

VOLUME 5, APPENDIX A: “QUARTERLY VERIFICATION OF CASH AND OTHER ASSETS”

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 [December 2013](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks and formatting to comply with current administrative instructions.	Revision
A10103	Added "Authoritative Guidance" section.	Addition

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APPENDIX A

QUARTERLY VERIFICATION OF CASH AND OTHER ASSETS

*A101 GENERAL

A10101. Overview

Chapter 3 requires that a cash verification team conduct a surprise verification of the cash and other assets under the accountability of the disbursing officer (DO) at least once during each calendar quarter. 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 period each quarter. Generally, it is not practical to verify cash on days involving unusually high volumes of disbursing transactions. The commander may omit a second quarterly cash verification, if an audit of the DO's cash and assets has been conducted as a part of a transfer of accountability, or if other official audits verifying the accountability were conducted during the same quarter. The cash verification team must prepare a written statement for the commander's signature specifying the circumstances for omitting a cash verification.

A10102. Purpose

This appendix provides a checklist for conducting a surprise verification of the cash and other assets under the accountability of the DO.

*A10103. Authoritative Guidance

Title 31, United States Code, Section 3302 (31 U.S.C. § 3302) authorizes DOs to hold cash for disbursement purposes and requires the safeguarding of all cash assets.

A102 CASH VERIFICATION CHECKLIST

A10201. Checklist

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 explains any deviations or omissions from the checklist in the official report.

A. The senior member of the cash verification team notifies the DO's immediate supervisor upon arrival to conduct the surprise verification of cash and other assets. The cash verification team presents a copy of its letter of appointment and, with the 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 senior member of the verification team immediately notifies the commander.

B. Secure all accessible vaults, safes, security containers, and cash drawers housing cash or other assets holding DO cash accountability items and their contents inventoried by actual count in the presence of the person accountable for their safekeeping.

C. Require the DO to prepare a Department of Defense (DD) [Form 2657](#), Daily Statement of Accountability, for the close of business of that day and validate amounts reported for items due the United States Government that are included in the balance. It is also required that the custodian of public funds prepares a [DD Form 2665](#), Daily Agent Accountability Summary.

D. No custodian of public funds may conduct further business until the cash verification team has completed the count of that custodian's funds. Normally, the duty cashier's funds are verified first to minimize the impact on disbursing operations. 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).

E. 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 describes any limits to the verification in the report.

F. 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. Count all negotiable instruments representing cash held by the DO awaiting deposit in the presence of the accountable individual.

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 deposit transactions via Over the Counter Channel Applications (OTC.net) and confirm deposit transactions utilizing the Collection Information Repository (CIR) (see Chapter 11).

c. Review the debit voucher and associated dishonored checks; require the DO to initiate collection action.

d. Review exchange-for-cash checks in transit (see Chapter 7).

e. Review Financial Management Service Form 5206, Advice of Check Issue Discrepancy representing over- and under-drafts (see Chapter 7).

f. Review actions on previously reported losses of funds.

g. Verify bank statements and balances of foreign currency held in limited depository checking accounts (see Chapter 14).

h. Verify the amount of foreign currency by actual count against the subsidiary records and the foreign currency reports.

G. 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 provided in Chapter 16. No quarterly verification of agent cash is considered to have been made if any agent's cash accountability is not physically verified, when the DO's cash accountability is verified.

H. 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 any receipts for cash advanced by the imprest fund cashier more than five days old if not redeemed before the report is issued and document on the cash verification report. Change fund accountable individuals must certify in writing that their funds are present 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 includes personal checks from the cashier/custodian, any of their supervisors, or the individual charged with accountability for the funds (see Chapter 2).

I. Review all vouchers supporting gains and losses on foreign currency transactions (see Chapter 13).

J. Review the DO's compliance with the provisions for cashing personal checks and the collection of dishonored checks (see Chapter 4).

K. 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).

L. 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 the action necessary to remedy the deficiencies of the DO.

M. 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 3).

N. Review maintenance of the DD 2658, or automated system if used, to ensure that no undelivered checks are missing, none exceeds the time limit to be held, and all are properly safeguarded (see Chapter 7).

O. Verify all undeposited checks in relation to the prescribed frequency and timeliness of deposits (see Chapter 11).

P. 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.

Q. Verify that the DO deposits receipts daily. If daily deposits of less than \$5,000 are impractical, verify that receipts are accumulated until the total reaches \$5,000 and then deposited. Also, verify that deposits are made by Thursday of each week, regardless of the amount accumulated (see Chapter 11).

R. Compare military payroll vouchers and money lists with related pay accounts to ensure payments are posted to the member's account.

S. 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).

T. Verify safekeeping deposits, postal funds, postage stamp stock, and postal money order stock. (see Chapter 16).

U. Inventory and verify the safekeeping of all Stored Value Cards and Debit Cards (see Chapter 10).

V. Inventory all blank checks (both working and bulk stock), examine all voided and spoiled checks pending local destruction to ensure they are properly defaced and stored in authorized containers, and review the check issue discrepancy report. Where roll stock

of blank checks is used, conduct the inventory by recording the ending number from the reels rather than unroll the reel, which could destroy the stock.

W. Inventory undelivered checks to ensure that none are missing or exceeds the time limit to be held and all are properly safeguarded (see Chapter 7).

X. Finalization:

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

2. Advise the DO, 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 must sign and certify the results of the cash verification on the DD 2657 or a paper attached to the DD 2657.

5. 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 2657:

"On (date) at (time), the undersigned verified by actual count cash in the amount of \$ (amount), 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

6. Distribute the cash verification report as directed in paragraph A10202.

7. 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. 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. [Present the results of the follow up to the appointing official.](#)

A10202. 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). 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 the following in the report:

- A. The date the verification was conducted;
- B. The date of the preceding verification;
- C. A statement as to whether or not the DO complies with the safekeeping requirements in Chapter 3;
- D. 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 2657 cash and other asset totals;
- E. A list of undeposited checks containing a description of those not handled as prescribed by this volume;
- F. 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
- G. A statement as to whether or not safekeeping deposits amounts verified agreed with safekeeping deposit records.