

VOLUME 5, CHAPTER 8: “COLLECTIONS”**SUMMARY OF MAJOR CHANGES**

All changes are denoted by **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 denoted by ***bold, italic, blue, and underlined font***.

The previous version dated **May 2018** is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks and formatting to comply with current administrative instructions.	Revision
080301.A.1.d & 080301.B	Amended paragraphs by removing procedural instructions for the Department of Defense (DD) Form 2657 (Daily Statement of Accountability) in coordination with Defense Finance and Accounting Services, Enterprise Solution & Standards (ESS), Disbursing Division assuming responsibility for managing disbursing related DD forms.	Revision
080301.B, C, & D	Added Collection classifications for Treasury’s Central Accounting Reporting System transactions from Treasury Daily Reporting Policy Memo FPM19-14.	Addition
Figures 1, 2, & 3	Removed Figures 1, 2, & 3, which displayed DD Form 1131 (Sample Cash Collection Voucher), DD 2659 (Sample Voucher Control Log), and DD 707 (Sample Report of Deposits), from the chapter. These forms can be found at Department of Defense Forms Management. (https://www.esd.whs.mil/Directives/forms/).	Deletion

Table of Contents

0801 GENERAL 3

 080101. Overview 3

 080102. Purpose 3

 080103. Authoritative Guidance 3

0802 TYPES OF COLLECTIONS 3

 080201. Receipts 3

 080202. Reimbursements 3

 080203. Refunds 4

0803 COLLECTION TRANSACTIONS 4

 *080301. General 4

 080302. Method of Remittance 6

 080303. Collections by Remote Cashiers 6

 080304. Performance and Bid Bonds (Storage and Safekeeping) 6

 080305. Negotiable Instruments 7

0804 ISSUANCE OF RECEIPTS FOR COLLECTIONS 7

 080401. Turning in Funds 7

 080402. Collections by Deductions from Vouchers 8

 080403. Collections by Agent Officers 8

0805 RECORDING AND CONTROLLING COLLECTIONS 8

 080501. Pending Payment File 8

 080502. Collection of Accounts Receivable 8

 080503. Collections for Other Agencies 9

 080504. Overages 9

 080505. Collection Voucher Control Log 9

 080506. Collections Overpaid or Underpaid by \$1.00 or Less 9

 080507. Collections Made at Agencies Not Having a Disbursing Office 10

0806 DOCUMENTING AND PROCESSING COLLECTIONS 10

 080601. Verification of Funds Received 10

 080602. Signature on Collection Vouchers 11

 080603. Preparation of Documents Used to Transmit Funds 11

 080604. Collection Documents 12

CHAPTER 8**COLLECTIONS**

0801 GENERAL

080101. Overview

Collections are transactions that increase a disbursing officer's (DO) accountability, but do not apply to the acquisition of United States and foreign currencies through the purchase with dollars or accommodation exchange transactions. They may also result from transfers of funds from one appropriation or fund to another by voucher deduction or a "no check drawn" transaction using a Standard Form [\(SF\) 1080](#), Voucher for Transfers Between Appropriations and/or Funds; an [SF 1081](#), Voucher and Schedule of Withdrawals and Credits; or by the Department of the Treasury's (Treasury) Intragovernmental Payment and Collection (IPAC) System. A collection voucher may be a combination of a payment and a collection by voucher deduction, e.g., a civilian payroll voucher where federal and state taxes are deducted. Vouchers must be retained in accordance with Volume 1, Chapter 9, which provides record retention requirements with emphasis on supporting audit readiness and contingency operations.

080102. Purpose

Chapter 8 addresses the legality and propriety of collection transactions and substantiating vouchers.

080103. Authoritative Guidance

Title 31, United States Code, [section 3302\(c\)](#) requires Department of Defense (DoD) DOs to deposit public money not being held for current expenditure in the Treasury or with a depository designated by the Secretary of the Treasury.

0802 TYPES OF COLLECTIONS

080201. Receipts

Receipts are collections into a Treasury miscellaneous receipt or other legally authorized account or fund. DOs collect them into their accountability using a DoD [\(DD\) Form 1131](#), Cash Collection Voucher. They are recognizable by the absence of a fiscal/program year in the accounting classification. Disbursing from a receipt account is not authorized. "Adjusting out" an over collection requires processing a collection voucher as a negative receipt.

080202. Reimbursements

Reimbursements are amounts earned and collected for property sold or services furnished to U.S. Government agencies or to the public, amounts collected from outside sources for payments made in error, overpayments, or adjustments for previous amounts disbursed. They are

recognizable by the presence of an accounts receivable sales code within the accounting classification, and shown as positive amounts on the DD 1131. A “negative reimbursement” occurs when a reimbursement is over collected and requires a return of funds to the remitter and is vouchered as a bracketed (negative) amount on a DD 1131.

080203. Refunds

Refunds are recoveries of payments collected into a DO’s accountability as positive amounts on a DD 1131 using the same accounting classification as the one on the original disbursement voucher. Refunds may also occur as offsets shown as (bracketed) amounts on disbursement vouchers. They are reductions in disbursements rather than collections. Report refunds, documented on collection vouchers, on the [DD 2657](#), Daily Statement of Accountability, separately from those occurring as negative disbursements, which are reported simply as net of disbursements. Do not report refunds separately on the [SF 1219](#), Statement of Accountability, but include them in the calculation of net disbursements.

0803 COLLECTION TRANSACTIONS

*080301. General

Collections are transactions that increase a DO’s accountability, [but do not apply to the acquisition of U.S. and foreign currencies through the purchase with dollars or accommodation exchange transactions. All collection vouchers reported in the DoD business systems must meet standard line of accounting requirements.](#) Document collections received by DOs on the appropriate collection forms and verify and record them in the accounting records. Funds received that are not creditable to appropriations (e.g., recoveries of losses of funds, or dishonored checks) are not “collections” because they do not change a DO’s accountability.

A. Voucher Supported Collections

1. Voucher supported collections create credits to appropriations or to receipt or deposit fund accounts and involve:

- a. Direct receipts (e.g., cash, checks, money orders, and electronic deposits);
- b. Deductions on payment vouchers to cover indebtedness to the U.S. Government;
- c. Other deductions on payment vouchers (e.g., deductions for federal taxes); or
- d. Transfers between appropriations or funds, corrections of charges against appropriations or funds, or credits to appropriations or funds. Use an SF 1080 or SF 1081. Voucher-supported collections may also occur in Treasury’s IPAC System (see Chapter 11, section 1104). In some instances, (e.g., collections from dining facilities), only one collection

voucher number for the entire accounting period (e.g., month) may be assigned. In this case, prepare the formal collection voucher on the last business day of that period. DOs may record daily receipts of this nature on the DD 2657 to Other Transactions, and U.S. Currency/Coinage on Hand.

2. Separate negotiable instruments (checks or money orders) received as collections from accompanying accounting documents at the initial stage of processing and deposit them (see Chapter 11, subparagraph 110803.B.1). If the identification of the appropriation account is not known at the point of origin (at time of deposit), credit either **F3875 (Budget Clearing Account (Suspense)), **X6500 (Advances without Orders from Nonfederal Sources), **X6501 (Small Escrow Amounts), or **X6276 (Other Federal Payroll Withholding, Allotments), as appropriate, and deposit the negotiable instruments (see Treasury Financial Manual Bulletin [2020-05](#)). Upon determining the proper accounting classification, use an SF 1081 to charge the appropriate budget clearing account or deposit fund and credit the proper appropriation or fund. Do not issue checks for these transfers.

* B. Collection Classification Transactions. Voucher supported collections create credits to appropriations or to receipt or deposit fund accounts and are received on a DD 1131, recorded in the accounting records, and reported to Treasury through Collections Information Repository (CIR) citing the proper Treasury Account Symbol (TAS)/ Business Event Type Code (BETC) combination. Unvouchered collections occur when a DO receives cash or negotiable instruments from individuals or organizations and does not credit them to an appropriation or fund or does not support them with a formal collection voucher (e.g., dishonored checks cashed, losses of funds, and some check issue overdraft discrepancies). Document unvouchered collections on the OF 1017-G and utilize a Classification Transactions and Accountability (CTA) transaction to credit and debit the proper program TAS.

* C. Cash Collections Deposited the Same Day. If the full cash amount associated with a DD 1131 is deposited the same day and the DD 1131 and deposit are reflected in the DO accountability, the DO Cash TAS is not impacted. DOs must utilize OTCnet, citing the BETC and TAS associated with the collection voucher on the deposit ticket. Deposits in OTCnet are reported through CIR, which will feed the Central Accounting Reporting System (CARS) daily account statement showing an increase to the TAS associated with the collection voucher.

* D. Collections Not Deposited the Same Day. Any portion of the cash associated with a DD 1131 that is not deposited the same day and is collected into the DO's accountability must be reported as a CTA transaction. This will feed the CARS daily account statement, showing an increase to the DO Cash TAS and an increase to the program TAS on the collection voucher. Multiple collection vouchers may be consolidated under one transaction reported to Treasury as long as they fall under the same TAS/BETC and ALC. DOs must ensure that any transactions that are consolidated have an audit trail that can be validated at the individual transaction level.

080302. Method of Remittance

Accept cash, checks, or other recognized forms of credit instruments payable on demand. Examples include certified or uncertified personal checks, corporate checks, bank drafts, Treasury checks with issue dates less than 1 year old, postal money orders, money orders issued by banks or other financial establishments, credit union share drafts, and warrants payable on demand. Draw these negotiable instruments in favor of a DO's official capacity (i.e., position title, not name). Visa and MasterCard credit cards and debit cards are acceptable when presented for payment at locations participating in the Card Acquiring Service (see Chapter 11, paragraph 110301).

A. Commissary Sales Collections. Commanders may authorize commissary officers to accept Treasury checks from authorized patrons to pay for sales when available banks and other facilities are unable to furnish check cashing services, but cannot authorize or require DOs or their agents to advance additional change funds to commissary officers to cash Treasury checks they receive. Commissaries may use the cash they receive for this purpose.

B. Remittance by Mail. DOs establish procedures to control receipt and processing of checks and other negotiable instruments received by mail. An individual that is independent of the collection function must receive these remittances, and must not be the same individual who maintains the accounts receivable records. DOs must establish controls using the [DD 2658](#), Returned and Undeliverable Check/Bond Record, or another effective method to maintain a record of transmittal of the instruments between functional areas.

080303. Collections by Remote Cashiers

DOs acknowledge collections made by remote cashiers only upon receipt of certification of the actual monetary amounts.

080304. Performance and Bid Bonds (Storage and Safekeeping)

The Federal Acquisition Regulation, [Subpart 28.2](#), prescribes acceptance of only cash, certificates of deposit, or irrevocable letters of credit (ILC). Only ILCs issued by federally-insured financial institutions, in the name of the contracting agencies that identify the agency and solicitations or contract numbers for which ILCs are presented are acceptable.

A. Negotiable Instruments. DOs receiving remittances (e.g., checks, bank drafts, and money orders) as deposits for performance or bid bonds deposit them immediately in deposit fund account **X6501 to be held pending settlement with the contractor.

B. U.S. Bonds Deposited in Lieu of a Surety. Under Title 31, Code of Federal Regulations, [Part 225](#), contractors may deposit certain U.S. bonds with contracting officers instead of furnishing corporate individual sureties on performance and payment bonds. DOs may not accept these bonds (whether electronic or hardcopy) for other than temporary safekeeping (e.g., overnight or over a weekend). DOs may provide space in a safe or vault for temporary safekeeping by placing the bonds and related documentation in a sealed package indicating custodianship, and

giving the contracting officer a receipt for the package (see Chapter 3, section 0303). The contracting officer is responsible for transferring the bonds to the Federal Reserve Bank (FRB).

080305. Negotiable Instruments

A. General. To facilitate Treasury identification of the depositing organization, DOs, Deputy DOs (DDOs), agents, and cashiers require remitters to make checks and other negotiable instruments payable to the accepting organization (e.g., “Disbursing Officer, disbursing station symbol number (DSSN) #####;” “Disbursing Officer, Camp Lejeune, NC 28542;” or “Disbursing Officer, APO AP 96604-8405”) rather than to the “Department of the Treasury.” However, if a check is made payable to the Treasury the check must be accepted and processed immediately. Modify the examples to fit the situation (e.g., “Agent” or “Food Services Officer, (insert unit)” for “Disbursing Officer”) if appropriate, particularly if the DO that will receive the collections is unknown. Do not accept checks payable to a DO or agent by proper name.

B. For Deposit to the Credit of the Treasury. Deposit the negotiable instruments in an FRB or branch or an approved general depository for credit to the Treasury. Instruments drawn payable to the remitter are acceptable as inscribed if the remitter endorses them as explained in Chapter 11, paragraph 110803. For endorsements on negotiable instruments see Chapter 11, subparagraph 110803.F. Post inscription instructions in strategic locations at cashier cages, commissaries, and other locations receiving these instruments.

C. For Deposit in a Limited Depository. Keep limited depository accounts in the name of the activity to which the DO is assigned (see Chapter 14, section 1402). Instruct the remitter not to inscribe instruments payable to the DO by activity name.

0804 ISSUANCE OF RECEIPTS FOR COLLECTIONS

080401. Turning in Funds

A. Indirect Collections. Individuals other than DOs, DDOs, cashiers, or agents receiving funds belonging to the United States (including those to be held in trust) promptly turn over such funds to their supporting DO or deposit them in an authorized general depository. These individuals may work within commissary, property disposal, personnel, and other offices authorized to receive funds due the United States. They are responsible for safekeeping funds in their possession pending deposit or turn-in. Collecting officers number documents sequentially by fiscal year. The DO, DDO, or agent receiving the funds signs and returns two copies of each DD 1131 (other than the original) to the collecting officer, distributing additional copies as required.

B. Direct Collections. A DO, DDO, agent, or cashier receiving a collection directly from a remitter prepares a collection voucher for the amount collected. The supporting Defense Finance and Accounting Service (DFAS) site determines the number of copies to give the remitter. Only issue receipts for payment of bills received by mail in the disbursing office if the remitter requests it. Furnish receipts only for amounts received and verified by actual count. DOs,

DDOs, or agents are prohibited from using “subject verification” to issue receipts, giving receipts “in blank,” or accepting receipts “in blank.”

C. Receipt Acknowledgement. Where an automated system is used, cashiers may sign receipts in their own name; otherwise DOs, DDOs, or agents must personally sign the receipts. Signatures are not required for collection vouchers electronically validated by an approved public key infrastructure method. Before signing, the cashier or collecting official ensures that remittances are authorized collections in the correct amounts. The person accepting the remittance should not be the same person updating the accounts receivable record.

080402. Collections by Deductions from Vouchers

If requested, give payees receipts for collections made by voucher deduction. This includes other divisions or activities that may require notices of collection.

080403. Collections by Agent Officers

A. Collections. Agents of appointing DOs may sign receipts for funds.

B. Proceeds of Sales. When funds are deposited with agents, they complete receipts on the original and three copies of the DD 1131 as agents of their DO, and submit the original and two signed copies of the DD 1131, together with supporting documents, with their financial reports to the DO. Return one signed copy to the appropriate collecting official as receipt for the funds. The format for the receipt is:

Richard Roe, Lt Col, (Component)

By: _____
Name and Type of Agent

0805 RECORDING AND CONTROLLING COLLECTIONS

080501. Pending Payment File

The affected functional area maintains a pending payment file and associated copy of the uncollected billing document(s) unless the supporting DFAS site directs otherwise. Send the original and duplicate copy of the documents to the customer from whom reimbursement is expected (see paragraph 080202). Arrange the files in the order most convenient to the person maintaining the file, reconciling it quarterly to the accounts receivable subsidiary ledgers.

080502. Collection of Accounts Receivable

A. Payment of Bills. When payment is physically presented to a cashier, the cashier annotates a copy of the bill as “Paid” and initials it. If the cashier is presented the original bill, he/she stamps or notes it “Paid” with date of payment, initials, and returns it to the remitter. Attach paid copies of bills to the DD 1131 and forward them to the affected functional area daily

for recording. For automated billings, the responsible functional area prepares the DD 1131 (cash payments) or an SF 1080 (payroll deductions) as part of the automated collection posting process.

B. Clearance of Component Bills. An individual being transferred from the Component notifies the appropriate functional area and billing office to ensure settlement of all unpaid telephone bills, utilities, and similar liabilities. The responsible functional area ensures the collection of pending bills, makes any required adjustments on a new bill, marks the old bill “Void,” attaches it to the paid copy of the new bill, and completes the clearance form.

080503. Collections for Other Agencies

A. Identifiable Collections. Issue a receipt for an identifiable collection applicable to an account maintained by another fiscal station if requested or required, and process the collection as a transaction for others. Include the complete identity of the remitter, account, fiscal station, and appropriate fiscal data on the DD 1131.

B. Unidentifiable Collections. Do not process a collection for another fiscal station for which the accounting classification is not immediately identifiable as a transaction for others. Deposit the collection into accounts **X6500, **X6501, **X6276, or **F3875. Upon determining the correct accounting classification, process an SF 1080 as a transaction for others to clear the suspense account.

080504. Overages

Process an overage in a DO’s account as a collection to **F3875 no later than the business day after the overage occurs. Resolve overages no later than the fifth **business day** after the end of each quarter or, upon the DO’s relief from disbursing duty, no later than the fifth **business day** following the date of relief. Consider collections and returns from agents when determining the source of the overage. When reasons for overages are explained, and there is reasonable assurance that no claim will be made against them, credit it directly to the Treasury’s receipt account **R1060, Forfeiture of Unclaimed Money and Property.

080505. Collection Voucher Control Log

Maintain a daily DD 2659, Voucher Control Log, for collection vouchers the disbursing office receives or prepares. The DO determines the functional areas and assigns individuals to maintain this form. Assign each functional area and/or branch disbursing office a separate series of voucher numbers. Include the collection voucher number, identification of the remitter (name of remitting individual or organization), amount, and instrument of remittance (e.g., check, cash, traveler’s check, electronic funds transfer, or a no pay adjustment). Annotate a check/Electronic Funds Transfer (EFT) trace number in column d “OTHER.”

080506. Collections Overpaid or Underpaid by \$1.00 or Less

When a remitter overpays an amount due totaling \$1.00 or less, collect the overpayment into receipt account **1099 (Fines, Penalties, and Forfeitures). Refund it only if requested by the

remitter. Also, if a payee underpays an amount due that totals \$1.00 or less, prepare an SF 1080 charging the DoD Component's Operations and Maintenance account and credit the applicable appropriation (or receivable) for the amount of the underpayment. Do not pursue collection action for underpayments totaling \$1.00 or less.

080507. Collections Made at Agencies Not Having a Disbursing Office

Agencies not collocated with or supported by a disbursing office that receive collections must:

A. Collection Control Log. Use a log to control the collections from the time of receipt until they are transmitted to the disbursing office. At a minimum, show the date of receipt, remitter, check or money order number, collection voucher number, amount of collection, and the date transmitted to the disbursing office.

B. Collection Voucher. Prepare a collection voucher the same day the DoD Component receives the collection.

C. Safeguarding the Collection. Safeguard the collection and supporting documents (see Chapter 3, section 0303).

0806 DOCUMENTING AND PROCESSING COLLECTIONS

080601. Verification of Funds Received

A. Verification. Functional areas ensure that collections are proper, vouchers have complete and accurate data, and required copies are available. A disbursing office detecting an improperly prepared voucher returns it to the functional area for correction.

B. Funds Deposited by Collecting Officers. When a collecting officer deposits collections directly to a general depository, the disbursing office processes them in the DO's account upon receipt of the collection voucher (or receipts for collection). The deposit ticket and supporting collection vouchers are the basis for verification of receipt of the funds. If the collecting officer does not provide a confirmed copy of the deposit ticket, advise him/her to furnish it upon receipt.

C. Purpose of Collection. Include the purpose of a collection (e.g., contract lease, applicable regulation, schedule, cost list, or other document that authorizes the collection) on, or as an attachment to, a collection voucher. If a sales contract is involved, cite the contract in the reference information. If the purpose of a collection cannot be determined, account for it in [suspense accounts **F3875, **X6500, **X6501, or **X6276](#), as appropriate [and attempt to clear the deposit within 60 days of the transaction \(see Treasury Financial Manual Bulletin 2020-05\)](#).

1. Transfer to account 20X6133, Payment of Unclaimed Moneys, amounts of \$25 or more that have been held for more than 1 year, are authorized to be refundable, but cannot be refunded because the individual's location is unknown.

2. Transfer to **R1060 unclaimed amounts of less than \$25 or amounts of \$25 or more that have been held for more than 1 year for which the rightful owner can be neither identified nor located.

D. Numbering Collection Vouchers. Assign collection voucher numbers consecutively starting at the beginning of each fiscal year based on numbering instructions provided by the DFAS site that receives the financial reports.

E. Legibility of Copies. DOs ensure the legibility of all copies of vouchers prepared for distribution.

F. Routing Original Collection Vouchers. The disbursing division of each disbursing office sends original collection vouchers to the supporting DFAS site.

080602. Signature on Collection Vouchers

A. Responsibility. The DOs, DDOs, or agent officers sign original collection vouchers in permanent, non-erasable ink; this duty may not be delegated or reassigned. Officers using cash control machines or mechanized equipment to validate vouchers are exempt from this requirement (except when a DD 1131 is processed for further action by a disbursing office not collocated with the processing disbursing office) so long as the machines and control of them meet minimum security and audit requirements. The DO or DDO controls the keys for these machines. Digital signatures may also be used following the guidance in Chapter 1, subparagraph 010305.C.

B. Internal Controls. The DO implements controls to ensure that all funds received by the cashier are accounted for properly. The DO or DDO holds copies of the vouchers bearing the cashier's initials. In making daily settlement with the cashier at the end of the business day, these copies determine if the amounts of the collections the cashier reported were proper. The receiving officer's signature is required where applicable (see subparagraph 080401.C). The DO or certifying officer, as applicable, signs transfer, cancellation, or adjustment vouchers (SF 1081) and an [SF 1098](#), Schedule of Canceled or Undelivered Checks. If the same voucher is both a disbursement and collection, the disbursement is the original subject to the signature requirements in paragraph 080602; the collection is a copy and does not require a signature.

080603. Preparation of Documents Used to Transmit Funds

A. Responsibility. An officer depositing or transmitting funds to a disbursing office prepares the forms listed in subparagraphs 080604.A and D. Except for collections arising from over the counter sales (e.g., commissaries), include the name of the remitter, the specific authority for the collection, and information sufficient for the DO to identify the collection and determine that the correct amount is cited on each collection document. The officer preparing the form also furnishes the complete accounting classification as prescribed; fiscal code, including the DSSN of the station maintaining the appropriation cited; and the country code when the collection is made in an overseas area.

B. Preparation and Distribution. Prepare each collection voucher in duplicate, with additional copies as required.

080604. Collection Documents

A. DD 1131. Use this when governing directives do not otherwise prescribe other forms. It may serve as a cover voucher for other receipt forms.

B. SF 1098. Use this form to collect the proceeds of an available canceled Treasury check (see Chapter 7, paragraph 071004).

C. DD 707, Report of Deposits. Commissary officials prepare and submit this form to the DO under whose DSSN they make deposits.

D. SF 1080. Use this form to transfer amounts between appropriations and/or funds.

E. SF 1081. Similar to SF 1080, this form also transfers amounts between appropriations or funds and may be used for corrections of charges and credits.

F. DD 139, Pay Adjustment Authorization. Use this form for salary offset collections.