



COMPTROLLER

OFFICE OF THE UNDER SECRETARY OF DEFENSE  
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JUN 22 2018

MEMORANDUM FOR ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS  
(FINANCIAL MANAGEMENT AND COMPTROLLER)  
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Managing Limited Depository Checking Accounts

The Department of Defense (DoD) Inspector General (IG) report, "Army Internal Controls Over Foreign Currency Accounts and Payments," DoDIG-2018-099, identified ineffective management of Limited Depository Checking Accounts (LDAs) containing foreign currency. This memorandum clarifies guidance to prohibit excessive balances in LDAs per the Treasury Financial Manual Volume 1, Part 4A, Chapter 3000.

All DoD components are required to develop or update existing procedures to comply with policy no later than October 1, 2018. Applicable policy can be found in DoD Financial Management Regulation (FMR) Volume 5, chapters 3, 14 and Appendix A, and ensures that:

- Foreign government contributions (i.e., burdensharing funds) are included in semiannual cash holding authority requests;
- The establishment of an LDA includes any exceptions that exceed the five to seven business day supply;
- Disbursing Officers with an LDA balance exceeding the five to seven business day supply reduce the excess funds, or obtain a waiver from the U.S. Department of the Treasury by contacting the Defense Finance and Accounting Service (DFAS) at [dfas.indianapolis-in.jjf.mbx.ess-disbursing@mail.mil](mailto:dfas.indianapolis-in.jjf.mbx.ess-disbursing@mail.mil); and
- Quarterly cash verifications include a review of the five to seven business day supply, and report any excessive balance findings to the commander.

Relevant policy amplifications will be included in a near-term update to Volume 5 of the DoD FMR. The DFAS point of contact is Mr. Chuck Bates. Reach him at 317-212-4399 or [charles.a.bates20.civ@mail.mil](mailto:charles.a.bates20.civ@mail.mil).

A handwritten signature in black ink, appearing to read "Mark E. Easton".

Mark E. Easton  
Deputy Chief Financial Officer