

VOLUME 12, CHAPTER 29: “ADMINISTERING, USING AND ACCOUNTING FOR VESTED AND SEIZED FUNDS AND PROPERTY DURING CONTINGENCY OPERATIONS”

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**.

This is a new chapter.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
NEW	<p>This is a new chapter which incorporates applicable sections of the Under Secretary of Defense (Comptroller) July 31, 2003, memorandum on “Procedures for Administrating, Using, and Accounting for Vested and Seized Iraqi Property” as a permanent part of the DoD Financial Management Regulation. Even though the procedures were originally developed specifically for Iraq, this guidance is provided as a framework for future contingency operations and should be modified to accommodate each unique contingency operation.</p> <p>For each contingency operation where vested and/or seized assets are available, specific guidance to ensure transparency and accountability of assets shall be developed to fully support the circumstances of that operation. The Office of Under Secretary of Defense (Comptroller), Accounting and Finance Directorate should be contacted for specific guidance.</p> <p>Policy memorandums specific to each on-going contingency operations will be maintained on the DoD FMR website at Volume 12, Special Accounts, Funds and Programs; Policy Memorandums.</p>	

Table of Contents

VOLUME 12, CHAPTER 29: “ADMINISTERING, USING AND ACCOUNTING FOR VESTED AND SEIZED FUNDS AND PROPERTY DURING CONTINGENCY OPERATIONS” 1

ANNEX 1 SHIPMENT AND DISTRIBUTION OF FUNDS DURING CONTINGENCY OPERATIONS 4

 A. Purpose and Applicability 4

 B. Responsibilities 4

 C. Definitions 4

 D. Procedures 5

ANNEX 2 DUTIES UPON ASSUMING POSSESSION OF FUNDS AND/OR PROPERTY. 7

 A. Purpose and Applicability 7

 B. Responsibilities 7

 C. Definitions 8

 D. Procedures 8

 E. Determination of Public or Private Property Status 8

 Figure 2-1. Evidence/Property Custody Document 10

ANNEX 3 FINANCIAL RECORDS RETENTION AND DISPOSITION DURING CONTINGENCY OPERATIONS 12

 A. Purpose and Applicability 12

 B. Responsibilities 12

 C. Procedures 12

ANNEX 4 DEVELOPMENT OF FUNDING REQUIREMENTS FOR VESTED AND SEIZED PROPERTY 14

 A. Purpose and Applicability 14

 B. Responsibilities 14

 C. Procedures 14

ANNEX 5 ALLOCATION, DISBURSEMENT, AND FINANCIAL REPORTING OF VESTED AND SEIZED PROPERTY 16

 A. Purpose and Applicability 16

 B. Responsibilities 16

 C. Procedures 17

 Figure 5-1. Journal Voucher..... 22

Table of Contents (Continued)

ANNEX 6 MONTHLY INVENTORY REPORT OF SEIZED PROPERTY 23

- A. Purpose and Applicability 23
- B. Responsibilities 23
- C. Reporting Procedures 23

Figure 6-1. Sample Monthly Inventory Report of Vested and Seized Assets for the Month Ending December 2007 27

ANNEX 7 MONTHLY DISBURSEMENT REPORT 29

- A. Purpose and Applicability 29
- B. Responsibilities 29
- C. Reporting Procedures 29

Figure 7-1. Sample Monthly Disbursement Report for the Month Ending December 2007 31

ANNEX 8 REPORTING OF VESTED AND SEIZED ASSETS ON THE DOD FINANCIAL STATEMENTS 32

- A. Purpose and Applicability 32
- B. Responsibilities 32
- C. Procedures 32

CHAPTER 29

**ADMINISTERING, USING AND ACCOUNTING FOR VESTED AND SEIZED FUNDS
AND PROPERTY DURING CONTINGENCY OPERATIONS**

ANNEX 1 SHIPMENT AND DISTRIBUTION OF FUNDS DURING CONTINGENCY OPERATIONS

A. Purpose and Applicability

This annex addresses the duties, responsibilities, and procedures to be followed by the host nations, Office of the Under Secretary of Defense (Comptroller) (OUSDC), and the designated executive agent when requesting and shipping vested funds to host nations.

B. Responsibilities

The administrator of the host nation, along with OUSDC and the Executive Agent will coordinate, request, document and arrange for the shipment of vested funds to the host nation.

C. Definitions

1. Contingency operations include, but are not limited to, support for peace keeping operations, major humanitarian assistance efforts, noncombatant evacuation operations, and international disaster relief efforts.

2. Host nation is a nation that receives the forces and/or supplies of allied nations, and/or coalition partners to be located on, to operate in or to transit through it territory.

3. Coalition Forces are defined as a temporary alliance of factions, nations, etc., for a specific purpose, as of countries in times of international conflict or war.

4. Executive agent is the head of a DoD Component to whom the Secretary of Defense or the Deputy Secretary of Defense has assigned specific responsibilities, functions, and authorities to provide defined levels of support for operational missions, or administrative or other designated activities that involve two or more of the DoD Components.

5. Interim government is defined as a temporary government formed by the host nations or allies until a permanent government can be installed by the local people.

6. Vested assets are those frozen by Presidential Executive Order and vested with the U.S. Department of Treasury for return to the host nation.

7. Spending plan is a plan describing the purposes and the amounts of proposed expenditures of vested and seized property, developed by the host nation or the interim government and submitted through appropriate channels for approval.

D. Procedures

1. The administrator of the host nation will make a determination that vested funds are needed.

2. After the determination is made, the host nation's comptroller will notify the OUSD(C) to create the necessary funding documents. The host nation's comptroller will also provide OUSD(C) with the host nation approved spending plans, supporting the distribution of the funds. The host nation's comptroller will identify the amount of money required along with the quantity of each denomination.

3. OUSD(C) will notify the Department of the Treasury (Treasury) that cash is needed. When possible, the host nation's comptroller will give OUSD(C) and Treasury at least a 10-day advance notice advance of when the money is needed in country. The Treasury will notify the Federal Reserve Board. The Federal Reserve Board will work with the designated Federal Reserve Bank to procure the amount of money needed and denominations as requested.

4. The host nation's comptroller, in coordination with the executive agent, is responsible for coordinating the delivery date and location where the money is to be delivered to allow for a maximum force protection posture keeping in mind customs, requirements and coordination with the host nation. The designated executive agent will coordinate with the Surface Deployment and Distribution Command to arrange transportation, security and loading of aircraft at the designated debarkation point to meet the host nation's desired delivery date.

5. The designated executive agent will provide the flight number and arrival time in country to the designated receiving disbursing officer and to the host nation to ensure security and logistical assets are available to off load the currency.

6. The executive agent's financial operation's designee will ensure security and logistical assets are available to off load the currency.

7. The Federal Reserve Board will notify the contracted armored carrier service to escort the money to the designated military installation. When the shipment arrives at the designated military installation, the accountable individual will be a military officer assigned to accompany the flight to the appointed airport.

8. Once at the designated military installation, the money is verified, arranged on pallets and shrink-wrapped to prevent loss and ensure accountability during shipment. The money is then loaded onto available military aircraft and escorted by two designated couriers. The accountable individual has accountability for the money from the designated shipping point to designated receiving point.

9. Accountability will transfer from the accountable individual to the designated custodian for host nation funds or disbursing officer's representative, at the designated receiving point upon verification of funds.

ANNEX 2 DUTIES UPON ASSUMING POSSESSION OF FUNDS AND/OR PROPERTY

A. Purpose and Applicability

1. This annex addresses the duties, responsibilities, and general procedures to be followed by the Coalition Forces upon discovery, possession, seizure, or receipt of funds and/or property. Specific procedures to ensure accountability and transparency of vested and seized property must be developed to accommodate each unique contingency operation. Policy memorandums specific to each on-going contingency operations will be maintained on the DoD FMR website at Volume 12, Special Accounts, Funds and Programs; Policy Memorandums.

2. The designated Executive Agent shall coordinate with the OUSD (C) to develop specific procedures upon the notification of pending contingency operations. Such procedures will apply to all parties involved in the area(s) of operations for the specific contingency operations as specified in the policy memorandum.

B. Responsibilities

1. Command Responsibility. It is the obligation of the Combatant Commander and subordinate commanders at all levels, to ensure all local regime or private property, cash, or other valuables seized, received, or otherwise taken into possession are properly secured, safeguarded, controlled and accounted for.

2. Individual Responsibility. It is the responsibility and obligation of all Coalition Forces personnel to: (1) notify superiors in a timely manner of any property, seized or received; (2) keep records of and account for such property; and (3) properly secure, safeguard, and control the property in their physical possession. If required, assist other assigned or responsible personnel in the conduct of their duties to secure and safeguard such property or assets.

3. Custodial Responsibility. The responsibility that results from either formal assignment, assumed responsibility, or inherent responsibility derived from command authority and responsibility. Custodians shall take all necessary and prudent actions to properly secure, control, account for, and safeguard property that comes into their physical possession.

4. Accountable Individual. An accountable individual will be appointed by the commander of the Coalition Forces (Detachment, Company, Battalion or equivalent activity) that originally finds, seizes, secures, or otherwise takes possession of public or private property, cash, or valuables. The accountable individual may be a Coalition Forces commissioned or warrant officer or a properly qualified Coalition Forces civilian manager detailed or attached to the activity. The accountable individual will: maintain formal property, inventory, and accounting

records that show, on a continuing basis, the identification or description of the items held, the physical count of cash and face value of currency and securities held by denomination, record of all gains or losses and on-hand balances, the conditions and locations of all property assigned or in possession, and evidence of the chain of custody maintained from time of first receipt or possession (by hand receipt or other record).

C. Definitions

Seized funds are cash and property confiscated by coalition forces during military operations and governed by the laws and usages of war. Normally captured foreign currency shall be delivered promptly into the custody of the State Department's United States Disbursing Officer (USDO) supporting the particular country involved. Any Department of Defense DO acquiring captured foreign currency shall ensure the funds are safeguarded and delivered to the USDO as soon as possible. Captured foreign currency shall not be collected into the DOs accountability as prescribed in Volume 5, Chapter 12.

D. Procedures

1. Secure the property. Use armed guards or other appropriate forms of control as necessary.

2. The ranking military member present when the property is secured automatically becomes the accountable individual with custodial responsibility.

3. Conduct and document a physical inventory of the property. Establish a custodial record, using and modifying DA Form 4137 (Evidence/Property Custody Document) (Figure 2-1) as appropriate.

4. Remove the property, using appropriate care and security, to a controlled area and deliver to an accountable officer.

5. The accountable individual will deliver the property in the form of cash, jewels, precious metals or other items of value to the nearest disbursing officer or disbursing officer's representative. Upon receipt, the finance or disbursing officer shall become the designated custodian official for the cash, jewels, and precious metals. All other property should be handled through established logistics channels. If the seized assets have been designated to be collected into a trust fund, the DO will take into his accountability. The DO will safeguard and account for the assets as prescribed in Volume 5, Chapter 27.

6. This accountable individual shall establish the appropriate accounting records.

7. Officers with custodial responsibility and accountable individual shall take all prudent and necessary steps to accomplish their responsibilities in this area, including observing and controlling the actions of subordinates, as needed, to safeguard property in their custody.

E. Determination of Public or Private Property Status

1. The location where the property was discovered or obtained must be considered in determining whether property is public or private. It is important that the officers with custodial responsibility document the location and circumstances under which property was obtained. In general, property obtained or seized at palaces or government ministry offices or other government compounds will be assumed to be the local regime assets. Property discovered in private residences or commercial locations or in rural locations will be initially assumed to be private assets. If what appears to be stocks or concentrations of looted goods are discovered, this property will initially be considered public.

2. Any additional documentation found with or adjacent to property may be used in the process of making a final determination on the status of the property. This documentation could include such items as records, invoices, vouchers, inventory lists, letters, or other forms of property identification. The officer initially charged with custodial responsibility will be required to make the determination as to the relevance of any documentation found with or in the vicinity of property recovered or seized. Should the documentation be deemed relevant, the officer charged with custodial responsibility will secure and include that documentation along with the property seized.

3. When property is seized from banks or other financial institutions, the custodial officer will secure and include all available, relevant documentation that will assist in the final determination of the status of the property. Other sources of information can be used to assist in these cases, including but not limited to, intelligence information and records obtained at government ministries describing banking or financial institutions used by the regime as part of their government financial system. Final determinations of the status of any seized assets or property will be made in conjunction with U.S., Coalition Forces legal authorities.

Figure 2-1. Evidence/Property Custody Document

EVIDENCE/PROPERTY CUSTODY DOCUMENT		MPR/CID SEQUENCE NUMBER		
For use of this form see AR 190-45 and AR 195-5; the proponent agency is US Army Criminal Investigation Command		CRD REPORT/CID ROI NUMBER		
RECEIVING ACTIVITY		LOCATION		
NAME, GRADE AND TITLE OF PERSON FROM WHOM RECEIVED <input type="checkbox"/> OWNER <input type="checkbox"/> OTHER		ADDRESS (include Zip Code)		
LOCATION FROM WHERE OBTAINED		REASON OBTAINED	TIME/DATE OBTAINED	
ITEM NO.	QUANTITY	DESCRIPTION OF ARTICLES <i>(include model, serial number, condition and unusual marks or scratches)</i>		
CHAIN OF CUSTODY				
ITEM NO.	DATE	RELEASED BY	RECEIVED BY	PURPOSE OF CHANGE OF CUSTODY
		SIGNATURE	SIGNATURE	
		NAME, GRADE OR TITLE	NAME, GRADE OR TITLE	
		SIGNATURE	SIGNATURE	
		NAME, GRADE OR TITLE	NAME, GRADE OR TITLE	
		SIGNATURE	SIGNATURE	
		NAME, GRADE OR TITLE	NAME, GRADE OR TITLE	
		SIGNATURE	SIGNATURE	
		NAME, GRADE OR TITLE	NAME, GRADE OR TITLE	
		SIGNATURE	SIGNATURE	
		NAME, GRADE OR TITLE	NAME, GRADE OR TITLE	

DA FORM 4137, 1 JUL 76 Replaces DA FORM 4137, 1 Aug 74 and DA FORM 4137-R Privacy Act Statement 28 Sep 75 Which are Obsolete USAPFC V1.00 LOCATION _____ DOCUMENT NUMBER _____

Figure 2-1 (Continued)

CHAIN OF CUSTODY (Continued)				
ITEM NO.	DATE	RELEASED BY	RECEIVED BY	PURPOSE OF CHANGE OF CUSTODY
		SIGNATURE	SIGNATURE	
		NAME, GRADE OR TITLE	NAME, GRADE OR TITLE	
		SIGNATURE	SIGNATURE	
		NAME, GRADE OR TITLE	NAME, GRADE OR TITLE	
		SIGNATURE	SIGNATURE	
		NAME, GRADE OR TITLE	NAME, GRADE OR TITLE	
		SIGNATURE	SIGNATURE	
		NAME, GRADE OR TITLE	NAME, GRADE OR TITLE	
		SIGNATURE	SIGNATURE	
		NAME, GRADE OR TITLE	NAME, GRADE OR TITLE	
		SIGNATURE	SIGNATURE	
		NAME, GRADE OR TITLE	NAME, GRADE OR TITLE	
		SIGNATURE	SIGNATURE	
		NAME, GRADE OR TITLE	NAME, GRADE OR TITLE	
FINAL DISPOSAL ACTION				
RELEASE TO OWNER OR OTHER (Name/Unit) _____				
DESTROY _____				
OTHER (Specify) _____				
FINAL DISPOSAL AUTHORITY				
ITEM(S) _____ ON THIS DOCUMENT, PERTAINING TO THE INVESTIGATION INVOLVING _____ (Grade)				
_____ (Name) _____ (Organization) (IS) (ARE) NO LONGER				
REQUIRED AS EVIDENCE AND MAY BE DISPOSED OF AS INDICATED ABOVE. (If article(s) must be retained, do not sign, but explain in separate correspondence.)				
_____ (Typed/Printed Name, Grade, Title) _____ (Signature) _____ (Date)				
WITNESS TO DESTRUCTION OF EVIDENCE				
THE ARTICLE(S) LISTED AT ITEM NUMBER(S) _____ (WAS) (WERE) DESTROYED BY THE EVIDENCE CUSTODIAN, IN MY PRESENCE, ON THE DATE INDICATED ABOVE.				
_____ (Typed/Printed Name, Organization) _____ (Signature)				

USAPFC V1.00

ANNEX 3 FINANCIAL RECORDS RETENTION AND DISPOSITION DURING CONTINGENCY OPERATIONS

A. Purpose and Applicability

This annex provides guidance on the submission of necessary documents and reports during contingency operations in order to provide pertinent information to the designated accounting site. It addresses the duties, responsibilities, and procedures to be followed by the disbursing officers and certifying officers when providing disbursement services during contingency operations.

B. Responsibilities

The disbursing officer or his designee shall ensure that all original disbursing officer records and associated papers are retained as government property as cited in Volume 5, Chapter 21. These records shall be readily accessible to the disbursing officer for 6-years 3-month period consistent with guidance in the National Archives and Records Administration General Records Schedule 6. Extension to this record retention period may be warranted on a case-by-case basis.

C. Procedures

1. All disbursing officers will keep a daily report of all transactions processed.
2. All disbursement documents shall be supported by either hard copy or machine readable source records to ensure that:
 - a. A legal obligation to pay exists (typically a contract);
 - b. The payee has fulfilled any prerequisites to payment (typically an invoice and receiving report);
 - c. The amount of the payment and identity of the payee are correct; and
 - d. The payment is legal under the appropriation or fund involved (typically the correct fiscal year and appropriation).

The documentation should link supporting records and enable audit of transactions and settlement with the certifying and disbursing officers as required by law. A copy of the spending plan will be retained with the original disbursement vouchers.

3. If disbursements are made in cash, the voucher should be receipted by the vendors and/or receipts from the vendors should be attached to the vouchers.

4. The designated accounting site will issue specific accounting and document retention and disposition requirements for paid vouchers. These requirements must be satisfied within 30 days of the payment.

5. The original collection and disbursement vouchers shall be forwarded with the DD Form 2657 (Daily Statement of Accountability) to the designated accounting site as soon as possible after the close of the business day. Disbursing officers shall take extra precautions to ensure that all copies prepared for distribution are completely legible. Additional guidance on the assembly and transmittal of financial reports can be found in Volume 5, Chapter 20.

6. Original paid vouchers shall be safeguarded as consistent with standard security regulations prescribed in Volume 5, Chapter 3.

7. Payments using vested and seized funds shall be made and documented consistent with Volume 5, Chapter 11.

8. All vested and seized funds shall be delivered, transported and safeguarded consistent with Volume 5, Chapter 3.

ANNEX 4 DEVELOPMENT OF FUNDING REQUIREMENTS FOR VESTED AND SEIZED PROPERTY

A. Purpose and Applicability

This annex addresses the duties, responsibilities, and procedures to be followed by the government or designated interim government when working to identify and develop requirements for spending plans in restoring and rebuilding the host country for its people. There may be multiple funding sources available for the purpose of stabilization, reconstruction and humanitarian assistance for the benefit of the local people.

B. Responsibilities

1. It is the responsibility of the appointed/designated officials and coalition commanders to explain the requirements for obtaining vested and seized property for projects that achieve the mission of the designated government.

2. Local designated governmental officials and coalition commanders are responsible for requesting funding from vested and seized assets to accomplish approved projects and requirements by submitting the appropriate funding request form to the designated review board.

3. The majority of funding requirements are expected to be included in the interim government budgets. However, unanticipated or emergency requests will be accepted by the designated review board for consideration. The local government offices shall prepare complete funding request forms to request funding for requirements not addressed in budget submissions, according to the attached instructions.

C. Procedures

1. The funding request form will be reviewed in accordance with the interim government process for the allocation of funds. The designated committee, will conduct the initial review of all program funding requests and project submissions, categorize them, and make recommendations to the designated review board for the allocation of vested and seized funds. The designated review board is responsible for preparing and submitting allocation requests to the Administrator for approval. The designated review board requests will include proposed allocations of available resources. The specific roles, responsibilities, and membership of the interim government designate review board will be determined at the formation of the interim government. For approved projects using Seized and Vested Assets, the interim government is the final authority. After the interim government approval, the interim government comptroller will provide the appropriate funding form and related decision documents to Office of the Under Secretary of Defense (Comptroller) and the designated executive agent budget office.

2. Once funding requests are approved by the Administrator, the requestor must submit a completed Standard Form 1034 (Public Voucher for Purchases and Services Other Than

Personal), along with a spending plan to the interim government comptroller for the disbursement of funds. A spending plan is a plan describing the purposes and amounts of proposed expenditures of vested and seized property, developed by the host nation or the interim government and submitted through appropriate channels for approval.

ANNEX 5 ALLOCATION, DISBURSEMENT, AND FINANCIAL REPORTING OF VESTED AND SEIZED PROPERTY

A. Purpose and Applicability

This annex applies to all parties involved in the receiving, disbursing, accounting for, securing, and reporting of vested and seized property. Specific procedures to accommodate each contingency operation must be developed to ensure accountability and transparency of vested and seized property. Policy memorandums specific to each on-going contingency operations will be maintained on the DoD FMR website at Volume 12, Special Accounts, Funds and Programs; Policy Memorandums.

B. Responsibilities

1. Coalition Government Responsibility. The coalition government (or interim government) is responsible for identifying program requirements, identifying appropriate funding sources for requirements, initiating reprogramming actions when needed, maintaining program accountability, fund certification, certifying receipt of goods, services, and payroll, and certifying disbursement of funds.

2. The Designated Executive Agent (Resource Management) Responsibility. The Executive Agent (Resource Management) is responsible for:

- a. Providing commitment accounting support documentation;
- b. Providing obligation transactions input to the designated accounting site for processing into the appropriate accounting system;
- c. Monitoring fund execution; and
- d. Certifying all required financial reports.

3. Disbursing Officer (DO) Responsibility. The DO is responsible for:

- a. Processing DD Form 1131 (Cash Collection Vouchers) for seized assets and SF 5515 (Debit Voucher) for vested assets to increase cash balances;
- b. Disbursing cash to host nation authorized payees;
- c. Processing disbursements in the appropriate disbursing system; and
- d. Transferring SF 1034s (Public Voucher for Purchases and Services Other Than Personal) and SF 44s (Purchase Order-Invoice-Voucher) and support documents to the designated accounting site promptly.

4. The Designated Accounting Site. The designated accounting site shall maintain the accounting database and prepare, certify, and process SF 1081s (Voucher and Schedule of Withdrawal and Credits) based upon receipt of the Funding Authorization Documents (FADs); post disbursement and obligation transactions processed by the designated disbursing office to the appropriate accounting system; and maintain documentation for future review and audit.

C. Procedures

1. Program Control Procedures

a. Specific procedures shall be developed to accommodate the unique circumstance of each contingency operation.

b. Cash accountability will be maintained on the DO's DD 2657 (Daily Statement of Accountability) and monthly SF 1219 (Statement of Accountability).

c. The designated accounting site will determine the appropriate accounting system to be used as the book of original entry.

d. The executive agent shall monitor execution of funds.

e. All collections and disbursement transactions are reported on the disbursing officer's SF 1219 (Statement of Accountability).

2. Funds Management Procedures

a. Fiscal Coding and Management Structure. The executive agent, in coordination with the designated accounting site, will establish the fiscal coding and management structure, including monthly and annual reporting levels, budget activities, and project codes. The coding structure and budget activities are established per the Department of Treasury and the Office of Management and Budget guidance received and in coordination with the host nation.

b. Vested Assets. Vested assets are funds vested in the U.S. Treasury by operations of domestic law. A special Treasury General Fund Account Symbol shall be used to record cash deposits and disbursements of vested funds. This unique account shall be used only for the purpose designated for the use of vested funds.

c. Seized Assets. Seized funds are cash and property confiscated by coalition forces during military operations and governed by the laws and usages of war. A special Treasury Deposit Fund Account Symbol shall be used to record seized assets after validation by the designated Federal Reserve Bank. This unique account shall be used only for the purpose designated for the use of seized funds.

d. Detailed Accounting Codes. The host nation's comptroller shall request detailed accounting transaction codes through executive agent's headquarters, from the designated accounting site based on fiscal coding and management structure established.

3. Disbursing Operations and Cash Accountability Procedures

a. The coalition government must provide certifying official appointment letters and signature cards, DD Form 577 (Appointment/Termination Record – Authorized Signature) to the DO for all host nation's personnel that will certify SF 44s or SF 1034s for payments.

b. Prior to disbursing, the coalition government shall obtain validated, detailed documentation to support payment of payrolls, utilities, and other goods and services from the designated host nation's officials. For accountability purposes, supporting documentation from automated local payment systems should be used if they are determined to be available and adequate. The coalition government shall obtain from host nation officials organizational listing(s) of individuals authorized to receive payment at the designated payment site(s), and the amount each individual is to be paid. The host nation will certify the payment vouchers and presented to the DO for payment. The DO and the host nation shall follow customary local practices for validation of, and payment for normal and/or recurring utilities and other goods and services. The host nation will ensure adequate controls are in place by utilizing supporting documentation from local officials to ensure goods and services were received.

c. The host nation shall prepare and submit a memorandum to the DO, including the date, time, location, number of payees, and amount of money to be disbursed at each site. The DO shall disburse funds based on the amount of the certified voucher. The designated disbursing or paying agent will provide supporting documentation for the additional funds. The DO will advance the disbursing or paying agent via a DD Form 1081 (Statement of Agent's Accountability). After the paying agent has finished making payments, he/she will use the payroll plus any additional payments added to the payroll to balance with the DO.

d. The host nation's representative appointed as the certifying official will certify the payment(s), and will date and sign the payment voucher.

e. Payments made using seized and vested funds shall be certified in a manner consistent with Volume 5, Chapter 33.

f. Paying agents responsible for making disbursements of vested and seized funds shall be appointed consistent with Volume 5, Chapter 2.

4. Delivery of Funds Procedures

a. A host nation's fund custodian or paying agent will deliver the funds to the designated pay site(s). Designated cashiers or designated local representatives will sign a receipt acknowledging receiving the funds and make payments at the designated pay site(s). The cashiers will acknowledge receipt from the disbursing agent on a DD Form 1081. Designated

host nation representatives will verify the amount and date, and then sign as the payee on the SF 1034 or SF 44. The host nation appointed task force will ensure, insofar as practicable, that designated coalition representatives properly secure funds at the designated pay site(s) and/or while transporting funds to remote sites.

b. The cashiers and/or designated host nation representatives shall disburse funds to designated individuals or service providers. All disbursements shall be documented with a certified voucher with supporting documentation to validate who received the funds and the purpose that the funds will be used.

(1) For Payrolls. Individuals must present proper/valid identification, and acknowledge receipt of payment by signing the payroll list or other appropriate form.

(2) For Payment of Utilities and Other Goods and Services. The host nation shall appoint paying agents in accordance with Volume 5, Chapter 2, paragraph 020604. The DO shall brief all cashiers and paying agents on their responsibilities and pecuniary liability for funds. Properly certified voucher with supporting documentation (receipt, invoice, etc.) must be presented when disbursing for other than payroll.

c. Paying agents will be advanced funds on a DD Form 1081, "Statement of Agent Accountability". The paying agent will disburse funds based on a properly certified SF 44 or SF 1034. Any funds not disbursed remaining after mission is completed and all disbursements have made will be returned to the DO using a DD Form 1081 and DD Form 2665. The paying agent will use the certified disbursed vouchers to balance with the remaining funds and the advancing DD Form 1081. The host nation comptroller will conduct weekly reviews of any balances on hand at the designated local payment sites. The host nation comptroller shall also review supporting documentation to validate beginning balances, all disbursements and ending cash balances. The host nation comptroller shall verify cash on-hand matches the ending cash balance and that the funds are properly secured. Any funds returned from the designated local payment sites to the host nation comptroller will be collected into the DO's accountability using a DD Form 1131.

5. Paying Operations Procedures

a. Purchasing Officer Appointments. The host nation contracting activity will appoint purchasing officers. Purchasing officers are appointed to purchase goods and services, and are authorized to make such purchases via the SF 44.

b. Paying Agent Appointments. Paying agents will be appointed to pay for commercial services or supplies in support of purchasing officers.

(1) Requests for paying agents must be made in writing to the DO.

(2) Host nation commanders authorized to appoint paying agents shall do so in writing in accordance with [Volume 5, Chapter 2, paragraph 020604](#). The DO will appoint cashiers from the local finance command. The DO shall brief them on the responsibilities and potential pecuniary liability for funds.

(3) Paying agent appointments may be for either a specific transaction or a specified period of time.

(4) Appointed paying agents may not serve concurrently as purchasing officers and may not be charged with the handling or custody of any other funds.

6. Disbursing Procedures

a. The host nation comptroller shall prepare a memorandum to the DO providing date, time, location, number of paying agents, names of the paying agents, and amount of money to be disbursed to each paying agent.

b. The DO or disbursing agent will advance the funds to the appointed paying agent(s) using DD Form 1081. The paying agent shall sign the DD Form 1081 as a receipt for the funds.

c. The paying agent will disburse funds in accordance with the purchasing officer's authorization. The purchasing officer and the paying agent will use the SF 44 to make purchases and payments. The purchasing officer will sign and certify the SF 44.

d. The SF 44 must be signed by the paying agent and the individual receiving the funds.

e. The paying agent must keep the original SF 44 with all signatures. Upon mission completion, the paying agent must return all supporting documentation (e.g., original receipts and SF 44s) and remaining cash to the DO in country or designated government financial activity in order to clear the DD Form 1081.

f. The host nation comptroller will authorize any replenishment of funds. The host nation comptroller certifying official must prepare another memorandum to the DO requesting additional funds. A new DD Form 1081 will be prepared by the DO.

g. Imprest fund cashiers will not be utilized. Purchasing agents appointed by the host nation comptroller-designated government procurement activity will be used to make small purchases, as needed. Disbursing agents will disburse payments based on certified vouchers provided by an appointed certifying officer.

7. Reconciliation Procedures

a. The host nation Comptroller and designated accounting site shall conduct a joint reconciliation of commitments and obligations in accordance with the, Volume 3, Chapter 8. Additionally, the DO and designated accounting site will need to follow existing requirements associated with reporting and reconciliation of DO deposit fund accounts.

b. The DO and cashiers shall follow standard daily balancing procedures as identified in the Volume 5, Chapter 19. Additionally, quarterly cash verifications will be conducted in accordance with Volume 5, Chapter 3.

c. The host nation reports required in Annex 7 will require reconciliation of Program Review Board approved projects versus disbursements.

8. Audits and Program Reviews

The administration, use, and accounting of seized and vested assets will be subject to periodic audits by DoD's internal review and audit organizations, including the DoD Inspector, as well as external organizations such as the Government Accountability Office and congressional oversight committees. All officials responsible for administering vested and seized assets shall cooperate fully with any review, audit, or investigation conducted by such organization.

Figure 5-1. Journal Voucher

<p>Optional Form 1017-G (9-79) Title 7, GAO Manual 501017-810</p> <p>JOURNAL VOUCHER</p> <p style="text-align: right;">J.V. No. 25 Date 5 May 20XX</p>			
REFERENCE	EXPLANATION	DEBIT	CREDIT
DEBIT VOUCHER # 475129	Transfer Vested Funds From FRB ON SF 5515. OF1017G will be used to increase the DO accountability under General Ledger control. The account to be cited is : XX X XXXX XXXXX (Treasury Account Symbol will be established) DSSN: 8551 DATE OF SF 5515: 5 May 2003		20,000.000.00
	Total		20,000.000.00
Prepared By <u> Darrell Johnson </u> (Signature)		Approved By <u> Hank Snow </u> (Signature)	
_____ Deputy Disbursing Officer (Title)		_____ Deputy Disbursing Officer (Title)	

ANNEX 6 MONTHLY INVENTORY REPORT OF SEIZED PROPERTY

A. Purpose and Applicability

This annex addresses the duties, responsibilities and procedures to be followed by the designated DO or designated government financial activity supporting the host nation's interim government in preparing monthly reporting of vested and seized property.

B. Responsibilities

The designated executive agent having custody of the seized assets shall prepare monthly reports describing all vested and seized property in the possession of host nation officials. These reports shall distinguish between vested and seized property.

The designated executive agent having custody of the seized assets shall submit the monthly reports under cover memorandum to host nation and the Under Secretary of Defense (Comptroller), with copies furnished to the Principal Deputy Under Secretary of Defense (Comptroller), Director, the appointed Executive Agent's Resource Management Directorate no later than close of the fifth business day of the month following the month being reported.

C. Reporting Procedures

1. Follow the attached sample report format.

2. Instructions

a. Report Title - enter the name of the month and the year in the title of the report.

b. Line 1.A.1 – enter the beginning balance of the vested cash in possession of U.S. government officials. After the first monthly report, the beginning balance will be the ending balance of the previous month (e.g., the beginning balance for June will be the ending balance from May).

c. Line 1.A.2 – enter the amount of vested cash disbursed during the month being reported.

d. Line 1.A.3 – enter the amount of vested cash deposited to financial institutions and no longer in the possession of host nation officials.

e. Line 1.A.4 - enter the amount of collections.

f. Line 1.A.4.1 - this line will include the amount of cash collected back into the disbursing office.

g. Line 1.A.4.2 - enter the amount of vested cash collected during the month.

h. Line 1.A.5 - enter the total of Line 1.A.1 minus Line 1.A.2 minus Line 1.A.3 plus Line 1.A.4.1 plus Line 1.A.4.2 (Line 1.A.1 – Line 1.A.2 – Line 1.A.3 + Line 1.A.4.1 + Line 1.A.4.2). This is the amount of newly vested cash in the possession of host nation officials.

i. Table 1.B – Non-Cash Assets Vested and Divested – provide, in table format, a listing of vested non-cash property by category (e.g., jewelry, arms, equipment, artwork, etc.), a brief description and item count for such property in the possession of host nation officials. This table shall include a cumulative listing of all vested non-cash property in the possession of host nation officials.

(1) Column 1 – enter the category of the non-cash property.

(2) Column 2 – enter a brief description of the items within the category in Column 1.

(3) Column 3 – enter the beginning count of items in the possession of host nation officials. After the first monthly report, the beginning balance will be the ending balance of the previous month (e.g., the June beginning balance will be the May ending balance).

(4) Column 4 – enter the entity to which the host nation official divested the non-cash property.

(5) Column 5 – enter the count of items divested.

(6) Column 6 – enter the sum of Column 3 minus Column 5 (Column 3 – Column 5).

j. Line 2.A.1 – enter the beginning amount of seized cash (US dollars) in the possession of host nation officials. After the first monthly report, the beginning balance will be the ending balance of the previous month (e.g., the beginning balance for June will be the ending balance from May).

k. Line 2.A.2 – enter the amount of seized cash (U.S. dollars) verified as authentic currency during the reporting period and available for disbursement.

l. Line 2.A.3 – enter the amount of seized cash verified as counterfeit.

m. Line 2.A.4 – enter the sum of Line 2.A.1 minus Line 2.A.2 minus Line 2.A.3 (Line 2.A.1 – Line 2.A.2 – Line 2.A.3). This amount represents the amount of seized cash (U.S. dollars) in the possession of host nation officials that has not been verified as authentic currency and available for disbursement.

n. Line 2.A.5 – for the first monthly report enter 0.00 (zero). After the first monthly report, the beginning balance will be the ending balance of the previous month (e.g., the beginning balance for June will be the ending balance from May).

o. Line 2.A.6 – enter the amount of seized cash (U.S. dollars) verified as authentic currency during the month and available for disbursement.

p. Line 2.A.7 - enter the amount of seized cash (U.S. dollars) disbursed during the month being reported.

q. Line 2.A.8 – enter the amount of seized cash (U.S. dollars) deposited to financial institutions and no longer in the possession of host nation officials.

r. Line 2.A.9 – enter the amount of seized cash (U.S. dollars) collected during the month. This amount will include the amount of cash collected back into the disbursing office.

s. Line 2.A.10 – enter the sum of Line 2.A.5 minus Line 2.A.6 minus Line 2.A.7 plus Line 2.A.8 plus Line 2.A.9 (Line 2.A.5 – Line 2.A.6 – Line 2.A.7 + Line 2.A.8 + Line 2.A.9).

t. Table 2.B – Coin/Currency (Non-U.S. dollars) – enter, in table format, a listing of seized coin/currency (Non-U.S. dollars), by country, monetary unit (franc, pound, Canadian dollar, etc.) and amount, in the possession of host nation officials.

(1) Column 1 – enter the name of the country and monetary unit of seized coin/currency (Non-U.S. dollars) in the possession of host nation officials.

(2) Column 2 – enter the beginning count of items in the possession of host nation officials. After the first monthly report, the beginning balance will be the ending balance of the previous month (e.g., the June beginning balance will be the May ending balance).

(3) Column 3 – enter the entity to which the host nation official released the coin/currency (Non-U.S. dollars).

(4) Column 4 – enter the amount of the coin/currency (Non-U.S. dollars) released.

(5) Column 5 – enter the sum of Column 2 minus Column 4 (Column 2 – Column 4).

u. Table 2.C – Non-Cash Assets – enter, in table format, a listing of seized non-cash property by category (e.g., jewelry, arms, equipment, artwork, etc.), a brief description and item count in the possession of host nation officials.

- (1) Column 1 – enter the category of the non-cash assets.
 - (2) Column 2 – enter a brief description of the items within the category in Column 1.
 - (3) Column 3 – enter the beginning count of items in the possession of host nation officials. After the first monthly report, the beginning balance will be the ending balance of the previous month (e.g., the June beginning balance will be the May ending balance).
 - (4) Column 4 – enter the entity to which the host nation official released the non-cash assets.
 - (5) Column 5 – enter the count of items released.
 - (6) Column 6 – enter the sum of Column 3 minus Column 5 (Column 3 – Column 5).
- v. The disbursing officer certifies the accuracy of the data on the report by signing and dating the report.
- w. Footnote the amount of non-U.S. currency in the disbursing officer's possession but not verified as of the end of the reporting period and verified amount of counterfeit U.S. currency for the reporting period.

Figure 6-1. Sample Monthly Inventory Report of Vested and Seized Assets for the Month Ending December 2007

1. VESTED ASSETS

A. CASH

1.	Beginning Balance	\$1,700,000,000.00
2.	Less: Disbursements	500,000,000.00
3.	Less: Deposits to Financial Institutions	100,000,000.00
4.	Plus: Collections	100,000,000.00
	4.1 Cash collected back into DO	\$70,000,000.00
	4.2 Newly Vested Cash in possession of Host nation Officials	\$30,000,000.00
5.	Ending Balance	\$1,200,000,000.00

B. NON-CASH PROPERTY VESTED AND DIVESTED

1. CATEGORY	2. DESCRIPTION	3. BEGINNING COUNT	4. DIVESTED TO	5. COUNT DIVESTED	6. ENDING COUNT
Jewelry	Gold rings	50			50
Arms	Pistols	5			5
Artwork	Oil Painting	2	Museum	2	0

2. SEIZED ASSETS

A. CASH (U.S. DOLLARS)

1.	Beginning Amount Seized (Unverified)	\$650,000,000.00
2.	Amount Verified (Available for Disbursement)	50,000,000.00
3.	Amount Verified (Counterfeit)	10,000,000.00

Figure 6-1. Sample Monthly Inventory Report of Vested And Seized Assets for the Month Ending December 2007 (Continued)

4.	Ending Amount Seized (Unverified)	590,000,000.00
5.	Beginning Amount Verified (Available for Disbursement)	0.00
6.	Plus: Amount Verified This Period	50,000,000.00
7.	Less: Disbursements	25,000,000.00
8.	Less: Deposits to Financial Institutions	0.00
9.	Plus: Collections	0.00
10.	Ending Amount Verified (Available for Disbursement)	\$25,000,000.00

B. COIN/CURRENCY (NON-U.S. DOLLARS) SEIZED AND RELEASED

1. COUNTRY AND UNIT	2. BEGINNING AMOUNT	3. RELEASED TO	4. AMOUNT RELEASED	5. ENDING AMOUNT
Italian lira	60			60
Canadian dollar	200			200
Any foreign currency	1,000	Any Central Bank	1,000	0

C. NON-CASH ASSETS SEIZED AND RELEASED

1. CATEGORY	2. DESCRIPTION	3. BEGINNING COUNT	4. RELEASED TO	5. RELEASED COUNT	6. ENDING COUNT
Jewelry	Gold bracelets	10			10
Equipment	Tanks	1	Coalition Forces	1	0
Equipment	100mm howitzer	4			4

Footnote: Include amount of non-U.S. currency in possession of host nation but not verified as of the end of the reporting period.

Footnote: Include verified amount of counterfeit U.S. currency.

Disbursing Officer Signature _____ **Date** _____

ANNEX 7 MONTHLY DISBURSEMENT REPORT

A. Purpose and Applicability

This annex addresses the duties, responsibilities, and procedures to be followed by the host nation's interim government in preparing monthly disbursement reports for vested and seized assets.

B. Responsibilities

The host nation interim government shall prepare monthly reports describing the purposes, amounts and recipients of all cash disbursements of vested and seized assets. This report will include cash disbursements only; non-cash assets, included coin/currency (non-U.S. dollars), either divested or released are reported in the Monthly Inventory Report of Vested and Seized Assets (Annex 6). These reports shall distinguish between disbursements of vested and seized assets. The report must be reconciled with official accounting records.

The host nation interim government shall submit the monthly reports under cover memorandum to the Under Secretary of Defense (Comptroller) with copies furnished to the Director, Resource Management, of the designated executive agent no later than close of the tenth business day of the month following the month being reported.

C. Reporting Procedures

1. Follow the report format at Figure-1.

2. Instructions

a. Table 1 – Vested Assets

(1) Column 1 – enter a brief description of the purpose for the cash disbursements. The descriptions should be the same as the descriptions shown on the spending plans (Annex 4).

(2) Column 2 – enter a brief description of the recipients of the cash disbursements. The detail information regarding the entity receiving the cash disbursements is required as part of the supporting documentation to the disbursement vouchers as provided for in the Allocation and Disbursement Procedures for host nation interim government (Annex 5).

(3) Column 3 – enter the dollar amount of the cash disbursements.
NOTE: the total of Column 3 will be reported on the Monthly Inventory Report of Vested and Seized Assets, Line 1.A.2 (Annex 6).

b. Table 2 – Seized Assets

(1) Column 1 – enter a brief description of the purpose for the cash disbursements. The descriptions should be the same as the descriptions as shown on the spending plans (Annex 4).

(2) Column 2 – enter a brief description of the recipients of the cash disbursements. The detail information regarding the individual recipients of the cash disbursements is required as part of the supporting documentation to the disbursement vouchers as provided for in the Allocation and Disbursement Procedures for host nation interim government (Annex 5).

(3) Column 3 – enter the dollar amount of the cash disbursements.

NOTE: The total of Column 3 will be reported on the Monthly Inventory Report of Vested and Seized Assets, Line 2.A.6 (Annex 6).

Figure 7-1. Sample Monthly Disbursement Report for the Month Ending December 2007

1. VESTED ASSETS

1. PURPOSE	2. RECIPIENTS	3. AMOUNT
Monthly Payroll	Oil Workers	\$25,000,000.00
Security Alarms	Museum	\$50,000,000.00
TOTAL		\$75,000,000.00

2. SEIZED ASSETS

1. PURPOSE	2. RECIPIENTS	3. AMOUNT
Monthly Payroll	Oil Workers	\$25,000,000.00
Security Alarms	Museum	\$50,000,000.00
TOTAL		\$75,000,000.00

Disbursing Officer, Host Nation Interim Government

DATE

ANNEX 8 REPORTING OF VESTED AND SEIZED ASSETS ON THE DOD FINANCIAL STATEMENTS

A. Purpose and Applicability

This annex addresses the duties, responsibilities, and procedures to be followed by the designated executive agent and the Defense Finance and Accounting Service (DFAS) in preparing consolidated financial statements in support of the host nation interim government's vested and seized assets.

B. Responsibilities

The Executive Agent and DFAS are responsible for reporting activity of vested and seized assets on the Department of Defense (DoD) consolidated financial statements.

C. Procedures

1. Seized asset activity shall be reported on the DoD consolidated financial statements and on the executive agent's financial statements. These activities relate to the receipt, management, and disposition of cash and negotiable instruments held by the DoD. Nonentity seized cash will be included as Fund Balance with Treasury on the face of the DoD consolidated Balance Sheet and the executive agent's balance sheets. The Nonentity Assets Note to the financial statements shall contain sufficient disclosure to provide the reader with an understanding of the source of the seized assets, applicable laws and regulations, and how the assets were used.

2. Vested assets shall be included in the General Fund financial statements of the executive agent and the DoD consolidated financial statements. Vested assets will be distinguishable from other entity assets only in the footnotes to the financial statements. The note to the financial statements shall contain sufficient disclosure to provide the reader with an understanding of the source of the vested assets, applicable laws and regulations, and how the assets were used.

3. Additional information regarding the financial statements is found in Volume 6B and in the quarterly guidance found on the DoD Internet website <https://guidanceweb.ousdc.osd.mil> under "Financial Reporting Guidance."