MEMORANDUM FOR ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS (FINANCIAL MANAGEMENT AND COMPTROLLERS)
U.S. MARINE CORPS, ASSISTANT DEPUTY COMMANDANT FOR PROGRAMS AND RESOURCES DIRECTORS OF THE DEFENSE AGENCIES COMMANDER, U.S. ARMY CORPS OF ENGINEERS DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Department of Defense (DoD) Accountable Officials – Local Nationals Abroad and Contractor or Contractor Support Personnel

Local foreign nationals may be eligible for appointment as a certifying officer or departmental accountable official. The local Status of Forces Agreements (SOFAs) or treaties provide that the employment of local foreign nationals is subject to the law of the host country, rather than to United States (U.S.) law. Local foreign nationals, both direct and indirect hires, appointed as certifying officers and departmental accountable official may not be subject to pecuniary liability under U.S. law.

Local national employees are an essential part of the workforce at overseas DoD installations. As a result, DoD may be required under international agreements to use foreign nationals. However, Commanders should consider the potential consequences of hiring local nationals as accountable officials in countries where the SOFAs do not subject the local nationals to the same pecuniary liability as other DoD employees.

Accountable officials are DoD military or civilian employees who by virtue of their employment are responsible for government funds, and as so, are designated in writing. Accountable officials include disbursing officers, certifying officers, departmental accountable officials, and other employees having accountability and responsibility of government funds.

- A disbursing officer is an officer or employee designated to disburse funds in accordance with laws and regulations. A disbursing officer and deputy disbursing officer must be a U.S. citizen both within the U.S. and overseas. Commanders must request a waiver to this policy on a case-by-case basis.
- A certifying officer is a military or civilian employee responsible for the legality, propriety, and correctness of vouchers for payment. Individuals eligible for appointment as a certifying officer within the U.S. must be a U.S. citizen. However, there is no legal requirement that certifying officers be U.S. citizens while employed in overseas foreign countries.

- A departmental accountable official is a DoD military or civilian employee who provides to the DoD certifying officer "information, data, or services that are directly relied upon by the certifying official in the certification of vouchers for payment." Individuals eligible for appointment within the U.S. must be a U.S. citizen. However, there is no legal requirement that a departmental accountable official be a U.S. citizen while employed in overseas foreign countries.

If a disbursing irregularity such as an illegal, incorrect, or improper payment results due to the local foreign national actions and the certifying officer or the disbursing officer are relieved of pecuniary liability, the responsible disbursing officer must report the loss and request removal of the deficiency in accordance with Department of Defense Financial Management Regulation, Volume 5, Chapter 6, “Irregularities in Disbursing Officer Accounts.”

Additionally, Title 10, United States Code, section 2773a, states that accountable officials must be employees of the Department. Therefore, contractors or contract support personnel are not subject to pecuniary liability. Therefore, contractors or contractor support personnel shall not be appointed as certifying officers and/or departmental accountable officials.

The Department of Defense Financial Management Regulation, Volume 5, Chapter 33, “Departmental Accountable Officials, Certifying Officers and Review Officials”, will be revised to reflect this decision. My staff point of contact for this matter is Ms. Audrey Clark. She may be reached by telephone at 703-695-9437 or by e-mail at audrey.clark@osd.mil.

Robert P. McNamara  
Deputy Chief Financial Officer  

cc: General Counsel, DoD