

VOLUME 5, APPENDIX A: “CASH VERIFICATION”**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 August 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Update hyperlinks and references	Update
A00102.A&B	Add the information requiring the examination of inventoried Stored Value Cards and Debit Cards.	Add
A00102.F	Delete Chapter 26 as a reference regarding “Safekeeping Deposits”. Chapter 26 has been deleted.	Delete
A00216	Delete this paragraph and related sections (A thru G) that make reference to the ATM system and requirements directed or referenced by Chapter 26. Chapter 26 has been deleted and the ATM systems are no longer in operation. Renumber subsequent paragraphs.	Delete

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APPENDIX A

CASH VERIFICATION

A001 CASH VERIFICATION TEAM PROCEDURES

A00101. Nature and Time of the Verification

Chapter 3 of this volume requires that at least once during each calendar quarter a cash verification team conduct a surprise verification of the cash and other assets under the accountability of the disbursing officer (DO). Generally, it is not practical to verify cash on days involving unusually high volumes of disbursing transactions. The cash verification team ensures that the DO and his or her agents are given neither formal nor informal advance notification of the intent to conduct the verification. Verification scheduling should be random to ensure it does not predictably fall during a particular time period each quarter. If an audit of the DO's accountability has been conducted by transfer of account or if component investigative or audit agencies have conducted a verification during any given quarter, the commander may elect to omit a separate cash verification for that quarter. If such a determination is made, then the cash verification team prepares a written statement for the commander's signature specifying the circumstances for the determination.

A00102. Verification Procedures

A. General. Immediately upon arrival, the cash verification team presents a copy of its letter of appointment and, with continuous presence of the DO or a deputy, assumes control over all cash and other assets in the DO's accountability. If access is refused, the verification team leader immediately notifies the commander. Each custodian of public funds prepares a Department of Defense (DD) [DD Form 2665](#) (Daily Agent Accountability Summary) and the DO prepares a [DD Form 2657](#) (Daily Statement of Accountability) for the close of business of that day and turns it over to the cash verification team. No custodian of public funds may conduct further business until the cash verification team has completed the count of that custodian's funds and examined the inventory list of Stored Value Cards and Debit Cards. See [Chapter 17 of this volume](#). Normally, the duty cashier's funds are verified first to minimize the impact on disbursing operations.

B. Cash and Other Assets. All vaults, safes, security containers, and cash drawers housing cash or other assets are secured and their contents inventoried by actual count in the presence of the person accountable for their safekeeping. If the commander determines that it is not practical to inventory the funds in the possession of some of the DO's agents because of inaccessibility or geographic separation, the cash verification team verifies the amounts shown on custody receipts either by telephone with the accountable person, examination of the permanent file of cash verifications and certification held by the disbursing office, or any other means available to complete the verification. The verification team notes actions taken and any limits to the verification in the report. If any agent's cash accountability is not physically verified when the DO's cash accountability is verified, no quarterly verification of agent cash is considered to have been made. Verify documents representing unvouchered expenditures by

determining that checks were issued to designated payees or that the signatures on cash receipts are authentic. Examine undeposited checks to ensure that they are negotiable instruments the DO is authorized to exchange for cash and that checks received as collections are maintained separately from those checks received in accommodation exchange transactions. Verify that the DO deposits receipts daily, or if daily deposits of less than \$5,000 are impractical, that receipts are accumulated until the total reaches \$5,000 and then deposited, but verify that deposits are made by Thursday of each week, regardless of the amount accumulated. See Chapter 5 of this volume. Inventory both blank checks working stock and bulk storage to ensure that all check issues have been properly reported. Where roll stock of blank checks is used, conduct the inventory by recording the ending number from the reels and not by unrolling of the reel, which could destroy the stock. Examine voided and spoiled checks held by the DO pending local destruction to ensure they are properly defaced and stored in authorized containers. Inventory undelivered checks to ensure that none are missing, none exceed the time limit to be held, and all are properly safeguarded. See Chapter 8 of this volume. [In addition, examine the inventory list of Stored Value Cards and Debit Cards being held, and verify that they are properly safeguarded. See Chapter 17 of this volume.](#)

C. Authorizations and Records. Compare amounts of cash held at personal risk by the DO and his or her agents to the authorization to hold such cash, as indicated by the commander's signed letter. See Chapter 3 of this volume.

D. Imprest and Change Funds. Members of the cash verification team verify imprest and change funds at least once each quarter. This may be simplified by appointing an individual rather than a team. Accomplish these verifications by totaling all receipts and counting all cash to prove the total shown on the cash receipt held by the DO. Investigate and document on the cash verification report any receipts for cash advanced by the imprest fund cashier more than five days old if not redeemed before the report is issued. Change fund accountable individuals certify in writing that their funds are intact at the time of the cash verification. Change fund verification consists of verifying that the cash drawer contains the amount shown on the change fund documentation, after adjusting for any sales proceeds or receipts on the day of verification. Verifications of both imprest fund cashiers and change fund custodians ensure that none of the funds include personal checks from the cashier/custodian, any of their supervisors, or the individual charged with accountability for the funds. See Chapter 2 of this volume.

E. DD Form 2657 (Daily Statement of Accountability). After proving all the entries for cash and other assets by the preceding verifications, the cash verification team inserts the following statement on (or attach to) the [DD Form 2657](#):

"On (date) at (time), the undersigned verified by actual count cash in the amount of \$___, together with all documents supporting collections and disbursements, which (is)/(is not) in agreement with this daily statement of accountability.

"Signature and Rank of Verifying Official"

F. Safekeeping Deposits. Immediately after verifying the DO's cash accountability, the cash verification team verifies all safekeeping deposits and the postal stamp funds (if applicable) with procedures in Chapter 27 of this volume.

G. Report of Verification. The cash verification team reports all findings in writing to the appointing official immediately upon completion of verification of both official funds and safekeeping deposits. See Chapter 3 of this volume. If the appointing official is not the DO's commander, address the report jointly to the appointing official and the DO's commander so that both receive an original of the verification report. Where safekeeping of personal funds and valuables is authorized and the designated safekeeping custodian is not the DO, send a copy of the report to the safekeeping custodian. Include in the report:

1. The date the verification was conducted;
2. The date of the preceding verification;
3. A statement as to whether or not the DO is in compliance with the safekeeping requirements in Chapter 3 of this volume;
4. The identity of each person holding cash under the DO's cash accountability that was not verified by actual count, the amount of cash each held, and the method of contact made with each custodian. If such contact was made, include a statement as to whether or not the verified cash accountability of the DO agrees with the DD Form 2657 cash and other asset totals;
5. A list of undeposited checks containing a description of those not handled as prescribed by this volume;
6. A statement as to whether or not the DO is taking timely action to clear debit vouchers, check issue discrepancies, check issue reporting gaps, duplicate payments, forgery recoveries through the banks, and reissue of limited payability check cancellations; and
7. A statement as to whether or not safekeeping deposits verified agreed with safekeeping deposit records.

The cash verification team follows up during the next quarterly cash verification to ensure that deficiencies noted in the previous cash verification report were corrected by the DO and reports the results to the appointing official in the form required by that official. The senior member of the cash verification team ensures that all working papers and correspondence pertaining to the cash verification are maintained as a permanent part of the cash verification team's records.

A002 CASH VERIFICATION TEAM CHECKLIST

A00201. General

Use this checklist as a guide for the cash verification process and to assist in preparing the official report of verification. The senior member of the verification team, in consultation with the DO, determines which checklist items pertain to the DO's operations and operating environment, and notes and explains any deviations or omissions from the checklist in the official report.

A00202. Procedures

The senior member of the cash verification team notifies the DO's immediate supervisor upon its arrival to conduct the surprise verification of cash and other assets.

A. Secure all accessible safes holding DO cash accountability items until their contents are verified.

B. Require the DO to balance the DD Form 2657 and validate amounts reported for items due the United States Government that are included in the balance.

C. Commence the actual count of currency and other assets.

1. Cash

a. Count all currency and coin in the presence of the accountable individual.

b. Count all items representing cash, including exchange-for-cash checks, in the presence of the accountable individual.

c. Verify that cash and receipts held by agents in the disbursing office equal the receipts signed by those agents and held by the DO.

d. In the presence of the accountable individual, count all negotiable instruments representing cash held by the DO awaiting deposit.

2. Other Assets

a. Review and total all receipts for cash held by agents of the DO located outside the disbursing office.

b. Review and total all Standard Form (SF) SF 215s (Deposit Ticket) for which both the memorandum and agency copies are held, indicating that the deposit has not been confirmed, and require the DO to commence tracing items not reflected in Ca\$hLink II. See Chapter 5 of this volume.

c. Review the SF 5515s (Debit Voucher) and the associated dishonored checks, and require the DO to initiate collection action.

- d. Review documents for unvouchered expenditures and money lists.
- e. Review exchange-for-cash checks in transit. See Chapter 7 of this volume.
- f. Review Financial Management Service (FMS) FMS Forms 5206 (Advice of Check Issue Discrepancy) representing overdrafts and underdrafts. See Chapter 9 of this volume.
- g. Review actions on previously-reported losses of funds.
- h. Verify bank statements and balances of foreign currency held in limited depositary checking accounts. See Chapter 14 of this volume.
- i. Verify by actual count the amount of foreign currency against the subsidiary records and the foreign currency reports.
- D. Review all vouchers supporting gains and losses on foreign currency transactions. See Chapter 13 of this volume.
- E. Review the DO's compliance with the provisions of this volume for cashing personal checks and the collection of dishonored checks. See Chapter 4 of this volume.
- F. Ensure that checks representing collections are properly identified and supported by collection vouchers so that dishonored personal checks received as collections may be charged back to the receiving activity and not held as losses due to accommodation exchanges made by the DO. See Chapter 4 of this volume.
- G. Review previous cash verification reports to ensure that repeat deficiencies being reported in the current cash verification report are noted as significant, and advise the commander of action necessary to remedy immediately the deficiencies of the DO.
- H. Review maintenance of the [DD Form 2658](#) (Returned and Undeliverable Check/Bond Record), or automated system if used, to ensure the DO attempted to deliver bonds within the prescribed 30-day holding period. See Chapter 23 of this volume.
- I. Review maintenance of the DD 2658, or automated system if used, to ensure that no undelivered checks are missing, none exceed the time limit to be held, and all are properly safeguarded. See Chapter 8 of this volume.
- J. Verify all undeposited checks in relation to the prescribed frequency and timeliness of deposits. See Chapter 5 of this volume.
- K. Compare military payroll vouchers and money lists with related pay accounts to ensure payments are posted to the member's account.

L. Review all letters of authorization to hold cash at personal risk to ensure that cash held is commensurate with needs and in compliance with the letters of authorization. See Chapter 3 of this volume.

M. Verify safekeeping deposits, postal funds, postage stamp stock, and postal money order stock, if applicable. See Chapter 27 of this volume.

* N. Inventory and verify the safekeeping of all Stored Value Cards and Debit Cards. See Chapter 17 of this volume.

* O. Inventory all blank checks (both working and bulk stock), examine all voided and spoiled checks pending local destruction, and review check issue discrepancy report.

P. Finalization:

1. Verify totals from the above reviews with the amounts reported on the DD Form 2657.

2. Advise the DO, informally and as appropriate, of any discrepancies or deficiencies noted.

3. Notify the DO's immediate superior and the commander of any deficiencies and advise them that a written report will be prepared.

4. All members of the cash verification team sign and certify the results of the cash verification on the DD Form 2657 or a paper attached to the DD Form 2657.

5. Distribute the cash verification report. See subparagraph A00102.G of this Appendix.