamp funds (if applicable) with procedures in Chapter 27 of this volume.

G. Report of Verification. The cash verification team reports all findings in writing to the appointing official immediately upon completion of verification of both official funds and safekeeping deposits. See Chapter 3 of this volume. If the appointing official is not the DO's commander, address the report jointly to the appointing official and the DO's commander so that both receive an original of the verification report. Where safekeeping of personal funds and valuables is authorized and the designated safekeeping custodian is not the DO, send a copy of the report to the safekeeping custodian. Include in the report:

1. The date the verification was conducted;

2. The date of the preceding verification;

3. A statement as to whether or not the DO is in compliance with the safekeeping requirements in Chapter 3 of this volume;

4. 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 such contact was made, include a statement as to whether or not the verified cash accountability of the DO agrees with the DD Form 2657 cash and other asset totals;

5. A list of undeposited checks containing a description of those not handled as prescribed by this volume;

6. A statement as to whether or not the DO is taking timely action to clear debit vouchers, check issue discrepancies, check issue reporting gaps, duplicate payments, forgery recoveries through the banks, and reissue of limited payability check cancellations; and

7. A statement as to whether or not safekeeping deposits verified agreed with safekeeping deposit records.

The cash verification team follows up during the next quarterly cash verification to ensure that deficiencies noted in the previous cash verification report were corrected by the DO and reports the results to the appointing official in the form required by that official. The senior member of the cash verification team ensures that all working papers and correspondence pertaining to the cash verification are maintained as a permanent part of the cash verification team's records.

A002 CASH VERIFICATION TEAM CHECKLIST

A00201. General

Use this checklist as a guide for the cash verification process and to assist in preparing the official report of verification. The senior member of the verification team, in consultation with the DO, determines which checklist items pertain to the DO's operations and operating environment, and notes and explains any deviations or omissions from the checklist in the official report.

A00202. Procedures

The senior member of the cash verification team notifies the DO's immediate supervisor upon its arrival to conduct the surprise verification of cash and other assets.

A. Secure all accessible safes holding DO cash accountability items until their contents are verified.

B. Require the DO to balance the DD Form 2657 and validate amounts reported for items due the United States Government that are included in the balance.

C. Commence the actual count of currency and other assets.

1. Cash

a. Count all currency and coin in the presence of the accountable individual.

b. Count all items representing cash, including exchange-for-cash checks, in the presence of the accountable individual.

c. Verify that cash and receipts held by agents in the disbursing office equal the receipts signed by those agents and held by the DO.

d. In the presence of the accountable individual, count all negotiable instruments representing cash held by the DO awaiting deposit.

2. Other Assets

a. Review and total all receipts for cash held by agents of the DO located outside the disbursing office.

b. Review and total all Standard Form (SF) SF 215s (Deposit Ticket) 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 not reflected in Ca$hLink II. See Chapter 5 of this volume.

c. Review the SF 5515s (Debit Voucher) and the associated dishonored checks, and require the DO to initiate collection action.

d. Review documents for unvouchered expenditures and money lists.

e. Review exchange-for-cash checks in transit. See Chapter 7 of this volume.

f. Review Financial Management Service (FMS) FMS Forms 5206 (Advice of Check Issue Discrepancy) representing overdrafts and underdrafts. See Chapter 9 of this volume.

g. Review actions on previously-reported losses of funds.

h. Verify bank statements and balances of foreign currency held in limited depositary checking accounts. See Chapter 14 of this volume.

i. Verify by actual count the amount of foreign currency against the subsidiary records and the foreign currency reports.

D. Review all vouchers supporting gains and losses on foreign currency transactions. See Chapter 13 of this volume.

E. Review the DO's compliance with the provisions of this volume for cashing personal checks and the collection of dishonored checks. See Chapter 4 of this volume.

F. 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 not held as losses due to accommodation exchanges made by the DO. See Chapter 4 of this volume.

G. Review previous cash verification reports to ensure that repeat deficiencies being reported in the current cash verification report are noted as significant, and advise the commander of action necessary to remedy immediately the deficiencies of the DO.

H. Review maintenance of the ***DD Form 2658*** (Returned and Undeliverable Check/Bond Record), or automated system if used, to ensure the DO attempted to deliver bonds within the prescribed 30-day holding period. See Chapter 23 of this volume.

I. Review maintenance of the DD 2658, or automated system if used, to ensure that no undelivered checks are missing, none exceed the time limit to be held, and all are properly safeguarded. See Chapter 8 of this volume.

J. Verify all undeposited checks in relation to the prescribed frequency and timeliness of deposits. See Chapter 5 of this volume.

K. Compare military payroll vouchers and money lists with related pay accounts to ensure payments are posted to the member's account.

L. 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. See Chapter 3 of this volume.

M. Verify safekeeping deposits, postal funds, postage stamp stock, and postal money order stock, if applicable. See Chapter 27 of this volume.

* N. Inventory and verify the safekeeping of all Stored Value Cards and Debit Cards. See Chapter 17 of this volume.

* O. Inventory all blank checks (both working and bulk stock), examine all voided and spoiled checks pending local destruction, and review check issue discrepancy report.

P. Finalization:

1. Verify totals from the above reviews with the amounts reported on the DD Form 2657.

2. Advise the DO, informally and as appropriate, of any discrepancies or deficiencies noted.

3. Notify the DO's immediate superior and the commander of any deficiencies and advise them that a written report will be prepared.

4. All members of the cash verification team sign and certify the results of the cash verification on the DD Form 2657 or a paper attached to the DD Form 2657.

5. Distribute the cash verification report. See subparagraph A00102.G of this Appendix.

VOLUME 5, APPENDIX E: "RESPONSIBLE OFFICES FOR CLAIMS, ADVANCE DECISIONS, REQUESTS FOR RELIEF OF LIABILITY AND WAIVERS OF ERRONEOUS PAYMENTS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated March 2009 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
	Revises phone number for Relief of Liability	Update

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APPENDIX E

RESPONSIBLE OFFICES FOR CLAIMS, ADVANCE DECISIONS, REQUESTS FOR RELIEF OF LIABILITY AND WAIVERS OF ERRONEOUS PAYMENTS

FUNCTION	RESPONSIBLE OFFICE
CLAIMS	
Military members' pay, allowances, travel, transportation, retired pay, and survivor benefits	Defense Office of Hearings and Appeals Defense Legal Services Agency P.O. Box 3656 Arlington, VA 22203-1995 (703) 696-1876
Amounts collected from transportation carriers for damage or loss of property shipped at government expense	
Federal civilian employees' compensation and leave	Program Manager, Room 7671 Office of Merit Systems Oversight and Effectiveness Office of Personnel Management 1900 E Street NW, Washington, DC 20415 (202) 606-7948
Federal civilian employees' travel, transportation and relocation expenses and allowances	The Civilian Board of Contract Appeals 1800 F Street, NW Washington, DC 20405-0002 (202) 606-8800 FAX (202) 606-0019 www.cbca.gsa.gov
ADVANCE DECISIONS	
Military members' pay, allowances, travel, transportation, retired pay, and survivor benefits	Office of the Secretary of Defense Office of the Deputy General Counsel (P&HP) Room 3B688 1600 Defense Pentagon Washington, DC 20301-1600 (703) 571-9343
Use of appropriated funds	Office of the Secretary of Defense Office of the Deputy General Counsel (Fiscal) Room 3B688 1600 Defense Pentagon Washington, DC 20301-1600 (703) 571-9343
Federal civilian employees' compensation and leave	Program Manager, Room 7671 Office of Merit Systems Oversight and Effectiveness Office of Personnel Management 1900 E Street NW., Washington, DC 20415 (202) 606-7948
Federal civilian employees' travel, transportation and relocation expenses and allowances	The Civilian Board of Contract Appeals 1800 F Street, NW Washington, DC 20405-0002 (202) 606-8800 FAX (202) 606-0019 www.cbca.gsa.gov
RELIEF OF LIABILITY	
Physical loss of funds and erroneous payments	*Relief of Liability Section, Policy and Performance Management, DFAS-NPD/IN 8899 E. 56th Street

FUNCTION	RESPONSIBLE OFFICE
	Indianapolis, IN 46249-0500 (317) 212-8929
WAIVER OF ERRONEOUS PAYMENTS	
Pay and allowances (includes military and civilian employees)	Defense Finance and Accounting Service Indianapolis DFAS-IN Department 3300 (Waiver/Remission) 8899 E. 56th Street Indianapolis, IN 46249-3300
Retired payments	Defense Finance and Accounting Service U.S. Military Retirement Pay PO Box 7130 London, KY 40742-7130 1-800-321-1080
Annuity payments (includes survivor annuity payments)	Defense Finance and Accounting Service U.S. Military Annuitant Pay PO Box 7131 London, KY 40742-7131 1-800-321-1080

VOLUME 5, "GLOSSARY"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated May 2009 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Throughout	Add definitions published in program-specific guidance and amend others related to the disbursing function.	Amend and update

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GLOSSARY

A. Scope

There are references to the United States Code (U.S.C.) throughout this glossary. Please go to ***http://www4.law.cornell.edu/uscode/*** and search the Code for the desired citation.

B. List of Definitions

Accommodation Exchange

* a. The exchange of U.S. Treasury checks or other U.S. dollar instruments for U.S. dollars (i.e., check cashing) for the convenience of authorized personnel.

b. 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.

***Accountable Official**

An Accountable Official is a military member or Department of Defense (DoD) civilian employee to whom public funds are entrusted, or who participates in the process of certifying vouchers for payment, in connection with the performance of government business. May also be referred to as an "Accountable Individual" or "Accountable Officer." Section 3527, Title 31 of the U.S. Code (31 U.S.C. 3527) uses the term "Accountable Official." Examples are "Agent (of a disbursing officer)," "Cashier," "Certifying Officer," "Change Fund Custodian," "Departmental Accountable Official (DAO)," "Deputy Disbursing Officer (DDO)," "Disbursing Officer (DO), "Imprest Fund Cashier," and "Paying Agent," defined elsewhere in this Glossary.

Accounts Receivable Office (ARO)

The ARO is responsible for the recording and reporting of accounts receivable. May also be the office responsible for debt management and collection. In most cases, but not all, it is located at a Defense Finance and Accounting Service (DFAS) site.

Administrative Contracting Officer

An Administrative Contracting Office is a military member or civilian employee of the DoD with authority to administer contracts.

Administrative Hearing

The examination of debt documentation in lieu of an oral hearing conducted by a hearing official authorized to hold hearings for debts being reviewed.

Administrative Offset

The withholding of money payable by the U.S. to or held by the U.S. for a debtor to satisfy a debt the debtor owes the United States. Includes offset from salary (pay).

***Agency Location Code (ALC)**

The ALC is a 3-digit (Regional Finance Centers), 4-digit (Non-Treasury Disbursing Offices), or 8-digit (Treasury Disbursing Offices) identifier assigned by FMS for Treasury reporting purposes. The first 2 digits of the 8-digit ALC identify the department or agency, the third and fourth digits identify the particular bureau within the department, and the remaining 4 digits identify the particular agency account section within that bureau. DoD Disbursing Station Symbol Numbers (DSSNs) are Non-Treasury Disbursing Offices. Therefore, their ALCs begin with four preceding zeros and contain the DSSN after that (e.g., 00001234).

***Agent (of a Disbursing Officer)**

See Cashier, Collection Agent, Change Fund Custodian, Deputy Disbursing Officer, Disbursing Agent, Imprest Fund Cashier, or Paying Agent, as appropriate.

Annuity

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

Approving Official

Person responsible for one or more Government Purchase Card cardholders or for approving travel vouchers using the Defense Travel System (DTS).

Authorized Personnel

Individuals authorized to purchase goods, supplies, and services from facilities controlled or sponsored by the U.S. Government. The term also refers to all military and civilian personnel under the jurisdiction of the DoD, as well as authorized dependents either collocated with sponsors or located at safe haven areas during emergency evacuations.

Automated Information System (AIS) Administrator

The AIS Administrator is an individual responsible for the programming, scheduling or operation of computerized programs, and the maintenance of one or more automated information systems.

Automated Teller Machine (ATM)

An ATM is a 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.

Banking Institution

An entity chartered by a state or the federal government to provide financial services.

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.

Basic Agreement

An intergovernmental agreement negotiated with the government of a friendly nation that states, in general terms, the policies of DoD Directive 5530.3, International Agreements, and authorizes the implementation of those provisions by mutual consent.

Branch Bank

A separate unit chartered to operate at an on-base location geographically remote from its parent banking institution.

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 U.S. 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 U.S. 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.

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.

***Card Acquiring Service**

Through the Card Acquiring Service, the government collects obligations via credit or debit card transactions. The objective of the service is to increase electronic collections received by the government, and process these transactions in an efficient, timely and cost-effective manner.

Cardholder

An individual designated by an agency/activity to be issued a government purchase card and/or government travel card.

Cash Track Web (CTW)

A Treasury-sponsored cash management information collection tool used to interface with the CASH TRACK system, an automated support system used for U.S. Treasury cash management activities. The system:

a. supports the daily conference call between the U.S. Treasury and the Federal Reserve Bank (FRB) New York Open Market Desk,

b. produces the Daily Treasury Statement, a daily cash flow statement of receipts and expenditures of the U.S. Treasury,

c. assists the Office of the Fiscal Assistant Secretary in estimating governmental expenses and receipts, and

d. provides a cash management information collection tool for data such as Daily Transmittals and Large Dollar Notifications (payments and receipts).

***Ca$hlink II**

A Department of the Treasury (Treasury) system developed to assist agencies in reconciling deposit transactions. Receives deposit information, initiates fund transfers, and concentrates daily deposits made through multiple collection mechanisms into the Treasury's account at the FRB. Provides federal agencies with information, via the internet, to verify deposits, automated clearing house (ACH) and Fedwire transfers, as well as, adjustment information used to reconcile their accounts and assists the Treasury in managing depositary services provided by financial institutions and monitoring the cash position of the U.S. government. The Transaction Reporting System (TRS) will replace Ca$hlink II for deposit reconciliation in 2012.

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.

Centralized Offset

The offset of Federal payments through the Treasury Offset Program (TOP).

Certificated Air Carrier

A U.S. air carrier that has been issued a certificate of public convenience and necessity under the provisions of 49 U.S.C. 40101, et seq.

***Certification**

Certification is the act of attesting to the legality, propriety, and accuracy of an item or action, e.g., a voucher for payment; see 31 U.S.C. 3528 and "Payment Certifying Official."

Certifying Officer

An individual appointed in writing to attest to the correctness of statements, facts, accounts, and amounts appearing on a voucher, and certifying that voucher for payment (see "Certification").

Change Fund Custodian

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

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. U. S. 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 a disbursing officer (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.

c. Check Issue Underdraft

1. U. S. 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.

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.

Civilian Pay

Entitlements to DoD civilian employees and is also a functional area within the payment process.

***Close-out**

An accounting determination that occurs upon a decision that further collection actions are futile (e.g., a debtor is released from liability in bankruptcy) or the debt collection office (DCO) does not plan to take any future actions to collect the debt. Applies to public debt only

and may occur concurrently with the write-off of the debt or at a later date depending on the collection strategy and the cost effectiveness of continuing collection action.

Coin

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

***Coalition Forces**

Temporary alliances of nations or factions for a specific purpose, e.g., those engaged internationally in times of conflict or war.

***Collection**

Collection is a vouchered or unvouchered transaction (receipt, reimbursement, or refund) that increases a DO's accountability, but does not apply to acquisition of U.S. and foreign currencies acquired by the U.S. through purchase with dollars or accommodation exchange transactions.

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.

Commander/Director

An individual assigned as a combatant commander, base or installation commander, commanding officer, officer-in-charge, director of a defense activity, United States Property and Fiscal Officer (National Guard), or equivalent civilian head.

Consent

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

Continental United States (CONUS)

Unless otherwise qualified, the 48 contiguous states and the District of Columbia.

Contingency

An emergency designated by the Chairman, Joint Chiefs of Staff (CJCS) involving military forces, caused by natural disasters, terrorists, subversions, or 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.

***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 10 U.S.C. 688, 12301(a), 12302, 12304, 12305, or 12406, or any other provision of law during a war or during a national emergency declared by the President or the Congress. Includes, but is not limited to, a combat operation, peacekeeping operation, humanitarian assistance effort, noncombatant evacuation operation, and disaster relief effort.

Contract

A contract is a mutually-binding legal relationship obligating the seller to furnish supplies or services (including construction) and the buyer to pay for them. It includes all types of actions that obligate the Government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include, but are not limited to, awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter contracts; orders, e.g., purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications.

Contract Pay

Contract pay is the entitlement process to pay contractors whose payments are administered by the Defense Contract Management Agency (DCMA).

Contractor

Any person, organization, or business concern engaged in a profession, trade or business, and any not-for-profit entity operating as a contractor, including state and local governments and foreign entities, but excluding federal entities and foreign governments.

Contributed Currencies

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.

Convening Authority

The "commander/convening authority" is responsible for appointing an officer(s) or board(s) of officers to conduct investigations for losses of funds. The commander is in the disbursing officer's chain-of-command and has command authority over all accountable individuals involved in a fiscal irregularity.

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.

***Credit Gateway**

The Credit Gateway is a deposit program that the U.S. Treasury's Financial Management

Service (FMS) uses for the receipt of federal agency Fedwire and Automated Clearing House (ACH) credit transactions. The Credit Gateway is a component of FMS' Collections and Cash Management Modernization (CCMM) initiative, which is a multi-year effort to simplify and modernize the collections and cash management programs of FMS and the U.S. Treasury.

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.

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.

Creditor Component or Agency

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

Cross-Servicing

Collections of debt by one agency on behalf of another agency.

Currency

Paper money in the form of U.S. dollars and foreign banknotes.

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.

Current Limited Depositary Check

An outstanding unpaid check against the Limited Depositary checking account for any time less than one full fiscal year after the fiscal year of issuance.

***Custody Account**

An arrangement approved by the Treasury allowing safety stocks of U.S. currency on the books of overseas military central funding officers to be held physically 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, this assures the availability of U.S. currency to support the dollar economy exported to support U.S. Armed Forces stationed overseas. See Chapter 12, paragraph 120103 of this volume.

Debt

As defined in 31 U.S.C. 3701(b)(1), an amount of funds or property that has been determined by an appropriate official of the Federal Government to be due to the United States from a person, organization, or entity other than another Federal agency, and which the Federal Government is entitled to receive immediately, but does not include tax debts. 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.

Debt Claims Management Office (DCMO)

The DFAS office that services referred individual out-of-service debt.

Debt Collection Office (DCO)

DCO is the office responsible for debt management and collection, and serving due process to the debtor. Refers to a general category of offices and includes, but is not limited to, the AROs, civilian payroll offices, disbursing offices, DCMO, Debt Management Office (DMO), the Foreign Government Debt Management Office, military payroll offices, and other organizational elements within the DoD components that perform debt management/collection actions (e.g., personnel offices).

Debt Compromise

Debt Compromise is an agreement between the DCO and the debtor to accept less than the full amount of an outstanding debt in full satisfaction of the entire amount of the debt.

Debt Management Office (DMO)

The DFAS office that services referred vendor/contractor debt.

Debtor

An individual who owes money or funds to DoD.

Delinquent

A debt not paid by the date specified in the initial written demand for payment or applicable agreement or instrument, absent other satisfactory payment arrangements. If the contract or agreement provides for a "grace" period, then the debt is not delinquent until that period expires without payment, but the date of delinquency is the original due date.

Departmental Accountable Official (DAO)

An individual who provides certifying officers information, data, or services that the certifying officers rely upon directly in certifying vouchers for payment. An individual appointed in writing as a DAO may be held pecuniarily liable pursuant to 10 U.S.C. 2773a. A DAO's liability is joint and several with the pecuniary liability of all other individuals who are liable for the loss.

Deposits-In-Transit System (DITS)

A Treasury system that identifies, notifies, and possibly charges or credits disbursing officer (or bank) deposit discrepancies back to the disbursing officer.

Deputy Disbursing Officer (DDO)

An individual appointed by the DO to act in the name of and for that DO to perform any and all acts relating to the receipt, disbursement, custody, and accounting for public funds. The appointing DO may restrict the acts a deputy is authorized to perform. DDOs must be U.S. citizens.

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.

Disbursing

The paying of public funds to entities to whom the Government is indebted; the collection and deposit of monies; the safeguarding of public funds; the documenting, recording, and the reporting of these transactions.

Disbursing Agent

An agent to the disbursing officer not appointed as a deputy disbursing officer. Generally, a disbursing agent operates a permanently-located disbursing office that is often, but not always, geographically separated from the disbursing office.

Disbursing Office

An activity or the organizational unit of an activity whose principal function consists of the disbursement, collection and reporting of public funds. Includes both tactical and non-tactical disbursing activities. Each disbursing office will have a disbursing officer (DO) and should have at least one deputy position under the direct DO's cognizance/control. Disbursing offices within DoD formerly were referred to as Finance and Accounting Offices (FAO), Accounting and Finance Offices (AFO), and Finance Offices (FO).

***Disbursing Officer (DO)**

An individual appointed to perform any and all acts relating to the receipt, disbursement, custody, and accounting for public funds. DOs must be U.S. citizens.

Disbursing Station Symbol Number (DSSN).

a. A four-digit number assigned to each disbursing office by the Treasury.

b. An identification number that indicates authority to receive and disburse public funds and issue checks on behalf of the United States Treasury.

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.

Dishonored Instrument

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

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.

Doctrine of Laches

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

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 DoD.

DoD Component

Includes the Office of the Secretary of Defense; the Military Departments (including the Coast Guard when assigned to the Department of the Navy); the Chairman of the Joint Chiefs of Staff, the Joint Staff, and supporting Joint Agencies; the Combatant Commands; the Inspector General of the DoD (DoDIG); the Defense Agencies, the DoD Field Activities, the Uniformed Services University of the Health Sciences; and all nonappropriated fund instrumentalities, morale, welfare, and recreation activities including the Military Exchange Services.

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.

Domestic DoD Installation

A military installation located within a state of the United States, the District of Columbia, Guam or the Commonwealth of Puerto Rico.

***Due Process**

The notice of indebtedness or opportunity provided a debtor to dispute indebtedness. The minimum "due process" required is generally established by statutes that authorize the use of a

specified debt collection tool or by implementing regulations. In the context of federal debt collection, the constitutional right of "due process" requires a debtor be provided with notice of, and the opportunity to dispute, a debt or intended debt collection action.

Duplicate Check

A check issued by a DSSN with the same serial number as a previously-issued check.

Electronic Certification

a. An automated function that permits the secure, accurate, and rapid communication and certification of payment data, thus minimizing the labor-intensive processing of paper documents and allowing DoD Components to generate and certify payments electronically, controlled such that any change in the data transmitted will invalidate the certification.

b. An approved electronic signature adopted by a certifying officer that is unique to the certifying officer; capable of verification by the DO; under the sole control or custody of the certifying officer; and linked to the data certified in such a manner so that, if the data are changed, the electronic signature is invalidated.

Electronic Commerce

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

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.

Electronic Federal Tax Payment System

A service offered free by the U.S. Treasury to help business and individual taxpayers conveniently pay all their federal taxes electronically.

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, or computer 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 Treasury has determined that payments made by government-sponsored charge cards are to be considered EFT.

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.

Employee

Civilian paid from appropriated (or non-appropriated, if applicable) funds.

Erroneous Payment

A fiscal irregularity resulting from regularly or irregularly processed payments that is not in strict conformity with laws and regulations. Examples include:

a. an overpayment to a payee;

b. two or more payments to a payee for the same entitlement (i.e., a duplicate payment);

c. a payment to the wrong payee;

d. a U.S. Treasury check issue overdraft (in some cases);

e. a shortage caused by negotiation of both an original and a substitute U.S. Treasury check;

f. payment based on fraudulent, forged, or altered documents; or

g. a payment made in violation of law or regulation.

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.

***Executive Agent**

The head of a Department of Defense (DoD) Component to whom the Secretary of Defense (SECDEF) has assigned specific responsibilities, functions, and authorities to provide defined levels of support for operational missions, or administrative or other designated activities that involve two or more DoD Components.

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 electronic digitized facsimile signature medium.

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 value 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.

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.

Financial Electronic Data Interchange (FEDI)

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 re-associated to the payment by the payee.

Financial Institution

Any banking institution, credit union, thrift institution and subordinate office branch or facility, each as separately defined herein.

Financial Services

Services commonly associated with financial institutions in the U.S., 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.

Fiscal Irregularity

Any action (or lack thereof), event, practice, or circumstance (or lack thereof) that causes an out-of-balance condition in the financial accountability to the U.S. of the DO, deputies, agents, and cashiers entrusted with public funds. Includes irregularities resulting from physical losses of funds or erroneous payments.

Foreign Banking Institution

A bank located outside the U.S. chartered by the country in which it is domiciled.

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.

***Foreign Debt Management Office (FDMO)**

The DFAS office that services referred foreign debt other than that related to foreign military sales. See Volume 12, Chapter 6A of this Regulation regarding the latter.

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.

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.

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.

Functional Area

Specialized entitlement areas (also known as subject matter areas) which are not under the direct cognizance/control of the DO. Functional areas are responsible for specific types of transactions, e.g., accounts control, travel, military pay, commercial sales, and civilian pay. Functional areas are not considered part of the disbursing office.

General Depositary

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

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 U.S., its territories and possessions.

Government-wide Accounting and Reporting Modernization (GWA)

A project addressing the central accounting and reporting functions and processes associated with budget execution, accountability, and cash/other asset management. This includes the collection and dissemination of financial management and accounting information from and to federal program agencies. It also includes the business processes in the Financial Management Service (FMS) that are related to ledger accounting for each appropriation, fund, and receipt account's Fund Balance with Treasury, General Ledger accounting for the cash and monetary assets of the Government, and the preparation of the Monthly Treasury Statement and the U.S. Government Combined Statement and Appendix. In addition, GWA will improve information timeliness and accuracy to support improved financial analysis and decision-making.

Hearing

A process whereby the individual requests that a hearing official review the existence and validity of the debt or review the terms of a repayment schedule if the repayment schedule was not established by a written agreement.

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.

***Host Nation**

A nation supported by the allied forces and/or supplies of allied nations and/or coalition partners located on, operating in, or to transiting through its territory.

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 payments for relatively small purchases.

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.

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.

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.

***Interim Government**

A temporary government formed by a host nation unilaterally or with allied support until a permanent government is installed.

***Internal Controls**

The specific policies, procedures and/or activities an organization establishes and implements to manage risk are the methods by which an organization governs its activities to accomplish its mission, and are required by ***Office of Management and Budget Circular A-123*** (Management's Responsibility for Internal Control) which implements 31 U.S.C. 3512(c)(1).

International Treasury Services (ITS.gov)

The Treasury's comprehensive international payment and collection system, and the preferred payment method for foreign-currency transactions.

Intra-governmental Pay and Collection (IPAC) System

A Treasury automated system used for the payment and collection of intra-governmental

billing services and supplies.

a. IPAC 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 IPAC transactions that have been processed by the Treasury. Adjustments are reported in the accounting month in which they are processed in IPAC.

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

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

Irregularity in a DO'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 U.S. of the DO and/or deputies, agents, and cashiers to whom public funds have been entrusted.

Large Dollar Notification (LDN) Interface

A Treasury FMS web-enabled utility to allow a government agency to add, update, delete, search, list, and view LDNs.

Limited Depositary

A U.S. or foreign commercial bank designated by the Treasury to receive deposits from DOs for credit to their official limited depositary checking accounts.

Limited Depositary Account (LDA)

A checking account in a foreign currency maintained in a limited depositary by a DO in his or her name. LDAs are also referred to as operating accounts.

Lockbox

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

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.

Member

Military personnel on active duty, retired from active duty (including those receiving retainer pay), or Reserve Component personnel on active duty or retired.

Military Banking Facility (MBF)

A banking office located on a DoD installation and operated by a financial institution that 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.

Military Pay

An entitlement process for military active duty, National Guard, Reserve, and retired military personnel; annuitants, academy cadets/midshipmen; and Armed Forces Health Professions Scholarship participants; and inactive duty travel. Also refers to a functional pay area (office).

Military Post Office Addresses

Military post office addresses (APO and FPO) must comply with automated mail processing. The next-to-the-last line shows a "Unit" or "Postal Service Center" number followed by a box number (if appropriate). This line replaces the U.S. Postal Service's standard street address and apartment number format. The bottom line must comply with the U.S. Postal Service's standard city, state, ZIP Code format. APO or FPO that replaces the "city" name, and the "state" abbreviations are:

a. AA for military post offices in Central and South America, e.g., APO and FPO Miami are now APO and FPO AA, respectively.

b. AE for military post offices in Canada, Europe, Africa, and the Middle East, e.g., APO and FPO New York are now APO and FPO AE, respectively.

c. AP for military post offices in Alaska and the Pacific area, e.g., APO and FPO San Francisco, and APO and FPO Seattle are now APO and FPO AP, respectively.

Ministerial Adjustment

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

National Bank

An association approved and chartered by the Comptroller of the Currency to operate a banking business.

Negligence

The failure to act as a reasonably prudent person would act under similar facts, conditions, and circumstances.

Nontactical Disbursing Activity

Any disbursing activity permanently assigned to an installation and not subject to mobilization or deployment.

Officer or Military Officer

Includes all commissioned and warrant officers (appointed officers) of the Uniformed Services.

***Official Authorization List (OAL)**

The OAL identifies all individuals who are authorized to transact business and provide instructions to the FRB on behalf of a Component.

On-base

Refers to physical presence on a domestic or overseas DoD installation.

Operating Agreement

A mutual agreement between the installation commander and the on-base financial institution to document their relationships.

Oral Hearing

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

Original Signature

A manual signature in permanent dark blue, blue-black, or black ink.

***OTCNet**

A Treasury system that converts personal and business checks to EFT. Occurs at the point of sale or in a lockbox environment. Transactions can be consumer, consumer accounts receivable, and business transactions. Integrates the functionality of two legacy systems of the Paper Check Conversion Over the Counter (PCC OTC) and Treasury General Account Deposit Reporting Network (TGAnet) systems into a single web-based application.

Out-of-Service Debtor

A former civilian employee, former member of the Armed Forces, or any other individual who is not receiving any compensation from the DoD and owes a debt to DoD.

Out-of-Service Individual Debt

Out-of-service indebtedness occurs when the individual is not receiving salary or other payments from DoD that can be offset to collect a debt owed to DoD. Out-of-service debts may arise from overpayments, erroneous payments, indebtedness by the public for use of DoD's facilities or services, or indebtedness by individuals previously serving in or employed by a DoD Component.

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.

Overage of Funds

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

Overseas

For purposes of this Regulation, any area located outside the states of the U.S., the District of Columbia, or the Commonwealth of Puerto Rico. Includes all non-U.S. locations.

Overseas DoD Installation

A military installation (or community) located outside the states of the U.S., the District of Columbia, or the Commonwealth of Puerto Rico.

Paid Status

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

Paper Check Conversion - Over the Counter (PCC-OTC)

A Treasury system that converts personal and business checks into electronic funds transfers (EFT). Occurs at the point of sale or in a lockbox environment. Transactions can be consumer, consumer accounts receivable, and business transactions.

Part-time MBF

A MBF that operates fewer than five days a week exclusive of additional payday service. When only payday service is provided, the MBF may be termed a "payday service facility."

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.

***Pay.gov**

A program developed to meet the commitment to process collections electronically using Internet technologies. Pay.gov satisfies agencies and consumers demands for electronic alternatives by providing the ability to complete forms, make payments, and submit queries 24 hours a day electronically.

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.

Payability

The length of time during which a U.S. Treasury check is negotiable. Also relates to "claimability," the length of time a payee may present a claim of non-receipt, loss, or theft of a U.S. Treasury check to a government agency. Claims are valid on an underlying obligation until expiration of the statute of limitations, normally six years. If a payee's right to entitlement has expired, then the claim is denied, but under 31 U.S.C. 3702 the Secretary of Defense may waive this.

Paying Agency

The DoD Component or other federal agency authorizing or disbursing payment.

Paying Agent

A military member or DoD civilian employee appointed by a commander to act as an agent of a DO. 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 DO. 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 DO 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 DO. 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 DO immediately upon completion of the transaction(s) for which advanced.

***Payment Review Official**

Person who conducts pre- and post-payment reviews (not an inherently-governmental function), issues and controls inquiries regarding possible financial irregularities, and is not subject to pecuniary liability because of not being in an accountable position.

Payments, Claims & Enhanced Reconciliation (PACER) System

A Treasury system available to obtain digital check images and view check status on-line, containing information and images only for checks issued since October 1997 which have been paid.

Pecuniary Liability

Personal financial liability for fiscal irregularities of disbursing and certifying officers, and DAOs 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.

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; or

i. losses associated with counterfeit currency transactions.

Presumption of Negligence

Basis for automatically holding a certifying or DO pecuniarily liable for a fiscal irregularity. See 31 U.S.C. 3527; and *Serrano v. U.S.*, 612 F.2d 525 (U.S. Ct. of Claims 1979). The presumption of negligence does not apply to DAOs.

Prevailing Rate of Exchange

The most favorable rate legally available to the U.S. Government for acquisition of foreign currencies for its official expenditures and accommodation exchange transactions.

Procurement Contracting Officer

Person with authority to enter into and/or terminate contracts and make related findings and determinations.

***Public Funds**

Cash, paid vouchers, or cash collected by a disbursing official for goods or services which are subject to the control or regulation of the United States or any of its officers, agents, or employees.

Receiving Official

Military member or civilian employee of the Department authorized to substantiate the receipt, inspection, and acceptance of goods and/or services.

Recertified Payment

A replacement payment using a U.S. Treasury check bearing a check serial number different from that of the original check. A recertified check may be issued after presentation and review of required documentation to replace any lost, stolen, or destroyed original check (except for holder-in-due-course situations), regardless of the disbursement purpose (e.g., pay, travel, or vendor payment).

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.

Recovered Check

An original check which is returned to, or recovered by, the DO 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.

Regulatory Agency

Includes the Office of the Comptroller of the Currency, Treasury; Federal Deposit Insurance Corporation; Board of Governors of the Federal Reserve System; respective Federal Reserve Banks; National Credit Union Administration; Office of Thrift Supervision; various state agencies and commissions that oversee financial institutions; and, for military banking facilities (MBFs), the Fiscal Assistant Secretary of the Treasury (or designee).

Relief from Liability

Action taken by someone with legal authority to do so, which absolves disbursing and certifying officers or departmental accountable officials of pecuniary liability.

Remission of Debt

Remission of debt is a request for relief of any indebtedness that a service member has incurred. The remission process is not available to DoD civilian employees.

Remittance Express (REX)

A program which allows the Federal government to receive ACH credits directly from the private sector, for payment to the agency by receiving ACH credit transactions at a unique routing number at the Federal Reserve Bank of Richmond.

Replacement Check

A check issued to replace a check that:

a. is for a proper payment but the original check has been classified as voided;

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

c. is not cashable due to misprint or mutilation during the issue process.

Retiree

Military person retired from active duty or a Reserve Component, including those receiving retainer pay.

Review Official

A military member or civilian employee of the Department appointed in writing to conduct pre- and post-payment reviews, to issue and control inquiries, and to initiate charges against the certifying, disbursing, and departmental accountable officials for financial irregularities.

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.

Safekeeping Custodial Officer

A military member or DoD civilian employee appointed in writing by the commander to perform the functions associated with the custody and control of personal funds and valuables held in safekeeping.

Salary Offset

Deductions from current pay account to liquidate a debt. Deductions can be from basic pay, special pay, incentive pay, retired pay, retainer pay, or in the case of an individual not entitled top basic pay, other authorized pay.

Service Member

Military person on active duty or belonging to a Reserve Component.

Settlement Office

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

Small Difference Accounts

The Treasury is authorized to transfer differences of $50 or less and more than six months old to a small difference account. In lieu of issuing an FMS Form 5206, Advice of Check Issue Discrepancy, the Department of Treasury will automatically adjust for small differences of $1 or less between the issue amount of a check and the actual amount of the check paid.

***Smart Cards**

Smart cards include stored value cards (SVC), debit cards, and combination cards (hybrids that contain both SVC and debit card features). Smart cards store or provide access to "electronic money" and provide a more secure method of handling funds. Smart cards alleviate the need to carry cash and provide electronic payment to vendors for items purchased or services rendered.

Solatia Payments

Monetary compensation given to indigenous personnel to alleviate grief, suffering, and anxiety resulting from injuries and property or personal loss. These are normally in nominal amounts and are not admissions of liability by the U.S. Sometimes they are to meet cultural expectations.

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. Four currencies (the U.S. dollar ($), Euro (€), Japanese yen (¥), and Pound sterling(£)) serve as the basis for determining both the valuation and the interest rate of the SDR.

***Spending Plan**

A plan describing the purposes and the amounts of proposed expenditures of vested

assets, developed by a host nation or interim government and submitted through appropriate channels for approval.

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 not cashable due to mutilation or defect;

c. represented a valid payment to the payee; and

d. is less than one year old.

State Bank

An institution organized and chartered under the laws of one of the states of the U.S. to operate a banking business within that state.

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 DoD Directive 5530.3. 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.

Suspension of Collection Action

A determination to temporarily cease collection action.

Tactical Disbursing Activity

Any tactical unit (including Navy ships) that is authorized to provide disbursing services under an assigned DSSN and is subject to movement from one location to another. Some tactical disbursing activities provide disbursing services on a full-time basis (e.g., 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.

Termination of Collection Action

A determination to cease collection actions with no intention to resume them at a later date.

TGA.net

See Treasury General Account Deposit Reporting Network.

Thrift Institution

An institution organized and chartered under federal or state law as a Savings Bank, Savings Association, or Savings and Loan Association.

Tolled

A term meaning "to suspend or stop temporarily," such as an event that suspends the running of time related to a statute of limitations.

***Travel Authorizing Official**

An individual designated in writing by organizational title having authority to issue travel orders, sign/approve travelers' claims, verify that all transactions made were necessary expenses and were accomplished in accordance with the Joint Federal Travel Regulations (Military) or Joint Travel Regulations (Civilian).

Transaction Reporting System (TRS)

A Treasury system that will be a centralized repository of detailed collection transaction information that will simplify Federal Program Agency revenue management and accounting processes. As a unified repository of collection transactions, TRS will provide a single touchpoint from which an agency can obtain detailed transaction data and standard reports that meet agency needs, and will provide a wide range of business information and business analytical tools.

Travel Order

A document authorizing official government travel.

Traveler

Military member, DoD civilian employee, or invitational traveler traveling in an official capacity.

Treasury Cash Management System (TCMS)

A Treasury FMS application that will manage the settlement of inflows to and outflows from the Treasury's operating cash account at the Federal Reserve.

Treasury Check Information System (TCIS)

A system that records and reconciles the worldwide issuance and payment of U.S. Treasury checks. Also allows end users to query the Payments, Claims & Enhanced Reconciliation (PACER) system for claim status on ACH payments.

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.

Treasury General Account Deposit Reporting Network (TGA.net)

A secure web-based system for OTC federal agency deposit reporting and confirmation. This system:

a. automates the antiquated SF 215 paper OTC process;

b. streamlines SF 1219 reporting;

c. provides a solution for the Ca$hLink II 2012 termination date;

d. facilitates the classification of Treasury collections on a daily basis, enhancing GWA reporting at the point of deposit;

e. reduces reporting errors by eliminating financial institution data entry; and

f. is compatible with GWA.

Treasury Offset Program (TOP)

A process that allows agencies to submit delinquent debts to one centralized location, the FMS, for collection through the offset of all eligible Federal payments.

Treasury Receivable, Accounting and Collection System (TRACS)

A "TIER II" mission-support application system designed to support FDP. A minor application that supports the FMS payment business line as a debt-recovery and accounting system. Utilizes DB2 and associated support applications on a mainframe to provide accounting, financial reporting, debt billing, and collection activity associated with the Treasury check claims process. Assumes the responsibility for the accounting and reporting of check reclamations, unavailable check cancellation (UCC), limited payability cancellation (LPC), and payments over cancellation (POC).

U.S.-Owned Foreign Currency

Currency of a foreign country that is:

a. owned by the U.S.;

b. available in the country of issuance to pay obligations of the U.S. within that country; and

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

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.

Undeliverable Check

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

United States

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

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.

Valuables

Any articles or things or representations of value in which the U.S. has any interest, or in connection with which it has any obligation or responsibility.

Vendor

Any person, organization, or business concern engaged in a profession, trade, or business, including a not-for-profit entity operating as a vendor. Includes State and local governments and foreign entities, but excludes Federal entities and foreign governments.

***Vested Assets**

Assets frozen by Presidential Executive Order, later seized by the U.S. Government, and vested with the U.S. Department of Treasury for return to a host nation.

Vendor Express

A Treasury term for the EFT to a company or corporate bank account of the payment due a vendor for rendering goods or services to the government.

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 DCMA. Also refers to a functional pay area (office).

Voided Check

A check that is:

a. pre-numbered with a serial number;

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

c. reported as a zero dollar value issue.

Voucher

Any document certified by a certifying officer as the basis for a DO to make a payment. See 31 U.S.C. 3325.

Waiver of Indebtedness

A request for relief from an indebtedness due to an erroneous payment of pay and allowances (including travel allowances). This process is available to DoD civilian employees and service members.

Write-off

Write-off is an accounting action that results in removing the nonfederal (public) receivable from the DoD Component's financial accounting records and financial statements.