

***VOLUME 5, CHAPTER 8: “COLLECTIONS”**

SUMMARY OF MAJOR CHANGES

All changes are in **blue font**.

Substantive revisions are denoted by an asterisk (*) 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 April 2011 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	†As part of the Under Secretary of Defense (Comptroller) Volume 5 Streamlining Initiative, this revision incorporated the previous version of Chapter 10 (September 2011). The content of the archived version of Chapter 8 (April 2011) was incorporated into the new Chapter 7 (January 2015).	Revision
Title	Changed title “Collections.”	Revision
0801	Added “General” section to include Overview, Purpose, and Statutory Basis.	Addition
080305	Added “Disbursing Officer, DSSN (insert DSSN)” as a payee example for negotiable instruments received as collections.	Revision
080506	Changed “\$10.00” to “\$1.00” for guidance on the treatment of small-dollar over- and under-payments, to comply with current Treasury guidance.	Revision
080601.C.1 & 2	Deleted guidance regarding disposition of amounts less than \$100, as there was no basis for it. Added guidance on transferring amounts in suspense accounts to more specific accounts.	Revision
080605	Deleted Standard Form 1096, Schedule of Voucher Deductions, as it is no longer a valid form	Deletion

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CHAPTER 8**COLLECTIONS*****0801 GENERAL**

080101. Overview

Collections are transactions that increase a disbursing officer's (DO) accountability, but do not apply to the acquisition of United States (U.S.) and foreign currencies through the purchase with dollars or accommodation exchange transactions. They may also result from transfers of funds from one appropriation or fund to another by voucher deduction or a "no check drawn" transaction using a Standard Form (SF) 1080, Voucher for Transfers Between Appropriations and/or Funds; SF 1081, Voucher and Schedule of Withdrawals and Credits; or by the Department of the Treasury's (Treasury) Intra-governmental Payment and Collection (IPAC) System. A collection voucher may be a combination of a payment and a collection by voucher deduction, e.g., a civilian payroll voucher where deductions for federal and state taxes, U.S. savings bonds, and civil service retirement are credited to the appropriate accounts. Chapter 1 provides record retention requirements with emphasis on supporting audit readiness and contingency operations.

080102. Purpose

This chapter addresses the legality and propriety of collection transactions and substantiating vouchers.

080103. Authoritative Guidance

Title 31, United States Code, Section 3302(c) (31 U.S.C. 3302(c)) requires Department of Defense (DoD) DOs to deposit public money not being held for current expenditure in the Treasury or with a depository designated by the Secretary of the Treasury.

0802 TYPES OF COLLECTIONS

080201. Receipts

Receipts are collections into a Treasury miscellaneous receipt or other legally-authorized account or fund. DOs collect them into their accountability using a DoD (DD) Form 1131, Cash Collection Voucher. They are recognizable by the absence of a fiscal/program year in the accounting classification. Disbursing from a receipt account is not authorized. "Adjusting out" an over-collection requires processing a collection voucher as a negative receipt.

080202. Reimbursements

Reimbursements are amounts earned and collected for property sold or services furnished to U.S. Government agencies or to the public, **amounts collected from outside sources for payments made in error, overpayments, or adjustments for previous amounts disbursed.** They are recognizable by the presence of an accounts receivable sales code within the accounting classification. Show them as positive amounts on the DD 1131. A “negative reimbursement” occurs when a reimbursement is over-collected and requires a return of funds to the remitter and is vouchered as bracketed (negative) amounts on a DD 1131.

080203. Refunds

Refunds are recoveries of payments collected into a DO’s accountability as positive amounts on a DD 1131 using the same accounting classification as the one on the original disbursement voucher. Refunds may also occur as offsets shown as (bracketed) amounts on disbursement vouchers. They are reductions in disbursements rather than collections. Report refunds, documented on collection vouchers, on the **DD Form 2657**, Daily Statement of Accountability, separately from those occurring as negative disbursements, which are reported simply as net of disbursements. Do not report refunds separately on the **SF 1219**, Statement of Accountability, but include them in the calculation of net disbursements.

0803 COLLECTION TRANSACTIONS**080301. General**

Collections increase a DO’s accountability. Schedule collections received by DOs on the appropriate collection forms and 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 change a DO’s accountability.

A. Voucher-Supported Collections

1. Voucher-supported collections create credits to appropriations or to receipt or deposit fund accounts (see Figure 8-1), and involve:

- a. Direct receipts (e.g., cash, checks, and money orders);
- b. Deductions on payment vouchers to cover indebtedness to the U.S. Government;
- c. Other deductions on payment vouchers (e.g., deductions for federal taxes); or

d. Transfers between appropriations or funds, or corrections of charges against and credits to them. Use SF 1080 or SF 1081. Voucher-supported collections may also occur in Treasury's IPAC System (see Chapter 11). In some instances, (e.g., collections from dining facilities), only one collection voucher number for the entire accounting period (e.g., month) may be assigned. **In this case**, prepare the formal collection voucher on the last business day of that **period**. DOs record daily receipts of this nature on the DD 2657 on Lines 2.3 (Other Transactions) and 6.2A (U.S. Currency/Coinage on Hand). When processing the formal DD 1131 at the end of the period, remove the accumulated collections from Line 2.3 and include them on Line 4.1E as reimbursements.

2. Separate **negotiable instruments (NIs)** (checks or money orders) **received as** collections from accompanying accounting documents at the initial stage of processing and deposit them (see Chapter 11). If the identification of the appropriation account is not immediately possible, 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 **NIs**. Upon determining the proper accounting classification, use 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 Collections. Unvouchered collections occur when a DO receives cash or NIs 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 this type of collection on Optional Form (OF) 1017-G, Journal Voucher. DOs may record unvouchered collections on the DD 2657 as increases to line 4.2A (or 6.2A), but not lines 4.1B, 4.1D, or 4.1E; with corresponding entries as decreases to lines 6.5, 7.2A, 7.2B, 7.3, 7.4, 9.2A, 9.2B, or 9.3.

080302. Method of Remittance

Accept cash, checks, or other recognized forms of credit instruments payable on demand. Examples include certified or uncertified personal or corporate checks or bank drafts, Treasury checks with issue dates less than one year old, travelers' checks, postal money orders, money orders issued by banks or other financial establishments, credit union share drafts, and warrants payable on demand. Draw these NIs 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 (see Chapter 10).

A. Commissary Sales Collections. Commanders may authorize commissary officers to accept Treasury checks from authorized patrons **to pay** for sales when available banks and other facilities are unable to furnish check cashing service but cannot authorize nor require DOs or their agents to advance additional change funds to commissary officers to cash Treasury checks they receive. Commissaries may use **the** cash they receive for this purpose.

B. Remittance by Mail. DOs establish procedures to control receipt and processing of checks and other NIs received by mail. An individual that is independent of the collection function must receive these remittances, and must not be the same individual who maintains the accounts receivable records. DOs must establish controls using the [DD Form 2658](#), Returned and Undeliverable Check/Bond Record, or another effective method to maintain a record of transmittal of the instruments between functional areas.

080303. Collections by Remote Cashiers

DOs acknowledge collections made by remote cashiers only upon receipt of certification of the actual monetary amounts.

080304. Performance and Bid Bonds (Storage and Safekeeping)

The Federal Acquisition Regulation (FAR) [Subpart 28.1](#) prescribes acceptance of only cash, certificates of deposit, or irrevocable letters of credit (ILC). Only ILCs 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 are acceptable.

A. Negotiable Instruments. DOs receiving remittances (e.g., checks, bank drafts, and money orders) as deposits for performance or bid bonds deposit them immediately in deposit fund account **X6501 to be held pending settlement with the contractor.

B. U.S. Bonds Deposited in Lieu of a Surety. Under Title 31, Code of Federal Regulations (CFR), [Part 225](#), contractors may deposit certain U.S. bonds with contracting officers instead of furnishing corporate individual sureties on performance and payment bonds. DOs may not accept these bonds (whether electronic or hardcopy) for other than temporary safekeeping (e.g., overnight or over a weekend). DOs may provide space in a safe or vault for temporary safekeeping by placing the bonds and related documentation in a sealed package indicating custodianship, giving the contracting officer a receipt for the package (see Chapter 16). The contracting officer is responsible for transferring the bonds to the Federal Reserve Bank (FRB).

*080305. Negotiable Instruments (NIs)

A. For Deposit to the Credit of the Treasury. To facilitate Treasury identification of the depositing organization, DOs, Deputy Disbursing Officers (DDOs), agents, and cashiers require remitters to make checks and other NIs payable to the accepting organization (e.g., “Disbursing Officer, DSSN #####,” “Disbursing Officer, Camp Lejeune, NC 28542;” or “Disbursing Officer, APO AP 96604-8405”) rather than to the “Department of the Treasury,” but do not return checks payable to the Department of the Treasury for re-accomplishment. Modify the examples to fit the situation (e.g., “Agent” or “Food Services Officer, (Insert unit)” for “Disbursing Officer”) if appropriate, particularly if the DO that will receive the collections is unknown. Do not accept checks payable to a DO or agent by proper

name. Post 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 Chapter 11. Deposit the NIs in an FRB or branch or an approved general depository for credit to the Treasury. [See Chapter 11 for endorsements on negotiable instruments.](#)

B. For Deposit in a Limited Depository. Keep limited depository 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 by activity name.

0804 ISSUANCE OF RECEIPTS FOR COLLECTIONS

080401. Turning in Funds

A. Indirect Collections. Individuals other than DOs, DDOs, cashiers, or agents receiving funds belonging to the U.S. (including those to be held in trust) promptly turn over such funds to their supporting DO or deposit them in an authorized general depository. [These individuals may be](#) commissary, sales, property disposal, personnel, and other officers authorized to receive funds due the U.S. They are responsible for safekeeping funds in their possession pending deposit or turn-in. Collecting officers number documents [sequentially](#) by fiscal year. The DO, DDO, or agent receiving the funds signs and returns two copies of each DD 1131 (other than the original) to the collecting officer, [distributing](#) 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. Only issue receipts for payment of bills received by mail in the disbursing office if the remitter requests it. Furnish receipts only for amounts received and verified by actual count. [DOs, DDOs, or agents are prohibited from using “subject verification” to issue receipts, giving receipts “in blank,” or accepting receipts “in blank.”](#)

C. Receipt Acknowledgement. Where an automated system is [used](#), cashiers may sign receipts in their own name; otherwise DOs, DDOs, or agents must personally sign [the](#) receipts. 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.

080402. Collections by Deductions from Vouchers

If requested, give payees receipts for collections made by voucher deduction. This includes other divisions or activities that may require notices of collection.

080403. Collections by Agent Officers

A. Collections. Agents of appointing DOs may sign receipts for funds.

B. Proceeds of Sales. When funds are deposited with agents, they complete receipts on the original and three copies of the DD 1131 as agents of their DO, and submit the original and two signed copies of the DD 1131, together with supporting documents, with their financial reports to the 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

0805 RECORDING AND CONTROLLING COLLECTIONS**080501.** Pending Payment File

The affected functional area maintains a pending payment file and associated copy of the uncollected billing document(s) unless the supporting DFAS site directs otherwise. Send the original and duplicate copy of the documents to the [customer from whom reimbursement is expected \(see paragraph 080202\)](#). Arrange the files in the order most convenient to the person maintaining the file, reconciling it quarterly to the accounts receivable subsidiary ledgers.

080502. 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 1131 and [forward](#) them to the affected functional area daily for recording. For automated billings, the responsible functional area prepares the DD 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 settlement of all unpaid telephone bills, utilities, and similar liabilities. The responsible functional area ensures the collection of pending bills, 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.

080503. 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 1131.

B. Unidentifiable Collections. Do not process a collection for another fiscal station for which the accounting classification is not immediately identifiable as a TFO. Deposit **the collection** into deposit fund account **X6500, **X6501, **X6276, or **F3875. Upon determining the correct accounting classification, process an SF 1080 (TFO) to clear the suspense account.

080504. Overages

Process an overage in a DO's account as a collection to **F3875 no later than the business day after the overage occurs. Resolve overages no later than the fifth workday after the end of each quarter or, upon the DO's relief from disbursing duty, no later than the fifth workday following the date of relief. Consider collections and returns from agents 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 **R1060 (Forfeiture of Unclaimed Money and Property).

080505. Collection Voucher Control Log

Maintain a daily DD Form 2659, Voucher Control Log, for collection vouchers the disbursing office receives or prepares. The DO determines the functional areas and assigns individuals to maintain this form. Assign each functional area and/or branch disbursing office a separate series of voucher numbers. 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 8-2).

***080506.** Collections Overpaid or Underpaid by \$1.00 or Less

When a remitter overpays an amount due totaling \$1.00 or less, collect the overpayment into receipt account **1099 (Fines, Penalties, and Forfeitures). Refund it only if requested by the remitter. Also, if a payee underpays an amount due totaling \$1.00 or less, prepare an SF1080 charging the DoD Component's Operations and Maintenance account and credit the applicable appropriation (or receivable) for the amount of the underpayment. Do not pursue collection action for underpayments totaling \$1.00 or less.

080507. Collections Made at Agencies Not Having a Disbursing Office

When agencies not collocated with or supported by a disbursing office receive collections:

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.

C. Safeguarding the Collection. Safeguard the collection and supporting documents (see Chapter 3).

0806 DOCUMENTING AND PROCESSING COLLECTIONS**080601.** Verification of Funds Received

A. Verification. 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 depository, the disbursing office processes them in the DO's account upon receipt of the collection voucher (or receipts for collection). The 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 deposit ticket, 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, or other document that authorizes the collection) on, or **as an attachment** to, a collection voucher. If a sales contract is involved, cite the contract in the reference information. If the purpose of a collection cannot be determined, account for it in **F3875, **X6500, **X6501, or **X6276, as appropriate. Review **all deposits** at least quarterly to determine if **funds can be properly deposited into the appropriate account**. Attempt to clear the balances in these accounts during the last month of a fiscal year. **Do not hold deposits in these accounts longer than necessary.**

1. **Transfer to account 20X6133 (Payment of Unclaimed Moneys)** amounts of \$25 or more that has been held for more than one year, are authorized to be refundable, but cannot be refunded because the individual's location is unknown.

2. Transfer to **R1060 unclaimed amounts of less than \$25 or amounts of \$25 or more that have been held for more than one year for which the rightful owner can be neither identified nor located.

D. Numbering Collection Vouchers. Assign collection voucher numbers consecutively starting at the beginning of each fiscal year based on numbering instructions provided by the DFAS site that receives the financial reports.

E. Legibility of Copies. DOs ensure the legibility of all copies of vouchers prepared for distribution.

F. Routing Original Collection Vouchers. The disbursing division of each disbursing office sends original collection vouchers to the supporting DFAS site.

080602. 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 exempt from this requirement (except when a DD 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 controls the keys for these machines. The DO **implements** controls to ensure that all funds received by the cashier are accounted for properly. The DO or DDO holds copies of the vouchers bearing the cashier's initials. In making daily settlement with the cashier at the end of the business day, these copies determine **if** the amounts of the collections the cashier reported were proper. The receiving officer's signature is required where applicable (see subparagraph 080401.C). The DO or certifying officer, as applicable, signs transfer, cancellation, or adjustment vouchers (SF 1081 and **SF 1098**, Schedule of Canceled or Undelivered Checks. If the same voucher is **both** a disbursement and collection, the disbursement is the original subject to the signature requirements paragraph 080602; the collection **is a copy** and does not require a signature.

080603. Preparation of Documents Used to Transmit Funds

A. Responsibility. An officer depositing or transmitting funds to a disbursing office prepares the forms listed in subparagraphs 080604.A 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 information **sufficient** for the DO to identify the collection and determine that the correct amount is **cited** on each collection document. The officer preparing the form also furnishes the complete accounting classification as prescribed; fiscal code, including the disbursing station symbol number (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. Prepare each collection voucher in duplicate, with additional copies as required.

080604. Collection Documents

A. DD 1131. Use this when governing directives do not otherwise prescribe other forms. It may serve as a cover voucher for other receipt forms. See Figure 8-1.

B. SF 1098. Use this form to collect the proceeds of an available canceled Treasury check (see Chapter 7).

C. DD 707, Report of Deposit. Commissary officials prepare and submit this form to the DO under whose DSSN they make deposits (see Figure 8-3).

D. SF 1080. Use this form to transfer amounts between appropriations and/or funds.

E. 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.

F. DD Form 139, Pay Adjustment Authorization. Use this form for salary offset collections.

Figure 8-3. DD Form 707, Sample Report of Deposits

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
APPROPRIATIONS TO BE CREDITED		RECEIVED FROM	
APPROPRIATION	AMOUNT	C.D. Jennifer, CPT, QMC	
21X2010 x-C-xxx Pxxxx-xx Sxx-xxxx	400.00	IN CASH AND/OR CHECKS, \$ <u>455.00</u> 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 <u>August, 20XX</u> VOUCHER NO. <u>123</u>	
21Xxxxx xx-C-Sxx-xxx	55.00		
TOTAL		455.00	
		DATE 12 Aug 20XX	SIGNATURE OF FINANCE OFFICER
DATE 12 Aug 20XX	SIGNATURE OF DEPOSITOR		VOUCHER NUMBER Aug 32-A