

***VOLUME 5, CHAPTER 16: “SAFEKEEPING FUNDS AND VALUABLES FOR INDIVIDUALS AND MORALE, WELFARE, AND RECREATION ACTIVITIES”**

SUMMARY OF MAJOR CHANGES

All changes are in [blue font](#).

Substantive revisions are identified 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](#).

†This previous version dated February 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 archived version of Chapter 27 (September 2012). The content of the archived version of Chapter 16 (February 2011) was incorporated in the new Chapter 13 (February 2015).	Revision
Title	Change Chapter title to “Safekeeping Funds and Valuables for Individuals and Morale, Welfare, Recreation Activities.”	Revision

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CHAPTER 16

**SAFEKEEPING FUNDS AND VALUABLES FOR INDIVIDUALS
AND MORALE, WELFARE, AND RECREATION ACTIVITIES**

*1601 GENERAL

160101. Overview

Department of Defense (DoD) disbursing officers (DOs), deputy DOs (DDOs), and agents may accept cash and checks from both individuals and morale, welfare, and recreation (MWR) activities for which safe custody otherwise would not be available. When a DO, DDO, or agent is unavailable, or when it is impractical for one of them to accept and account for safekeeping deposits, a commander may appoint any military member or DoD civilian employee as a safekeeping custodian to accept and account for these deposits using a separate DoD (DD) Form 577, Appointment/Termination Record – Authorized Signature (see Chapter 2). Keep safekeeping deposits in a secured safe and establish appropriate procedures to maintain accountability. Consider funds accepted for safekeeping as funds held in trust for which the United States (U.S.) is accountable, but are not within the DO's financial accountability to be reported to the Department of the Treasury (Treasury) on the Standard Form (SF) 1219, Statement of Accountability.

A. Restrictions. Deposits and withdrawals are subject to local command regulations that establish necessary and proper restrictions as to the time, place, and frequency of deposits and withdrawals, and the types of objects classified as valuables. Impose controls to prohibit interruption of the activity's priority fiscal operations, e.g., special and regular payroll activities. Safekeeping services should not be abused by the deposit of objects that are not usually afforded additional protection. Limit deposited valuables to funds, negotiable instruments including bonds, credit cards, travelers' checks, and checkbooks, and objects classified as jewelry having an intrinsic value requiring additional protection. Items such as wallets, snapshots, keys, or items lacking any intrinsic value are prohibited.

B. Responsibility for Deposits.

* 1. Custodians. Commanders appoint custodians to be responsible for the proper handling of and accounting for safekeeping deposits (see paragraph 160301). Appointments must state the specific duties authorized to be performed by the custodian. Pecuniary liability does not attach to safekeeping deposits as they are not public funds. Section 1602 applies to the safekeeping of nonappropriated funds for MWR activities. See Chapter 6 to process losses not identifiable to an individual account holder. Note that losses of nonappropriated funds are not recorded on the DO's SF 1219. If a loss occurs, notify the depositor of their right to submit a claim for reimbursement of the loss under applicable DoD Component regulations. Submission of a claim need not be deferred to await findings of any investigation initiated to determine responsibility for the loss.

2. Assistant Custodians. When the volume or nature of safekeeping deposit transactions warrants, the custodian may formally appoint an assistant custodian for initial receipt and temporary custody of safekeeping deposits pending their delivery to the designated custodian. Provide separate safekeeping facilities for the assistant custodian. Cover all custody transfers between the custodian and assistant custodian(s) with receipt. An assistant custodian is responsible for proper accounting and handling including receipt and delivery of safekeeping deposits to a permanent custodian. Process losses under subparagraph 160101.B.1.

C. Deposit of Postal Funds. Receive and handle safekeeping deposits of postal funds under DoD 4525.6-M, DoD Official Postal Manual, identifying these as postage stamp fund or postal money order fund, as applicable, on the safekeeping deposit receipt.

D. Deposit of Funds Under Emergency Conditions. Follow paragraph 160202 to receive and handle safekeeping deposits of funds by military banking facilities, nonappropriated fund custodians, and other DoD sponsored activities. Identify on the safekeeping deposit receipt the deposit, depositing agency, and the custodian making the deposit.

160102. Purpose

This chapter provides DoD's policy for appointed custodians and assistants to receive and safeguard cash and other valuables belonging to individuals or MWR activities.

1602 SAFEKEEPING OF NONAPPROPRIATED FUNDS FOR MWR ACTIVITIES

160201. Accounting for Separate Funds

Place each safekeeping deposit in a separate, sealed envelope following subparagraph 160202.A, except as provided in paragraph 160202. Process withdrawals in accordance with the procedures provided in subparagraph 160202.B.

160202. Accounting for Commingled Funds

Custodians may collocate the funds when the volume of safekeeping deposits warrants and it is desirable to accommodate more than one deposit or withdrawal transaction in (non-individual) safekeeping deposit accounts at nontactical activities. Place the deposits in a separate container identified as safekeeping funds to prevent commingling with official funds. At activities other than Navy ships, if the total value of commingled safekeeping funds on hand is large, a bank checking account may be established (see paragraph 160203).

A. Deposits

1. Receipt for Deposit. Use a DD Form 2674, Record and Receipt of Deposits and Withdrawals of Safekeeping Funds, for each deposit and assign a consecutive series of deposit numbers beginning with the number “1” preceded by the letter “D.” Assign each depositor a depositor’s account number using a consecutive series of numbers beginning with the number “1.” The information on the DD 2674 should identify the depositor, depositor’s account number, date of deposit, and the amount deposited. The custodian gives the signed original of the DD 2674 to the depositor and retains a copy.

2. Individual Ledger Sheets. For each depositor, the custodian keeps a separate ledger control sheet, the heading of which includes the following: depositor’s account number, name and location of the depositing MWR activity, and signature of the MWR activity representative making the deposit. The custodian enters the amount of each deposit in the debit column of the ledger sheet, the total amount on deposit in the balance column, and the date of each deposit and deposit receipt number.

3. Cash-on-Hand Ledger Control Sheet. In addition to the individual ledger sheets described in subparagraph 160202.A.2, the custodian also keeps a cash-on-hand ledger control sheet entering the amount of each deposit in the debit column and the total amount on deposit by all depositors in the balance column. If preferred, a daily summary posting may be made to the ledger control sheet showing inclusive deposit numbers. The balance of the ledger control sheet must agree with the combined balances of the individual depositors’ ledger sheets.

B. Withdrawals. The depositor presents the original deposit receipt(s) to the custodian when requesting a full or partial withdrawal of the funds on deposit. The custodian confirms the depositor’s account balance and obtains a signature in the applicable section of the retained copy of the DD 2674 verifying it against the signature on the deposit record and/or the individual ledger sheet before releasing the funds requested. If the request is for a full withdrawal, the custodian destroys the original DD 2674 in the presence of the depositor. A depositor may make up to three partial withdrawals of a safekeeping deposit. If the deposit is not withdrawn in full after three requests, the custodian destroys the original DD 2674 and issues a new one for the new deposit amount. Return the identical currency that was presented by the depositor when the deposit is withdrawn, e.g., a deposit made in Japanese Yen cannot be withdrawn in U.S. dollars. For withdrawals by check under paragraph 160203, enter the check number on the withdrawal request. The custodian enters the withdrawal as a credit in the depositor’s individual ledger sheet and the custodian’s ledger control sheet. In lieu of individual entries, the custodian may post a daily summary showing inclusive withdrawal numbers on the ledger control sheet.

160203. Bank Account Procedures

A. General. Custodians of commingled safekeeping funds, with command approval, may establish and maintain a checking account in a local bank or credit union (insured by either the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as appropriate) for the deposit of safekeeping funds if the amount available for deposit is large enough to preclude the payment of service charges or other fees. The financial institution collateralizes funds in excess of the insured limits in accordance with Title 31, Code of Federal Regulation, Part 202. Establish the account in the name of the disbursing activity, the safekeeping fund, and the custodian (e.g., “U.S. Naval Activity, Boston, MA, Safekeeping Deposit Fund, LT J. A. Hancock, SC, USN, Custodian”). Loans or investments from safekeeping deposit funds are prohibited.

B. Check Records. All checks **must** be serially pre-numbered. A complete record of all checks drawn, deposits made to the safekeeping checking account, and a running account balance **must be** maintained in the checkbook. Reconcile statements from the financial institution immediately upon receipt and file them with the bank ledger control sheet. Mark spoiled checks as “VOID” and file them in sequence.

C. Deposits to Safekeeping Fund Bank Account. Deposit checks, money orders, and cash received for safekeeping to the authorized account, except for cash required to be kept on hand to meet safekeeping withdrawal requirements. Checks and money orders may be accepted for deposit, subject to collection. Withdrawals are not authorized until sufficient time has elapsed for the checks and money orders to clear through the banking system.

D. Disbursements from Safekeeping Fund Bank Account. Draw checks for withdrawals of safekeeping funds on the safekeeping deposit fund account whenever practical. Checks may be drawn on the safekeeping fund account only for payment to a depositor for withdrawal, an authorized transfer of a depositor’s account to another activity, replenishment of cash on hand (through an exchange-for-cash check) needed to meet safekeeping withdrawal requirements, or transfers of unclaimed monies.

E. Cancellation of Checks. Checks drawn on the safekeeping deposit fund account must bear the following stamped endorsement on the reverse side: “This check is not valid unless presented for payment within 12 months from its date of issue.” If a check is canceled, the custodian confirms stop payment action with the financial institution and credits the depositor’s safekeeping account for the amount of the canceled check. An effort should be made to locate the depositor and **make** payment. If the depositor cannot be located, close the account by drawing a check payable to the Treasury for deposit. The custodian prepares a DD Form 1131, Cash Collection Voucher when amount is less than \$25 credit **1060, Forfeitures of Unclaimed Money and Property. For amounts of \$25 or more, credit 20X6133, Payment of Unclaimed Moneys. **Include** all information available as to the identity and location of the depositor on the collection voucher. The **custodian presents** the check and DD 1131 to the DO for collection. **Send** any claim subsequently received for the funds to the supporting Defense Finance and Accounting Service site for processing, with a copy of the related DD 1131.

F. Bank Ledger Control Sheet. In addition to the cash-on-hand ledger control sheet, the custodian keeps a separate ledger control sheet for cash-in-bank. When cash, checks, or money orders are deposited in the bank, the custodian debits the cash-in-bank ledger control sheet and credits the cash-on-hand ledger control sheet. Post exchange-for-cash checks as credits to the bank ledger control sheet and debits to the cash-on-hand ledger control sheet. Post withdrawals by check as credits to the bank ledger control sheet and debits to the individual ledger sheet. The sum of the cash-in-bank and cash-on-hand ledger control sheets must agree with the combined balances of the individual depositors' ledger sheets.

1603 SAFEKEEPING OF PERSONAL FUNDS AND VALUABLES OF INDIVIDUALS

160301. Deposits

The custodian records all deposits on a DD 2674. Use a series of consecutive numbers beginning with the number "1" for assignment to safekeeping deposits. Assign each deposit, at the time it is made, the next number in the series. The custodian enters in the appropriate spaces of the DD 2674: deposit number, date of deposit, description of the deposit (if money, describe the amount in figures and words), and the signature and rank of the custodian (or assistant custodian) receiving the deposit. The depositor must enter their social security number (SSN), signature, and rank or rate in the spaces provided. The custodian gives the signed original of the DD 2674 to the depositor and retains a copy.

160302. Withdrawals

A depositor wishing to withdraw a deposit presents the original DD 2674 to the custodian, who verifies the depositor's signature and determines that the serial number, date and description correspond with the data appearing on the retained copy of the form. The depositor acknowledges receipt of the deposit by entering their signature and the date of withdrawal in the space provided on the retained copy of the DD 2674. The custodian destroys the original DD 2674 in the presence of the depositor. If the receipt has been lost, the deposit may be returned to the depositor only after the custodian is satisfied as to the identity of the depositor and the depositor's entitlement to the deposit. The entries on the DD 2674 constitute the official record of the deposit. The entire deposit must be withdrawn at the time of withdrawal. Partial withdrawals are not authorized, but a new deposit in a new amount is authorized subject to any restrictions prohibiting unreasonable repeated deposits.

160303. Withdrawal of Funds or Valuables Subsequent to Transfer of Depositor

If a depositor is transferred before withdrawing safekeeping deposits, the custodian delivers the depositor's cash balance to the DO in exchange for a Treasury check payable to the depositor. Send the check and the depositor's valuables (if any) with a letter of transmittal to the commander of the activity where the depositor was transferred for delivery to the depositor. Include in the transmittal letter all available details about the depositor and request acknowledgement of receipt. Insert data regarding the transfer on the file copy of the DD 2674.

160304. Deposit and Withdrawal of Funds by Incapacitated Persons

To process deposits and withdrawals of funds and valuables, an officer or any other person designated by the commander must accompany an incapacitated person to witness and sign each transaction. Deliver receipts for safekeeping deposits to the commander.

160305. Deposits of Deceased or Missing Persons

The custodian delivers cash on deposit to the DO in exchange for a Treasury check payable to the payee designated by the officer (or inventory board) appointed by the commander to take custody of the depositor's personal effects. The Treasury check is drawn as "Exchange-for-Cash, Safekeeping Deposit No. _____ of name, rank or rate, SSN." Deliver the check and **any** depositor valuables to the appointed officer (or inventory board) for disposition **following** applicable DoD Component regulations. Obtain a receipt for the check and **any** valuables transferred **under** these instructions. Enclose a retained copy of the DD 2674 with a notation describing the disposition, **and** destroy the **receipt portion of the** DD 2674, if available.

1604 BALANCING AND VERIFICATION OF SAFEKEEPING DEPOSITS

160401. Balancing

The safekeeping custodian balances all safekeeping deposits on the last day of each month. The cash on hand and **any** safekeeping fund bank account **balance** must equal the total of the amounts credited in all of the active depositors' accounts as shown on the retained copies of the DD 2674s, or the individual ledger sheets and ledger control sheet. The custodian certifies that balancing was accomplished on the ledger control sheet or the last DD 2674 issued **with this statement**:

All safekeeping deposits, serial Nos. _____ through _____,
balanced and verified (**date**). Total cash deposits equal \$_____.

(Signature and rank of custodian)

160402. Verification

A. **General**. At unannounced intervals, not less frequently than once during each calendar quarter, **a** cash verification team appointed by the commander verifies safekeeping deposits in the presence of the custodian. Include the results of the verification in the report of verification to the commander.

B. Separate Deposits. Separate deposits should be confirmed by verifying the contents of each envelope against the retained copies of DD 2674s. The verifying officers **must** certify:

All safekeeping deposits, serial Nos. _____ through _____, verified (date). Total cash deposits equal \$_____.

(Signature and rank of verifying officer)

(Signature and rank of verifying officer)

C. Commingled Funds. The custodial office verifies commingled funds by counting the cash held for safekeeping and comparison with **the** total of the individual depositors' ledgers as well as with the balance shown on the ledger control sheet. At activities maintaining a safekeeping deposit fund checking account, examine the latest statement from the financial institution and verify the amount on deposit in the checking account. The verifying officers certify the last entry on the ledger control sheet **with the following statement**:

We, the undersigned, on (date), verified the commingled safekeeping funds by actual count and certify that the total amount on hand is \$_____, which **agrees** with active safekeeping accounts, Nos. ___ through ___, and with the ledger control sheets.

(Signature and rank of verifying officer)

(Signature and rank of verifying officer)

D. Reporting a Shortage or Overage. By accepting custody of safekeeping funds, the U.S. is accountable **for them and** assumes a trust responsibility for their care and safekeeping, even though **it** has no beneficial interest **in them**. The custodian **must** promptly report any shortage or overage of safekeeping deposits to the commander who **takes** actions similar to those prescribed in Chapter 6 for a shortage or overage of public funds.

160403. Transfer of Safekeeping Deposits Upon Relief of Custodian

In preparation for being relieved of custodial duties, the outgoing custodian **must** balance safekeeping deposits and prepares a duplicate list of all active deposits, and **give** the list and all active deposits to the relieving custodian who **must then** verify all deposits and receipts. The DD 2674 and any other records of commingled deposits **must** be transferred to the relieving officer. If a checking account is maintained, **it must** be reconciled and transferred to the relieving officer. The relieved custodian **must arrange** with the financial institution to transfer the account to the new custodian.