

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 become 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 CASHLINK 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 Brink's 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 depository 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 depository 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:

<u>FOREIGN UNITS</u>	<u>U.S. DOLLAR VALUE</u>	<u>RATE OF EXCHANGE</u>
107,275,503 (Balance)	\$ 854,512.60	125.53999
<u>751,883,562 (Purchased)</u>	<u>6,000,000.00</u>	125.31393
859,159,065 (Balance)	\$6,854,512.60	125.34211
<u>- 9,396,641 (Disbursed)</u>	<u>74,967.95</u>	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
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			
	<u>Yen</u>	<u>Exchange Rate</u>	<u>U.S. Dollars</u>
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
<p>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.</p> <p>No collection or disbursement vouchers processed this date prior to revaluation of Japanese Yen.</p>			
<p>J. A. HANCOCK DSSN 6870</p>			

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			
<u>PESATAS</u>	<u>US DOLLAR VALUE</u> (based on individual cumulative transactions)	<u>US DOLLAR VALUE</u> (based on rate of exchange of \$125.34211=\$1)	<u>DIFFERENCE</u> (loss)gain
849,762,424	\$6,779,554.65	\$6,779,544.59	\$(-.06)
J. A. HANCOCK Symbol 6870			