

SUMMARY OF MAJOR CHANGES TO DOD 7000.14-R, VOLUME 5, CHAPTER 1 “PURPOSE, ORGANIZATION, AND DUTIES”		
Substantive revisions are denoted by a ★ preceding the section, paragraph, table or figure that includes the revision		
PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
Various	Replaces references to the Director for Finance with Director for Policy and Requirements Management Directorate and updates office codes and addresses.	Amendment
010101	Revised to indicate that the DoD FMR implements and complies with the guidance contained in the Treasury Financial Manual and Joint Financial Management Improvement.	Amendment
010104.B	Adds information on requesting exceptions to using forms prescribed by this volume.	New
010201	Revises mailing address for DFAS-Arlington.	Amendment
010202	Adds the Defense Finance and Accounting Service (DFAS), Financial Services Policy Branch to the organizational structure and revises mailing address for DFAS-DOSD/KC.	Amendment
010203	Adds the role of the DFAS client executive for the disbursing product line. Revises the information concerning DFAS central site.	New
010203A.	Revises the mailing address for DFAS-Cleveland.	Amendment
010203B.	Revises the mailing address for DFAS-Columbus.	Amendment
010203C.	Revises the mailing address for DFAS-Denver.	Amendment
010203D.	Revises the mailing address for DFAS-Indianapolis.	Amendment
010203E.	Revises the mailing address for DFAS-Kansas City.	Amendment
0103	Revises information and restructures the section on random review of disbursement vouchers to support Chapter 33 of this volume.	Amendment
010401.B	Adds a cross-reference to Chapter 5 of this volume, which details information on depositing public funds.	New
010403.A	Adds the role of the DFAS client executive for the disbursing product line.	New
010403.B. 2	Adds a cross-reference to section 0108 of this chapter.	New
010403.C.1	Adds a cross-reference to Chapter 11 of this volume, which details information on documenting	Amendment

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	transactions.	
010404	Revises the information on evaluating questionable payments and provides a cross-reference to new procedures for requesting advance decisions, found in section 0108.	Amendment
0105	Revises to clarify information on accountability and responsibility.	Amendment
010506	Adds a cross-reference to Chapter 2 of this volume, which details information on relief from disbursing duty.	New
010604.A 010604.B 010604.C	Revises to clarify information on Payments to Third Parties.	Amendment
0107	Revises to clarify information on punitive consequences for misuse of public funds.	Amendment
0108	Adds new procedures on obtaining advance decisions.	New

TABLE OF CONTENTS

PURPOSE, ORGANIZATION, AND DUTIES

0101	Purpose
0102	Organization
0103	Random Review of Disbursement Vouchers
0104	Disbursing Officer Duties and Authority
0105	Accountability and Responsibility
0106	Restrictive Requirements
0107	Punitive Provisions
★0108	Advance Decisions

CHAPTER 1

PURPOSE, ORGANIZATION, AND DUTIES0101 PURPOSE

★ 010101. Authority. This volume of the Department of Defense (DoD) Financial Management Regulation, “DoDFMR”, is issued under the authority of DoD Instruction 7000.14, “DoD Financial Management Policy and Procedures” (reference (a)), and implements and complies with the Treasury Financial Manual and the Joint Financial Management Improvement Program. It governs all DoD disbursing policy by establishing and enforcing requirements, principles, standards, responsibilities, procedures, practices, and liability for disbursing officers (DOs), certifying officers, and accountable officials throughout the Department. If conflicts exist between this volume and other policy or regulatory guidance, the requirements of the highest level regulation govern.

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

010103. Requests for Deviation or Exceptions. Submit requests for deviations from or exceptions to the policies, procedures, and standards in this volume, with complete justification, through channels to: Office of the Under Secretary of the Defense, Comptroller, (OUSD(C)), Room 3D646, The Pentagon, Washington, DC 20301-1100.

010104. Use of This Volume

A. Various paragraphs in this volume cite the use of specific Department of the Treasury symbols (e.g., **F3880, or **F3875). In all instances, the double asterisk must be replaced by the appropriate DoD Component designator, i.e., 17 for Navy (including Marine Corps), 21 for Army, 57 for Air Force, or 97 for Defense, as appropriate.

★ B. This volume also prescribes the use of specific forms. Most prescribed forms are available electronically through the DoD Forms Program website at <http://www.dtic.mil/whs/directives/infomgt/forms/formsprogram.htm>. Some DoD Components use specific DoD Component forms in lieu of the prescribed forms. In many instances, these equivalent forms are generated by disbursing systems currently in operation. It is not necessary for DoD Components to modify existing disbursing systems to incorporate the forms prescribed by this volume. Affected Components shall continue to use existing automated systems and the forms they generate until all existing disbursing systems are replaced by a standard DoD disbursing system. Any Component that elects to use a computer-generated version of a prescribed DD Form must request an exception in accordance with DoD 7750.7-M. Examples of

forms used in this volume are only for illustrative purposes. Under no circumstances will they be reproduced for use.

0102 ORGANIZATION

010201. Defense Finance and Accounting Service (DFAS). Pursuant to the authority vested in the Secretary of Defense under the provisions of 10 U.S.C. 113 (reference (b)), the DFAS was established as an agency of the DoD by DoD Directive 5118.5 (reference (c)). The DFAS is under the direction, authority, and control of the Under Secretary of Defense (Comptroller) (OUSD(C)). The Director, DFAS is the principal DoD executive for finance and accounting requirements, systems, and functions identified in DoD Directive 5118.3 (reference (d)). The Director shall:

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

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

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

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

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

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

★The mailing address for the Director, DFAS Arlington is: Director, Defense Finance and Accounting Service Arlington, Crystal Mall #3, 1851 South Bell Street, Arlington, VA 22240-5291. Ensure the appropriate office code is provided when corresponding with DFAS Arlington.

010202. Defense Finance and Accounting Service, Financial Services and Disbursing Policy Division, Financial Services Policy Branch (DFAS-DOSD/KC). The DFAS-DOSD/KC is under the direction, authority and control of the DFAS Arlington, Policy and Requirements Management Directorate. The DFAS-DOSD/KC is responsible for:

A. Developing and promulgating standard DoD disbursing and cash management guidance and procedures.

B. Responding to all procedural inquiries pertaining to disbursing and cash management within DoD.

C. Initiating, changing, and implementing DoD disbursing and cash management procedures and guidance in compliance with Department of the Treasury regulations, etc.

D. Acting as the point of contact for all noncriminal investigating officers and investigating boards of officers in relation to loss of funds investigations.

E. Technically reviewing all relief of liability cases for all DoD Components and activities, including the quarterly minor loss reports.

F. Controlling disbursing station symbol number (DSSN) management which includes such functions as establishing/deactivating DSSNs, ordering U. S. Treasury checks, storing and ordering signature plates, and maintaining disbursing officer and deputy appointment letters and signature specimens.

★The mailing address for the DFAS-DOSD/KC is Defense Finance and Accounting Service, Financial Services Policy Branch (DFAS-DOSD/KC), 1500 E. 95th Street, Kansas City, MO 64197-0030. DFAS-DCMO@DFAS.mil is the office electronic mail address for all requests related to paragraph 010202.A through E. For all actions relating to paragraph 010202.F, above, the electronic mail address is DSSNMANAGEMENT@DFAS.mil.

★ 010203. Defense Finance and Accounting Service Sites. Effective January 20, 1991, the DFAS took operational control of the DoD Component finance centers. Subsequently, each center was redesignated as a DFAS site.

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

1. Reporting financial information.
2. Accounting for Navy funds and property.
3. Consolidating Navy and Marine Corps financial reports.
4. Performing other accounting and disbursing functions as prescribed.

The mailing address is: Defense Finance and Accounting Service Cleveland, Anthony J. Celebrezze Federal Building, 1240 E. 9th Street, Cleveland, OH 44199-2055. Ensure the appropriate office code is provided when corresponding with DFAS Cleveland.

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

1. Reporting financial information.
2. Accounting for defense agencies' funds and property.
3. Consolidating defense agencies' financial reports.
4. Performing other accounting and disbursing functions as prescribed.

★The mailing address is: Defense Finance and Accounting Service Columbus, P.O. Box 182317, Columbus, OH 43218-2317. Ensure the appropriate office code is provided when corresponding with DFAS Columbus.

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

1. Examining and consolidating Air Force DO financial reports.
2. Reporting financial information.
3. Performing other accounting and disbursing functions as prescribed.

★The mailing address is: Defense Finance and Accounting Service Denver, 6760 E. Irvington Place, Denver, CO 80279-1500. Ensure the appropriate office code is provided when corresponding with DFAS Denver.

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

1. Examining and consolidating Army DO reports.
2. Reporting financial information.
3. Performing other accounting and disbursing functions as prescribed.

4. Consolidating financial reports for the Defense-Wide Working Capital Fund and providing them to DFAS Columbus.

★The mailing address is: Defense Finance and Accounting Service Indianapolis, 8899 E. 56th Street, Indianapolis, IN 46249. Ensure the appropriate office code is provided when corresponding with DFAS Indianapolis.

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

1. Examining and consolidating Marine Corps DO reports.
2. Reporting financial information.
3. Performing other accounting and disbursing functions as prescribed.

★The mailing address is: Defense Finance and Accounting Service Kansas City, 1500 E. 95th Street, Kansas City, MO 64197-0001. Ensure the appropriate office code is provided when corresponding with DFAS Kansas City.

010204. DoD Disbursing Offices. The military service commander and the DFAS client executive for the disbursing product line shall ensure that DOs in their command are following the provisions of this volume.

010205. Disbursing Officers. The DO shall ensure that the operation of the disbursing activity follows the provisions of this volume.

010206. Certifying Officers and Departmental Accountable Officials. Commanders shall ensure that certifying officers and departmental accountable officials in their command are following the provisions of this volume.

★0103 RANDOM REVIEW OF DISBURSEMENT VOUCHERS

010301. Examination Requirements

A. General. Guidance for the appropriate application of statistical sampling methods in conjunction with pre- and post-payment reviews of disbursement vouchers is available from various publications by the Government Accountability Office (GAO), such as “Streamlining the Payment Process While Maintaining Effective Internal Control” (GAO/AMID 21.3.2 of May 2000). While the GAO reports and publications provide examples of statistical sampling applications in the pre- and post-payment phase, there is no one universal procedure appropriate for every type of disbursement voucher system. Rather, the appropriateness of the pre- and post-payment review will largely depend upon the extent of

automation of the system that computes and processes the payment. Fully automated systems that perform reviews of all records through extensive edit checks and balances prior to payment essentially replace the manual invoice process and examination procedures. They also negate the need to perform pre payment statistical random reviews for the purpose of population trend identification. In such cases, post-payment statistical sampling of vouchers would replace the pre-payment reviews as a means to validate the accuracy of the automated system calculations and to ensure the edit checks and balances are operating properly.

B. Responsibilities. Stratified statistical random sampling techniques will be used in the pre-payment and post-payment examination phase of disbursement vouchers. The Director, DFAS, or a designated representative, is responsible for approving any statistical sampling and examination plans for disbursement vouchers. The Director, DFAS, will ensure that approved sampling and examination plans are implemented at those locations for which DFAS is responsible. DoD Component officials will ensure that statistical sampling and examination plans, as approved by the Director, DFAS, or a designated representative, are implemented at locations for which the DoD Component official is responsible.

C. Statistical Sampling Plan. Sampling plans must be methodically sound and adhere to technical guidelines set forth in professional texts and publications (both Federal and non-Federal) on the subject matter. All sampling plans submitted for approval will first be reviewed and approved (or in most cases, originally prepared) by a qualified statistician. All sampling plans should include (1) definition of the population from which the sample will be selected, (2) the sample size and element selection method, (3) procedures to analyze results of the sampled records, and (4) methods to document the results of the sample review. Sampling plans should be reviewed and updated periodically to ensure that they reflect the most recent occurrence rate trends and allow for population estimates within predetermined sampling probability and precision levels.

D. Reliance on Approved Statistical Sampling Procedures. Certifying officers and disbursing officers who rely, in good faith, upon valid statistical procedures to certify a voucher for payment, established and approved by the Director, DFAS, or a designated representative, will not be liable for losses arising from the payment of a voucher not examined because of the sampling procedure used.

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

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

- B. Assuring payments are administratively authorized and approved for payment by authorized approving officials.
- C. Assuring that the request for payment is supported by basic documents.
- D. Validating the correct name and address of the payee, as verified by the database.
- E. Assuring that manual calculations are correct or appropriate and correct data is input to automated computation systems.
- F. Charging all transactions properly to the correct appropriation.
- G. Assuring appropriations or funds are available to support disbursements.
- H. Validating that special certificates or receipts are furnished and attached to the disbursement documents, as required.
- I. Preventing duplicate payments through proper manual or automated edits and checks.

010303. Post-Payment Examination Requirements. A post-payment examination is defined as an administrative review that takes place following the payment of a voucher. These reviews will be performed by persons who are independent of the particular entity that prepared and disbursed the payments being examined. Some specific areas that shall be examined include, but are not limited to the:

- A. Propriety of the voucher.
- B. Legality of the disbursement.
- C. Accuracy of the facts stated in the vouchers and supporting records.
- D. Ensuring that automated edit checks, balances, and related internal control processes are operating properly to prevent improper payments.

010304. Document Retention for Examination Purposes. Original disbursing officer vouchers, records, associated papers, and supporting documentation will be maintained for a period of 6 years and 3 months. Exceptions to extend this record retention period may be warranted on a case-by-case basis, as determined by the disbursing officer or the settlement official, when additional time is needed to complete reconciliation of payment or collection discrepancies or for other necessary purposes.

0104 DISBURSING OFFICER DUTIES AND AUTHORITY

010401. Keeping of Public Funds

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

★ B. Deposit of Public Funds. Except as otherwise authorized by law and by regulations, it is the duty of every DO to deposit funds in excess of the amount authorized to be held at personal risk with an authorized depository of the United States without delay and in accordance with Chapter 5 of this volume.

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

010403. Specific Authority for Disbursements

★ A. Authority. Public funds shall be disbursed by order of, or on proper authority of, the military service commander or the DFAS client executive for the disbursing product line, when sanctioned by 31 U.S.C., sections 3321 and 3325 (reference (e)).

B. Legality and Propriety

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

★ 2. Decisions and Responsible Offices. Disbursing officers are governed by decisions issued in accordance with section 0108 of this chapter, by 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 the DO with respect to the specific issue or claim involved.

C. Substantiating Vouchers

★ 1. Written Record of Transaction. Unless otherwise mandated by law, each transaction conducted by an officer, agent, or employee of the Government of the United States, which when completed shall require the payment of money from the U.S. Treasury or payment to be made by a DO or agent of the Government of the United States, shall be evidenced by a written, printed or approved electronically-signed document or series of documents. The documentation shall consist of a complete record of the transaction and be in accordance with Chapter 11 of this volume.

2. Electronic Transactions. The Federal Reserve System and the Federal Reserve Banks (FRB) act as the Department of the Treasury's fiscal agent. Each disbursing office that processes disbursements by electronic methods shall maintain a detailed written agreement with the supporting FRB. The DO must implement mandatory internal controls in order to confirm that the FRB receives EFT payment files successfully and in accordance with the payment schedule. Further guidance on electronic transactions is identified in Chapter 24 of this volume.

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

★ 010404. Alternatives Available in Connection with Questionable Payments. If a disbursement of public money is questionable with regard to public law, previous Comptroller General decisions, court rulings, or regulations, then a request for clarification may be addressed to the Office of General Counsel, DFAS Arlington. When, in the opinion of the DO or certifying officer, the matter requires a decision rather than a clarification of existing regulations or decisions, a request for advance decision shall be initiated. Procedures for requesting an advance decision are outlined in section 0108, below. Refer to Appendix E for the responsible offices on advance decision requests.

★0105 ACCOUNTABILITY AND RESPONSIBILITY

010501. General. Accountable individuals are held personally and pecuniary liable for their acts involving the expenditure and receipt of public funds as further outlined in Chapter 6 of this volume.

010502. Knowledge of Laws Governing Disbursements. All accountable individuals, whose duties pertain to the disbursement of public funds, shall become knowledgeable of the applicable laws and ensure that they are strictly observed.

010503. Pecuniary Liability. Accountable officials may be personally required to repay losses resulting from illegal, improper, or incorrect payments.

A. Disbursing Officers. Disbursing officers are accountable for 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. Certifying Officers. Certifying officers are accountable for illegal, improper, or incorrect payments made as a result of their certifications even though they may have relied on information, data or services of other departmental accountable officials.

C. Accountable Officials. Accountable officials, other than DOs and Certifying Officers, may be held pecuniary liable for an illegal, improper or incorrect payment that results from information, data, or services negligently provided to a certifying official and upon which that certifying official directly relies in certifying the voucher supporting that payment. Departmental accountable officials are appointed in writing. Any pecuniary liability of a departmental accountable official for a loss to the United States resulting from an illegal, improper, or incorrect payment is joint and several with that of any other officer or employee of the United States or member of the uniformed services who is pecuniary liable for such loss.

010504. Payment on Forged or Fraudulent Vouchers or Pay Receipts. A DO is accountable for a payment made on a forged or fraudulent voucher or pay receipt even though not a participant or beneficiary in the fraud. Relief of liability for such payments may be requested by the DO and the deputy, agent, or cashier who made the payment.

010505. Relief of Liability

A. General. The Secretary of Defense is authorized to relieve disbursing officers, certifying officers, and accountable officers of liability. Requests for relief shall be submitted in accordance with the provisions of Chapters 6 and 33 of this volume, as applicable.

B. Statutory Standards

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

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

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

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

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

a. Statutory Standards for a Disbursing Official

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

(2) The payment was based on a properly certified voucher; and

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

b. Statutory Standards for a Certifying Official

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

(2) The obligation was incurred in good faith;

(3) No law specifically prohibited the payment;

(4) The U.S. Government received value for payment;

and

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

C. Delegation of Authority

1. Secretary of Defense. The Secretary of Defense has delegated authority to the Director, DFAS, to make determinations and recommendations with respect to granting of relief from pecuniary liability pursuant to the references cited in subparagraph 010502.A, above, and the DoD Directive 5118.5 (reference (c)).

2. Director, DFAS. The Director, DFAS, has redelegated this authority to the Director, Policy and Requirements Management Directorate, DFAS Arlington, through the DFAS Financial Services Policy Branch, as provided in Appendix E of this volume.

★ 010506. Turnover of Funds upon Relief. When a DO is relieved of duties because of transfer or any other reason other than deactivation of the DSSN, all fund account records, public funds, and property shall be turned over to the relieving DO. Refer to Chapter 2 of this volume.

010507. Internal Management Controls. Disbursing officers of the DFAS are required to implement and abide by the requirements of the DFAS Internal Management Control Program as set forth in the current edition of DFAS 5010.38-R, Internal Management Control Program. Disbursing officers of other DoD Components or their activities must implement internal controls consistent with the guidelines outlined in this paragraph.

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

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

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

010508. Receipts for Payments. A receipt is required for all cash payments. A receipt is not required for payments made by check drawn by the DO except when required by law or contract. In no case shall receipt for payment be taken in duplicate. In all cases of cash payment, the exchange of currency and the receipt for it shall be simultaneous. Practices requiring receipts in advance of actual cash payments are prohibited. The accountable individual making the cash payment shall positively identify the payee. If the payee is not known personally, then the accountable individual making the payment shall examine an appropriate identification card that includes both the payee's picture and signature. A comparison of the

payee's signature shall be made with that appearing on the identification card. For military personnel, the DD2(ACT) (Armed Forces of the United States – Geneva Conventions Identification Card (Active)) or DD2(RES) (Armed Forces of the United States – Geneva Conventions Identification Card (Reserve)) shall be used. The responsibility for identifying the payee may not be delegated.

010509. Receipts for Collections. Receipts for collections shall be signed personally by the DO or an agent whose designated duties include receipt of collections.

0106 RESTRICTIVE REQUIREMENTS

010601. Payment of Compensation. 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.

010602. Accounting for Premiums on Sales of Public Moneys or Securities. Under 31 U.S.C. 3341, a disbursing official 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 the Department of the Treasury or with a depository for credit to the government.

010603. Advances, Prepayments, and/or Overpayments. Except as otherwise authorized under 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 7, 8, 9, and 10 of this Regulation, the Joint Federal Travel Regulations, Volume 1, and the Joint Travel Regulations (Volume 2).

010604. Payments to Third Parties

★ A. General. Monies owed to an individual by the government are not subject to execution, attachment, garnishment, or other legal processes, except as specifically authorized by statute. Examples of specific exceptions are described in subparagraphs 010604.B through 010604.I, below. Also, such payment is prohibited even though the claimant to whom the amount is due requests that payment be made to another person. This restrictive requirement applies to all funds, including those held in trust by the Department.

★ B. Levy and Distrain for Delinquent Taxes. Salaries and wages of officers and employees of the U.S. Government, including all members of the Armed Forces, are subject to levy and distrain for delinquent federal taxes as prescribed by 26 U.S.C. 6331. The powers of distrain are characterized by the ability to force or compel satisfaction of an obligation by means of seizure.

★ C. Payments to Bankruptcy Trustees. A civilian employee or military member may file a Chapter 7, 11, or 13 petition in bankruptcy under Public Law 95-598

(reference (g)). During the bankruptcy proceedings that follow, the Bankruptcy Court may order the individual's pay to be forwarded to the Bankruptcy Trustee. Such payments are proper and DOs incur no additional liability as a result. (Note: In those cases where a bankrupt individual has a debt to the government and is also owed money by the government, contact the appropriate DFAS Office of General Counsel for guidance.)

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

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

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

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

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

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

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

010606. Insurance Fees. The government is self insured (or bonded). Therefore, neither a DO nor any of the agents of the DO are authorized to insure public funds or property.

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

★0107 PUNITIVE PROVISIONS

010701. Misuse of Public Funds. Title 18 of the United States Code (18 U.S.C. 641 (reference (i))) governs crimes involving 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 self or another, or deposit of public funds, except as authorized by law, may be subject to fine, imprisonment, or both. A failure to adequately safeguard public funds may also render the individual entrusted with them to criminal sanctions.

010702. Withholding Pay of Persons in Arrears to the United States

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

B. Applicability

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

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

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

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

010703. Conspiracy to Defraud the Government. Any person who enters into any agreement or conspiracy to defraud the United States by obtaining or aiding to obtain the payment or allowance of any false, fictitious, or fraudulent claim shall be subject to fine, imprisonment, or both as prescribed by 18 U.S.C. 286 (reference (i)).

010704. False, Fictitious, or Fraudulent Claims. Whoever makes or presents to any person or officer in the civil or military service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be fined, imprisoned, or both as prescribed by 18 U.S.C. 287 (reference (i)).

★0108 ADVANCE DECISIONS

010801. General. A DO, certifying officer, or departmental accountable official should seek the advice of the appropriate office, depending on the nature of the issue (see Appendix E), when they are in doubt about the legality of authorizing the obligation or payment of government funds. An opinion of the Comptroller General cannot itself absolve such officers and officials from liability for the loss or improper payment of funds for which they are accountable.

010802. Policy

A. The Departments' legal advice on paying or certifying a claim constitutes the basis for relieving accountable officers from liability.

B. "Accountable official" is a general term that includes DOs, certifying officers, cashiers, procurement officers, departmental accountable officials, and other employees who by virtue of their employment are responsible for the obligation, custody and payment of government funds. Accountable officers may be held personally liable or subject to disciplinary action for the loss or improper payment of the funds for which they are accountable.

C. Accountable officials and other departmental employees may apply for and obtain an opinion on the legality of any obligation or claim presented to them for approval, certification, or payment as specified in Appendix E.

D. The DoD will not seek to recover a payment from an accountable official if that individual has obtained from the General Counsel concerned an opinion advising that the payment could legally be made.

E. In preparing his or her opinion, the General Counsel concerned may consult appropriate sources, including the GAO and the Decisions of the Comptroller General (CG). While an opinion of the CG may have persuasive value, it cannot itself absolve an accountable official, including those identified in section 010802.B, above. The Department of Justice has concluded as a matter of law that the statutory mechanism that purports to authorize

the CG to relieve Executive Branch Officials from liability (i.e., 31 U.S.C. §§ 3527, 3528, and 3529) is unconstitutional because the CG, as an agent of Congress, may not exercise Executive power, and does not have the legal authority to issue decisions or interpretations of law that are binding on the Executive Branch.

010803. Procedures

A. Efforts must be made to resolve doubts concerning the propriety of any given obligation or disbursement at the lowest level possible. Accountable officials should first seek advice through their chain of command and through their servicing legal office. Informal requests for clarification may also be made to the Office of General Counsel, DFAS Arlington, in accordance with section 010404, above.

B. When doubt remains, a DO, certifying official, or agency head may request an advance decision from the General Counsel concerned regarding the propriety of certifying, or of issuing, a payment based on the presentment of a questionable voucher or claim. The request shall specify the issue(s) and provide sufficient relevant facts to support a thorough analysis. As a general rule, decisions are rendered only when a specific claim or voucher accompanies the request.