



DEPARTMENT OF WAR
FINANCIAL MANAGEMENT REGULATION
VOLUME 5: "DISBURSING POLICY"
UNDER SECRETARY OF WAR
(COMPTROLLER)

September 2026

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VOLUME 5

DISBURSING POLICY

1.0 GENERAL

1.1 Purpose

Volume 5 establishes the financial management policy governing disbursing operations across the Department of War, including the appointment, authority, and accountability of disbursing and certifying officials; the collection, safeguarding, and disbursement of public funds; and the control and reporting of those funds. It states the binding policy only; procedures, implementation guidance, definitions, and data tables reside in the companion documents identified below.

1.2 Authoritative Guidance

Please refer to the authoritative guidance document on the FMR webpage.

1.3 Definitions

Please refer to the Glossary of terms document on the FMR webpage.

1.4 Procedures

Please refer to the procedures document listed throughout this volume.

2.0 PURPOSE, ORGANIZATION, AND DUTIES

2.1 GENERAL

2.1.1. This volume [establishes](#) disbursing requirements, principles, standards, responsibilities, and pecuniary liability standards for disbursing officers (DOs), certifying officers (COs), and other accountable officials throughout the [DoW](#). If new legislation conflicts with Volume 5, the highest-level guidance governs.

2.1.2. This volume is issued [under the](#) authority of DoD Instruction (DoDI) 7000.14, [DoW](#) Financial Management Policy, implements the Treasury Financial Manual (TFM) Volume I, and establishes disbursing [policy](#) throughout the [DoW](#). It applies to the Secretary of Defense (SecDef), Military Departments, Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, Combatant Commands, [DoW](#) Inspector General, Defense Agencies, and [DoW](#) Field Activities (collectively, [DoW](#) Components).

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2.1.3. [Send](#) recommended changes and exceptions to policy through appropriate channels to the Office of the Under Secretary of Defense (Comptroller) (OUSD(C))/Chief Financial Officer (CFO). Coordinate requests for deviations from or exceptions to Volume 5 with [the](#) Accounting and Finance Policy, Strategy, Policy and Requirements (SPR) Directorate, Defense Finance and Accounting Service (DFAS) Indianapolis (DFAS-ZPTA/IN), 8899 East 56th Street, Indianapolis, IN 46249-0050, dfas.indianapolis-in.zpf.mbx.disbursingdebtmanagementpolicy@mail.mil.

2.1.4. Use of Volume 5

2.1.4.1. Volume 5 prescribes the use of specific forms (see [the](#) DoD (DD) Forms Management Program). [DoW](#) Components using systems and producing their own forms in lieu of those prescribed that were in operation at Volume 5's initial issuance (December 16, 1993) may continue using [those](#) systems and forms until [DoW](#) implements a single standard disbursing system. A [DoW](#) Component electing to use a computer-generated version of a prescribed DD Form must use an exact replica of that form or submit a request for exception [per](#) DoD 7750.08, [DoW](#) Forms Management Program Procedures, to the address in [subparagraph 2.1.3](#).

2.2 ORGANIZATION

2.2.1. DFAS-ZPTA/IN is under the direction, authority, and control of the Director, SPR. This division:

2.2.1.1. Develops and promulgates standard [DoW](#) disbursing policy and cash management guidance.

2.2.1.2. Responds to all inquiries pertaining to disbursing policy and cash management within [DoW](#).

2.2.1.3. Initiates, changes, and implements [DoW](#) disbursing policy and cash management guidance [per](#) Treasury regulations.

2.2.1.4. Acts as the point of contact for all non-criminal investigating officers [regarding](#) loss of funds investigations.

2.2.1.5. Performs technical reviews of relief-of-liability cases for [DoW](#) Components and activities, including the quarterly minor loss reports.

2.2.2. [DoW](#) Component Heads, through command channels, ensure that DOs in their commands follow this volume. Commanders monitor disbursing operations [and require](#) DOs and Deputy DOs (DDOs) under their purview to adhere to Volume 5. Commanders ensure DOs are

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accountable for Funds Held Outside of Treasury (FHOT) and report transactions [per](#) I TFM 2-3400. DOs, in turn, direct disbursing operations accordingly.

2.2.3. Commanders ensure that COs, DAOs, and payment review officials in their commands follow [Section 6.0, subparagraph 6.3.5](#).

2.3 ACCOUNTABILITY AND RESPONSIBILITY

2.3.1. Accountable individuals have personal and pecuniary liability for their acts involving the expenditure and receipt of public funds (see [Section 6.0, paragraph 6.7](#), and [Section 7.0, paragraph 7.3](#)).

2.3.2. Accountable individuals whose duties pertain to the disbursement of public funds must be knowledgeable of and adhere to applicable laws.

2.3.3. Accountable individual, accountable official, and accountable officer are used synonymously throughout Volume 5. The term "accountable official" is used in 31 U.S.C. § 3527 to refer to the class of officers or employees of an agency who are pecuniarily liable for repayment of losses or deficiencies of public money, vouchers, checks, securities, or records. [Appoint](#) such officials using a DD Form 577, Appointment/Termination Record - Authorized Signature. Only officers and employees of an agency are eligible for appointment as accountable officials (see [Section 3.0, subparagraph 3.1.1](#)).

2.3.3.1. Disbursing officials include DOs, DDOs, and subordinate disbursing agents, paying agents, cashiers, change fund custodians, collection agents, and imprest fund cashiers. Under 31 U.S.C. § 3321(c)(2), the SecDef [must](#) designate personnel of an agency as disbursing officials to disburse public money available for expenditure by the agency (see [Section 3.0, subparagraph 3.1.2](#)).

2.3.3.2. Under 31 U.S.C. § 3325(a)(1), "a disbursing official in the executive branch of the United States Government shall disburse money only as provided by a voucher certified by the head of the executive agency concerned, or an officer or employee of the executive agency having written authorization from the head of the agency to certify vouchers." A [DoW](#) agency cannot disburse a payment unless a properly appointed CO [certifies it](#). These statutory COs must be officers or employees of the Federal agency concerned and are accountable because, unless granted relief, they are pecuniarily liable under 31 U.S.C. § 3528(a) for any payments they erroneously certified. Appointment as a CO is a precondition to enforcement of pecuniary liability under 31 U.S.C. § 3528(a) (see [Section 6.0, paragraph 6.4.1](#)).

2.3.3.3. In certifying payments, [DoW's](#) statutory COs often [must](#) rely on information and data provided by agency systems and by other personnel. For this reason,

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Congress authorized DoW to impose potential pecuniary liability on an additional class of agency officers and employees: those formally appointed as a DAO under 10 U.S.C. § 2773a. The SecDef may designate any DoW civilian employee or member of the U.S. armed forces under the Secretary's jurisdiction as a DAO. DAOs are responsible for providing COs with information, data, or services the CO directly relies upon in certifying vouchers for payment. Title 10 U.S.C. § 2773a does not mandate that DoW organizations appoint DAOs to perform such activities; instead, appointing DAOs to perform any particular function or class of functions is an option available to management for inclusion in the risk management and internal control program (see subparagraph 2.3.5).

2.3.3.4. In deciding whether to appoint foreign nationals in overseas areas as COs and DAOs, organizations must consider whether enforcement of pecuniary liability of such individuals to the United States is precluded, as a legal or practical matter, by status of forces agreements, other international agreements, or local laws. If enforcement is not precluded by such agreements or local laws, foreign national direct hire employees are eligible for appointment as both COs and DAOs because the agency is the legal employer and such individuals qualify as officers or employees of the United States. If not constrained by such agreements or local law, DoW can enforce pecuniary liability against these employees because it has statutory authority to withhold amounts from their pay accounts.

2.3.3.5. Foreign national indirect hire employees cannot be appointed as COs or DAOs because the United States cannot enforce pecuniary liability by unilaterally setting off indebtedness against their pay accounts and because the agency is not the legal employer. However, this regulation does not prohibit organizations from assigning indirect hire employees to duties that DAOs otherwise would perform, nor does it mandate that organizations appoint DAOs to provide the information or data, or perform services relied upon by COs to certify payment vouchers. Organizations operating in overseas areas may permit or assign foreign national indirect hire employees to perform such operational duties without appointing them as DAOs if adequate internal controls are in place to support voucher certification.

2.3.3.6. Do not appoint contractors and contractor support personnel as DAOs or COs.

2.3.4. DoW implemented procedures for reporting Funds Held Outside of Treasury (FHOT), also known as Cash and Investments Held Outside Treasury. This guidance requires agencies to record cash obtained from the Treasury General Account to a DoW Treasury Appropriation Fund Symbol (TAFS) at the time of withdrawal, and applies to both monthly and daily reporters to Treasury's Central Accounting Reporting System (see I TFM 2-3400). FHOT refers to physical cash held by a DO, DDO, or paying agent in a vault or in a Limited Depository Account under the responsibility of the DO. DoW requires cash in

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domestic or foreign currency for essential operations and contingency missions when electronic funds transfer methods are inappropriate or [unavailable](#). DOs are accountable to the Treasury for all daily and monthly reported FHOT transactions. FHOT reporting, or assigning cash to a [DoW TAFS](#) in any manner, does not [affect](#) DO accountability. DOs continue to use all existing funds control processes.

2.3.5. Risk Management and Internal Control (RMIC) are specific policies, procedures, [and](#) activities an organization establishes and implements to manage risk. They are the methods by which an organization governs its activities to accomplish its mission and are required by OMB Circular A-123, Management's Responsibility for Internal Control, which implements 31 U.S.C. § 3512(c)(1). DOs implement these controls to eliminate opportunities to conceal errors or irregularities and assign work so that no one individual controls multiple phases of a transaction. Inspections and audits of disbursing offices must include a review of RMIC to determine their adequacy, compliance, and effectiveness.

2.3.5.1. Management determines [the](#) applicability of these [RMIC](#) standards at the operational level.

2.3.5.1.1. Control Environment. Management and employees establish and maintain an environment throughout the organization that sets a positive and supportive attitude toward internal control and conscientious management.

2.3.5.1.2. Risk Assessment. Provide for an assessment of the risks the organization faces from both external and internal sources.

2.3.5.1.3. Control Activities. RMIC activities ensure the implementation of management's directives and [must](#) be effective and efficient in achieving an organization's control objectives.

2.3.5.1.4. Information and Communications. Record and communicate information to management and others within an organization [who need](#) it, in a form and [within](#) a time frame that enables them to carry out their internal control and other responsibilities.

2.3.5.1.5. Monitoring. Assess the quality of performance over time and ensure the findings of audits and other reviews are promptly resolved.

2.3.5.2. Separation of duties precludes errors or attempts at fraud or embezzlement from going undetected. Internal controls generally require a four-way separation of the contracting, receiving, voucher certification, and disbursing functions. Assign key duties [to different individuals to minimize the risk of loss to the Government, including](#) certification of fund availability; contracting (obligating the Government); authorizing, approving, and recording

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transactions; issuing or receiving assets; certifying and making payments; preparing and signing checks; and reviewing or auditing payments.

2.3.5.2.1. Do not assign DOs duties that create potential conflicts of interest (see [Section 3.0](#), subparagraph 3.3.4).

2.3.5.2.2. Separation of duties is not always practical or possible due to time constraints, work force shortages, or the use of electronic systems. Commanders and DOs must be aware of situations where valid, long-standing separation of duties cannot be achieved, recognize that internal controls have been weakened as a result, and make every effort to mitigate the risks. For example, payments and collections through the Intra-governmental Payment and Collection (IPAC) system can occur outside the disbursing work center without weakening internal controls because the payee is always another Federal agency and recovery of an improper payment is assured; likewise, financial systems that allow adjustments to data outside the normal application include appropriate controls and audit trails for those adjustments. Other situations may require closer scrutiny. Report all situations of inability to separate appropriate responsibilities to the DO's commander, with a request for a waiver and recommendations to mitigate the risks.

2.3.5.3. Personnel may use electronic and digital signatures to receive, accept, and certify financial documents processed through automated information systems.

2.3.5.4. Titles 15 U.S.C. § 7001 and 15 U.S.C. § 7021 require that any of these media a person uses to sign (for example, certify) a financial document be unique to that person; under that person's sole control or custody; linked to the data signed throughout their processing so that if any of the data are changed the electronic or digital signature is invalidated; and capable of being verified by the paying DO.

2.3.6. Personnel involved in the payment certification and disbursement processes must preclude payments to ineligible recipients. Several tools aid this effort, among them the Specially Designated Nationals List maintained by Treasury's Office of Foreign Assets Control, a list of individuals and entities covered by Executive Order 13224, Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism. Do not initiate, certify, or make payments, or draw checks or warrants payable, to individuals or organizations on this list (see also I TFM 4A-2030).

3.0 DISBURSING OFFICES, OFFICERS, AND AGENTS

3.1 GENERAL

3.1.1. Under 31 U.S.C. § 3321(c)(2), the Secretary of War may designate DoW personnel as disbursing officials to disburse public money available for expenditure. To disburse money, an

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activity must request **establishment of** a disbursing office. When establishing disbursing offices and **appointing** accountable positions, DoW Components must **apply the** internal control guidelines in subparagraph 3.3.2.

3.1.2. Official funds **must** be received and disbursed by order or on the authority of the commanding officer, except when a superior in the chain of command **directs otherwise** or the Comptroller General of the United States **sanctions it**. Under 31 U.S.C. § 3325, DoW DOs **may** disburse public funds on receipt of properly certified **vouchers**.

3.2 POLICY

3.2.1. Request for Establishment of a Disbursing Office

3.2.1.1. **An activity requesting to establish a disbursing office at a new activity, or an activity receiving disbursing services from an external source, sends a memorandum through its chain of command.** The memorandum **must** also **address** appointment of the DO and **of** agents **who** regularly receive and maintain custody of public funds. The DO may appoint any officer, enlisted member, or civilian employee **the DO considers** satisfactory as an agent.

3.2.2. Disbursing Station Symbol Number (DSSN)

3.2.2.1. **DSSNs are permanent, and are either open or closed.** Coordinate proposed changes **to** the designation or location (mailing address) of an operating DSSN, **including** tactical deployment, with **the Total Force Pay Directorate, Compliance and Analysis Division (DFAS-IN/JTDC)**, dfas.indianapolis-in.jjf.mbx.essdisbursing@mail.mil, who will advise Fiscal Service.

3.2.2.2. The DSSN must appear on all payments, collection vouchers, and Treasury and limited depositary account (LDA) checks the disbursing activity **processes**.

3.2.3. **A DO who disburses taxable funds must ensure that entitlement activities receiving payments have secured an Employer Identification Number (EIN) to report taxable income, or income and withholdings.**

3.2.4. A DO activating a disbursing office **must notify** Fiscal Service, Check Reconciliation Branch, through DFAS-IN/JTDC by memorandum immediately **on commencing** disbursing operations. The memorandum **must include** the name of the disbursing activity, **the assigned** DSSN, **the** DO's name **and** rank or grade, the **account** opening date, and the first and last serial **numbers** of all blank Treasury checks on hand in each check range. Send a copy to the supporting DFAS site.

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3.3 APPOINTING DOS, DEPUTY DOS (DDOS), AND OTHER ACCOUNTABLE OFFICIALS

3.3.1. To ensure proper security and accounting for public funds, assign responsibility to receive, maintain custody of, and disburse or otherwise dispose of public funds to a limited number of authorized persons.

3.3.2. Use DD Form 577, Appointment/Termination Record-Authorized Signature, to appoint accountable officials. The form does not allow simultaneous multiple appointments and is the only document required to support this type of appointment. Send a copy of the DD 577 and the required original specimen signature specified in subparagraph 3.4.4.1 to DFAS-IN/JTDC for the DO's files.

3.3.3. Exceptions

3.3.3.1. An individual who occasionally receives public funds need not be formally appointed as an accountable official. Funds may be received at times, locations, and circumstances that preclude any advance arrangement for their receipt, and at some activities collections are too infrequent to make a formal designation practical. A person who is not formally designated but receives funds must promptly forward them to the servicing disbursing office or to another formally designated person.

3.3.3.2. A DO at a DFAS site may hold appointments to more than one DSSN and may serve concurrently as a DDO to other DFAS DOs. Each DDO appointed by a DFAS DO may serve under one or more of the appointing DO's assigned DSSNs and may serve more than one DFAS DO concurrently. A DO or DDO at a DFAS site who holds multiple DSSN appointments must complete a separate DD 577 for each applicable DSSN.

3.3.3.3. A DO and DDOs aboard Navy vessels may serve concurrently in other accountable positions (for example, ship's stores officer or food service officer) when the ship's manpower authorization does not provide Supply Corps officers for each accountable function.

3.3.3.4. When directed by appropriate authority, DOs, DDOs, and their agents may accept, safeguard, account for, and dispose of personal funds and valuables received for safekeeping. Where personnel resources are limited, a person serving as a DO or other accountable official may also serve as a safekeeping custodian at the commander's discretion.

3.3.4. Except as specifically authorized, do not assign a DO the additional duties of order-approving authority, certifying officer, custodian of any fund, or any other conflict-of-interest assignment.

3.3.5. Terminate appointments using Section IV of the appointing DD 577.

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3.4 DOs

3.4.1. To be eligible for appointment as a DO, an individual must be a U.S. citizen and **must** have previous experience as a DO or have completed, or agreed to complete, **the** specific DO training the appointing authority **defines**.

3.4.2. The commander, director, or equivalent appoints a DO using a DD 577.

3.4.3. Terminate **a DO appointment** using Section IV of the appointing DD 577.

3.4.4. Submission

3.4.4.1. Before commencing disbursing operations, a DO and all appointed DDOs **must** determine which of their given names **or** initials comprise their official signatures and **must** use them on all checks, vouchers, correspondence, and official documents pertaining to the **DoW**, Government Accountability Office (GAO), and Treasury. Send the DD 577 and **Fiscal Service** (FS) 3023 to DFAS-IN/JTDC **using** permanent dark blue, blue-black, or black fade-resistant ink that is not readily soluble in water.

3.4.4.2. If checks will be drawn on a depositary other than the Treasury, send the DO's official signature, **and** those of DDOs authorized to sign depositary checks, to the depositary. An officer whose signature is known to the depositary must certify the forms.

3.4.4.3. A DO or DDO may change **an** official signature by submitting a new FS 3023 to DFAS-IN/JTDC.

3.4.5. Immediately **on commencing** disbursing duties, a DO **who activates** a new disbursing office, **reactivates** a disbursing office, or **relieves** another DO **must prepare** a memorandum that includes **the** name of the disbursing activity; **the assigned** DSSN; **the** DO's name **and** rank or grade; **the account** opening date; and the beginning and ending serial numbers of all blank Treasury checks on hand in each check range. If applicable, also include the relieved DO's name and rank or grade. Keep the original memorandum in the disbursing office and **send** copies to DFAS-IN/JTDC and the supporting DFAS site.

3.4.6. Transfer of Disbursing Duty

3.4.6.1. The outgoing and incoming DOs establish the date to transfer accountability, subject to command approval. **Because** a full Central Accounting Reporting System (CARS) daily reporter **reports accountability daily**, a transfer of disbursing duty **need** not occur on the last day of the month, as **it must** for CARS non-daily reporters. In a daily reporting environment, the Standard Form (SF) 1219, Statement of Accountability, **need not** be submitted to the Treasury.

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3.4.6.1.1. Verify and transfer all documentation supporting balances in clearing accounts **F3880 (Unavailable Check Cancellations and Overpayments (Suspense)), **F3875 (Budget Clearing Account (Suspense)), and **F3885 (Undistributed Intra-governmental Payments), which the TFM requires be cleared to the proper appropriations or funds as expeditiously as possible. To clear account **F3880, the outgoing DO must present a detailed list of individual subsidiary transactions, supporting documentation, and current status. The documented evidence must include certification that the DO or designated DDO personally reviewed the account balances within the last month.

3.4.6.1.2. Validate unreconciled differences, such as check issue and deposit discrepancies and Intra-governmental Payment and Collection system differences. Also ensure that the outgoing DO's accountability, the balance amount on DD 2657, Daily Statement of Accountability, reconciles with the DO Cash Treasury Account Symbol (TAS) on the daily CARS Account Statement. If the outgoing DO cannot provide documentation supporting the unreconciled items, the DO must process the discrepancies as losses or overages of funds.

3.4.6.2. On relief from disbursing duty, the outgoing DO must follow the Supplemental Guidance, subparagraph 3.3.2.

3.4.6.3. The incoming DO must ensure that all reconciliation of the account is accomplished, documented, and verified before signing for the accountability.

3.4.6.3.1. If a signature medium cannot be obtained before the transfer date, the incoming DO may request DFAS-IN/JTDC to authorize use of the outgoing DO's medium until a new one arrives, to allow continued operation of the disbursing office. The incoming DO is accountable and pecuniarily liable for payments made on or after the date of transfer of accountability.

3.4.6.3.2. The incoming DO must appoint at least one DDO and send the DD 577 and FS 3023 to DFAS-IN/JTDC, and must appoint agents, cashiers, and other accountable officials as necessary.

3.4.6.3.3. The incoming DO must verify the adequacy of safekeeping facilities for funds, blank checks, stored value cards, and other accountable documents. If facilities are inadequate, the DO must report the deficiencies to the commander and request proper facilities (see Section 4.0, paragraph 4.2).

3.4.6.3.4. The incoming DO must change all safe combinations.

3.4.6.3.5. The incoming DO must review cash-on-hand requirements. If the current cash holding authority is valid, the DO may retain it until the normal resubmission date;

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otherwise, the DO **must submit** a new cash holding authority request as soon as possible after assuming the account. (see [Section 4.0, subparagraph 4.3.1.2.](#)).

3.5 DDOs

3.5.1. An officer, enlisted member, or civilian employee who is a U.S. citizen **and acceptable to the DO** may be appointed as a DDO.

3.5.2. DOs appoint their DDOs using the DD 577.

3.5.3. A DO may terminate a DDO's appointment at any time by completing Section IV of the appointing DD 577. When a DO is relieved from disbursing duties, **the DO revokes** the appointments of all DDOs. In all cases, send a copy of the DD 577 to DFAS-IN/JTDC. If another individual will succeed a DDO, send a copy of the appointing DD 577 and FS 3023 for the new DDO, with the copy of the notice of revocation, to DFAS-IN/JTDC. If a DDO appointment is terminated for cause, include the reason for termination when sending the DD 577 to DFAS-IN/JTDC.

3.6 CHANGE IN THE STATUS OF DOs OR DDOs

3.6.1. During an authorized absence, the DO remains accountable for the account unless or until it is officially transferred. Accountability **need** not be transferred unless, in the DO's judgment, not doing so would impair proper supervision. The DO must maintain an adequate system of controls to avoid errors and **must ensure those controls are implemented and effective**. For relief of liability to be considered, the DO must show clearly what the procedures were and how they were implemented during the absence (**for example**, records must show that any loss was not the result of bad faith or lack of reasonable care).

3.6.2. Death, Disability, or Removal of a DO

3.6.2.1. When a DO dies, becomes disabled, or is removed from disbursing duty for cause (including unauthorized absence), a DDO, under 10 U.S.C. § 2773, may continue to disburse under the **DO's** accounts through the last day of the second month after the month of death, disability, or removal. If there is more than one DDO, the commander, DFAS Director, or designee designates one DDO to disburse in the DO's name.

3.6.2.2. **On the death, disability, or removal of a DO**, the commander, DFAS Director, or designee **must**:

3.6.2.2.1. Seizes and seals all disbursing spaces, keys, property, and safes to ensure the security of the funds, property, and spaces involved.

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3.6.2.2.2. Appoints a board of at least three disinterested but qualified persons to inventory the vouchers, funds, and property on hand.

3.6.2.2.3. Appoints, based on the disbursing needs of the activity:

3.6.2.2.3.1. A qualified person (normally a DDO) to take charge of the DO's vouchers, funds, and property and perform as acting DO until regular relief reports or is appointed, or until the last day of the second month following the date of death, disability, or removal.

3.6.2.2.4. Notifies the supporting DFAS site of all actions taken and provides an information copy to DFAS-IN/JTDC.

3.6.2.3. The appointed board inventories all public funds, including advances to deputies, agents, and cashiers; vouchers evidencing receipt, transfer, or disbursement of funds; safekeeping deposits; stored value cards, if applicable; and property of the DO, in the presence of the immediate custodians and the appointed custodian, acting DO, or incoming DO. The board must also verify that the departed DO's accountability balance on the DD 2657 is reconciled with the DO Cash TAS on the daily CARS Account Statement. If no documentation supports the unreconciled items, the incoming DO processes the discrepancies as losses (Section 7.0, paragraph 7.4) or overages (Section 7.0, paragraph 7.8) of funds.

3.6.2.3.1. The board verifies all official records to confirm that cash on hand agrees with the records, verifies that all checks and stored value cards issued in the current accounting period are properly accounted for, and inventories blank checks to determine whether any are missing.

3.6.2.3.2. All members of the board prepare and certify an original and four copies of the inventory as true and accurate. The board turns over all public funds and property certified on the inventory to the appointed custodian, acting DO, or incoming DO. The incoming DO retains a copy of the inventory report, provides the original to the commander, and provides a certified or notarized copy to each board member.

3.6.2.4. On receipt of the original inventory, the custodian assumes custody of the public funds and property held by the former DO. The custodian may conduct no transactions other than collections. When the disabled DO returns or a new, permanent DO reports, the custodian and the DO inventory and transfer all vouchers, funds, and property per the relief procedures.

3.6.2.5. The DDO appointed to serve as the acting DO performs, and is accountable for, all official duties that would have been required of the DO, including submitting financial

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reports for the DO as of the date of death, disability, or unauthorized absence. The reports include only those vouchers actually paid by the former DO. The DDO submits the reports in the name of the former DO.

3.6.2.6. The DDO signs all checks drawn in the manner normally used. If the volume of checks warrants, the acting DO may use the former DO's signature plates. The acting DO is accountable and pecuniarily liable for all payments and official acts after the death, disability, or unauthorized absence of the DO.

3.6.2.7. If the commander appoints an individual as DO to relieve the deceased, disabled, or removed DO, the incoming DO is responsible for performing all actions required in subparagraph 6.2.3 and for rendering financial reports in their own name.

3.6.2.8. The commander should protect the rights of a deceased, disabled, or removed DO, and of the custodian, acting DO, or incoming DO, so that responsibility for any differences discovered during settlement of the accounts may be assigned to the appropriate individual. The acting or incoming DO completes the vouchers, closes the accounts, maintains custody of records, and renders the final reports of the outgoing DO. That individual signs documents prepared in connection with the administration and settlement of the outgoing DO's accounts as follows: _____ (Name of Disbursing Officer)
By _____ Acting (appointed per 10 U.S.C. § 2773). The commander of an exonerated DO restored to duty after arrest, suspension, or other disability directs a second inventory to be taken by the restored DO and the custodian, acting DO, or incoming DO. The guidance in subparagraph 3.4.6.1 on transfer of accountability from an outgoing to an incoming DO applies.

3.6.2.9. On the death, disability, unauthorized absence, arrest, or other emergency absence of a DDO at a branch disbursing office, the local commander advises the DO as expeditiously as possible. Depending on the circumstances, the DO requests the local commander to appoint a board to inventory the DDO's accountability and property and to appoint a suitable person to take custody of the accountability and property until the DO can take an inventory. If practical, the DO takes an inventory of the accountability and property in the presence of a competent witness.

3.7 OTHER AGENTS OF DOs

3.7.1. Officers, enlisted members, or civilian employees satisfactory to both the appointing officer and the DO may be appointed as agents (for example, disbursing agents (DA), cashiers, paying agents (PA), collection agents, change fund custodians, imprest fund cashiers). No agent may be appointed or used over the protest of the accountable DO, serve concurrently in any other accountable position, or be charged with handling or custody of any other funds.

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3.7.1.1. DOs' agents are pecuniarily liable under accountable official laws for losses of public funds in their possession. When appointing agents, appointing authorities should carefully consider appointing non-U.S. citizens as accountable officials, **because** in some instances foreign nationals and other non-U.S. citizens may be precluded from being held pecuniarily liable for losses of funds (see **Section 2.0**, subparagraph 2.3.3.4).

3.7.1.2. **For** security, do not allow an excessive number of individuals **to have** access to public funds.

3.7.1.3. After an individual ceases to serve in an appointed position, the DO maintains **the** appointing documents for **the** retention period **per** the guidance in **Section 16.0, paragraph 16.8**. Appointments as agents of DOs are effective only while the DO continues to serve as DO of that disbursing activity.

3.7.1.4. The appointing officer terminates appointments when appropriate (**for example**, when the DO is relieved, when the agent ceases to perform the duties for which appointed, or for cause), using Section IV of the original appointing DD 577.

3.7.2. DAs

3.7.2.1. A DA is a DO's agent who is not a DDO. A DA's responsibilities **may** include all duties, assignments, and functions of a DDO except the authority to sign Treasury checks.

3.7.2.2. The appropriate major command or Defense Agency establishes DA positions in writing.

3.7.2.3. The DO appoints DAs **per** paragraph 3.3, which includes the appointee's acknowledgement. The DO sends the original copy to the DA, a copy to the office where the duties are performed, and retains a copy on file.

3.7.3. Cashiers

3.7.3.1. An officer, enlisted member, or civilian employee with working knowledge of cash functions and operations, and acceptable to the DO, may be appointed as a cashier. The DO should also obtain a credit report, if access to a credit reporting service is available, charging the associated costs to the Operations and Maintenance funds available to the activity. **The DO must** safeguard credit reports against unauthorized access.

3.7.3.2. Cashiers disburse, collect, and account for cash and perform other duties as required concerning the receipt, custody, safeguarding, and preparation of checks. A cashier may prepare DO accountability reports, but the DO, DDO, or DA must personally validate them.

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3.7.3.3. The DO appoints cashiers [per](#) paragraph 3.3, which includes the appointee's acknowledgement. The DO sends the original copy to the cashier, a copy to the office where the duties are performed, and retains a copy on file.

3.7.3.4. A cashier may not:

3.7.3.4.1. Sign checks;

3.7.3.4.2. Accept checks drawn (and endorsed to the cashier) in the name of the DO, DDO, or DA to procure and disburse cash for any purpose;

3.7.3.4.3. Prepare billing documents and accept collections for the same items. This restriction also applies to a DA performing cashier duties.

3.7.3.4.4. Prepare vouchers that they will later pay; and

3.7.3.4.5. Prepare vouchers on days when they perform cashier functions.

3.7.4. PA

3.7.4.1. Commanders appoint PAs only when adequate payment, [check cashing](#), or [currency conversion](#) services are not otherwise available (see paragraph 3.3). Appointments are for a specific transaction or time period. Do not appoint PAs solely as a convenience when a DO, DDO, DA, or cashier can make the required transactions. In unusual situations ([for example, when](#) payments or currency conversions must be made at remote locations where use of checks is not feasible), the DO may request a [remote location](#) commander [to](#) appoint a PA to make the necessary payments for and in the name of the DO from cash advanced for that purpose.

3.7.4.2. PAs may not act as certifying officers (see [Section 6.0, subparagraph 6.3.4](#)) or purchasing officers. Escort officers serving as PAs for expenses related to official travel [likewise](#) may not be purchasing officers. See [Section 2.0, subparagraph 2.3.5.2](#) for guidance on separation of duties and [Section 6.0, subparagraph 6.3.1.2](#) for guidance [on](#) micro-purchases in contingency operations.

3.7.5. Collection Agents

3.7.5.1. Commanders may establish collection agent positions to receive funds derived from functions such as hospitalization fees and other charges at medical facilities ([for example](#), communication charges; rentals and other charges at housing developments; fees for research or reproduction of records; safekeeping deposits where the [DO does not perform the](#) safekeeping function; and similar functions when appropriate).

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3.7.5.2. The commander appoints collection agents [per](#) paragraph 3.3. Unless revoked by the appointing authority, collection agent appointments remain in effect through succeeding appointing authorities.

3.7.6. Change Fund Custodians

3.7.6.1. A change fund custodian receives a change fund from the parent DO, safeguards it, is pecuniarily liable for any loss, and makes change for sales transactions. The commander provides a detailed description of [the](#) duties to be performed.

3.7.6.2. The sales activity commander ([for example](#), commissary [or](#) hospital) establishes the position.

3.7.6.3. The activity commander or designee appoints a change fund custodian [per](#) paragraph 3.3 in coordination with the parent DO.

3.7.7. The activity commander appoints an imprest fund cashier [per](#) paragraph 3.3 to make authorized cash payments for materials and non-personal services, maintain custody of funds, and file periodic vouchers to account for and replenish the imprest fund. An imprest fund cashier may be an officer, enlisted person, or civilian employee who is not responsible for originating, approving, or processing imprest fund requirements. An imprest fund cashier (or alternate) may not have access to or control of more than one fund. The commander keeps the appointing document and [the](#) approval [to establish](#) the imprest fund in a permanent file, and furnishes two copies to the cashier and one copy each to the DO and [the](#) installation or activity contracting office (see [paragraph 3.9](#)).

3.7.8. Alternate Agents

3.7.8.1. When required, one or more alternate agents may be designated to serve only during the absence of an appointed primary agent. Alternate agents for DDOs are not permitted. The official authorized to appoint the primary agent also appoints alternates [per](#) paragraph 3.3. When serving in place of the primary, the alternate agent is subject to all regulations applicable to the primary. Alternate agents may not merge funds received with those of the primary agent and must maintain separate records to establish the amount for which each is responsible. Alternate agents may not [handle](#) public funds concurrently with the primary.

3.7.8.2. Under paragraph 3.3, a commander may appoint an alternate imprest fund cashier to provide service during a principal's absence. Appointment requirements for principal cashiers apply to alternate cashiers. [On the principal's](#) return, the alternate returns paid receipts, subvouchers, and residual cash to the DO.

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3.7.8.2.1. In planned absences of the principal cashier and with the appointing official's written authorization, the principal may advance cash to the alternate in any amount up to the limit of the fund, using a DD 1081 for the advance.

3.7.8.2.2. In the unforeseen absence of the principal cashier, the DO may advance funds to the alternate in the normal manner. These funds are in addition to the amount advanced to the principal under the established fund but may not exceed the authorized amount of the fund.

3.7.9. On the death, disability, or unauthorized absence of an agent, the appropriate commander follows subparagraph 3.6.2. for deputies at branch offices but appoints relieving agents following procedures applicable to the position involved. For an imprest fund cashier, the relieving imprest fund cashier prepares the final voucher.

3.8 DEACTIVATING OR CLOSING A DSSN

3.8.1. Deactivation

3.8.1.1. To eliminate monthly financial and checking account reports during inactivity, the DO deposits all currency, coin, and negotiable instruments; closes the LDA and, if applicable, properly disposes of all undeliverable checks; submits the memorandum required to close a disbursing office, noting the account is closed temporarily; and retains blank Treasury check stock for reactivation (see Section 8.0, subparagraph 8.2.4. for inventory and storage requirements). A DO preparing an office for closure ensures the DO's accountability balance on the DD 2657 and the DO Cash TAS in CARS are reconciled (Agency Location Code settlement). The DO may reopen that same DSSN at any time by submitting the report of commencement of disbursing operations. A DO may not close a DSSN temporarily if any cash or documents representing cash are on hand. Any assets on hand, including deficiencies such as dishonored checks or losses of funds, require monthly submission of an SF 1219.

3.8.1.2. The supporting DFAS site designates another disbursing office as the settlement office to handle uncleared transactions for the closed office.

3.8.1.3. The DO must:

3.8.1.3.1. Notify all affected activities, agencies, commercial concerns (including LDAs when applicable), and individuals of the disbursing office deactivation date and the name and location of the settlement office to which all accounts will be transferred;

3.8.1.3.2. Notify Fiscal Service by memorandum through DFAS-IN/JTDC that the disbursing office is being deactivated pending closure. Include the DSSN, date of deactivation, the office to which accounts and records have been or will be forwarded for

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settlement, and the last check number of each check range issued by the DSSN. Also include the date and check number of the last check signed in each check range by each DDO where separate check series are assigned to DDOs at branch offices. Send a copy of the memorandum to the supporting DFAS site. Once a disbursing office is reported to Fiscal Service as being in settlement status, it may not be reopened or transferred without Fiscal Service approval. Once the settlement office **meets** all requirements in **paragraph 3.8** to **close** the disbursing office, Treasury **closes** the DSSN permanently.

3.8.2. A DO preparing an office for closure ensures no discrepancies exist in **the DO's** accountability. The supporting DFAS site reviews all accounts transferred to settlement offices and may order collection action against a relieved DO who submits a disbursing account with unresolved deficiencies in the accountability (**for example**, dishonored personal checks, unconfirmed deposits, check issue records and reports, physical losses of funds, and unresolved open debit items in **F3875, **F3880, and **F3885 clearing accounts).

3.8.3. Only the Treasury may close a DSSN. Follow the policies **in paragraph 3.8** to pursue closing a disbursing office permanently. Once **closed**, a disbursing office may be used only for settlement purposes. **To reopen** the office, the DO must request and receive **reactivation** approval from the Fiscal Service through DFAS-IN/JTDC. The Fiscal Service **must** also approve a new check range.

3.9 IMPREST FUNDS

3.9.1. Imprest funds are generally not authorized for **DoW** activities. Exceptions are allowed for contingency and classified operations. Submit specific requests for exception **per Section 2.0, subparagraph 2.1.3**, **with** adequate justification, and demonstrate that a government purchase card, third party draft, purchase card convenience check, government travel card, or other reasonable **alternative is** not feasible for the situation. Agencies **authorized** to disburse imprest funds must classify imprest fund transactions using **the** established TAS/Business Event Type Code (TAS/BETC). DOs advancing or receiving funds from an imprest fund cashier treat the transactions **like advances** to other accountable agents. The Shared Accounting Module website provides Enterprise Reference Data for the TAS/BETCs. In lieu of imprest funds, use the government purchase card for micro-purchases of supplies **or** services and the government travel card for travel payments formerly made from imprest funds. If an imprest fund is authorized, the DO and the imprest fund cashier keep a copy of the signed authorization to establish and maintain the fund. Detailed regulations concerning establishing, using, and accounting for imprest funds, including the responsibilities of designated imprest fund cashiers and alternates are in:

3.9.1.1. I TFM 4A-30165;

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3.9.1.2. GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title 7, Fiscal Guidance, [Section 7.0](#); and

3.9.1.3. The Federal Acquisition Regulation Part 13, subpart 13.305.

3.9.2. Safeguard cash and disbursement documents at all times ([for example, in safes or locked cash drawers](#)) as prescribed in [Section 4.0](#). The imprest fund cashier [maintains a location on the installation or activity that is organizationally and physically convenient for making payments to vendors or carriers](#). Do not commingle imprest funds with other cash funds, [such as disbursing funds, change funds, or cash receipts for other funds](#). The imprest fund cashier must be able to account for the full amount of funds held at any time. The responsible imprest fund cashier is accountable to the advancing DO for receipts or subvouchers supporting temporarily unreimbursed expenditures from any imprest fund, together with the cash on hand, in support of the total amount of the fund, and is subject to review by the DO at any time.

3.10 SETTLEMENT OF DO ACCOUNTS

3.10.1. Responsibility to clear outstanding items in the accounts of a DO relieved from disbursing duty is normally assigned to a designated settlement office. The DO of [that](#) office (the settlement officer) follows this guidance to resolve discrepancies in a relieved DO's accountability. All correspondence and vouchers the settlement officer [initiates](#) show the name and DSSN of the accountable officer [and the](#) date and number of the voucher or account, and [are](#) signed "By (name of settlement officer), Settlement Officer for (name and DSSN of accountable officer)." Normally, the settlement officer is also responsible for other residual disbursing functions, [such as issuing stop payment requests, performing records research for claims against the government, and clearing all suspense accounts](#).

3.10.1.1. In all instances, the relieved DO is responsible for resolving deficiencies before relief, if possible. If a deficiency exists in a relieved [DO's account](#), no action [appears to have been](#) taken to remove it from the accountability, and no relief request is pending, the settlement officer [initiates](#) collection action against the accountable DO.

3.10.1.2. At non-tactical disbursing stations, settlement duties are normally the [relieving DO's](#) responsibility. When [such a station closes](#), the supporting DFAS site designates another non-tactical disbursing station within the site's area to assume the closed station's disbursing operations and perform the settlement function.

3.10.1.3. For naval vessels and tactical units, the servicing DFAS site performs the duties of settlement officer for relieved DOs whether or not the disbursing function of the vessel or unit is closed.

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3.10.2. Despite the appointment of a settlement officer, the relieved DO **remains** responsible for accounting for all funds expended while performing disbursing duties. Transfer of disbursing records under **paragraph 3.10** relieves the DO **only** of the paperwork incident to **settling** the account. Accountability for illegal, incorrect, or improper payments that cannot be adjusted despite the **settlement officer's** diligence remains with the DO. The relieved DO, at all times, **keeps** the settlement officer informed of current mailing address **and answers** inquiries **on** settlement of outstanding items, **furnishing** any advice or suggestions **that** may **aid** prompt and complete clearance.

3.10.3. The settlement officer is the incumbent DO. Subparagraphs 10.3.1 **through** 10.3.5 apply only to non-tactical DOs (within and outside the continental United States) performing settlement functions for previous DOs of the same disbursing activity and DSSN to which the **settlement** DO is assigned. In addition to accounting for and taking settlement action on deficiencies **that** occurred during a former **DO's incumbency and** were unresolved on the date of relief, the settlement officer may be required to establish or increase deficiencies in the **former DO's** account. Most transactions to establish, increase, reduce, or remove deficiencies in the **former DO's** account **resemble** the routine transactions of a DO.

3.10.3.1. To **keep** a complete history of the settlement process, the settlement officer **maintains** a record of actions taken to clear deficiencies in separate settlement folders for each former DO. The settlement folders **must** be available **to** the next relieving DO.

3.10.3.2. Losses of funds in a former **DO's account** that were unresolved on the date of relief are recorded and reported until resolved.

3.10.3.3. Other accountability items are unresolved deficiencies in a former **DO's account that** cannot be classified as check issue overdrafts or losses of funds. These items are reported until resolved. Overpayments caused by negotiation of both the original and recertified check are **addressed** in **Section 8.0**, paragraph **8.13**.

3.10.3.4. This subparagraph applies only to DOs designated to settle the accounts of DOs of tactical units or naval vessels relieved from disbursing duty and the accounts of former DOs of closed disbursing stations. **These** settlement officers perform settlement functions for a DSSN other than the one to which **they are** assigned as a DO. Transactions to the **former DO's** account **resemble** the routine transactions of a DO.

3.10.3.4.1. Any transaction affecting a relieved **DO's accountability**, including initial establishment of the settlement account, requires **the settlement officer to submit** monthly financial reports for the relieved DO. The **settlement officer submits the** financial reports to the servicing DFAS site in the same manner as other financial reports.

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3.10.3.4.2. To **keep** a complete history of the settlement process, the settlement officer **maintains** a record of actions taken to clear deficiencies in separate settlement folders for each former DO. The settlement folders **must** be available to the next relieving DO as part of the relief process.

3.10.3.5. Normally, **preparing** and processing vouchers to settle **a** former DO's **accounts does** not affect the **settlement officer's** disbursing account. The settlement officer maintains a separate series of locally assigned voucher numbers (**for example**, **C0001** for collections and **D0001** for disbursements) for settlement transactions. **These** collection and disbursement voucher numbers **must** not be taken from the **voucher-number** logs of the DO at the settlement activity. The settlement officer does not maintain the DD 2657 for the former DO.

3.10.3.6. The settlement officer submits financial reports for a former DO every month until the former DO's accountability is cleared. The documents **normally** required are a supplemental SF 1219, appropriate copies of **the** deposit ticket or debit voucher, and any supporting disbursement or collection vouchers prepared. The general requirements in **paragraph 16.7** **govern** preparation and submission of financial reports. In addition to the normal distribution, one additional copy of each document is forwarded to the servicing DFAS site. Each document clearly **identifies** the name and DSSN of the former DO and the name and address of the settlement officer preparing the reports. Documents requiring a signature are signed "By (name of settlement officer), settlement officer for (name and DSSN of accountable officer)."

3.10.4. Settlement Procedures for Naval Vessels

3.10.4.1. Even though the DO assigned to **a** naval **vessel** does not perform settlement functions, **the incumbent DO must perform** certain actions to assist the designated settlement officer. The incumbent DO follows the actions prescribed in **paragraph 3.10** for each described **transaction** received after the date of relief **that affects** the accountability of the relieved DO.

3.10.4.2. Debit vouchers issued by a general depositary or the Treasury for dishonored personal checks, forged Treasury checks, or dual negotiation of both the original and recertified Treasury checks are not recorded in the current DO's accountability unless the accounts of the DO accountable for the deficiency are subject to the 90-day retention period described in **Section 16.0**, **subparagraph 16.8.1.**, or the **drawer** or endorser of the dishonored check is locally available for collection action. If neither **condition** applies, the current DO forwards the debit voucher and copies of all related documents by email to the servicing DFAS site with a cover letter **stating** that the accountability should be recorded against the previous DO's account. If follow-up action initiated by the relieved officer **recovers** funds, the relieving officer forwards the funds **as** an exchange-for-cash Treasury check to the servicing DFAS site.

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4.0 OBTAINING AND SAFEGUARDING PUBLIC FUNDS

4.1 CASH OPERATIONS

4.1.1. A commander, director, equivalent civilian head, or designee [may approve cash holding authority \(CHA\)](#) for DOs, DDOs, agents, and cashiers within their commands. The Defense Finance and Accounting Service (DFAS) Director or designee approves requests for DFAS DOs. DFAS DDOs, agents, and cashiers outside the main DFAS disbursing office may hold cash at personal risk, with the amount subject to approval of the parent DO and the local activity commander based on their responsibility to safeguard public funds. Keep cash on hand at the minimum amount necessary to meet normal requirements. Approving authorities [must](#) review each request to ensure good cash management procedures are in effect.

4.1.2. Determining Cash Requirements

4.1.2.1. When special circumstances require [a DO](#) to increase [the](#) CHA beyond the authorized limit ([for example](#), operational contingencies), [the DO must](#) describe the circumstances and duration of the expected need in the request to increase cash held at personal risk. If the circumstances are more than temporary (over 30 days) or [are](#) expected to become permanent, the DO [must re-compute the](#) CHA and [submit](#) a new request based on the anticipated services.

4.1.2.2. DOs and their agents may hold cash collections for operating requirements within their CHA. Cash collections that increase cash on hand above the authorized limit [must be deposited immediately](#) (see [Section 12.0, subparagraph 12.8.2.](#)).

4.1.3. Requests for Approval

4.1.3.1. A DO requests a CHA from the approving authority cited in [subparagraph 4.1.1](#). Do not include scheduled payday cash requirements ([for example](#), the amount required to cash payday paychecks) in a request. The approving authority [must ensure](#) the requested amount follows the guidance in the [Supplemental Guidance paragraph 4.2](#) and that management controls exist [for](#) routine reviews of cash requirements. Submit requests semiannually, allowing enough time for CHA authority to become effective on October 1 and April 1 of each year. Also submit a request whenever a review of cash requirements results in a major change.

4.1.3.2. A CHA request includes the amount to be held personally by the DO and the DO's DDOs, agents, cashiers, and other custodians of public funds, but not amounts held by authorized imprest fund cashiers and change fund custodians, which receive separate approval. The approving authority approves all requests by endorsement and returns them to the DO for retention. To preclude compromise of classified information, CHA requests for emergency and extraordinary expense funds may omit security items ([for example](#), duty station, description of

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payments, or facility location), but the DO must keep this information on file for review by cleared personnel.

4.1.4. Funds that qualify as cash held at personal risk, also known as DO's cash, include U.S. and foreign currency and coin, imprest funds, change funds, cash with agents (for example, a PA), negotiable checks (not check stock), and cash on deposit in an LDA. The Central Accounting Reporting System (CARS) DO cash Treasury Account Symbol (TAS) balance must never exceed the approved CHA amount or the day's ending cash on hand.

4.1.4.1. A DO that maintains physical cash associated with a DD 1131, Cash Collection Voucher, must cite the appropriate Standard Line of Accounting, including the TAS/Business Event Type Code (TAS/BETC), for the collection transaction. Multiple collection vouchers may be consolidated under one end-of-day transaction reported to Treasury only if they fall under the same program TAS/BETC and Agency Location Codes. The DO must ensure any consolidated transactions have an audit trail that can be validated at the individual transaction level.

4.1.4.2. A DO or other accountable official leaving the disbursing activity or arriving to pick up \$10,000 and above must notify the commander and the security police through the command or other duty officer. The DO must provide the time of departure, destination, estimated time of return, amount, and the source or disposition of the funds, as appropriate, for entry in the ship or station log.

4.1.4.3. The commander of the installation requesting cash is always, responsible for securing that cash. Deciding whether to have an armed escort, the number of escorts, and the type of transportation is a command responsibility. The commander should consider the amount of cash, distance and terrain, and the type of transportation and local security forces available.

4.1.4.4. An accountable official (DO, DDO, agent, cashier, or other custodian of public funds) who has signed for the cash is pecuniarily liable for it, pending its return to the DO. An accountable official who believes the command has not provided adequate security may refuse to disburse the funds and return them to the DO.

4.1.4.5. The accountable official must verify all cash received before acceptance. Verify unsealed money by actual count before acceptance or immediately upon receipt of shipment. The DO or DDO, at their own risk, may bundle-count sealed new money bricks presented with the FRB's packaging intact. When opening a bundle, verify it immediately with individuals present to witness both the breaking of the seal and the count. The accountable official must report discrepancies immediately by issuing a claim to Treasury via the bank that provided the money, identifying the bundle or brick in question and including a signed statement from the witnesses. For a disapproved claim, follow the request for relief of liability procedures in Section

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7.0, paragraph 7.6. Verify and accept cash shipped to the accountable official in front of witnesses immediately upon receipt, depending on how the money is packaged.

4.1.4.6. Charge bank fees and shipping costs incurred when procuring U.S. or foreign currency to the disbursing activity's operating fund account.

4.1.4.7. Under 31 U.S.C. § 3341, a DO of the U.S. Government may sell government warrants, checks, drafts, or obligations not the property of the official at a premium, or dispose of the proceeds, only if the official deposits the premium and the proceeds in the Treasury or with a depository for the credit of the government. Credit General Fund Accounts XX 3220, General Fund Proprietary Receipts, Not Otherwise Classified, All Other, for the USD equivalent (USDE).

4.1.4.8. DOs may obtain cash by transfer from another DO without issuing an exchange-for-cash check only upon the relief of a DO and only from the DO being relieved (see Section 3.0, subparagraph 3.4.6).

4.1.5. A TAS is established for each DoW Component to document the balance of DO cash held outside the Treasury. DOs operating in a CARS daily reporting environment must classify each cash transaction with the DO Cash TAS. DFAS Accounting sites use monthly SF 1219 data to report the DO Cash to the proper TAS.

4.1.6. DOs must reconcile daily all transactions reported on the DD 2657 and the DO Cash TAS reflected on the CARS daily account statement. To facilitate reconciliation, DOs must maintain a log of all cash transactions, annotating the DO Cash TAS associated with each transaction. The log of cash transactions must include:

4.1.6.1. The DD 2659, Voucher Control Log; and

4.1.6.2. The detailed deposit activity report; or

4.1.6.3. A system generated report from the disbursing system.

4.2 SAFEGUARDING CASH AND RELATED DOCUMENTS

4.2.1. All accountable officials are responsible for safeguarding public funds. DOs should minimize the number of accountable officials required to store public funds. Use the most secure container, vault, or safe available to safeguard, in order of priority, currency, undelivered checks, negotiable instruments, paid vouchers, blank U.S. Treasury and LDA checks, signature media, valuables (see Section 17.0, paragraph 17.3), and other records. The command security program must consider the maximum amount of each of these items normally on hand at any time. Store classified material separately from public funds and documents.

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4.2.2. Responsibilities

4.2.2.1. The responsibilities of the Commander include:

4.2.2.1.1. Approves a DO's request to hold cash at personal risk and ensures unannounced quarterly verification of cash and other assets in the disbursing office (see Appendix A).

4.2.2.1.2. Provides every individual entrusted with public funds a vault, safe, or other adequate secure facility (for example, a strongbox) for the exclusive use of the assigned individual. If separate safes are not possible, furnish separate locked compartments in a safe, or separate strongboxes stored in a safe or vault. Always store public funds separately from other funds.

4.2.2.1.3. Develops a security program and publishes it in a command instruction or notice. The security program must provide adequate protection for the maximum amount of public funds and related documents and instruments on hand at any given time.

4.2.2.1.4. Ensures personnel protection is included in the overall disbursing security program, including periodic review of the adequacy of security measures in place and semiannual testing of the security equipment for proper operation.

4.2.2.1.5. Provides armed guards to escort public funds to and from the disbursing office and, when necessary, acquires an armored car service using locally available mission funds (see subparagraph 4.1.4.3.).

4.2.2.1.6. Provides fire protection of government facilities and funds.

4.2.2.2. DOs must safeguard all public funds they collect or have in their custody or control, and are accountable and subject to pecuniary liability for their loss. DOs must not lend, use, deposit, or exchange public funds in their possession for other funds except as specifically allowed by law. DOs must secure public funds until ordered by proper authority to transfer or disburse them. When DOs receive orders for transfer or payment, they must execute transactions and perform all other duties imposed by law or regulation in conformity to the law. In a disaster, DOs should secure and preserve the accounts of all personnel, public money, and other papers and property in order of importance as circumstances permit.

4.2.2.3. DOs, DDOs, agents, cashiers, custodians, or alternates with custody of public funds must assign each person a separate secured container. Although all appointed or assigned accountable officials are liable for any loss of public funds in their custody, the DO holds overall responsibility and is subject to pecuniary liability, jointly or severally, for any losses associated with these personnel. DOs must therefore ensure that all DDOs, agents, cashiers,

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imprest fund cashiers, and other custodians of public funds are fully aware of their responsibilities to properly handle and protect public funds. The DO or designee **must** personally **inspect** office security **at least semiannually**, keeping a record of each inspection, to ensure that:

4.2.2.3.1. Vaults and safes **must not be** accessible to unauthorized persons (**for example**, limit access to vaults using vault day gates to which only authorized personnel have the keys);

4.2.2.3.2. Cash exceeding the amount required and authorized for official purposes **must be** deposited promptly;

4.2.2.3.3. Windows and doors **must be** limited and barred **or** always locked after business hours;

4.2.2.3.4. Access to the working area **must be** marked conspicuously with "AUTHORIZED PERSONNEL ONLY." Conduct transactions from a cage, room, or counter enclosure constructed to provide a physical barrier to normal traffic with minimal interference from other **office** activities and personnel;

4.2.2.3.5. Security devices for **check-signing** machines, digitized signature media, meters, and plates **must always be in the custody of the DO or authorized DDOs**;

4.2.2.3.6. Internal office procedures **must be** established and implemented to provide adequate controls on all undelivered and returned checks. Assign responsibility **for** checks, **including** receipt, holding, and final distribution, in writing;

4.2.2.3.7. The commander **must be made** aware of any security shortfalls or breaches, and **of** any request for adequate safeguarding facilities previously denied. Inform the supporting DFAS site of unresolved facility issues that **affect** the ability to safeguard public funds;

4.2.2.3.8. All DDOs, agents, cashiers, and custodians **must** receive written and oral instructions **on** the proper care and handling of cash and other accountable documents. The DO should keep an affidavit from each accountable individual attesting to receipt of such instructions;

4.2.2.3.9. All cash, blank Treasury and LDA checks, and related items **must be** kept in a vault, safe, or security container that meets **the** minimum-security standards prescribed in **subparagraph 4.2.4.**;

4.2.2.3.10. All safes and security containers aboard ships and on installations that are on rollers or weigh less than 750 pounds **must be** stored in a vault or secured to prevent movement;

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4.2.2.3.11. A vault, safe, or security container visible from the exterior of the office must be illuminated;

4.2.2.3.12. The combinations of all vaults, safes, and security containers must be changed at least once every 6 months and upon relief, transfer, separation, or discharge of the accountable official. The accountable official must not share the combination or key with anyone and must place the combination of each safe and the duplicate key of each strong box in separate sealed, signed, and dated envelopes so that an unauthorized opening can be detected. The DO must keep the sealed envelopes of all accountable officials in their safe or vault and must deliver the combination or keys to their own safe or vault to the commander, security officer, or another designated official for retention. Authorized personnel may access the sealed combinations only in an emergency requiring the opening of the safe or vault;

4.2.2.3.13. A record of combination changes, dated and signed by the accountable official, must be kept inside each vault, safe, or container;

4.2.2.3.14. To limit the possibility of the combination being observed, the dial to the vault, safe, or container must be concealed by a shield made of suitable material;

4.2.2.3.15. The name and phone number of the accountable official must be posted on the inside of the vault, safe, or container. DOs may use an SF 701, Activity Security Checklist, or an SF 702, Security Container Check Sheet, as appropriate, to help control and safeguard public funds stored in vaults, safes, or containers. If the forms are not available, post a unique container number and a "24 hour" duty phone number on the outside of the vault, safe, or container so duty personnel can contact the accountable official;

4.2.2.3.16. Keys to the workspace or disbursing office must be strictly controlled. Keep a record identifying who has keys and when they were issued and surrendered; and

4.2.2.3.17. All security equipment must be tested at least every 6 months for proper operation. Keep a record of the tests.

4.2.3. Intrusion Detection Systems (IDS)

4.2.3.1. Maintain and regularly test a system maintenance program to ensure the alarm system operates properly. Protect against bypassing the alarm system consistent with DoW requirements.

4.2.4. Storage Containers

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4.2.4.1. When possible, provide a disbursing office a built-in, fire-resistant vault with at least a three-position, dial-type combination lock, with the door and vault able to resist fire for a minimum of two hours. Store all safes containing funds, and when possible the instruments and documents cited in subparagraph 3.4.2, in the vault. Follow the DoW Physical Security Equipment Guide, UG-2045-SHR, when constructing new vaults, doors, and intrusion devices.

4.2.4.2. When vaults are not available, DOs, DDOs, agents, cashiers, and other custodians of public funds **must** use combination **three-tumbler-lock**, tool-resistant safes available **through** General Services Administration (GSA) Global Supply or GSA Federal Supply Schedules (FSS) to store public funds. If such a safe is not available, use a field safe secured properly to an immovable object, **and** post a guard in an unsecured building at the direction of the commander. Store irreplaceable checks, bonds, or other perishable records in combination three-position, dial-type, insulated, built-in fire-resistant money **cabinets or safes**. For temporary storage, **use** Class 5 file cabinets with three-position, dial-type, built-in combination locks to protect against forced entry. File cabinets with steel lock bars or without **forced-entry** protection are not adequate.

4.2.4.3. DoW Component security and **resource-protection** programs **must** ensure compliance with the following minimum requirements for storing currency, negotiable instruments, and paid vouchers. Previously approved storage containers currently in use may continue to be used. The Naval Sea Systems Command may designate specific containers for use on Navy ships.

4.2.4.3.1. Under \$7,500, commanders establish **the** requirements. Any security container or **burglary-resistant** safe listed in subparagraph 3.4.1.1.2 is acceptable.

4.2.4.3.2. **For** \$7,500 **to** \$50,000, use a security container with a Class 1 or Class 5 rating, or a **burglary-resistant** safe with at least an Underwriters Laboratories classification of TL-15 and a Group 1R combination lock.

4.2.4.3.3. **For** \$50,000 or more, use a **burglary-resistant** safe or vault with at least an Underwriters Laboratories classification of TL-30 and a Group 1R combination lock.

4.2.4.4. Blank checks, signature media, and personal valuables held for safekeeping (see **Section 17.0**) are not part of a DO's accountability. Store them in a security container with at least a Class 1 or Class 5 rating, or a **burglary-resistant** safe, separate from the one used to store the items listed in subparagraph 3.4.2.1.

4.3 ADVANCING CASH TO AGENTS

4.3.1. Deputy Disbursing Officers (DDOs), Agents, and Cashiers

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4.3.1.1. DOs advance cash for official use to their DDOs, agents, and cashiers on a DD 1081, Statement of Agent Officer's Account, by cash disbursement, by EFT, or by exchange-for-cash checks with instructions to negotiate the checks only as funds are needed. The DO **must report** un-negotiated checks as funds with agents; DDOs, agents, or cashiers report them as "Cash on Hand." Monthly, the DO **must report** funds in the custody of DDOs, agents, and cashiers, **both** in the main disbursing office and outside **it**, on the SF 1219 (see [Section 16.0, paragraph 16.6](#)).

4.3.1.2. Under normal conditions, do not advance an amount of cash to a DDO, agent, or cashier that exceeds the CHA. Cash may be entrusted to DDOs, agents, or cashiers in other amounts when required to maintain efficient operations (**for example**, during the authorized absence of the DO and on paydays). The total amount held by the DO, DDOs, agents, and cashiers **must** not exceed the DO's CHA.

4.3.1.3. Each DDO, agent, or cashier **must store** entrusted cash in a safe or adequate container assigned for their exclusive use. Only the assigned DDO, agent, or cashier may know the combination of the safe or container. If the commander deems it necessary to access the safe or container, open it and verify the contents.

4.3.1.4. DDOs, agents, and cashiers entrusted with official funds must balance the cash in their custody daily using the DD 2665, Daily Agent Accountability Summary, as the permanent record of balancing (see [Section 16.0, paragraph 16.3](#)). The DO **must ensure** that each DDO, agent, or cashier is aware of the frequency for balancing and submitting the DD 1081, and **must use** it as a summary of cash transactions and **as a** receipt for cash and vouchers on hand. Each DO **must submit** a DD 1081 no less frequently than monthly. A DDO, agent, or cashier who will be absent for more than 5 workdays **must return** all funds and accountable documents to the DO with properly executed DD 2665s and DD 1081s before departure, reporting any shortage or overage immediately.

4.3.1.5. DDOs, agents, and cashiers in the main disbursing office **must** account for all negotiable instruments, collection and disbursement vouchers, and other accountable documents on a DD 2665 and turn them in daily to the DO under cover of a DD 1081. They must retain currency collected over and above currency disbursed **only** when authorized by the DO **and only** if total funds held are within the limitations **of the cash holding authority**. The DD 1081 also serves as a receipt for funds **remaining** in the **official's** custody. When additional funds are required **because** disbursements **exceed** collections or **for** other authorized transactions, the DO may replenish funds in the net amount of acceptable vouchers and negotiable instruments delivered with the DD 2665s and DD 1081s. The DO prepares a DD 1081 for the amount of funds advanced (see [Section 16.0, paragraph 16.4](#)).

4.3.1.6. DDOs, agents, or cashiers not under the same command as the DO must deposit negotiable instruments whenever possible (**for example**, an investigative service or support

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center, intelligence command, or U.S. Defense Attache Office). If a deposit is \$5,000 or more, mail or present the deposit to the nearest FRB or its branch. Transmit deposit tickets, collection and disbursement vouchers, and other accountable documents electronically, or send them by mail or messenger to the DO. Account for the transactions on a DD 2665 with a cover DD 1081. The DO may determine that the volume of transactions is small enough to allow a single monthly DD 1081.

4.3.1.7. Identify transactions made by other than the DO by the name of the DDO, agent, or cashier. The DO determines the method to be used. Identify negotiable instruments cashed by someone other than the DO per Section 5.0, subparagraph 5.2.4.3.

4.3.2. DOs must furnish PAs written instructions to ensure they observe pertinent disbursing procedures, including safeguarding funds; identifying payees and obtaining their signatures; requiring vouchers, documents, and certifications; and returning funds and vouchers.

4.3.2.1. Complete a DD 1081 to document the cash entrusted to PAs authorized to make payments, currency conversions, or check cashing transactions. The DO must establish and implement controls to preclude advancing amounts in excess of requirements for the assigned mission or other anticipated valid requirements. PAs must not commingle cash advanced to them with any other funds and must not advance it to any other person.

4.3.2.2. Normally, PAs must not retain advanced cash overnight but must promptly return the paid vouchers, negotiable instruments, and residual cash to the DO with a properly completed DD 1081. When circumstances require a PA to retain cash overnight, follow the custody requirements in paragraph 4.2 and return the paid vouchers, negotiable instruments, and residual cash as soon as possible after making the authorized payments, normally within 24 hours. The DO must notify the PA's commander when the PA fails to make a prompt return or if a loss of funds or vouchers occurs.

4.3.3. Agents of Friendly Foreign Nations

4.3.3.1. DoW DOs may advance cash to DOs, cashiers, or other members of a friendly foreign nation's armed force to disburse pay and allowances to their members if the President has made an agreement with the foreign country under 10 U.S.C. 2396(b)(2). An advance may also be used to allow that armed force to purchase necessary supplies and services under a basic intergovernmental agreement negotiated per DoD Instruction 5530.03, International Agreements, including coordination with the Combatant Commander involved, the U.S. Ambassador or Chief of Diplomatic Mission, the DoW General Counsel, and the governments of the friendly foreign nation and the United States.

4.3.3.2. A supplemental agreement must establish:

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4.3.3.2.1. The type of personal identification required for a DO or individual member when drawing an advance of funds;

4.3.3.2.2. The maximum amount that may be advanced to an individual;

4.3.3.2.3. Protection for the lender nation against loss from fluctuating exchange rates;

4.3.3.2.4. The address of the respective settlement offices to which the lender nation DO forwards receipts for fund advances with requests for reimbursement;

4.3.3.2.5. Procedures for local settlement when feasible or, if not feasible, between the signatory nation's representatives in Washington, DC, or another designated location;

4.3.3.2.6. That settlement may be in cash or by check, and in the type of currency used to make the advance. Make settlement in the lender nation's medium of exchange (when possible); and

4.3.3.2.7. Other provisions local conditions may require.

4.3.3.3. A DO advances cash only against the signed receipt of the individual armed force member receiving the advance, and only for the following purposes and under the following conditions:

4.3.3.3.1. To a DO of a friendly foreign nation's armed force wanting to provide pay and allowances for troops or purchase necessary supplies and services. The receiving DO must present proper personal identification, and the unit must be serving in an area where personnel temporarily cannot obtain funds from their own nation; or

4.3.3.3.2. To individual armed force members of a friendly foreign nation in need of funds, serving in an area temporarily separated from their units when that force's DO is not available to make payments. These individuals must be identifiable as members of a friendly foreign nation's armed force covered by an intergovernmental advance agreement.

4.3.3.4. The receipt must include the name, rank, service number, title, organization, and country of the individual receiving the advance; the purpose for which the advance is needed; the type and amount of currency advanced; the prevailing rate of exchange to one USD at the time of the advance, if applicable; and the name, rank, organization, and address of the DO making the advance.

4.3.3.5. Payment of rewards to assist in combating terrorism is authorized by 10 U.S.C. § 127b. When payment of these rewards by U.S. personnel is not practical, DOs may

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advance cash to agents of friendly foreign nations' armed forces to make the payments. The international agreement and authorities in subparagraph 4.3.3.1 do not apply.

4.3.3.6. Agents of friendly foreign nations appointed under [Section 3.0](#), paragraph 3.7 are agents of the DOs who advance cash to them. Commanders and DOs have the same oversight and internal control responsibilities [for](#) these agents as for U.S. PAs. DOs may advance cash to properly appointed PAs only in amounts required to pay specific approved reward payments to identified payees.

4.3.4. Change Funds

4.3.4.1. When a clothing sales store, government laundry, or other appropriated fund activity selling property or services requires cash for making change, the activity's officer in charge requests that the commander establish a change fund. After approval, the commander or designee appoints a change fund custodian. The appointing document specifies the amount of cash the DO or DO's agent [advances](#). When advancing the fund, [the DO or agent issues the custodian written instructions](#) covering the custodian's [responsibility](#) for safeguarding the cash and their pecuniary liability for losses. The DO or agent providing disbursing service to the installation or activity provides the authorized advance and records [it](#) in their accountability as cash in the custody of government cashiers.

4.3.4.2. A change fund may not exceed \$250 for each cash register operated in an activity. When a cash register has more than one drawer, each drawer may be considered a register. The commander may authorize additional amounts consistent with good cash management principles. [With the commander's](#) approval, authorized collecting agents may also [serve as](#) change fund custodians to facilitate making change.

4.3.4.3. A commander may authorize an additional \$50 for each cash register and an amount not to exceed \$500 for each accountable medical services' change fund custodian. For extended operations ([such as](#) Sunday operations) [with limited or no banking support](#), a commander may approve an additional amount up to \$50 per cash register.

4.3.4.4. The DO or agent prepares a DD 1081. The custodian signs and returns the original to the DO or agent for the amount advanced, returns all cash [on](#) termination of [the](#) appointment, and prepares a DD 1081 to document the return; the DO or agent acknowledges receipt by signature on the duplicate copy and returns it to the custodian. A DO or agent may recall a change fund to verify the DO's or agent's cash, [then](#) re-advances the funds [after verification](#). The [cash verification team must conduct](#) unannounced inspections, including cash counts of change funds, at least quarterly.

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4.3.4.5. The custodian follows [Section 7.0](#) and [immediately](#) informs the officer who advanced the funds of any fund irregularity ([such as a](#) shortage or overage).

4.3.5. Imprest funds are authorized only as an exception to this volume. See [Section 3.0, subparagraph 3.9.1](#).

4.4 SHIPMENT OF PUBLIC FUNDS

4.4.1. Authority and Methods

4.4.1.1. Shipment of valuables is authorized by the Government Losses in Shipment Act (40 U.S.C. Chapter 173). Shipments are insured under this authority; do not purchase supplementary insurance.

4.4.1.2. A DO [may](#) ship public funds to deposit into an official checking account; deliver funds to another DO as an exchange-for-cash transaction; ship damaged or mutilated currency; and obtain funds from a bank or another DO by exchange of a check-for-cash.

4.4.1.3. Ship public funds in a manner that provides the greatest possible protection against risk of loss, destruction, or damage to the funds.

4.4.1.3.1. Do not use certified mail to ship currency and coins. Use government conveyance or railway express only [for](#) currency or coin of excessive weight or bulk.

4.4.1.3.2. Transfers between DOs afloat using airlift (helicopter) or high line [are](#) also authorized during underway replenishment at sea; attach a buoy or other reliable [flotation](#) device to the container to aid [any required](#) recovery.

4.4.1.4. In addition to [the](#) accounting documents required [for](#) transfers and deposits of public funds, and to provide the record Treasury regulations [require](#), describe each shipment of funds in detail on a DD 165, Shipment of Funds.

4.4.2. Shipment of Funds

4.4.2.1. Use a DD 165 to ship coin or currency, regardless of the amount. This form is not required for shipments for deposit to the Treasury or to a bank if the shipment consists only of checks and money orders and the record of instruments deposited required by [Section 12.0, paragraph 12.8](#) is otherwise maintained. [The shipping DO keep](#) the retained copy of the DD 165, the registry or other carriers' receipts, and any other documents incident to the shipment until assured the shipment [is complete](#) and no claims actions will be initiated.

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4.4.2.2. When a shipment's weight or bulk makes other methods impracticable, government conveyance may be used. The DO makes the necessary arrangements and receives the bill of lading for delivery with the shipment. In all cases, the DO is the shipper and the consignee is responsible for receipt of the funds. The DO is responsible for direct delivery to the carrier and for obtaining a receipt on a copy of the bill of lading.

4.4.2.3. Shipment of funds by commercial armored car service is authorized when it is cost effective and offers the greatest protection against loss. Charge the cost to the operations and maintenance or working capital funds available to the DO.

4.4.3. Action by Consignee

4.4.3.1. On receipt of a copy of a DD 165 as notice of shipment, the consignee (the intended recipient or authorized official designated by the receiving activity) is responsible for arranging to receive the shipment. On receipt, the consignee ensures the shipment is opened and inspected by one or more responsible employees, signs the original DD 165, and returns it to the shipping officer as a receipt. If a courier made the shipment, the consignee signs and returns a copy of the DD 165 to the courier as acknowledgment of receipt.

4.4.3.2. When the shipment represents funds for deposit, the consignee completes the deposit ticket and returns the required copies to the DO. The consignee immediately advises the shipping officer of any difference between the DD 165 and the actual shipment at opening. If the shipment fails to arrive in due course, the consignee immediately notifies the shipping officer and the post office or other carrier's office that arranged delivery, and immediately notifies the shipping officer of any damage. All of the consignee's findings in such cases are a matter of record subject to inspection in any necessary investigation.

4.4.4. The consignor (shipper) takes prompt action to trace a shipment of funds for which a signed DD 165 is not received within a reasonable time. The consignor initiates telephone or message contact with the consignee to ensure compliance with subparagraph 4.5.3.

4.4.5. Accountability for public funds rests with the consignor until the consignee has received and verified all cash listed on the DD 165. If funds shipped as prescribed are lost, destroyed, or damaged, the shipping officer sends an immediate written report to the Bureau of Public Debt (BPD), Division of Financial Management, Department of the Treasury, Room 201, PO Box 1328, Parkersburg, WV 26106-1328. The shipping officer also notifies the agent in charge of the nearest U.S. Secret Service (USSS) office, the appropriate investigative service, and the local post office or local carrier office to place a tracer on the shipment, and takes any other action necessary to facilitate recovery. The shipping officer sends a copy of the report to the consignee and to DFAS Indianapolis, ATTN: (DFAS-ZPTC/IN), 8899 E. 56th Street, Indianapolis, IN, or email to dfas.indianapolis-in.zpf.mbx.disbursingdebtmanagementpolicy@mail.mil. If the loss,

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destruction, or damage is \$10,000 or more, or delay in reporting might delay the government's recovering the shipment, the shipping officer sends the report with written confirmation of the shipment's details.

4.4.6. Recovery Action

4.4.6.1. Recovery action is the responsibility of the officer accountable for the lost or damaged shipment. When an exchange-for-cash check has been issued, this responsibility and accountability rest with the shipping bank or DO (consignor). Accountability for the check remains with the check-issuing DO (consignee), who reports the amount on the SF 1219 as funds in transit. The consignee determines the shipping officer's actions and monitors the subsequent investigative process.

4.4.6.2. For cash lost in transit to a depository, accountability rests with the shipping DO, who takes the reporting and recovery actions required under Section 7.0, paragraph 7.4. The shipping DO records the loss on Line 7.3, Losses of Funds, on the SF 1219. If the DO is reassigned before recovery can be effected, the relieving DO does not take responsibility for the loss but records it on Line 9.3, Losses of Funds, on the SF 1219. The relieving officer also ensures that necessary claims are properly filed and that the proceeds from the claims are properly applied against the loss.

4.4.6.3. The DO acts to recover the amount of lost negotiable instruments under Section 12.0, subparagraph 12.8.3.5. If this recoups the full amount of a lost deposit, do not file the claims described in subparagraph 4.5.4. If it does not result in full recovery, the DO may request relief of liability for the unrecovered portion, supported by copies of all correspondence pertaining to the unsuccessful recovery action.

4.4.6.4. The DO sends claims for the value of lost currency shipments exceeding \$100 to the Secretary of the Treasury through the supporting DFAS site. The DO ensures:

4.4.6.4.1. The proof of claim includes satisfactory proof of loss, destruction, or damage. The claim must include the original DD 165, which will be returned after the claim is adjusted. The DO ensures all applicable blocks on the form are complete and the form is signed, or the BPD will not process the claim. The consignor (shipping officer) submits a statement concerning the loss, destruction, or damage to the shipment or any part of it.

4.4.6.4.2. If the consignee receives a shipment with contents not intact, the statement describes the circumstances of the condition in which the shipment was received and the manner of inspection and verification of its contents. The claim must also include affidavits covering the loss, destruction, or damage from the consignee and the carrier, as well as statements and recommendations of the investigating officers.

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4.4.6.4.3. For lost shipments where an exchange-for-cash check was issued to an FRB or another DO, the check-issuing DO requests that the shipping officer provide copies of all documentation. All necessary and reasonable steps to recover the lost, destroyed, or damaged shipment must continue after filing the claim. DOs ensure that all recoveries and refunds received after favorable consideration of the claim are turned over to the Treasury. See Title 31, Code of Federal Regulations (CFR), part 361 for claims under the Government Losses in Shipment Act.

4.4.6.5. The BPD grants claims for relief for lost, damaged, or destroyed shipments only if the shipping officer strictly followed prescribed procedures. If a claim is denied, the accountable DO may either make restitution of the missing funds or submit a request for relief of liability under Section 7.0. The request will be adjudicated and U.S. laws and regulations applicable to accountable official liability. If a claim is approved, the BPD sends a refund via the Intra-governmental Payment and Collection (IPAC) system. The DO must provide an agency location code before transmission. If no IPAC capability exists, contact the supporting DFAS site.

4.4.7. Unfit U.S. Currency and Coin

4.4.7.1. At least three disinterested persons must inventory damaged or mutilated U.S. currency or fragments recovered from inadvertent wartime destruction or peacetime catastrophes affecting DoW property and personnel (for example, aircraft crashes, ship sinking, building explosions, chemical spills). These persons normally can determine the currency value; if they cannot, the DO sends a BEP Form 5283, Request for Examination of Mutilated Currency for Possible Redemption, with the currency to the BEP for a value determination. The form and shipping instructions are on the BEP web page. The DO must insure the shipment and request a return receipt.

4.5 WEAPONS-FOR-CASH PROGRAM

4.5.1. The weapons-for-cash program requires Secretary of War authorization. The senior operational commander provides funding authorization for weapons procurement. The total amount advanced to PAs under this program must not exceed this authorization. The commander must adjust the authorization before providing additional funds.

4.5.2. Each disbursement requires proper accounting. Use an SF 44, Purchase Order-Invoice-Voucher, or other available chain-of-custody receipt. Each seller's receipt must include the seller's name and (if possible) identification number, the weapon description and serial number, and the amount disbursed. The PA must ensure the seller's signature appears on the receipt. Prepare the original and three copies of the disbursement document (seller's receipt): provide the original and one copy to the DO, attach one copy to the weapon for inventory control, and give one copy to the seller.

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4.6 COUNTERFEIT OR ALTERED U.S. CURRENCY

4.6.1. A DO **must confiscate** U.S. currency presented for exchange or **for** payment of an obligation to the United States that **the DO** determines is counterfeit or altered, **give the person presenting it** a receipt **showing** the type, denomination, and amount confiscated, and **obtain** information from that **person about** the currency's source. The DO delivers the currency, by letter of transmittal with all available information, to either a representative of the appropriate investigative service (if available) or the nearest military security agency, obtaining a receipt in either case. **Because** such currency is suspect, no entries in the DO's accounts are required.

4.6.2. Detected After Acceptance

4.6.2.1. **On** discovering counterfeit currency, the DO **must request** reimbursement from the source from which **it was** received and **follow** paragraph 4.7. No loss to the DO accrues, and no entries in the DO's accounts are required.

4.6.2.2. If the source of counterfeit currency is unknown, or is known but reimbursement is not obtained, the DO delivers the currency, with a detailed report of all known circumstances, to either a representative of the appropriate investigative service (if available) or the nearest military security agency, obtaining a receipt in either case. **The DO must** send the currency receipt, with a signed copy of the DO's report by memorandum stating why reimbursement was not obtained, through the DO's commander to DFAS-ZPTC/IN, and report it on the SF 1219 as a physical loss of funds.

4.6.3. When a bank operating a Treasury General Account (TGA) notifies a DO that currency the DO **deposited** is suspected to be counterfeit, the DO **must reimburse** the TGA for that currency and **obtain** a receipt **describing** the **currency and** stating that **it** is suspected to be counterfeit and has been withdrawn from circulation. The TGA surrenders any suspected counterfeit currency to the USSS and provides depositors a photocopy of Secret Service Form 1604, Counterfeit Note Report, or other documentation. The DO contacts the USSS to **confirm whether** the surrendered currency is counterfeit and must ensure the TGA processes a deposit ticket for the amount the USSS determines is not counterfeit, **crediting that** amount to the appropriation that funded the loss. **The DO reports** the amount the USSS determines **is** counterfeit on the SF 1219 as a physical loss of funds.

4.7 EMERGENCY DISPOSITION

4.7.1. **DoW** Component heads must develop and maintain contingency plans and standby procedures to dispose of cash and other assets under emergency conditions. These plans **must** address emergency conditions, emergency destruction, sudden destruction, and accounting for **destroyed** cash and other assets, **and** must include internal controls to minimize the risks of fraud,

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waste, and abuse. Emergency operations include, but are not limited to, combat and peacekeeping operations, humanitarian assistance efforts, noncombatant evacuation operations, disaster relief efforts, and disposal of contaminated cash.

4.7.2. Policy

4.7.2.1. Under conditions that may require the evacuation, disposal, or destruction of cash and other assets, commanders execute their contingency plans. DOs or their designees **must** evacuate cash and other assets under these conditions (**for example**, in anticipation of enemy action) to a designated safe haven, **such as a** secured **vault** or **safe**.

4.7.2.1.1. **On** initial notification of a threat that may require the destruction of cash and other assets, the DO, DDO, or other designee **must** determine cash requirements, recall or purchase excess cash, and evacuate it and other assets held at personal risk to a designated safe haven. If the DO, DDO, or commander determines that capture of these assets is possible, **the responsible official must** secure them **to** minimize the risk of capture or destroy them following subparagraph 4.7.2.1.2.

4.7.2.1.2. If capture of funds is inevitable, burn paper currency, checks, and other burnable documents completely to ashes. If **burning** is not possible, use chemical decomposition, shredding, or pulping. The alternative methods must render the items non-negotiable by completely destroying their original character and appearance.

4.7.2.1.3. Dispose of coins and other valuable non-burnable items by scattering **them** in deep bodies of water or physically destroying **them** when possible. When no suitable bodies of water are present, **discreetly** bury these items in the ground. Coins may also be fused or mutilated to make them unrecognizable. Fragment and scatter bars, ingots, and other units of precious or valuable substances **to make** their recovery impossible or at least uneconomical.

4.7.2.2. The DO/DDO prepares an original and three copies of a DD Form 2669, Destruction Schedule for Currency, for all U.S. currency to be destroyed, noting the reason in the space provided. For full or partial packages of new currency, note the beginning and ending serial numbers of each denomination. Three persons **must witness the destruction**: U.S. commissioned or noncommissioned officers, or U.S. Government civilian employees who are U.S. citizens. The DO/DDO may serve as the third witness **only** if one of the other two witnesses is senior in rank to the DO/DDO. Witnesses must enter their name, rank or grade, and signature in the spaces provided. A DO/DDO serving as a witness completes block 5 and the applicable section of block 8. Indicate the method of destruction in the space provided for the witnesses' certifications.

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4.7.2.3. When ordered by the commander, these activities deliver their U.S. cash to the nearest DoW DO/DDO in exchange for a U.S. Treasury check, and the DO is then accountable for the cash. If an exchange cannot be made, the activity custodians or managers prepare a destruction schedule similar to the DD 2669 and, after verification, burn the currency to ashes in the presence of at least one activity representative and two U.S. commissioned or noncommissioned officers or U.S. Government civilian employees.

4.7.2.4. If foreign cash must be destroyed, the appropriate authority (for example, a NAF custodian, MBF, or other activity manager) transports it to the nearest DoW DO/DDO and exchanges it for a receipt stating that the foreign currency is accepted for safekeeping and that neither the DO/DDO nor the U.S. Government is accountable for loss or destruction resulting from the existing emergency. A DO/DDO who has accepted the currency and coin and needs to use it for operational requirements issues a U.S. Treasury exchange-for-cash check to the appropriate authority for the USDE of the foreign funds purchased. If destruction becomes necessary and time permits, the DO/DDO prepares a DD 2669. When an exchange cannot be made, the appropriate authority prepares a destruction schedule similar to the DD 2669 and, after verification, burns the currency to ashes.

4.7.2.5. DOs/DDOs in areas of elevated tension must anticipate the possibility of emergency destruction and maintain procedures to rapidly inventory and destroy their cash and other assets. If there is not enough time to destroy all funds held by the DO/DDO, prioritize the destruction in the following order:

4.7.2.5.1. U.S. and foreign cash, and negotiable instruments carried as cash in the DO's accounts;

4.7.2.5.2. Blank U.S. Treasury checks;

4.7.2.5.3. Blank LDA checks;

4.7.2.5.4. Currency, negotiable instruments, and other valuables held for safekeeping;

4.7.2.5.5. Coins; and

4.7.2.5.6. Other valuables (e.g., signature media).

4.7.2.6. When currency and coins are destroyed by explosion, fire, sinking of a vessel, or aircraft accident, the accountable DO prepares a written statement identifying the circumstances of the destruction and sends it, with a request for relief of liability, to DFAS-ZPTC/IN. If the DO does not survive the disaster that destroyed the funds, the officer

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designated to settle the account acts on the DO's behalf by reconstructing the DO's accountability and initiating the appropriate requests for relief.

4.7.2.7. DOs **must** account for destroyed currency, coin, and negotiable instruments held as public funds by **recording them** on the DD 2657 and the SF 1219 and attaching copies of the supporting DD 2669 to both forms.

5.0 ACCOMMODATION EXCHANGE

5.1 GENERAL

5.1.1. 31 U.S.C. § 3342 allows DOs to provide check cashing and accommodation exchange services when authorized by the appropriate commander (a theater commander, base or installation commander, commanding officer or officer-in-charge, director of a supporting Defense Finance and Accounting Service (DFAS) site, or equivalent civilian head in the DO's chain of command) for eligible individuals (see **sub**paragraph 5.2.3).

5.2 EXCHANGE OF CASH FOR NEGOTIABLE INSTRUMENTS

5.2.1. Policy

5.2.1.1. In the United States, a commander may request the Director, DFAS or designee to authorize a DO to cash negotiable instruments. Submit requests, with justification, to DFAS, Enterprise Solutions and Standards, Disbursing (DFAS-JJFKCB/IN), 8899 E. 56th Street, Indianapolis, IN 46249-0050.

5.2.1.2. In overseas areas and for ships afloat, a commander may authorize the DO to cash negotiable instruments. The command must have a written check cashing policy approved by the theater commander or designee identifying the services offered and the personnel eligible to receive them. The policy must provide that the DO may deny check cashing privileges to anyone based on the non-availability of cash or personnel resources. Resources must be available to provide these services without impacting levels of other financial services (**for example**, primary disbursing and related functions).

5.2.2. A DO may cash U.S. Treasury checks, money orders, traveler's checks, third-party checks, state and local government checks, credit card checks, business checks, and personal checks payable in U.S. dollars for eligible payees. These instruments may be processed through the Over-the-Counter Channel Application (OTCnet) (see **Section 12.0**, paragraph 8.1). DO accountability is not affected until the checks are reported in Treasury's OTCnet. **The DO must use** the appropriate DO Cash Treasury Account Symbol (TAS) **and** the appropriate Business Event Type Code (BETC) when depositing accommodation exchange transactions.

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5.2.3. Personnel permanently assigned to units in the area served by the DO are eligible for check cashing services. These include:

5.2.3.1. Members of the U.S. Armed Forces;

5.2.3.2. Civilian employees of the U.S. Government who are U.S. citizens;

5.2.3.3. A veteran hospitalized or living in an institution operated by an agency;

5.2.3.4. Contractors and their employees engaged in U.S. Government projects [are eligible only](#) if the contractor is a U.S. firm and the employee is a U.S. citizen:

5.2.3.4.1. The company's on-site representative must furnish the DO with a list of employees authorized to cash personal checks and enter into a written agreement. The agreement must stipulate that the DO will suspend check cashing privileges for that company's employees if the DO receives a dishonored check written by a company employee and the DO cannot collect for the dishonored check; and

5.2.3.4.2. The DO will notify the company representative when a dishonored check is received from one of its employees and suspend check cashing services for all the company's employees. The suspension remains in effect until the DO collects on the dishonored check. The check cashing agreement is permanently terminated if the DO is unable to collect the dishonored check within 30 calendar days from the notification to the company representative;

5.2.3.5. U.S. citizens who are employees of authorized nongovernment agencies operating with U.S. Government agencies, (e.g., the American Red Cross);

5.2.3.6. Dependents of the personnel named in [subparagraph 5.2.3](#), as defined in 31 U.S.C. § 3342(b)(3)(A)-(B) and the Definitions Chapter.

5.2.3.6.1. At a U.S. installation at which adequate banking facilities are not available, and

5.2.3.6.2. Holding proper identification and powers of attorney and who possess valid [DoW](#) identification cards; or

5.2.3.6.3. Ordered to safe haven posts due to emergency evacuation (see [Section 14.0](#), [subparagraph 14.3.2](#) for accommodation restrictions), and

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5.2.3.6.4. In the case of negotiation of negotiable instruments, if the dependent's sponsor (as defined in the Definitions Chapter) authorizes, in writing, the presentation of negotiable instruments to the DO for negotiation.

5.2.3.7. Third-country national civilian employees under contract to the U.S. Government as contractors or subcontractors employed by U.S. firms engaged in U.S. Government projects in foreign countries with U.S. Treasury checks or U.S. dollar checks issued by the contractors;

5.2.3.8. A Federal credit union operating on U.S. military installations in a foreign country but only if that country does not permit contractor operated military banking facilities (MBF) to operate on installations;

5.2.3.9. Personnel on temporary [duty or temporary](#) additional duty (TDY/TAD) [are eligible](#) when approved by a DO's commander. These personnel must provide the DO a copy of their TDY/TAD orders and any other items of identification the DO may require;

5.2.3.10. An authorized agent, authorized by a properly executed power of attorney, [is eligible](#) for personal checks drawn on the account of a member, personal checks drawn on joint accounts to which the member is a party, and other checks drawn in favor of the member. The agent must present valid identification during all transactions. Restrictions that apply to benefiting members also apply to their agents under the terms of the executed DoD (DD) Form 2761, Personal Check Cashing Agreement, which serves as a power of attorney; or

5.2.3.11. A member of the military forces of an allied or coalition nation who is participating in a combined operation, combined exercise, or combined humanitarian or peacekeeping mission with the Armed Forces of the United States [is eligible](#) only if:

5.2.3.11.1. Such disbursing official action for members of the military forces of that nation is approved by the senior United States military commander assigned to that operation, exercise, or mission; and

5.2.3.11.2. That nation has guaranteed payment for any deficiency resulting from such disbursing official action.

5.2.4. Commanders and other individuals in the chain of command are responsible for implementing and maintaining internal controls that preclude the fraudulent issuance and cashing of negotiable instruments. At a minimum:

5.2.4.1. All instruments are endorsed, "Pay to the Order of the Disbursing Officer, (name of ship, station, activity, unit, disbursing station symbol number, or the DFAS site);"

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5.2.4.2. The payee(s) sign or endorse each instrument in the presence of the DO, a Deputy DO (DDO), the DO's authorized agent, or a cashier;

5.2.4.3. The identity of the DDO, DO's agent, or cashier cashing the instrument must be clearly identifiable on that instrument, and the person cashing the instrument may be held pecuniarily liable if the instrument is altered or forged. The DO may also be held pecuniarily liable if the instrument becomes nonnegotiable and their identity is not apparent; and

5.2.4.4. The person cashing a negotiable instrument must verify the identity of the person(s) presenting the instrument. Record the [payee](#) or [endorser](#) identification ([for example](#), legible name, social security number (SSN), phone number, and identification card number and duty station, if applicable) on the negotiable instrument [so](#) recovery [can](#) be made if the instrument is dishonored. A DO may [use the DD 2761 as](#) an [alternative](#) to annotating this information on a check, [which alleviates identity-theft concerns created by exposing](#) the SSN. Attach a photocopy of the negotiated check to the DD 2761 and file [it](#) for records retention.

5.3 CASHING PERSONAL CHECKS

5.3.1. Check Cashing

5.3.1.1. All authorized military and appropriated fund civilian personnel who request check cashing privileges must consent in writing to immediate collection against their pay for the total of any dishonored check. Dishonored checks are not delinquent debts. [The DO has](#) no authority to assess a service charge (penalty) but [must](#) recover any insufficient fund charges assessed on the DO by financial institutions.

5.3.1.2. Immediate deduction from the pay account is authorized for the face value of the dishonored check(s) plus any charges assessed against the DO by a financial institution for their processing.

5.3.1.3. [The](#) DO may not use partial payments as a means of resolving a dishonored check.

5.3.1.4. When a check is returned for a contract employee, the DO must immediately seek reimbursement from the company employee, as indicated in the employee's company agreement.

5.3.1.5. If a military member or [DoW](#) civilian employee is separated or has resigned and cannot be located to make restitution, the DO follows [paragraph 5.5](#).

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5.3.1.6. Writing checks in advance of the availability of funds (floating a check) is illegal. Deny check cashing privileges to individuals who abuse it by writing checks against insufficient funds.

5.3.1.7. Retain check cashing documents as follows:

5.3.1.7.1. The DO keeps the original signed DD 2761 for all personal checks honored.

5.3.1.7.2. For all dishonored checks, keep the original DD 2761 with the dishonored check file until resolved. If the consent statement is stamped on the front of the check and the check is dishonored, the DO, deputies, agents, or cashiers make copies of the front and back (if applicable) of the check. Keep a copy of the check, along with a copy of the agreement if the individual is a contractor, until the matter is resolved.

5.3.2. Limitations

5.3.2.1. Commanders establish maximum amounts for cashing personal checks by authorized personnel or their agents. In overseas areas where personnel of two or more Services are operating, the senior commander ensures a uniform policy to provide check cashing privileges within sound financial management practices. The policy and applicable limits are based on the circumstances of the local economy and cost-of-living. The supporting DO should publish deviations from established command maximum limits for each exception.

5.3.2.2. The DO provides a copy of an authorization to exceed the established limit when requesting removal of deficiencies involving uncollectible [insufficient-fund](#) checks and associated charges that financial institutions [may assess](#) for personal checks cashed (see [paragraph 5.4](#)). Personal checks being cashed must be drawn in multiples of 5 dollars unless local conditions make that increment impractical. U.S. Treasury checks or checks issued by banks or other similar financial institutions may be cashed without regard to a dollar amount.

5.3.2.3. Checks must be drawn on U.S. financial institutions, overseas branches of U.S. banks or credit unions, or overseas MBFs operated under U.S. Government contract. Checks must also be payable in U.S. dollars through U.S. banks or credit unions, [including](#) banks located in the Commonwealth of Puerto Rico, U.S. Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The DO establishes the days and hours during which check cashing service is available and makes appropriate notification of any changes.

5.3.3. A DO of a naval vessel may cash personal checks for crew members when the vessel is in a U.S. port and adequate check cashing facilities are neither available nor adequate for nonresidents of the area. A non-tactical disbursing activity in the United States may provide check

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cashing service when a unit, squadron, or detachment without a DO or disbursing capability is performing TDY/TAD away from its permanent station or homeport where adequate check cashing facilities are not available. This authority applies when units, squadrons, or detachments are engaged in training or exercises that preclude use of available check cashing facilities. For situations not described in [paragraph 5.2](#), a commander may request the Director, DFAS or designee to authorize check cashing services. Submit the request following subparagraph 5.2.1.1.

5.4 ACCOUNTABILITY FOR DISHONORED CHECKS

5.4.1. DOs who accept checks from external activities for the sale or transfer of something of value ([for example](#), property disposal sales, clothing sales, commissary sales, ships stores, [or](#) housing offices) [that](#) a depository later returns unpaid on a debit voucher must record the debit voucher on the DD 2657, Daily Statement of Accountability, as a reduction of deposits, prepare a reverse collection voucher as a reduction of reimbursements, and send one copy of the collection voucher and one copy of the dishonored check to the collection activity concerned. All dishonored checks returned by the Treasury on a debit voucher [are](#) automatically classified back to the TAS annotated on the OTCnet deposit ticket. Collection activities are responsible [for pursuing](#) collection action [per](#) their regulations and Volume 16. [Because](#) these checks were collected into an appropriation and [then](#) reversed, there is no deficiency in the DO's accountability.

5.4.2. Checks accepted from external activities or to satisfy an obligation (debt) due the United States [do](#) not impact the DO Cash TAS and [are](#) classified under a program TAS. DOs who accept checks to satisfy a debt to the United States ([for example](#), overpayment of travel allowances) [that are](#) later returned unpaid by a depository must follow [subparagraph 5.4.1](#). The activity responsible for originating the charge ([for example](#), military pay [or](#) travel pay) reestablishes the debt based on the dishonored check and the reverse collection voucher and pursues collection action [per](#) their regulations and Volume 16. A DO who is the collecting officer for these dishonored checks initiates collection action following Volume 16. [Because](#) these checks were collected into an appropriation and [then](#) reversed, there is no deficiency in the DO's accountability.

5.4.3. Checks accepted in check cashing transactions authorized by 31 U.S.C. § 3342 [that](#) are later returned unpaid by a depository on a debit voucher must be recorded on the DD 2657 as decreases to deposits and increases to dishonored checks receivable. Dishonored checks related to accommodation exchange transactions impact the DO Cash TAS and stay on the DO accountability until recouped or [until](#) the uncollectible receivable is processed for removal from accountability as provided in [Section 7.0](#), subparagraph 7.4.2.1.1. Unlike the checks in paragraphs 4.1 and 4.2, [treat](#) these as erroneous payments because public funds have been disbursed. DOs pursue collection of these checks following section 3.0 and Volume 16, Chapter 2, section 2.0. If the checks become uncollectible, the DO reports the losses and requests removal of the deficiencies through the Loss of Funds Team, DFAS Accounting and Finance Policy Division, DFAS

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Indianapolis (DFAS-ZPTA), Location [211X](#), 8899 E. 56th Street, Indianapolis, IN 46249 (see [paragraph 5.5](#)).

5.5 REMOVAL OF DEFICIENCIES

5.5.1. Request for Removal

5.5.1.1. Upon notification that a check has been dishonored, start collection action immediately and pursue it through recovery. If the DO has followed the check cashing policy and collection requirements in [paragraph 5.3](#) and Volume 16, removal of deficiencies normally is authorized under 31 U.S.C. § 3342. If the debtor is no longer employed, in the military service, or is an inactive reservist, and all attempts to collect have been exhausted, the DO sends a written request for removal of the deficiency to DFAS-ZPTA through their command channels.

5.5.1.2. If the DO has followed the check cashing policy and collection requirements in [paragraph 5.3](#) and Volume 16, removal of deficiencies normally is authorized under 31 U.S.C. § 3342. If DFAS-ZPTA approves removal of the deficiency, it sends the requesting DO a memorandum authorizing a charge to Treasury Account Symbol ***6763, Gains and Deficiencies on Exchange Transactions. The [removal-of-deficiency](#) transaction [impacts](#) the DO Cash TAS. Process the removal of deficiency with a Classification Transactions and Accountability transaction citing account ***6763 and BETC and the appropriate DO Cash TAS/BETC. The DO sends a copy of the memorandum to the activity to which it submits financial reports. DFAS-ZPTA advises the Debt and Claims Management Office to continue attempts to recover the debt and, if successful, credit the appropriation charged when the deficiency is removed as a result of successful debt recovery. If DFAS-ZPTA does not authorize removal, the deficiency cannot be charged to account ***6763, and the DO can either repay the loss or request relief of liability as prescribed in [Section 7.0](#), section 6.0.

5.5.2. If a dishonored check held in the disbursing office is lost, [treat](#) it [as](#) a physical loss of funds (see [Section 7.0](#), [paragraph 7.4](#)).

5.5.3. If a forged check is processed and paid, a [loss-of-funds](#) investigation is required (see [Section 7.0](#), [paragraph 7.4](#)). If the investigation [cannot](#) identify the forger, or if recovery from this person cannot be accomplished, the DO, DDO, agent, or cashier who cashed the forged instrument [is](#) liable for the loss but may be eligible for relief of liability (see [Section 7.0](#), [paragraph 7.6](#)). The DO, DDO, agent, or cashier may submit a request for relief of liability to DFAS-ZPTA for the improper payment. The request should include a copy of the investigation results, all related documents, and a description of the procedures used to preclude forgery.

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5.6 REDEEMING SAVINGS BONDS IN OVERSEAS AREAS

5.6.1. MBFs are authorized to redeem savings bonds in overseas areas. Where none are available, DOs may request this authorization through their chain of command. This is the only situation where DOs may redeem savings bonds. Disbursing offices with current authority to redeem savings bonds may continue this service **provided** no **change** in area support by a local MBF has occurred.

5.6.2. Cashing Bonds

5.6.2.1. The DO authorized to redeem savings bonds must use the savings bond calculator **on** the Treasury Direct website. Series EE and I Bonds issued after February 2003 must be at least 12 months old, based on the date of issue, before the DO may redeem them.

5.6.2.2. The DO issues an IRS **Form** 1099-INT, Interest Income, to recipients of \$10 or more in interest paid on redeemed savings bonds. This form includes the amount of interest paid; **the** name, address, **and** Taxpayer Identification Number (usually the bondholder's SSN); **the** name of the person paid; and other information needed by the IRS. DOs are prohibited from cashing bonds for individuals who refuse to furnish their SSN. **Because** individuals redeeming bonds may change their address **before calendar year-end** without notification, DOs should furnish the form to the recipient at the time of the transaction.

6.0 CERTIFYING OFFICERS, DEPARTMENTAL ACCOUNTABLE OFFICIALS, AND REVIEW OFFICIALS

6.1 GENERAL

6.1.1. Authoritative Guidance

6.1.1.1. Under 31 U.S.C. § 3325(a)(1) and (b), a **DoW** disbursing official may disburse money only as provided by a voucher certified by the Secretary of Defense (SecDef), **a DoW** officer or employee, or **a** member of the U.S. Armed Forces having written **SecDef** authorization to certify vouchers.

6.1.1.2. Under 10 U.S.C. § 2773a, the SecDef may designate any **DoW** civilian employee or member of the U.S. Armed Forces under the Secretary's jurisdiction as a DAO. DAOs **must provide** COs with information, data, or services the CO **directly relies on to certify payment** vouchers.

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6.2 POLICY

6.2.1. DoD Directive 5118.03 delegates authority to appoint COs (under 31 U.S.C. § 3325(a)(1) and (b)) and DAOs (under 10 U.S.C. § 2773a) to the USD(C). This volume re-delegates that authority to DoW Component Heads, who may further re-delegate it. See [Section 3.0, paragraph 3.3](#) for who may be appointed to positions of accountability to the U.S.

6.2.1.1. Under the [separation-of-duties principle](#) in [Section 2.0](#), subparagraph [2.3.5.2](#), DOs, their deputies, and agents may neither be appointed as, nor appoint, COs for payments they will eventually make. See subparagraph [6.3.1.2](#) for conditions that may require deviation.

6.2.1.1.1. DOs and DDOs may certify cover vouchers supported by properly certified sub-vouchers. See [Section 10.0, subparagraph 10.4.8](#).

6.2.1.1.2. Where a DO supervises separate computation and disbursing functions, computation section [personnel](#) may be COs. In limited situations (e.g., afloat units, noncombatant evacuations, contingency operations, training exercises), disbursing office personnel may be appointed as COs. Make these appointments through command channels, excluding the DO, and describe the circumstances in Item 7 of the appointing DD Form 577.

6.2.1.2. [Certification of Funds Availability vs. Certification of a Payment Voucher](#)

6.2.2. Certification

6.2.2.1. As key funds control personnel, resource managers must certify funds availability before goods [or](#) services are ordered, based on funding authorizations that allow [incurring](#) obligations the U.S. Government will [pay at](#) a future date (see [subparagraph 6.3.2](#)). This does not create pecuniary liability under 31 U.S.C. § 3527 or § 3528 (see [subparagraph 6.7.1](#)) but may have Antideficiency Act implications (see Volume 14).

6.2.2.2. Certification of a voucher for payment is an attestation by a properly appointed and trained CO that a voucher is correct and proper for payment. [It](#) normally occurs before payment but may occur simultaneously with receipt and payment, particularly in tactical situations. Only persons properly appointed on a DD 577 may make these certifications. See [paragraphs 6.5 and 6.7](#).

6.3 RESPONSIBILITIES

6.3.1. DoW Component Heads or their designees, [as appointing authorities](#):

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6.3.1.1. May appoint COs and DAOs, other than themselves, and terminate appointments when required (see subparagraph 6.4.1);

6.3.1.2. Oversee the appointees and their execution of the duties in subparagraphs 6.3.4 and 6.3.5. For micro-purchases supporting contingency operations, balancing mission accomplishment with acceptable risk and cost benefit may require deviating from the separation-of-duties and internal-control principles in Section 2.0, subparagraphs 2.3.5 and 2.3.5.2, and the policy in subparagraph 6.2.1.2. Deviations are at the commander's discretion; the commander must recognize the increased risk of errors, theft, and fraud from merging payment-certification responsibilities with other functions and must make every effort to mitigate those risks. Mitigation tools include post-payment reviews, rotation of duties, reviews of financial data, and management or external reports. The micro-purchase threshold is defined in Federal Acquisition Regulation Subpart 2.101; and

6.3.1.3. Implement controls to effect timely appointment terminations.

6.3.2. Supervisors must ensure subordinate COs and DAOs are trained in their responsibilities, including initial and annual refresher training (see subparagraphs 6.3.4.1.2 and 6.3.5.2); periodically review their performance for compliance with regulations, policies, and procedures, including local standard operating procedures; review appointments annually for validity and current status; and make appropriate change recommendations to appointing authorities.

6.3.3. Resource managers or other key fund control personnel maintaining a funds-control system are responsible for certifying funds availability and assigning proper funding citations on commitment and obligating documents. They should coordinate with requiring officials (e.g., program managers, contracting officers, engineers) to verify that requests comply with applicable funding statutes, that the obligating document lists capital and expensed items on different line items, and that delivery of supplies or the service period of performance aligns with the lifecycle of the associated funds so the obligation meets the bona fide need rules in Volume 3. A certification of funds availability is not a certification for payment (see subparagraph 6.2.2 and Volume 14).

6.3.4. COs

6.3.4.1. CO qualifications:

6.3.4.1.1. Must have knowledge of the subject matter, background, or experience in preparing a payment voucher; in appropriations and other funds and accounting classifications; and in the payment process (e.g., location of designated paying and accounting offices). See subparagraph 6.2.2;

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6.3.4.1.2. Must complete an approved "Certifying Officer Legislation" training course applicable to their mission area **before** appointment, **complete** refresher training annually, and provide proof of completion to their supervisor. Evidence of **completing** this training is required **before** performing as a CO. On-the-job training is not acceptable.

6.3.4.2. COs must ensure the automated and manual processes supporting their voucher certifications reasonably satisfy I TFM 4A-2000, **and must also**:

6.3.4.2.1. Check the accuracy of facts stated on a voucher and in supporting documents and records, and may rely on data from reliable automated systems certified as compliant with the Federal Financial Management Improvement Act of 1996 (FFMIA) (see Volume 1);

6.3.4.2.2. Verify the accuracy of **a voucher's** computation before certification;

6.3.4.2.3. Determine the legality of a proposed payment from the appropriation or fund cited on the voucher (see **Section 2.0**, paragraph **2.3.6** for **prohibited-payment** policy);

6.3.4.2.4. Ensure a legal obligation to pay **exists** (e.g., a contract);

6.3.4.2.5. Ensure the payee has fulfilled the prerequisites to payment (e.g., an invoice, receiving report, approved travel claim);

6.3.4.2.6. Ensure the payment is legal under the appropriation or fund involved (e.g., the correct appropriation and fiscal year);

6.3.4.2.7. Seek advance decisions on questionable vouchers (see **Section 13.0**, paragraph **13.2**);

6.3.4.2.8. Repay a payment **that is**:

6.3.4.2.8.1. Determined to be erroneous (e.g., illegal, improper, or incorrect) due to an inaccurate or misleading certification;

6.3.4.2.8.2. Prohibited by law; or

6.3.4.2.8.3. Not a legal obligation of the fund or appropriation cited; unless the payment is recovered by collection or offset from the payee or another source, (e.g., collected from a DAO or relief is granted under subsections (b) or (c) of 31 U.S.C. § 3528; also see **Section 7.0**, subparagraph **7.6.3.3**);

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6.3.4.2.9. Respond timely to a reviewing official's questionable-payment inquiry; and

6.3.4.2.10. Include the payee's Tax Identification Number (for businesses) or Social Security Number (for individuals).

6.3.4.3. This section applies to DoW employees appointed as Treasury COs who are delegated authority to certify the disbursement of funds and to schedule and classify domestic and international payments the Bureau of the Fiscal Service disburses, as authorized by the Treasury Disbursing Office.

6.3.4.3.1. COs who certify Treasury-disbursed payments must be appointed using Bureau of the Fiscal Service Form 210CO, Designation for Certifying Officer, not the DD 577, unless also serving as a CO for DoW payments disbursed by a Non-Treasury Disbursement Office (NTDO). Treasury-appointed CO designations are valid for one year from the effective date unless revoked earlier. See I TFM 4A-3000 for requirements and forms for scheduling payments disbursed by the Bureau of the Fiscal Service.

6.3.4.3.2. All accountable officials are subject to the pecuniary liability standard under 31 U.S.C. §§ 3527 and 3528 (see Section 7.0, subparagraph 7.1.2). Treasury COs are pecuniarily liable when a fiscal irregularity occurs, based on the "presumption of negligence," whether the payment was disbursed by the Treasury or an NTDO.

6.3.5. DAOs

6.3.5.1. In performing their duties, DAOs are responsible for providing COs with information, data, or services to support the payment certification process. Their unique mission-area responsibilities require supervisors and appointing officials to decide whether DAO appointments are required and to clearly define each DAO's functions. Appointing DAOs is not mandatory; persons whose duties may support a DAO appointment include receiving officials, contracting officers, personnel who make payment eligibility determinations, time and attendance personnel, and travel approving officials. Consider personnel in the following areas for appointment as DAOs:

6.3.5.1.1. Purchase Card Program. Approving officials may be appointed as COs with the additional responsibilities in subparagraph 6.3.4.2. Other purchase card program personnel may be appointed as DAOs (see Volume 10).

6.3.5.1.2. Personnel Programs. Personnel officers must ensure accurate and timely input of personnel data supporting payments.

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6.3.5.2. DAOs must complete approved training applicable to their mission areas within two weeks of appointment, [complete](#) refresher training annually, and provide a copy of their training completion certificate to their supervisor. Evidence of [completing](#) this training is required [before](#) performing as a DAO.

6.3.6. AIS administrators operate and maintain [the](#) automated systems [supporting](#) the entitlement, certifying, and disbursing processes so [those](#) systems [meet](#) prescribed functional requirements, [maintain data](#) integrity, and [prevent](#) unauthorized access. They must also ensure the systems they administer are certified as [FFMIA-compliant](#) (see Volume 1).

6.4 DD 577

6.4.1. Appointing authorities appoint and terminate COs and DAOs using a DD 577, identifying as necessary the types of payments to be certified (e.g., vendor pay, purchase card, CBAs, travel, transportation, military and civilian pay) and, if appropriate, the entitlement systems involved. Avoid "various" and similar generalities when identifying [voucher](#) types. If desired, include the reviewing official's organization on the appointment. The effective date of an Appointee Acknowledgment (Item 15 or [16a-Digital](#)) may not be earlier than the Appointing Authority [date](#) (Item 12).

6.4.1.1. Include the appointee's [DoW](#) Identification Number (employee number for [a](#) direct-hire, non-U.S. citizen outside the U.S.), name, organization, and position. Limit access to any personally identifiable information to those who require it [to perform](#) their duties and [who follow](#) the Privacy Act of 1974 (5 U.S.C. § 552a).

6.4.1.2. When appointing employees outside the U.S. who are precluded by local law, treaty, or status of forces agreement from being held pecuniarily liable to the U.S. (see [Section 2.0](#), subparagraph [2.3.3.4](#)), make an appropriate comment in Item 7.

6.4.1.3. Appointees acknowledge their appointment in Section III [and](#) may not re-delegate their appointed authority.

6.4.1.4. Appointments remain in force until terminated by an appointee's reassignment or for cause. An appointing authority's reassignment does not affect existing appointments.

6.4.1.5. COs who certify vouchers electronically (e.g., Defense Travel System) must submit the DD 577 electronically.

6.4.1.6. COs who certify manual vouchers or submit manual certifications of electronic payments must submit original, manually signed DD 577s (see subparagraph [6.4.1.1](#)) or supplemental documents to support electronic DD 577 submissions.

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6.4.1.7. These forms cannot be amended, and pen-and-ink changes are not authorized. Any change (e.g., altering the types of vouchers to be certified) requires terminating the existing appointment and preparing a new one.

6.4.1.8. Terminate appointments using Section IV and submit the DD 577 to all recipients who received copies of the original appointment.

6.4.2. Distribution

6.4.2.1. CO Appointments. Ensure the training required by subparagraph 3.4.1.2 is complete before submission.

6.4.2.2. DAO Appointments. Appointing authorities must ensure the training required by subparagraph 3.5.2 is complete, keep the signed original DD 577s, and send copies to the offices that certify vouchers. Offices and organizations that rely on DAOs must establish and implement mechanisms to identify and communicate with them.

6.5 CERTIFICATION

6.5.1. All payments from appropriated funds must be certified (excluding intra-governmental); see the Government Accountability Office (GAO) Policy and Procedures Manual, section 6.5. Before certifying and submitting vouchers to DOs for payment, COs must review them to ensure the information agrees with all supporting documentation. See Section 10.0, subparagraph 10.4.2 for voucher certification requirements and Volume 1 for records retention policy.

6.5.2. COs certify to (not "for" or "on behalf of") DOs or their agents that vouchers are correct and proper for payment from the appropriations or other funds cited on them or on supporting vouchers, and that the proposed payments are legal, proper, and correct (see subparagraph 6.3.4.2). They may certify individual vouchers or a file of several vouchers (see subparagraph 6.5.3). Manual certifications require the CO's signature and typed or printed name, date, and dollar amount. Submit manually certified vouchers to the disbursing office by mail or fax.

6.5.3. Batch certification attests that a file contains a specified number of payments totaling a specific dollar amount equal to the total of the vouchers in the file, and that each voucher has been certified as correct and proper for payment. Pecuniary liability attaches to the original CO for each payment. The person who certifies the file is pecuniarily liable for vouchers in that file not previously individually certified. Once a file is input, a DO processes each payment separately.

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6.5.4. More than one CO may be involved with a given payment; this is "successive certification." The successive CO's actions do not diminish the responsibility of the officer who certified the original voucher. If the officer who certifies an additional related voucher differs from the one who certified the original, the first CO is pecuniarily liable for the correctness of the original voucher and the successive CO is pecuniarily liable only for the additional voucher(s). If a voucher is certified and then changed (e.g., to take a discount **or** add interest penalties), the CO certifying the legality, propriety, and correctness of the changes is pecuniarily liable **only** for the payments based on those changes.

6.5.5. Altering a certified voucher invalidates the certification. A DO who determines that a certified payment voucher is improper must return it for correction and a new certification. However, post-payment printing and scanning of paid vouchers that were properly certified electronically do not invalidate the original certifications.

6.5.6. Translation of accounting data for a certified voucher is acceptable as long as the correct appropriation or funds involved **align** with the appropriation or funds cited on the legal obligation to make the payment (e.g., **a** contract). The translation process must be auditable and reliable, **so** the certified line of accounting can be mapped to the translated line of accounting. See Volume 1 for **more on** data translation. DOs and COs may rely on data from reliable automated systems certified as **FFMIA-compliant**.

6.6 RANDOM REVIEW OF DISBURSEMENT VOUCHERS

6.6.1. Payment review officials are not subject to pecuniary liability **because** they are not in accountable positions. State their responsibilities in their position descriptions and performance standards, or appoint them by means other than a DD 577.

6.6.2. Examination Requirements

6.6.2.1. Title 7 of the GAO Manual, which implements 31 U.S.C. § 3521(b)(1), requires pre-payment examination of payments over \$2,500. For payments of \$2,500 or less, statistical sampling procedures may be **used instead** of examining all payments (see subparagraph 6.6.3). **Several** publications provide guidance on statistical sampling **and pre-** and post-payment reviews, **including** GAO/Accounting and Information Management Division **report** 21.3.2 (May 2000), Streamlining the Payment Process While Maintaining Effective Internal Control; OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control; and Appendix C to OMB A-123, Requirements for Effective Estimation and Remediation of Improper Payments. GAO reports provide examples **for the pre-** and post-payment phases, but no single procedure **suits** every type of disbursing system.

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6.6.2.2. Pre-payment reviews may occur any time before payment, [at the stage](#) of the voucher-preparation process [management judges most appropriate](#). These reviews ensure vouchers are substantiated by documentation for lawful and proper payment; under manual processing systems, they include [verifying the](#) accuracy of computation.

6.6.2.3. Pre-payment review officials who determine that proposed or actual certified payments are of questionable legality, propriety, or correctness must send inquiries to the COs challenging the decision to certify [those](#) payments and [must](#) keep files of these inquiries [and any](#) received from other sources. [Inquiries](#) must be resolved within 30 days.

6.6.3. Statistical Sampling Plans

6.6.3.1. [DoW](#) Components may use statistical sampling plans for vouchers not exceeding \$2,500. Agencies must establish their own dollar limitations within that maximum, based on [a](#) cost/benefit analysis of their [voucher-examining](#) operations. A CO [who](#) uses an approved pre-payment statistical sampling procedure and reviews only [the sampled](#) vouchers as a basis for certification [must identify](#) the vouchers selected for review. A [DoW](#) Component [that](#) determines an alternate [voucher-examining](#) plan is required [must send](#) a written request through the Director, DFAS, to the USD(C) for approval under subparagraph 6.6.3.3. The request must identify the reason for the alternate plan, [including](#) a description of the plan, alternate statistical sampling [procedures](#), and a business case [showing](#) savings without jeopardizing the Government's interest.

6.6.3.2. Sampling plans must be statistically valid and adhere to technical guidelines in professional [Federal and non-Federal](#) texts and publications. [Each plan must](#) include the purpose, scope, [review](#) frequency, a definition of the population from which the sample will be selected, the sample size and element selection method, procedures to analyze the sampled records, and methods to document and report the results. Sampling plans require review and approval (in most cases, original preparation) by qualified statisticians before submission for final approval. Review and update them periodically to reflect the most recent [occurrence-rate](#) trends and [to](#) allow population estimates within predetermined sampling probability and precision levels.

6.6.3.3. The Director, DFAS, or designee approves statistical sampling plans for payment vouchers DFAS [processes](#) and ensures [their](#) implementation at locations for which DFAS is responsible. The USD(C) approves statistical sampling plans for other [DoW](#) Components, whose officials ensure implementation.

6.7 PECUNIARY LIABILITY

6.7.1. COs and DOs, but not DAOs, are [automatically](#) pecuniarily liable when a fiscal irregularity [occurs](#), based on the "presumption of negligence" under 31 U.S.C. § 3527. A fiscal

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irregularity is either a physical loss of cash, vouchers, negotiable instruments, or supporting documents, or an erroneous (e.g., illegal, improper, or incorrect) payment. Physical losses generally apply only to DOs and their agents. Under 28 U.S.C. § 2512, DOs must prove they were neither negligent nor the proximate cause of the irregularity to gain relief of liability. See [Section 7.0](#) for policy on relief and liability of accountable officers.

6.7.1.1. Under 31 U.S.C. § 3325, DOs are pecuniarily liable for payments not [made per](#) the vouchers certified to them and for errors in their accounts. DOs who make payments [per the](#) certifications of properly appointed COs may be relieved of their liability.

6.7.1.2. Under 31 U.S.C. § 3528, COs are pecuniarily liable for payments resulting from improper certifications.

6.7.1.3. DAOs are not subject to the presumption of negligence but may be held pecuniarily liable under 10 U.S.C. § 2773a(c) for illegal, improper, or incorrect payments resulting from information, data, or services they negligently provide to COs and [on](#) which the COs relied to certify payment vouchers. A DAO's pecuniary liability for [such](#) losses to the U.S. may be individual or joint and several with that of other [liable U.S.](#) officers, employees, or members of the uniformed services.

6.7.2. Under 31 U.S.C. § 3521(c), COs and DOs who pursue diligent collection action are not pecuniarily liable for payments on vouchers in a population subject to sampling but not reviewed. See [Section 7.0, paragraph 7.5, for](#) a fraudulent or suspected fraudulent payment.

7.0 PHYSICAL LOSSES OF FUNDS, ERRONEOUS PAYMENTS, AND OVERAGES

7.1 GENERAL

7.1.1. An accountable official is a member of the U.S. Armed Forces or a [DoW](#) civilian employee responsible for or [having](#) custody of government funds. Accountable officials include certifying officers and departmental accountable officials (DAO) and disbursing officers (DOs), deputy DOs (DDOs), cashiers, imprest fund cashiers, change fund custodians, paying agents, and collection agents. Accountable officials are personally liable for the physical loss or improper payment of funds for which they are accountable unless granted relief. The Secretary of [War decision](#) to grant or deny relief is binding. The Secretary of [War](#) has delegated authority to the Director, DFAS, to [determine whether](#) to grant or deny all requests for relief of liability, [and](#) the Director, DFAS, has re-delegated this authority to the Director of Strategy, Policy and Requirements (DFAS-ZP).

7.1.2. All accountable officials are subject to the pecuniary liability standard under Title 31, U.S.C. Except for the DAO, [an accountable official's](#) basic legal liability arises

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automatically by virtue of the loss, regardless of fault or negligence. Relief is a separate process that considers the [official's](#) lack of fault or negligence, to the extent authorized by the following:

7.2 DEFINITIONS

7.2.1. A physical LoF can be minor or major. A minor loss is a physical loss of less than \$750 without evidence of theft or fraud within the disbursing office.

7.3 DISCOVERY OF PHYSICAL LOSS OR ERRONEOUS PAYMENT

Any person who believes an official entrusted with public funds is misusing those funds, or who suspects a fraudulent erroneous payment, must notify the Commander having jurisdiction over the alleged offender within 24 hours of discovery. A physical LoF does not initially [affect](#) the DO's Cash Treasury Account Symbol (TAS). The LoF is maintained as part of the DO's accountability and does not affect that balance until recovery, recoupment, or relief of liability is granted.

7.4 PHYSICAL LOSSES

7.4.1. Responsibilities

7.4.1.1. [On](#) notification of a possible loss, the DO must:

7.4.1.1.1. Report the loss in writing to the Commander if the loss is not resolved within 24 hours of discovery and is a major physical loss; and

7.4.1.1.2. Request the Commander to direct an immediate audit of all disbursing assets by a Cash Verification Team, [per](#) Appendix A, to confirm that a loss has occurred.

7.4.1.2. [On](#) notification of a possible loss, the Commander must request [that](#) the Cash Verification Team audit the DO's account. If the discrepancy is not resolved and qualifies as a major LoF, report the loss to the DFAS LoF Team within 24 hours, [sent](#) to the Disbursing Policy mailbox (dfas.indianapolis-in.zpf.mbx.disbursingdebtmanagementpolicy@mail.mil) or by mail to the LoF Team, DFAS Accounting and Finance Policy Division, DFAS Indianapolis (DFAS-ZPTC), Location [211X](#), 8899 E. 56th Street, Indianapolis, IN 46249. When the Commander [commands](#) the DDO, agent, or cashier, a copy of the report must be provided to the DO.

7.4.2. Accounting for Physical LoF

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7.4.2.1. All physical losses, major or minor, discovered in the DO's account, including those incurred by deputies, agents, cashiers, imprest fund cashiers, and change fund custodians, must be recorded on the DD 2657 using an Optional Form (OF) 1017-G, Journal Voucher, to document the movement of money from one line to another. All losses must continue to be shown on the DD 2657 and the Standard Form (SF) 1219, Statement of Accountability, until the loss is recovered, recouped, or relief of liability is granted. Foreign currency loss must be converted and recorded in U.S. Dollar equivalent (USDE) using the exchange rate at the time the loss occurred.

7.4.2.2. Forward the DD 2667 to the LoF Team within 5 calendar days after the end of each month, sent to the Disbursing Policy mailbox (dfas.indianapolis-in.zpf.mbx.disbursingdebtmanagementpolicy@mail.mil) or by mail to the LoF Team, DFAS Accounting and Finance Policy Division, DFAS Indianapolis (DFAS-ZPTC), Location 220V, 8899 E. 56th Street, Indianapolis, IN 46249.

7.4.2.3. Physical losses of funds incurred by DDOs, disbursing agents, cashiers, paying agents, collection agents, imprest fund cashiers, or change fund custodians are physical losses within the agent's accountability documents. The DO must be notified of all physical losses as soon as possible, must reduce the DD 2657 for that agent, and must record the loss on the cumulative DD 2667.

7.4.2.4. For a change fund or imprest fund loss, the DO must record the amount of the loss on the DD 2667 and DD 2657.

7.4.2.5. For a counterfeit currency loss, the DO must record the amount of the loss on the DD 2667 and DD 2657.

7.4.3. An investigation is required for all physical LoF unless the loss is recouped, recovered, or paid back.

7.4.3.1. The type of loss determines the type of investigation required.

7.4.3.1.1. For a loss of \$300 or less with no fraud, the DO or DDO (if the DO is not co-located with the DDO) conducts the investigation and completes the written investigatory report. If the loss is attributable to the DO, the primary DDO conducts the investigation and the report. Under no circumstances may the official incurring the loss prepare their own written investigatory report. In all cases, the report must be completed and submitted to the DFAS LoF Team within 30 days from discovery of the loss.

7.4.3.1.2. For a loss over \$300 with no fraud, the Commander must appoint an IO to conduct the investigation and complete the written investigatory report. The appointed

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official must be someone other than the DO or disbursing office personnel (for example, a member of the Cash Verification Team) and must have knowledge of disbursing office operations, especially the required internal controls, pertinent laws, and applicable directives. In all cases, the report must be completed and submitted through the Commander to the DFAS LoF Team within 30 days from discovery of the loss.

7.4.3.1.3. An IO must be appointed to conduct a formal investigation of a major physical loss.

7.4.3.1.3.1. The following individuals have the authority to appoint an IO: the Commander of the DO who incurred the loss; and for DFAS sites, the Director of the DO who incurred the loss.

7.4.3.1.3.1.1. When the accountable official and the DO are not in the same location, the Commander over the accountable official must appoint the IO.

7.4.3.1.3.1.2. When the Commander is not authorized to convene an investigation, the Commander must request an investigation through the chain of command.

7.4.3.1.3.2. The Commander must provide a copy of the official appointment notification to the DFAS LoF Team within 5 days of appointment.

7.4.3.1.3.2.1. The investigation must be completed and submitted to the DFAS LoF Team within 90 days from discovery of the loss.

7.4.3.1.3.3. An IO must be a commissioned officer (O-3 or above) or a civilian employee senior in rank or grade to the person(s) under investigation and must:

7.4.3.1.3.3.1. Not have a vested interest in the outcome of the investigation.

7.4.3.1.3.3.2. Not be in the chain of command of the DO or accountable officials involved in the irregularity; and

7.4.3.1.3.3.3. Have knowledge of financial accounting controls and pertinent laws and directives. Use Comptroller personnel only when there is no feasible alternative to appoint an IO from another organizational element. The comptroller, staff judge advocate, or DFAS Office of General Counsel (DFAS-HG) must provide technical guidance to IOs who lack extensive investigative or financial backgrounds.

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7.4.3.1.3.4. If the IO recommends denial of relief to the DO or any other accountable official(s) pecuniarily liable for the loss, **the IO must** provide a copy of the report to those officials.

7.4.3.1.3.5. **The IO must** report the status of the investigation **every 30 days** through the Commander to the DFAS LoF Team.

7.4.3.1.3.6. When extraordinary circumstances require an extension to complete the ROI, the IO may request an extension from the Commander. The Commander must notify the DFAS LoF Team of any authorized extensions.

7.4.3.1.3.7. Unless granted an extension, the IO must submit the ROI through the Commander (who appointed the IO) to the DFAS LoF Team within 90 days after discovering the loss.

7.4.3.1.3.8. Upon receiving the ROI from the IO, the Commander must:

7.4.3.1.3.8.1. Immediately review the ROI for compliance;

7.4.3.1.3.8.2. Determine if the ROI is complete; if not, return it to the IO explaining the discrepancies and request further documentation or information. **The Commander must** notify the DFAS LoF Team if the ROI cannot be completed and submitted within 90 days from discovery of the loss.

7.4.3.1.3.8.3. **The Commander must** forward to the DFAS LoF Team **any documentation or information** that becomes available after the ROI has been forwarded. If there is evidence of fraudulent or wrongful conduct under investigation by authorized law enforcement, the investigative entities may request the Commander to withhold the report until their investigation **is complete**. If so, the Commander must continue to **follow up** on the status of their investigation and advise the DFAS LoF Team of the status every 30 days. Copies of the investigative reports **may be added** as exhibits before forwarding the report through the chain of command to DFAS.

7.4.3.2. DFAS LoF Team (DFAS-ZPTC) **must**

7.4.3.2.1. Review the ROI upon receipt; and

7.4.3.2.2. Forward the final decision to the appropriate individuals and, where individuals are held liable, **must** inform them of their right to submit a rebuttal.

7.4.4. Funding

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7.4.4.1. Appropriated funds must be made available to remove the deficiency from the DO's SF 1219 if the losses are not recovered. This includes when relief of liability is denied and recoupment cannot be made from the accountable official, or when relief of liability is granted.

7.4.4.1.1. If the accountable official responsible for the LoF was a DFAS employee or a military member assigned to DFAS when the loss occurred, DFAS must identify the necessary appropriation and funding to resolve the loss.

7.4.4.1.2. If the accountable official responsible for the LoF was a military member or employee of another DoW Component when the loss occurred, that DoW Component must identify the necessary appropriation and funding to resolve the loss.

7.4.4.2. The DO must clear the LoF from the DD 2667 and DD 2657 based on the instructions given by DFAS.

7.5 ERRONEOUS PAYMENTS (ILLEGAL, INCORRECT, AND IMPROPER)

7.5.1. Responsibilities

7.5.1.1. Upon notification of a fraudulent or suspected fraudulent erroneous payment, the Commander must:

7.5.1.1.1. Notify the DFAS LoF Team within 24 hours of notification, through the chain of command;

7.5.1.1.2. Appoint an IO to conduct a formal investigation;

7.5.1.1.3. Ensure the investigation is completed and forwarded to the DFAS LoF Team within 90 days from the appointment of the IO.

7.5.1.2. Upon notification of a fraudulent or suspected fraudulent erroneous payment, the DO must:

7.5.1.2.1. Determine if the erroneous payment occurred due to fraudulent actions of accountable officials under the direct cognizance or control of the DO and, if so, prepare a DD Form 1131, Cash Collection Voucher, transferring the amount of the fraudulent payment back into the appropriation from which it disbursed, increase the DD 2657 if the loss is a predecessor loss, and record the loss on the DD 2667.

7.5.1.2.2. If the erroneous payment occurred due to fraudulent actions of individuals not under the direct cognizance or control of the DO, the payment(s) must remain charged to the appropriation originally charged.

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7.5.1.3. Upon notification of an erroneous payment, the certifying officer must:

7.5.1.3.1. Ensure collection action is taken against the recipient of the payment, [per](#) Volume 16. This may require submission of the debt to the DO or other responsible area.

7.5.1.3.2. Notify the Commander if the recipient of the erroneous payment does not voluntarily repay the amount owed.

7.5.1.4. The DO does not need to take any action if the erroneous payment was properly certified.

7.5.1.5. If the erroneous payment was not properly certified:

7.5.1.5.1. [The DO must](#) ensure collection action [is](#) taken against the recipient of the payment, [per](#) Volume 16. This may require submission of the debt to another responsible area. If the erroneous payment is recouped from the recipient, collect the proceeds into the appropriation originally charged, unless the appropriation is canceled. If the appropriation is canceled, refer to Volume 4 for disposition of the collection.

7.5.1.6. Upon notification of an erroneous payment, the Commander must:

7.5.1.6.1. Determine whether a formal or an informal investigation is required;

7.5.1.6.2. Appoint an IO; and

7.5.1.6.3. Ensure the investigation is completed and submitted to the DFAS LoF Team.

7.5.2. Investigation of Erroneous Payments

7.5.2.1. Formal investigations are required when:

7.5.2.1.1. Fraud is suspected on the part of the payee, disbursing office personnel, certifying officer, or any other accountable official; or

7.5.2.1.2. The Commander determines it to be necessary.

7.5.2.2. The investigation must be submitted to the DFAS LoF Team through the Commander who appointed the IO within 90 days of the [IO's appointment](#).

7.5.2.3. The IO must prepare investigatory comments.

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7.5.2.4. The investigation must be submitted to the DFAS LoF Team within 60 days of the Commander's notification of the erroneous payment.

7.5.3. When feasible, all actions required to reach a determination of liability for a LoF due to an erroneous payment should be completed within 3 years after the SF 1219 is certified.

7.5.4. Generally, the DO will not carry an erroneous payment as a LoF on the SF 1219, because an appropriation was charged when the payment was disbursed. Exceptions to this general rule occur when Treasury applies check-issue overdrafts against a disbursing station symbol number, or when an accountable official under the direct cognizance or control of the DO made a fraudulent payment.

7.5.4.1. If the erroneous payment is recovered from the recipient, credit the amount recouped or collected to the appropriation initially charged, unless the appropriation is canceled. Refer to Volume 4 for disposition of the collection of a canceled appropriation.

7.5.4.2. If the erroneous payment cannot be recovered from the recipient and relief of liability has been denied, the loss must be collected from the DO, certifying officer, and/or accountable official(s) involved. Credit the collection proceeds to the appropriation originally charged unless the appropriation is canceled. For disposition of the collection of a canceled appropriation, refer to Volume 4.

7.5.4.3. The amount of the erroneous payment must remain charged to the appropriation it originated from when: relief of liability is granted, or recovery attempts from the recipient are unsuccessful.

7.5.4.4. If an adjustment to the appropriation account to which the payment was charged is necessary, the amount of the erroneous payment must be charged as stated in 31 U.S.C. § 3527(d)(1).

7.5.5. Retain all documents with the facts of the case to ensure proper response to audits conducted by the Government Accountability Office.

7.6 REQUEST FOR RELIEF

7.6.1. Requests for relief must be in the form of a memorandum and submitted within 30 days after the investigation is completed. A copy of the IO's report must be attached to the request for relief. Erroneous payments paid through the Treasury Direct Disbursing process follow the same process as those paid through a DoW disbursing office. Accountable officials must submit their request for relief as follows.

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7.6.1.1. DOs. Submit the request for relief through the Commander or DFAS site director to the DFAS LoF Team.

7.6.1.2. DOs Settling Accounts of Former DOs. Submit the request for relief on behalf of a former DO to the DFAS LoF Team.

7.6.1.3. DDOs, Disbursing Agents, Cashiers, Certifiers. Submit requests for relief through the DO responsible for the account to the DFAS LoF Team.

7.6.2. Evidence Required for Granting Relief

7.6.2.1. An accountable official is strictly liable for any erroneous payment or physical LoF placed in the official's care, subject to relief of liability. If the Government [establishes](#) that a loss has occurred, strict liability applies to the accountable official involved. The accountable official bears the burden of proving that it is more likely than not that the official: [was not negligent; or official's fault or negligence was not the proximate cause of the loss.](#)

7.6.2.2. Generally, the findings of [a](#) related court of inquiry, investigation, court-martial, or other proceedings (including endorsements) will provide the information required for the loss. When such information is not available, the [requestor must supply the required information for consideration](#) in the request for relief and/or the forwarding endorsements. Failure to include all [required](#) information could contribute to unfavorable consideration of a request for relief.

7.6.2.3. Each addressee in the requestor's chain of command (including the DO) must provide a forwarding endorsement. [The endorsement](#) must include a specific opinion as to whether the loss occurred while the accountable official was in the line of duty and regarding fault or negligence, [and](#) a specific recommendation [on](#) granting or denying relief.

7.6.3. The general authority to relieve accountable officials from liability [of a physical loss](#) is stipulated in 31 U.S.C. § 3527.

7.6.4. The general authority to relieve accountable officials from liability [of an erroneous payment](#) is stipulated in 31 U.S.C. § 3527(b)(1)(B), which incorporates by reference 31 U.S.C. § 3528(b)(1)..

7.7 DECISIONS ON LIABILITY

7.7.1. [If](#) relief [is](#) granted, the DFAS LoF Team will provide a memorandum with instructions for removing the deficiency or authority to leave the payment charged to the original appropriation.

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7.7.2. If relief is denied, the DFAS LoF Team will advise the accountable official(s) of the decision and of their right to submit a rebuttal. The rebuttal must be submitted to the DFAS LoF Team within 30 days of notification of the adverse determination. Based on the additional information received, the team will recommend to the Director, Strategy, Policy and Requirements, through the DFAS Office of General Counsel, whether to affirm or reverse the previous decision.

7.7.2.1. If the decision is reversed, the DFAS LoF Team will advise the accountable official(s) accordingly and provide the DO instructions for removal of the LoF or authority to leave the payment charged to the original appropriation.

7.7.2.2. If the decision stands, the DFAS LoF Team will advise the Commander and/or DO to take immediate collection action against the accountable official(s). Cash recouped from a loss and retained for future operating use does not impact the DO Cash TAS balance. Volume 16 provides guidance for completing collection of irregularities.

7.8 OVERAGES OF PUBLIC FUNDS

7.8.1. Do not offset an overage of funds against a physical LoF unless the relation between the two is obvious (e.g., foreign currency on hand is short and U.S. currency on hand is over by equal USDE amounts). Do not offset overages against shortages if the shortage and overage occur on different business days. An overage of funds must be collected into the DO's accountability and reported by CTA transactions to Treasury's Budget Clearing Account (Suspense), F3875, citing the collection Business Event Type Code (BETC) along with the DO Cash TAS/BETC. If the proper location of the overage cannot be determined, the overage must be transferred to Treasury's Forfeiture of Unclaimed Money and Property, R1060, using a CTA transaction. Track overages by recording each occurrence on a separate DD 2667, maintained specifically for overages. Start a new DD 2667 for overages at the beginning of each quarter.

7.8.2. Overages of funds that are \$750 or more must be reported to the Commander. However, unless there is an indication of fraud or other criminal act, there is no requirement to report or investigate as in losses of funds. A copy of the DD 2667 must be retained with the original voucher transferring the funds to the R1060 account.

8.0 U.S. TREASURY CHECKS

8.1 POLICY

8.1.1. Drawing and Dating Checks

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8.1.1.1. Inscribe checks drawn on the Treasury to the payee by name, or to a financial institution for credit to the [named payee's](#) account, except for checks drawn as exchange-for-cash. Never make a check payable to "Cash."

8.1.1.2. DOs must not issue checks in payment of salaries before completion of the service for which payment is made or before the scheduled payday, unless authorized ([for example](#), advance pay). A DoW Component [may](#) mail checks to payees before a military or civilian payday to ensure payments are available when due. When mailing a check before payday, do not date it before the scheduled payday. Agencies using this [delivery](#) method must have internal controls that alert the DO when a payee becomes ineligible for scheduled pay ([for example](#), unauthorized absence or separation) and ensure [pay intercept](#) procedures can be initiated.

8.1.1.3. A check may be drawn to the order of a legal representative of the estate of a deceased person ([for example](#), "John K. Smith, Executor of the estate of James R. Jones"). Do not make a check payable "to the estate of" a decedent or to a deceased person.

8.1.1.4. A check may be drawn to the order of a legally appointed committee, guardian, or other legal representative of a mentally incompetent payee when specifically authorized (see Volumes 7A).

8.1.1.5. The payee may authorize another person to receive a Treasury check by a specific power of attorney that clearly states the holder is entitled to receive the check on the payee's behalf. The person receiving the check signs his or her own name on the voucher followed by "Attorney-in-Fact for" and the name of the person granting the power of attorney. The DO verifies the [holder's](#) identity and keeps a copy of the power of attorney. Process payments to a [power of attorney](#) holder that require "secret" or "confidential identity" using a cover voucher insert. Transmit a copy of the original voucher and of the power of attorney to the supporting DFAS site for handling and storage.

8.1.1.6. Signing blank checks is prohibited.

8.2 PROCUREMENT OF TREASURY CHECKS

8.2.1. The DFAS Enterprise Solutions and Standards Directorate's Tax and Disbursing Division (DFAS-IN/[JTDCO](#)) is the sole check sourcing agency for DoW activities. Contact DFAS-IN/[JTDCO](#) for current check formats, the procedure for obtaining check stock, and advice on alternative payment methods (DFAS-IN, 8899 E. 56th Street, Indianapolis, IN 46249-2700; dfas.indianapolis-in.jjf.mbx.ess-disbursing@mail.mil). To ensure continuity of operations, DOs [must](#) not allow check stock to fall below a 6-month supply, [must](#) seek replenishment [at](#) the 9-month level, [and a](#) DO at a newly established DSSN [must](#) request check stock at least 4 months before disbursing operations [begin](#).

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8.2.2. Receipt of Treasury Checks

8.2.2.1. If a check shipment contains more than one check with the same serial number, in addition to [notifying](#) DFAS-IN/JTDCO, the DO must destroy each check bearing a duplicate number. [Because](#) the remaining checks bearing [those](#) serial numbers may be issued [normally](#), do not report [the duplicate](#) check serial numbers as [zero-dollar](#) amounts in the check issue report. Mark the [duplicate numbered](#) checks "Void - Not Negotiable" and destroy them locally within 30 days.

8.2.2.2. If checks are discovered missing [during](#) receipt verification or at any time thereafter, notify both DFAS-IN/JTDCO and the nearest [DoW](#) Component investigative service for referral and liaison with the U.S. Secret Service (USSS).

8.2.3. Count checks transferred between DOs as part of the [relief from disbursing duty](#) process by both the transferring and receiving parties when they are not in the original packages (see [Section 3.0](#), subparagraph 3.4.6.1.3).

8.2.4. Security, Storage, and Issuance of Blank Checks

8.2.4.1. Store blank Treasury checks in a secure container (see [Section 4.0](#), paragraph 4.2) in the DO's or deputy DO's (DDO) safe or under lock and key. The DO or designee ensures storage [conditions prevent](#) deterioration of the [check](#) surface tint and design, which are sensitive to moisture, light, and heat, [and](#) may accept checks of satisfactory color and strength and obtain a replacement supply [if deterioration occurs later](#). [Give](#) only one individual primary responsibility for maintaining the check stock and related control records, [and limit others'](#) access to occasions when the designated custodian is absent.

8.2.4.2. The DO or designee maintains control of the check stock and is always accountable for it. [Under](#) joint custody, the DO or designee ensures no break in accountability occurs, [providing](#) access to the check stock during brief or unexpected [absences](#) of the individual [with](#) normal day-to-day responsibility for it.

8.2.4.2.1. [The](#) DO or designee maintains a blank check control log for each series of checks to [keep](#) a perpetual inventory of checks on hand and control their release. The DO or designee must examine the log daily to ensure all checks drawn and returned unused are accounted for and that no checks have been removed without authority.

8.2.4.2.2. [Use](#) the prescribed blank check control log:

8.2.4.2.2.1. The DO or designee issues blank checks to check writers from the check stock in blocks of appropriate size by serial [number](#) and monitors the return of blank, voided, or spoiled checks to the vault. The DO or designee also uses the control log to

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control issuance and return of checks between the DO and sites external to the disbursing office that prepare checks.

8.2.4.2.2.2. The DO or designee must obtain receipts for checks issued. The designee in charge of working checks must keep a record of checks issued daily to each clerk, examine daily the record of checks drawn and returned unused to account for checks issued, and ensure no checks are removed without authority.

8.2.4.2.2.3. The DO or designee must inventory the check stock **at least** once every 90 days. **Count individually the checks in** any open container, **and** open and individually count **any damaged or tampered cartons**. Keep a record of the **on hand** inventory in the disbursing office and provide it to the cash verification team for attachment to the quarterly cash verification report (see Appendix A).

8.2.4.2.3. When blank checks are lost or stolen:

8.2.4.2.3.1. The DO or designee immediately notifies the Commander, the nearest **USSS** office (by email or telephone), and Fiscal Service at (304) 480-7777. Confirm **by** letter to Fiscal Service's Physical Security Branch, 6505 Belcrest Road, Suite 613, Hyattsville, MD 20782, with copies to the USSS, **the** appropriate **DoW** Component investigative service, DFAS-IN/**JTDCO**, and appropriate local banks. Include the DSSN, **the** ICNs or serial numbers of the checks, complete information **on** the loss or theft, and the date the loss was referred to the USSS for investigation.

8.2.4.2.3.2. If the loss involves a range of consecutive **serially numbered** checks, **report** only the beginning and ending serial numbers of the range. Void all checks discovered missing, lost, or stolen before issuance, and report the circumstances **per** I TFM 4-5040.20.

8.3 ISSUANCE OF TREASURY CHECKS

8.3.1. Check Preparation

8.3.1.1. Issue checks in strict numeric sequence within each series. **Essential check** information includes place and date of issue, DSSN, serial number, payee, amount, **drawer** signature, designation of title, and other identifying information. Do not print legends such as "Salaries and Expenses" or "Drawn for Above Object" on the face of a check. Check explanations (**for example**, exchange-for-cash or salary) and other special information unique to **a** disbursing activity may be entered at the bottom of the check to the left of the signature area; keep extraneous data to a minimum. **Use** spaces on the printed check form only for their intended purposes, **and**

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do not leave any **space** unfilled in a manner that would allow or facilitate alterations **or** additions that could lead to forgery or fraud.

8.3.1.2. A completed check must have an orderly appearance and good legibility for accurate reading in rapid handling; avoid overprinting, intersecting, and crowding. No check may be issued for more than \$99,999,999.99; when the total payment exceeds that amount, issue two or more checks **totaling** the **required** payment. No deviation in **check writing** procedures is permitted unless authority is first obtained from DFAS-IN/JTDCO (see I TFM 4-5000).

8.3.2. Check Print Requirements

8.3.2.1. Data printed or typewritten on checks **must** be permanent and **unaffected** by erasure, smudging, moisture, handling, the passage of time, or other methods that might intentionally or unintentionally remove or alter the printing without affecting the check itself.

8.3.2.1.1. Impact printers may be used. Laser printers **that fuse** the toner into the check may be used. Do not use laser printers that only lay an image on the **paper** surface. Do not use correctable ribbons for manual **check** preparation, as they lack the permanence required to protect against undetectable alteration.

8.3.3. DOs must not release checks with erasures, alterations, overprinting, or imperfect figures or letters. Spoil or void such checks and issue replacements.

8.3.4. Each DO must maintain a record of checks issued **under** their DSSN. The record must contain at least these data elements: payee, amount, DSSN, check serial number, and date of the check. Other information (purpose, document number, voucher number, local identification code) is optional and **at** the issuing **DO's discretion**. The record may be kept on paper or **an** electronic medium designed for data processing.

8.4 CHECK-SIGNING MACHINES

8.4.1. Select check-signing machines that meet Treasury regulations and standards (see I TFM 4-5045.20). Impact check signers using rubber signature dye, or approved laser check printers containing digitized signatures, may be used. The machines **must** have the following features:

8.4.1.1. **Use** a key controlled DO signature feature or a removable computer chip containing the digitized signature for laser check printers with digitized facsimile signature capability. Keep the key **or** the chip controlling the signature capability in a locked safe or vault, or under other equally effective safeguards, when not in use.

8.4.2. Signature Media

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8.4.2.1. Normally, a DO and authorized DDOs use only one signature medium. A DO or DDO may obtain multiple signature media only with DFAS-IN/JTDCO approval, and requests for additional media must include justification of the need. If the check-signing machine uses one set of two plates for signing, additional media require DFAS-IN/JTDCO approval.

8.4.2.2. DFAS-IN/JTDCO will not accept facsimile signatures that do not meet required standards. Design facsimile signature media so that the frame or border enclosing the facsimile signature is a single wavy line containing no identifying characteristics. The signature impression must have sharp lines, a continuous and homogeneous deposit of ink, no filling, and no pronounced ribbon pattern.

8.4.2.3. After receiving the signature media, the DO whose signature is reproduced runs 14 specimens of each facsimile signature, certifies two copies as true facsimiles, and mails all 14 copies to DFAS-IN/JTDCO with a memorandum requesting approval of the facsimile to sign checks. The approval reply authorizes use of the check-signing machine. If the specimens do not match, or the medium does not meet required standards, DFAS-IN/JTDCO advises DFAS-IN/ZTA and requests correction. Do not sign checks by facsimile signature before receiving DFAS-IN/JTDCO approval.

8.4.2.4. The DO must establish and implement controls to prevent unauthorized use of signature media. Maintain custody receipts for all signature media held by authorized deputies, keep a record of each run of checks through the check signer, and reconcile that record with the report of checks issued. When not in use, keep signature media in an approved safe or vault. If the signature media are not removable from the check-signing machine, keep the machine keys in an approved safe or vault.

8.4.2.5. Only the DO or designated DDOs should sign checks using signature media. When necessary for efficient operation of the disbursing office, the DO may authorize, in writing, the holder of a specified position other than a DDO to perform this function. Do not appoint individuals as DDOs solely to sign checks by signature media.

8.4.2.6. If a signature medium is withdrawn from service (for example, it will not be used again, the DO is retiring, or the medium is unserviceable), destroy it locally. The destruction must be performed by someone other than the DO and witnessed by two individuals equal to or senior in rank to the DO.

8.4.2.6.1. Before destruction, the DO verifies the signature plate number or the serial number of the digitized signature medium and witnesses the information on the certificate of destruction.

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8.4.2.7. If a digitized medium containing the DO's signature is destroyed and that signature had been loaded to a printer or check signer software, the DO verifies that the signature has been permanently removed from the printer or check signer software. The destruction must be performed by someone other than the DO and witnessed by two individuals equal to or senior in rank to the DO. The DO signs the certificate of destruction only after the medium is actually destroyed. Immediately after destruction, give the certificate identifying the specific plate and date of destruction to the DO and to the federal entity official responsible for maintaining specimen signature files. Follow applicable federal and industry information technology regulatory requirements and standards when destroying an electronic file of a facsimile signature (see I TFM 4-5025.20).

8.5 PROMPT DELIVERY OF CHECKS

8.5.1. Once checks are prepared, deliver them promptly to payees. DoW requires participation in the direct deposit program for all newly enlisted, reenlisted, appointed (commissioned), or retired military personnel and all newly hired civilian personnel. Title 31, U.S.C. § 3332 requires that contractors be paid by EFT.

8.5.2. Safeguarding and Handling

8.5.2.1. Properly safeguard checks, handling them as few times and by as few people as practical.

8.5.2.2. Ensure proper custody, signing, and delivery of checks. If checks are handed to payees, require that payees identify themselves. Use the payee identification process in Section 10.0, subparagraph 10.4.3.

8.5.2.3. Promptly return to the disbursing office any checks not delivered within the time the DO specifies.

8.5.2.4. Keep checks in a safe, vault, or locked fireproof cabinet pending distribution or return to the DO.

8.5.2.5. Designate in writing the personnel engaged in pay delivery activities and supervise them to help prevent unauthorized, fraudulent, or other irregular activities.

8.5.3. The normal method of check delivery is by mail through the USPS to payees' residential mailing addresses or post office boxes. At overseas activities, payees' organizational addresses are treated as their residential mailing addresses; organizational addresses are otherwise not valid. When mail delivery is impractical, commanders or their designees may provide specific locations where payees may receive their checks. If checks are mailed to specific locations for

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delivery, the DO appoints a person in writing at each location to deliver the checks as a designated third party.

8.5.4. Outside the Continental United States (OCONUS)

8.5.4.1. Under Title 31, Code of Federal Regulations, 211.1 (31 CFR § 211.1), the Secretary of the Treasury prohibits agencies from sending checks to the Republic of Cuba (except to the Naval Base, Guantanamo Bay) and the Democratic People's Republic of Korea (North Korea). DOs instead withhold payment and establish the liability on their books. See the Treasury's Office of Foreign Assets Control website for a complete listing of designated nationals and blocked persons.

8.5.5. Personal delivery of multiple checks may be impractical for the DO, or mailing them to addresses of record may not be expedient. In those circumstances, the DO may deliver or mail checks to a designated third party for distribution. A third party is any individual authorized to distribute a quantity or bulk shipment of checks to payees. A person who maintains pay accounts or prepares checks is not authorized to distribute checks.

8.5.5.1. A DO may appoint individuals to serve as third parties for bulk check delivery; Fiscal Service (FS) Form 210DA, Designation for Agent to Receive and Deliver Checks, is available for this purpose. A DO may appoint one or more alternates to prevent distribution delays when the designee is absent, and alternates may also assist in check distribution when conditions warrant. The DO must ensure appointments are revoked when an appointee transfers, when bulk delivery is no longer needed, or as other circumstances warrant.

8.5.5.2. Package bulk shipments of prepared checks separately from other correspondence and send them by registered mail. Send bulk shipments for a unit or group of units to a third party for distribution or delivery to payees, or reship them to another third party for delivery where the military unit is located. Include the checks, transmittal letter, and documentation needed for the specific payments.

8.5.5.3. Designated third parties may not release checks to anyone other than the designated payee. When payees are absent at the time of delivery, see subparagraph 8.5.5.5 for handling checks.

8.5.5.4. When advance payments are issued for witnesses subpoenaed for trial, a representative from a DoW Component investigative agency, or a judge advocate charged with serving the subpoena, delivers the checks when the payees are absent at the time of delivery.

8.5.5.5. Unless otherwise directed, return checks for payees not present to the DO before the close of business that day. Inform absent payees to call the disbursing office to receive

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them. If locked fireproof file cabinets or safes are available, the DO may authorize the designated third party to hold undelivered checks for a specified short period. When payees are on extended leave or absence, return their checks to the DO for disposition. Return checks found to be in error to the DO, and the DO issues a new check to the payee after appropriate corrective action.

8.6 EXCHANGE-FOR-CASH CHECKS

8.6.1. Report all exchange-for-cash checks through PIR, citing the DO Cash TAS and the proper BETC code. Spoiled exchange-for-cash checks not yet reported to Treasury are not affected by daily reporting and must follow the guidance in subparagraph 8.8.1. Resolve spoiled checks already reported to Treasury by one of the following methods.

8.6.1.1. Accommodation exchange-for-cash checks are allowed only when satisfactory banking facilities do not exist, and are typically only OCONUS. In OCONUS areas and for ships afloat, the DO's commander may authorize cashing negotiable instruments (see Section 5.0, subparagraph 5.2.1.2.). DOs may prepare and issue these checks for official purposes to a DDO, agent, or cashier as an advance of cash; to the USPS for remitting collections for the sale of postal money orders; or to Western Union for remitting collections for personal messages of military personnel transmitted over DoW communications facilities to points inside the continental United States (CONUS).

8.6.1.2. The DO issues these checks to advance cash to a DDO, agent, or cashier. Checks issued as advances must be endorsed to the order of the bank or other institution furnishing the cash, or, when cashed by another DO, to that officer by title and activity rather than by name, as "Pay to the order of the Disbursing Officer (name of ship, station, activity, or unit)." Make checks issued to remit collections for the sale of postal money orders or personal messages payable to the DO, USPS, or Western Union, as appropriate.

8.6.1.3. See subparagraph 8.9.5.1. for guidance on disposition of canceled available checks. Deposit exchange-for-cash checks in the Over-the-Counter Channel Application (OTCnet) using the DO Cash TAS.

8.6.1.4. Exchange-for-cash checks that are lost, stolen, or destroyed must follow the unavailable check cancellation (UCC) guidance: enter a Standard Form (SF) 1184, UCC, using the DCRM's UCC subsystem with stop reason code "D" (for stop reason codes, see I TFM 4-7055.20c, Appendix 1) and, on receipt, process a Classification Transactions and Accountability (CTA) transaction reducing both the budget clearing account **F3880 (UCC and Overpayments, Suspense) and the DO cash account.

8.6.2. Do not show the name of the remitter or identifying references to invoices on exchange-for-cash checks. DOs may draw these checks payable to themselves, a DDO, or an agent

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to obtain operating cash. When authorized in writing by the DO, DDOs may draw these checks payable to themselves to obtain operating cash.

8.6.3. Cash Belonging to Deceased or Missing Persons

8.6.3.1. Exchange cash found in the personal effects of a person who has died or is missing in action for a Treasury check. Make the Treasury check payable to the payee designated by the officer having custody of the personal effects. State the purpose for which the check is drawn as "Exchange-for-cash; personal effects of (name, rank or rate, file or service number)." Draw a separate check for safekeeping deposits of each person (see Section 17.0, paragraph 17.3).

8.6.3.2. Collect cash found in the personal effects of a person whose whereabouts are unknown, including absentees and deserters, into a deposit fund account. Funds held in a deposit fund for more than 1 year may be transferred to account 20X6133 (Payment of Unclaimed Moneys) or to account R1060 (Forfeitures of Unclaimed Money and Property). Make a separate collection for safekeeping deposits of each person.

8.6.4. Do not cancel exchange-for-cash checks issued for advances to DDOs, agents, or cashiers and returned to the DO as "not required." The payee's endorsement on the check is not required. The DO endorses the check and deposits it as prescribed in Section 12.0, subparagraph 12.6.5. DOs may not accept the return of exchange-for-cash checks from any payee other than a DDO, agent, or cashier. Other exchange-for-cash checks are issued to the purchaser and must be negotiated by the payee.

8.6.5. Exchange-for-Cash Checks Lost, Stolen, or Destroyed

8.6.5.1. When the payee of an exchange-for-cash check reports the check as lost, stolen, or destroyed, the DO follows paragraph 8.10. For UCC, the DO may not issue a recertified payment to the payee before receiving credit for the original check from the Treasury, because the original check was issued in exchange-for-cash rather than for an entitlement chargeable to an appropriation.

8.6.5.2. For lost, stolen, or destroyed exchange-for-cash checks issued to advance cash, the DDO, agent, or cashier remains accountable for the cash.

8.6.5.2.1. The DDO, agent, or cashier accounts for the check as a loss of funds. A DO may replace the lost check with a recertified payment check, or a new advance of cash, if the DO considers it necessary due to operational requirements.

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8.6.5.2.2. If the lost check is **later** negotiated after **Treasury** cancellation (in which case Treasury **reverses** the previous credit), the DDO, agent, or cashier is accountable for the original lost check and must re-establish the loss of funds.

8.7 CHECK ISSUE DISCREPANCIES

8.7.1. Treasury accepts only one issue/paid record for any given DSSN and check serial number, and will issue a debit voucher to charge the disbursing office for a second check received for payment with the same DSSN and check serial number. **If** a DO **receives** a debit voucher for a duplicate check to which the payee is entitled, **the DO requests** that NPIRC reverse the debit voucher for the correct check serial number of the duplicate check. The DO must also provide a copy of the debit voucher to NPIRC (see I TFM 4-6040.10).

8.7.2. SF 1219, Statement of Accountability Adjustments

8.7.2.1. A common reason for **an** SF 1219 adjustment made by the DO is a prior-month check issue adjustment. Do not report prior-month **check issues** as current-month checks issued, **because** this **causes** check issue discrepancies for both issue months. An SF 1219 adjustment is necessary to realign the check issue reporting to the proper issue month.

8.7.3. Underdrafts and overdrafts are illegal, incorrect, or improper payment irregularities in the DO's account. The DO has the authority and the means to correct underdrafts. Overdrafts frequently are not within the **DO's** power to correct. If a check issue overdraft **results** in an overpayment of a payee, the overpayment amount is an erroneous payment debt. When the DO has attempted to contact the payee and failed, or the payee has been notified and has neither the ability nor the inclination to make restitution, the DO **must transfer** the debt to the supporting DFAS site for further collection action. To meet relief of liability **standards**, **the DO must** transfer uncollectible overdrafts to the supporting DFAS site within 180 days. After the debt **is** transferred, **the DO may request** relief of liability for the illegal, incorrect, or improper payment (see **Section 7.0**).

8.8 SPOILED AND VOIDED CHECKS

8.8.1. When a check is spoiled during the issue process, the DO must void the check. Spoiled checks are treated as voided checks. **The DO must** void a check that is misprinted or mutilated during the issue process, or is determined not to be a proper payment and has not been reported as a check issue with a dollar amount greater than zero. **The DO must** report destroyed unused and lost or stolen blank checks as voids. The DO **must render voided checks** non-negotiable by typing or stamping the words "Void - Not Negotiable. No Check Issued Under This Number." If a DO cannot report the voided checks as required, it must email Fiscal Service at RRB.OSD-NPIRC-PM@fiscal.treasury.gov (see I TFM 4-6030).

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8.8.1.1. A check reported to the Treasury as a valid check in a dollar amount greater than zero may not be voided under any circumstances. The DO stamps the check "Not Negotiable - For Deposit Only. Credit of Agency Location Code #####." The DO deposits the check using OTCnet to credit the proceeds to the appropriation from which it was issued and processes the check as either an available check or UCC, as appropriate, per paragraph 8.9.

8.8.2. The DO must store spoiled and voided checks in the vault or safe, segregated from other checks.

8.8.3. The DO must destroy spoiled and voided checks locally as soon as possible, per the destruction guidance in paragraph 8.14.

8.9 AVAILABLE CHECK CANCELLATIONS

8.9.1. The Competitive Equality Banking Act of 1987 (CEBA) amended 31 U.S.C. § 3328 and created 31 U.S.C. § 3334, which establish time limits on the payability of Treasury checks. CEBA affects the time allowed for negotiating Treasury checks, initiating and processing claims, recovering monies from financial institutions, and requesting replacement check payments. The underlying obligations for which Treasury checks were issued are not affected. CEBA does not impose the same payability restrictions on check payments made from limited depository accounts. CEBA requires that Treasury checks be negotiated within 1 year of their issue dates. A DO may cancel checks within this 1-year period when the check is drawn under the DO's own DSSN, under the account of a predecessor DO of the same activity and DSSN, or under an account being settled by the DO. A DO may not cancel a check over 1 year old. Checks may be canceled when the disbursing account is closed or current, or the proceeds are for repayment to an appropriation or fund account that is current or expired (see I TFM 4-7030).

8.9.2. Exceptions Include:

8.9.2.1. The DO stamps checks recovered or returned to its possession after being submitted for a UCC with "Not Negotiable, Previously Treated as Canceled SF 1184 dated #####." The DO retains these checks for 90 days and then shreds them. A DO receiving a returned check for an activity or DSSN no longer in operation stamps the check "Not Negotiable" and sends it to the successor or settlement DO.

8.9.3. The DO must keep a record of undeliverable checks on DD Form 2658, Returned and Undeliverable Check/Bond Record. An electronic system is acceptable to record undeliverable checks if it includes all the same information as DD 2658. The DO provides the information or a copy of DD 2658 to agents, cashiers, and appropriate entitlement offices for their use. The DO must not remove undelivered checks from the safe or vault or allow deputies, agents, or cashiers to hold them except for immediate delivery to payees or for cancellation and deposit.

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8.9.3.1. DOs **must** keep undeliverable checks in a safe or vault, filing them in an order best suited for ready identification when claimed, or for mailing upon obtaining a proper address. At a minimum, **DOs must**:

8.9.3.1.1. Open mail with returned Treasury checks in the presence of two people.

8.9.3.1.2. Limit access to the returned Treasury checks processing area.

8.9.3.1.3. Secure the checks in a locked container if there is a delay between **when** the checks are received and when they are defaced.

8.9.3.2. The issuing DSSN **must promptly cancel** checks payable to deceased military members and **credit** the value to the individual's pay account pending payment to a properly designated beneficiary.

8.9.3.3. When a DO is relieved by another DO, or the DSSN is deactivated and disbursing for that activity is assumed by another activity due to consolidation, transfer of function, or other reason, the relieving DO or gaining activity **must assume** custody of and **process** the undelivered checks. If the DO is transferred from disbursing duty without a relief, or the disbursing function is not assumed by another activity, **the DO must** process the undelivered checks as collections on SF 1098, Schedule of Canceled or Undelivered Checks, and deposit them whether or not the three-workday holding period has elapsed.

8.9.3.4. When canceling a military pay and allowances check, the DO **must ensure** the adjustment is also processed on the member's Master Military Pay Account.

8.9.3.5. When canceling a check in payment of civilian pay, the DO **must notify** the payroll office to make the appropriate payroll adjustment.

8.9.4. SF 1098

8.9.4.1. **The DO must** credit a check that is undelivered, within three workdays of receipt in the disbursing office, to the appropriation originally charged using an SF 1098 prepared in triplicate.

8.9.4.2. If the proper appropriation to be credited cannot be determined immediately, **the DO collects** the amount of the check into account **F3875 (Budget Clearing Account, Suspense). **The DO includes** on the SF 1098 all **available** information **on** the identity and location of the payee **and keeps** a copy of the documentation in a separate file to support each item in the suspense account. The DO **must act** aggressively to identify the proper appropriation and **remove** the item from the suspense account as soon as possible. If the proper appropriation

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remains unknown after 60 days, [the DO must](#) transfer the funds to Treasury's miscellaneous receipt account **R1060 on an SF 1081, Voucher and Schedule of Withdrawals and Credits.

8.9.5. Disposition of Canceled Available Checks

8.9.5.1. [The DO must](#) ensure each canceled check is defaced by stamping the legend "Not Negotiable" in a color other than black (preferably red) and in [a size](#) prominent enough to remove all possibility of negotiation.

8.9.5.2. Checks received for cancellation do not need to be deposited daily but must be canceled within three business days of receipt. These checks may be held in the DO's safe or vault pending preparation of a consolidated deposit ticket. Where check deposit volume is minimal, or where electronic deposits [using](#) OTCnet are not available, [the DO must](#) send deposits to the Federal Reserve Bank (FRB) no later than the 25th of the month of receipt. Checks received after the 25th of the month may be retained and deposited the following month. All CONUS DOs deposit canceled Treasury checks with the nearest FRB. DOs in Alaska, Hawaii, and foreign countries deposit them with the general depository normally used for deposits-for-credit to the Treasury's General Account. See [Section 12.0, subparagraph 12.8.2.](#) for deposit reconciliation requirements.

8.9.6. When a claim is received for the proceeds of a canceled available check, and all or [part](#) of the amount is due to the claimant, the disbursing office that collected and deposited the original undeliverable check pays the claim on payroll or other vouchers prepared, processed, and certified the same as a current payment. This does not preclude [the issuing DO from canceling](#) an undeliverable military paycheck so the member may be paid at a new duty station. [The DO uses](#) an SF 1034, Public Voucher for Purchases and Services Other than Personal, to make these payments and [charges](#) them to the accounting data credited on an SF 1098, referencing the original undeliverable check by serial number, amount, DSSN, month, year, and account in which [it](#) was collected. [The DO pays](#) claims received for items transferred to the **R1060 account from the 20X1807 (Refund of Moneys Erroneously Received and Covered) account.

8.10 UCC

8.10.1. [The DO cancels](#) unavailable Treasury checks less than 12 months old as lost, stolen, mutilated, [or](#) not received by the payee, and also [cancels](#) when the DO determines the payee is not entitled to the proceeds. To file a non-receipt claim against a Treasury check, the DO must submit a UCC online through TCIS or via file transmission (see I TFM 4-7045.10). [Treasury credits canceled](#) checks to account **F3880 through the Intra-governmental Payment and Collection (IPAC) system. [The DO uses](#) a CTA transaction to move the funds out of account **F3880 to the proper program TAS, deposit fund account, or DO Cash TAS along with the proper adjustment BETC code. Such situations include death of the payee before the check issue date,

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non-receipt of a recertified payment when the original check has been received and cashed, and receipt of [both](#) a cash payment and a check payment for the same entitlement.

8.10.1.1. Checks unavailable to the payee [or](#) the DO, and for which entitlement to the payment exists, may be replaced by a new check called a recertified payment check. Such a payment bears a new check serial number and is vouchered, certified, and recorded as a new disbursement. The DO must control, cross-reference, and track original and recertified payments indefinitely, or until both have been paid, recovered and destroyed, or canceled.

8.10.2. [The DO must maintain](#) DD 2662, Recertified Payment Register, to provide the necessary cross-reference and control over UCCs. An electronic log is acceptable if it contains the same information as the form (see Volume 1, for records retention).

8.10.3. SF 1184

8.10.3.1. [An](#) SF 1184 is required for all cancellations. Bulk losses of original checks require the preparation of [a separate](#) SF 1184 for each check.

8.10.3.1.1. Use this form to stop payment, obtain photocopies, or check the payment status of unavailable Treasury checks. Input stop reason codes to designate the desired action. Although this form attempts to stop payment on a check, there is no true stop payment action. The payee may still negotiate the check, and the DO is responsible to recoup the money.

8.10.3.1.2. If a check is presented for payment after Treasury has given the DO a credit to the **F3880 account, Treasury [reverses](#) the credit and [provides](#) the DO the documentation, including a photocopy of the paid check. The DO must then research and take the appropriate corrective action, including collection efforts when dual negotiation has occurred. See [Supplemental Guidance, subparagraph 8.11.2.](#) for guidance on preparing and submitting an SF 1184, and paragraph [8.10.8](#) for handling the credits and reversals of credit in the **F3880 account.

8.10.4. Claims of Non-receipt, Destruction, Loss, or Theft

8.10.4.1. The DO sends the FS 1133, the FS 3858, the photocopy of the check, and any other supporting documentation for the claim to Treasury for processing. If the payee files an FS 1133 to claim forgery or unauthorized endorsement against the check, a recertified payment is not authorized before receipt of a Claims Disposition Notice (CDN) from the Treasury.

8.10.5. DD Form 2660, Statement

8.10.5.1. A payee who reports the loss, theft, mutilation, or non-receipt of a Treasury check [must submit](#) a written statement to the DO. DD 2660 is the preferred form for the

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required statement, but a DO may accept a signed letter from the payee in lieu of DD 2660, provided the letter contains the required information and the certification statement found on DD 2660.

8.10.5.2. A payee who submits a statement in lieu of DD 2660 must include the payee's name, SSN, and address; the member's name and SSN if different from the payee; type of payment entitlement; whether the check was received and, if so, whether it was lost, stolen, destroyed, or mutilated; whether the check was endorsed by the payee or had a limited endorsement such as "for deposit only"; the circumstances surrounding the loss, theft, destruction, or mutilation if the check was received; and the payee's signed statement of certification. The statement must contain the signed certification statement exactly as cited in blocks 12-15 on DD 2660. Failure to include this statement could hinder collection efforts if a dual negotiation occurs. If the payee negotiated both checks, the statement could also be used to establish fraudulent intent.

8.10.5.3. Upon receipt of the signed statement, the issuing DO or settlement officer completes the information required to identify the check (issue date, check number, amount, and voucher number). Before entering an SF 1184, the DO must verify the check has not been returned as undeliverable.

8.10.5.4. If the check was re-mailed at a later date, the DO notifies the payee of the later mailing date and allows two weeks' delivery time before processing the claim of non-receipt. If the check has not been returned and enough time has passed for mail delivery, the DO uses the information on DD 2660 to enter an SF 1184 for the unavailable check. The DO must not submit an SF 1184 involving non-receipt of future dated checks, such as those issued for pay and allowance entitlements, before the date of payment.

8.10.5.5. The DO must not enter an SF 1184 involving non-receipt until the third working day after the check payment date.

8.10.5.6. The DO sends a copy of the claimant's DD 2660, or other written statement, and a copy of the SF 1184 documentation to the appropriate entitlement area, which must certify that the entitlement for payment still exists before the DO may issue a recertified payment.

8.10.6. DAS

8.10.6.1. Except for the transmittal documents, Treasury returns a DAS on every SF 1184 received. An essential control technique is for DOs to keep a complete file of submitted SF 1184s. Periodic review of the file shows, either by copy of the DAS or by copy of the agency receipt of batch transmittals, that Treasury received and processed all submissions. The DO must

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follow up incomplete file items within 30 days through the supporting DFAS site by telephone and, if necessary, by submitting a second SF 1184 (see I TFM 4-7045.20).

8.10.6.2. Once Treasury **issues** a DAS with a status indicating "check canceled; crediting agency," future requests to cancel or obtain photocopies of the canceled check receive **the** response "outstanding check was canceled; agency credited." A photocopy of the check **is** not available until the check is presented for payment through the banking system. Therefore, once a disbursing office has received a DAS with a status code of "Outstanding," no additional SF 1184s may be submitted for that check number. If the original check is presented through the banking system for payment, the DO **receives** notification that Treasury has reversed the credit to the **F3880 account. Treasury then **provides** a photocopy of the original check and the claim forms FS 1133 and FS 3858.

8.10.7. Authorization to Issue Recertified Payments

8.10.7.1. Treasury **delegates** authority to DOs to replace checks **they** originally issued, **including** checks lost, stolen, or destroyed in transit **or** after receipt by applicable payees (see 31 CFR 245 and 31 CFR 248). DOs may issue a recertified payment when the SF 1184 is prepared, based on **available** facts. Subject to the restrictions **that follow**, DOs may issue recertified payments as replacements for original checks **at** any time **beginning** with submission of the SF 1184. The circumstances **of** each unavailable check govern this timing.

8.10.7.2. Do not issue a recertified payment check if:

8.10.7.2.1. **The payee of the original check is not entitled to the proceeds;**

8.10.7.2.2. **The payee died before the original check issue date;**

8.10.7.2.3. **Insufficient mail time has lapsed from the date the original check was mailed or re-mailed to allow for its delivery and possible return;**

8.10.7.2.4. **The payee has an outstanding obligation which the payment can offset; or**

8.10.7.2.5. **The original check is more than 12 months old.**

8.10.7.3. **Before issuing a recertified payment**, consider all circumstances involving high-dollar-value unavailable checks, payees in adverse actions that could result in early discharge or termination, or nonpermanent employees with no vested retirement benefits or sustained work history. Also consider the payee's ability to repay in cases of double negotiation and the possibility of offsetting a double negotiation against money other than salary due to the payee. For deactivated and closed DSSNs:

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8.10.7.3.1. The designated settlement office normally issues these payments. In some situations (for example, consolidation), the DO supporting the activity that assumed disbursing and accounting responsibility for the deactivated or closed office may issue a recertified payment for that office; and

8.10.7.3.2. Except as prescribed in paragraph 8.8, issue recertified payments only as a disbursement from the appropriation charged for the original check or, if that appropriation is no longer available, a current appropriation available for the same general purpose, subject to limitations on its use.

8.10.7.4. Delays in issuing checks may affect military and civilian employees' personal financial affairs, DoW relations with private business, and other intangible benefits, so immediate issuance of replacement checks may be appropriate. DOs may use stop reason code "A" on the SF 1184 to support immediate issuance replacing undelivered, lost, stolen, mutilated, or destroyed original checks issued under their DSSN if less than 31 days have elapsed since the check issue date.

8.10.7.5. Submit UCCs using stop reason code "D" or "G," and issue a recertified payment only after Treasury reports the check status as outstanding.

8.10.7.6. Do not issue a recertified payment check when the DAS from Treasury indicates the check status is paid (see subparagraph 8.10.11).

8.10.8. Accounting for Recertified Payments

8.10.8.1. Treasury provides credits for canceled unavailable checks and charges from negotiation of previously canceled unavailable checks through budget clearing account **F3880. This account is restricted to unavailable check transactions; do not use it for any other purpose. It holds credit or chargeback amounts only pending identification of the appropriation or fund charged for the original check issuance. Do not charge the **F3880 account directly for any payment; transfer amounts in this account to the original appropriation as quickly as possible. Do not allow transactions in this account to become stale or unidentifiable, because an unidentifiable balance may result in a DO loss of funds and associated pecuniary liability.

8.10.8.2. Treasury transfers to the **F3880 account via IPAC. By the end of each month, DOs must reconcile their CARS activity by TAS/BETC to their internal accounting system of record and reclassify any transactions to the correct TAS/BETC in the CARS CTA Statement if necessary. After reporting a credit or charge to the **F3880 account on its internal accounting records, the DO must prepare a JV to clear that credit or charge from the account, returning the funds to the appropriation or fund account the DO identifies. Any credit or charge processed after

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the Treasury Receivable Accounting and Collection System closes on the last business day of the month is accounted for in the next accounting month.

8.10.8.3. Under 31 U.S.C. § 3334(a)(2), return canceled check proceeds to the appropriation(s) charged when the check(s) were originally issued, and treat the canceled check(s) as account(s) payable. Within 15 days of receipt, DFAS-IN and DFAS-CL send the check cancellation and credit detail information to the disbursing office that issued the check(s) (except as noted in subparagraph 8.10.9.1.) and to that office's supporting accounting office. Send any reversal of previous Treasury cancellation credits in the same manner to the applicable disbursing and accounting offices.

8.10.8.4. The DO reviews the **F3880 account monthly to ensure necessary actions are taken to clear these transactions. Each time the DO's account is transferred, the incoming DO validates balances in this account. If the departing DO cannot provide the incoming DO with documentation supporting the **F3880 items, the departing DO processes the unsupported items as losses of funds under Section 7.0.

8.10.8.5. On receipt of a DAS indicating cancellation credit or reversal information from the supporting DFAS site, the DO researches the check issue data submitted to Treasury to confirm the accuracy of the detail (for example, the DSSN, check serial number, date of issue, and issue amount), which must agree with the original check issue data reported to Treasury. Research any discrepancy to determine its cause and correct it. For a reversal, the DO determines whether a dual negotiation occurred by verifying the status of the replacement check, then submits an SF 1184 on the replacement check using stop reason code "F" for non-entitlement.

8.10.8.5.1. If the check for the recertified payment is outstanding, the DO receives a credit offsetting the charge for the reversal previously received. If the check has been paid, the DO receives a photocopy of the paid check, a claim form, and a claims document. If both the original and recertified payment checks have been negotiated, the DO begins collection action as outlined in subparagraph 8.10.11. The disbursing office must also notify the appropriate entitlement or subject matter area (for example, military pay, civilian pay, travel pay, or commercial accounts payable), and provide a copy of the DAS, when Treasury returns a credit because the check was not negotiated or reverses a credit previously received.

8.10.8.5.2. The DO requests the accounting department re-obligate funds to cover issuance of a recertified payment. Once assured that funds are re-obligated and available, the DO may issue a recertified payment check citing the original appropriation. If the original appropriation is closed, use a current year appropriation for the same or similar purpose.

8.10.8.5.3. When Treasury provides a reclamation credit, the DO requests the accounting department re-obligate funds to cover issuance of a recertified payment.

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8.10.8.6. When notified that an unavailable check has been canceled, the credit received, and a recertified payment requested, the appropriate entitlement or subject matter area determines [whether](#) the liability for the underlying obligation is valid before preparing a recertified payment. [A recertified payment](#) is prohibited if the entitlement to payment no longer exists.

8.10.8.7. All recertified payments (including immediate replacements [under](#) stop reason code "A") must be vouchered, certified by a certifying officer, and charged to the appropriation or fund charged for the original payment. Making a recertified payment under the first two provisions listed in this paragraph requires [establishing](#) an accounts receivable, supported by a copy of the SF 1184 and/or the DAS, in the appropriation or fund for the amount due on cancellation of the original check. Recertified payments may be made when the disbursing office submits the SF 1184.

8.10.9. Preparation and Disposition of Replacement Checks

8.10.9.1. When [a payee returns](#) a replacement check after the original check it replaced [is](#) found and negotiated by the payee, cancel the replacement check on an SF 1098 and credit the proceeds to the appropriation charged when it was issued. Deposit the check with the nearest FRB or branch on a deposit ticket as prescribed in paragraph 10.4. Transfer the [**F3880](#) chargeback from Treasury for the negotiated original check to the appropriation charged when the original check was issued.

8.10.10. CFIF

8.10.10.1. The CFIF is a revolving fund established under 31 U.S.C. § 3343 to settle payee/claimant claims of non-receipt when an original check has been fraudulently negotiated. Only Fiscal Service may adjudicate [forgery](#) claims against Treasury checks. A claim against the CFIF is governed by the 1-year statute of limitations in the CEBA; a [forgery](#) claim must be presented within 1 year from the date the check was issued, [or](#) the claim is barred and the payee is not entitled to payment from the CFIF. The DO must submit an SF 1184 on the check within 13 months from the check issue date.

8.10.11. Collections of Double Negotiations

8.10.11.1. A double negotiation occurs when an original check and its replacement have both been reported as paid by Treasury. The loss occurs on negotiation of the replacement check; the order in which the checks are cashed is irrelevant. A double negotiation is an illegal or improper payment for purposes of pecuniary liability. The DO initiates collection action to recover illegal or improper payments made by [the DO's](#) office. If the payee separates from government service, the DO [remains](#) responsible to pursue collection action. Collections for illegal or improper payments are [normally](#) one-time cash refunds or lump-sum collections by salary offset and do not

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warrant installment liquidation. Limit installment repayments to cases of extreme personal hardship.

8.10.11.2. When Treasury notifies a DO that it has reversed a credit to the **F3880 account from a previous cancellation, the DO researches the situation to [determine whether](#) a double negotiation occurred by [checking](#) the payment status of the replacement check. Once a Treasury response confirms a double negotiation, the DO immediately begins collection action. [In each case](#), afford the payee [the](#) due process rights of collection specified in Volume 16. [Recovery is](#) most effective [when the DO presents](#) the payee a photocopy of the paid original and replacement check and a copy of the claimant's signed statement acknowledging [the payee](#) was not entitled to both payments. Due process rights include the opportunity to contest the validity of the debt; in double negotiation, the payee's right to complete an FS 1133 provides this opportunity.

8.10.11.3. If the payee asserts that one of the checks was negotiated over a forged endorsement, delay collection until the NPIRC adjudicates the payee's forgery claim. If the NPIRC determines the check was forged, the payee does not owe the debt. If the NPIRC denies the claim, the full amount of the check is due and subject to immediate collection. If the payee fails to provide the properly completed FS 1133 within the period allowed to [show](#) why the debt is not owed, [the payee](#) is deemed to have acknowledged the debt and the DO takes immediate collection action. In either situation, complete collection action within 90 days of [receiving](#) the DAS from Treasury indicating the canceled unavailable original check has been paid, or within 90 days of [receiving](#) the CDN from Fiscal Service indicating the [forgery](#) claim is denied.

8.10.11.4. The DO documents all attempts to collect illegal or improper payments. If all reasonable steps have been taken and the illegal or improper payment becomes uncollectible within the 90-day time limit, the DO transfers the debt to the office designated to pursue collection of uncollectible debts (see Volume 16 for debt collection processes). Although the debt is transferred for further collection action, the DO remains pecuniarily liable for the illegal or improper payment until the debt [is](#) collected or relief [is](#) granted (see subparagraph 8.10.11.).

8.10.11.5. Double negotiations could indicate fraudulent intent or misrepresentation. A DO [who suspects](#) this reports the situation [using the](#) guidance in [Section 7.0](#), for possible investigative [or](#) disciplinary action. Pursue collection action as specified in Volume 16.

8.10.12. [A DO may request](#) relief of liability for uncollectible illegal or improper payments under 31 U.S.C. § 3527 (see [Section 7.0](#)).

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8.10.13. The payment recertification process is subject to the same management controls as other routine disbursements. The same individual **must** not authorize, process, and review recertified payment transactions.

8.10.13.1. The minimum acceptable separation of duties consists of: preparation of the SF 1184 by one individual; review and approval of the DD 2660 and SF 1184 by the DO or a DDO; preparation and certification of a disbursement voucher by an individual in the appropriate entitlement area; review and approval of the voucher with supporting documentation by a first line supervisor other than the DO or DDO authorizing the transaction; and authorization of the disbursement by the DO or a DDO.

8.10.13.2. When the disbursement voucher is prepared in disbursing because of automated disbursing system **limitations**, or **because** the entitlement and disbursing functions **are combined** into one unit (as at small activities and most tactical units), the DO **must ensure** that preparing the SF 1184, preparing the disbursement voucher, reviewing the transaction and supporting documents, and preparing the check are performed by different individuals.

8.11 TREASURY CHECKS CANCELED UNDER LIMITED PAYABILITY

8.11.1. Treasury checks issued on or after October 1, 1989 bear the legend "Void After 1-Year," **and** Treasury **declines** payment of checks not negotiated to a financial institution within 1-year **of** their issue dates. Stamp checks returned to the disbursing office as no longer negotiable "Void - Not Negotiable" and shred them after confirming receipt of the limited payability cancellation credit. Treasury checks issued before October 1, 1989 **were** mass canceled; shred them without **confirming** receipt of a limited payability cancellation credit.

8.11.2. **A** claim on a Treasury check is barred unless presented to the **issuing** agency within **1-year** after its issue date. DOs must reject **as time-barred** all claims against Treasury checks not received before the 12-month period of negotiability **expires**. DOs **must** notify claimants that claims of nonpayment of the underlying **obligation** must be filed with the appropriate entitlement office (**for example**, the contracting officer for vendors or commercial payees, **or the** military pay, civilian pay, or travel office). Under 31 U.S.C. § 3702(e), the Secretary of **War** may waive this time limitation on canceled checks for claims under \$25,000.

8.11.3. Accounting

8.11.3.1. **Under 31 U.S.C. § 3334(a)(2)**, DFAS-IN, DFAS-CL, and DFAS-CO **must** return the proceeds from canceled checks to the appropriation **that originally** paid **them** and treat **the proceeds** as accounts payable. Within 15 days of receipt, **they must** send the check cancellation and credit detail to both the disbursing office that issued the check and the supporting

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accounting office, **and must forward** any Treasury reversal of previous cancellation credits to the applicable disbursing and accounting offices.

8.11.3.2. Upon **receiving** the detailed limited payability cancellation credit or reversal information from DFAS-IN, DFAS-CL, and DFAS-CO, the DO **must** research the check issue data submitted to **confirm** the **detail** is accurate (**for example**, the DSSN, check serial number, date of issue, and issue amount), all of which must agree with the original check issue data reported when the check was issued. **The DO must** determine the cause of any discrepancy and correct it.

8.11.3.2.1. The DO **must** also **research** disbursing records to determine **whether** a claim of loss, theft, or non-receipt has been filed on the canceled check, **including** whether the check was previously replaced by **a** recertified or other payment. The disbursing office **must** notify the appropriate entitlement area (**for example**, military pay, civilian pay, travel pay, or commercial accounts payable) that Treasury has returned the credit because the check was not negotiated within the prescribed period.

8.11.3.2.2. **On** request of an entitlement area, **the DO must perform** the verifications described in **subparagraph 8.9.5.1.** and advise the entitlement area whether the original Treasury check was canceled, negotiated, or previously replaced.

8.11.4. Claims

8.11.4.1. If the payee submitted a timely claim and has not been paid, the claim **must be sent** through the appropriate Component's Assistant Secretary for Financial Management to the General Counsel of the **DoW** requesting a waiver of the statute of limitations. If the General Counsel determines the claimant is entitled to payment, and a payment voucher with supporting documentation **is sent** to the disbursing office, the DO determines **whether to issue** a replacement check.

8.11.4.2. **On** receipt of a claim approved by the designated settlement authority, a certified payment voucher from the appropriate entitlement area, and the proper supporting documentation, the issuing DO (or the officer assigned to settle accounts for the issuing DO) issues **the** replacement check.

8.12 HOLDER-IN-DUE-COURSE

8.12.1. Lost-in-Transit Check Lost-in-transit

8.12.1.1. If a DO receives a request to reissue a check that has not been canceled and is less than 1-year old, **the DO** must return the request to the financial institution **and advise** it to submit the request to **the** FRB Atlanta, Government Check Adjustment Department.

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8.13 CHECK ISSUE REPORTING

8.13.1. Disbursing offices must report detailed check issue transmittals [to the Treasury](#) in Level 8 format to update TCIS with check issue detail. The [DoW](#) uses DCRM for direct submission of the check issue detail to the Treasury.

8.13.2. Submission Requirements

8.13.2.1. [DOs must](#) submit all check issue transmittals to the Treasury no later than the close of business at the end of the week in which the issue dates occur and at month end. DOs who submit through their supporting DFAS site [must ensure the](#) DFAS site receives their check issue data at least weekly and at month end.

8.13.2.2. Failure to report check issue data timely increases the [risk of loss from](#) banking system errors, check alterations, and counterfeits. If a loss from an altered or counterfeit check occurs because of delinquent check issue reporting, the DO may be held liable for the loss. [Until check issue data is](#) reported in TCIS, the Treasury will not recognize the check as issued [or](#) process claims or limited payability cancellation credits against [it, and](#) cannot complete a final reconciliation and clearance of [the](#) DO's account. If the DO is habitually delinquent for 60 days or more, the Treasury may suspend further print orders for blank Treasury check stock until all delinquent reporting [is](#) accepted into TCIS.

8.13.3. The disbursing office is responsible for ensuring the check issue data submitted to the Treasury is accurate. DOs [must](#) notify their supporting DFAS site immediately after finding an error [and must correct all errors before the file transfer process](#). Once TCIS accepts an erroneous check issue transmittal, the file cannot be deleted. If an erroneous data file has been sent to DCRM but not [yet](#) forwarded to the Treasury, place the whole file in a "replace" or "suspended" status [and](#) contact [the](#) local DCRM manager or supporting DFAS site immediately to change the file from accepted status in DCRM.

8.13.4. Voided Checks

8.13.4.1. Report voided checks as zero-dollar amounts in the proper sequence with other checks issued in the same check range. A DO [who](#) reports check issue detail by sending it to another disbursing office for conversion [or upload](#) to DCRM [must ensure](#) the voided checks are reported and clearly marked. Stamp or mark the hardcopy check issue listing to [show](#) that a check is voided [with a zero-dollar amount, and](#) do not obliterate the serial number of the voided check from the listing. If a voided check has not been dated, report a date to facilitate check issue reporting. DOs submitting their own check issue data to the Treasury [must include the](#) serial numbers and dates of voided checks in the transmission with zero-dollar values.

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8.13.4.2. A DO who erroneously reported a voided check with a dollar value greater than zero, and the check is under 1-year old, **must initiate** corrective action as soon as the error is discovered, without waiting to receive the FMS 5206, and **must send** Treasury a written request to adjust the check issue detail in TCIS.

8.13.4.3. If the issue date of the erroneously reported check is over 1-year old, the voided check cannot be adjusted in TCIS, **and** Treasury will issue a limited payability credit for it. **On** receipt of the credit in the **F3880 account, the DO **must report** the check as a check issue on the monthly SF 1219 and **debit** the **F3880 account to clear the limited payability credit.

8.14 DESTROYING CHECKS

8.14.1. DOs must not destroy unwanted or excess blank check stock that is otherwise still usable without first contacting DFAS-IN/JTDCBO.

8.14.2. Destroy checks by burning or shredding. **Checks** destroyed by burning must be burned completely. **Checks** destroyed by shredding **must be reduced to** fragments no larger than 1/8 inch wide and 3½ inches long, **using** a crosscut shredder **as Treasury requires**. **Use** the burning method only, subject to environmental regulations, when a disbursing office does not have shredding equipment. In either **case**, prepare a certificate of destruction (see Figure 8-2 in the **Supplemental Guidance**).

8.14.3. The DO and at least one witness **must** examine the checks to verify they are the actual checks to be destroyed, verify the check numbers and DSSN **against** the certificate of destruction, and sign the certificate only after witnessing **the** actual destruction.

8.14.4. The DO must notify the Fiscal Service of the destruction of blank check stock by emailing the certificate to RRB.OSD-NPIRC-PM@fiscal.treasury.gov, **and must** keep a copy in the DO's blank check inventory control records (see I TFM 4-5040.50b).

9.0 COLLECTIONS

9.1 GENERAL

9.1.1. **Under** 31 U.S.C. § 3302(c), **DoW** DOs **must** deposit public money not held for current expenditure in the Treasury or with a depository designated by the Secretary of the Treasury.

9.2 TYPES OF COLLECTIONS

9.2.1. Receipts are collections into a Treasury miscellaneous receipt or other legally authorized account or fund. DOs collect them into their accountability using a DD Form 1131,

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Cash Collection Voucher, [and recognize them](#) 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.

9.2.2. 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.

9.2.3. 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 original disbursement voucher, [or](#) as offsets shown as bracketed amounts on disbursement vouchers; they [reduce](#) disbursements rather than [constitute](#) 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 as net of disbursements. Do not report refunds separately on the SF 1219, Statement of Accountability, but include them in net disbursements.

9.3 COLLECTION TRANSACTIONS

9.3.1. Collections are transactions that increase a DO's accountability but do not apply to [acquiring](#) U.S. and foreign currencies through purchase with dollars or accommodation exchange transactions. All collection vouchers reported in [DoW](#) business systems must meet standard [line-of-accounting](#) requirements. [DOs must](#) document collections on the appropriate collection forms and verify and record them in the accounting records. Funds not creditable to appropriations ([for example](#), recoveries of losses of funds or dishonored checks) are not collections because they do not change a DO's accountability.

9.3.1.1. Any portion of the cash associated with a DD 1131 not deposited the same day [but](#) collected into the DO's accountability must be reported as a CTA transaction, [which feeds](#) the CARS daily account statement [and increases both](#) the DO Cash TAS and the program TAS on the collection voucher. [DOs may consolidate](#) multiple collection vouchers under one transaction reported to Treasury if they [share](#) the same TAS/BETC and agency location codes. DOs must ensure [consolidated](#) transactions [retain](#) an audit trail that can be validated at the [individual-transaction](#) level.

9.3.2. Accept cash, checks, or other recognized credit instruments payable on demand, [including](#) 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

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financial establishments, credit union share drafts, and warrants payable on demand. Draw these negotiable instruments in favor of a DO's official capacity (position title, not name). Visa and MasterCard credit and debit cards are acceptable when presented for payment at locations participating in the Card Acquiring Service.

9.3.2.1. Commanders may authorize commissary officers to accept Treasury checks from authorized patrons to pay for sales when banks and other facilities **cannot** furnish **check-cashing** services, but **may not** authorize or require DOs or their agents to advance additional change funds to commissary officers to cash **those** checks. Commissaries may use the cash they receive for this purpose.

9.3.2.2. DOs **must** establish procedures to control receipt and processing of checks and other negotiable instruments received by mail. An individual 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 record **the** transmittal of instruments between functional areas.

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

9.3.4. Performance

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

9.3.4.2. Under 31 CFR part 225, contractors may deposit certain U.S. bonds with contracting officers instead of furnishing corporate **or** individual sureties on performance and payment bonds. DOs may not accept these bonds, whether electronic or hardcopy, for other than temporary safekeeping (**for example**, overnight or over a weekend). **For temporary safekeeping**, DOs may provide space in a safe or vault by placing the bonds and related documentation in a sealed package indicating custodianship and giving the contracting officer a receipt for the package. The contracting officer is responsible for transferring the bonds to the FRB.

9.3.5. Negotiable Instruments

9.3.5.1. Remitters must make checks and other negotiable instruments payable to the order of the specific organization maintaining the account to be credited, not to the Treasury. If a check is made payable to the Treasury, **accept** and **process it** immediately. Do not accept

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checks payable to a DO or to federal government employees, whether by check or through electronic means.

9.3.5.2. Keep limited depository accounts in the name of the activity to which the DO is assigned. Instruct the remitter not to inscribe instruments payable to the DO by activity name.

9.4 ISSUANCE OF RECEIPTS FOR COLLECTIONS

9.4.1. Turning in Funds

9.4.1.1. Individuals other than DOs, DDOs, cashiers, or agents who receive funds belonging to the United States (including funds held in trust) must promptly turn them over to their supporting DO or deposit them in an authorized general depository. These individuals, who may work within commissary, property disposal, personnel, and other offices authorized to receive funds due the United States, are responsible for safeguarding 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 and distributes additional copies as required.

9.4.1.2. A DO, DDO, agent, or cashier receiving a collection directly from a remitter prepares a collection voucher for the amount collected, and the supporting DFAS site determines the number of copies to give the remitter. Issue receipts for payment of bills received by mail only if the remitter requests it. Furnish receipts only for amounts received and verified by actual count. DOs, DDOs, and agents may not use subject verification to issue receipts, give receipts in blank, or accept receipts in blank.

9.4.1.3. 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 must ensure that remittances are authorized collections in the correct amounts. The person accepting the remittance must not be the same person updating the accounts receivable record.

9.4.2. Collections by Agent Officers

9.4.2.1. Agents of appointing DOs may sign receipts for funds.

9.5 RECORDING AND CONTROLLING COLLECTIONS

9.5.1. Unless the supporting DFAS site directs otherwise, the affected functional area maintains a pending payment file and an associated copy of the uncollected billing documents, and

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sends the original and duplicate copy to the customer from whom reimbursement is expected. Arrange the files in the order most convenient to the person maintaining them, and reconcile the file quarterly to the accounts receivable subsidiary ledgers.

9.5.2. 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 an overage. When the reasons for an overage are explained and there is reasonable assurance no claim will be made, credit it directly to the Treasury's receipt account R1060, Forfeiture of Unclaimed Money and Property.

9.5.3. 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 or branch disbursing office a separate series of voucher numbers. Include the collection voucher number, the remitter's identity (name of the remitting individual or organization), the amount, and the instrument of remittance (for example, check, cash, traveler's check, EFT, or a no-pay adjustment). Annotate a check or EFT trace number in column d, OTHER.

9.5.4. When a remitter overpays an amount due by \$1.00 or less, collect the overpayment into receipt account 1099 (Fines, Penalties, and Forfeitures, Not Otherwise Classified), and refund it only if the remitter requests. If a payee underpays an amount due by \$1.00 or less, prepare an SF 1080 charging the DoW Component's Operations and Maintenance account and credit the applicable appropriation or receivable for the underpayment. Do not pursue collection action for underpayments of \$1.00 or less.

9.5.5. Agencies not co-located with or supported by a disbursing office that receive collections must do the following.

9.5.5.1. Use a log to control 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 date transmitted to the disbursing office.

9.5.5.2. Prepare a collection voucher the same day the DoW Component receives the collection.

9.5.5.3. Safeguard the collection and supporting documents.

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9.6 DOCUMENTING AND PROCESSING COLLECTIONS

9.6.1. Verification of Funds Received

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

9.6.1.2. Include the purpose of a collection (**for example**, 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 F3875 and F3885 (Budget Clearing Account (Suspense)) or **in** Shared Accounting Module default clearing accounts F3500 for proprietary payments and collections and F3502 for IPAC, as appropriate.

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

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

9.6.1.3. DOs **must** ensure the legibility of all copies of vouchers prepared for distribution.

9.6.2. Signature on Collection Vouchers

9.6.2.1. DOs, DDOs, or agent officers **must** 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 office, so long as the machines and **their controls** 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 **Section 2.0**, subparagraph 3.6.3.

9.6.2.2. The DO **must implement** 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 **and**, in making daily settlement with the cashier at the end of the business day, **uses** these copies **to** determine **whether** the amounts the cashier reported were proper. The receiving officer's signature is required where applicable. The DO or certifying officer, as applicable, signs transfer, cancellation, or adjustment vouchers (SF 1081) and an SF 1098,

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Schedule of Canceled or Undelivered Checks. If the same voucher is both a disbursement and a collection, the disbursement is the original subject to the signature requirements in subparagraph 9.6.2, and the collection is a copy that does not require a signature.

9.6.3. Preparation of Documents Used to Transmit Funds

9.6.3.1. An officer depositing or transmitting funds to a disbursing office prepares the proper forms. Except for collections from over-the-counter sales (for example, commissaries), include the remitter's name, the specific authority for the collection, and information sufficient for the DO to identify the collection and confirm the correct amount on each collection document. The preparing officer also furnishes the complete accounting classification as prescribed, the fiscal code (including the Disbursing Station Symbol Number of the station maintaining the appropriation cited), and the country code when the collection is made in an overseas area.

10.0 DISBURSEMENTS

10.1 GENERAL

10.1.1. Overview

10.1.1.1. All disbursements must be supported by disbursement vouchers (for example, SF 1080; SF 1081; SF 44, U.S. Government Purchase Order-Invoice-Voucher; or SF 1034, Public Voucher for Purchases and Services Other Than Personal). A disbursement voucher may combine a payment and a collection by voucher deduction (for example, a civilian payroll voucher crediting deductions for federal tax, U.S. savings bonds, and civil service retirement to the appropriate accounts, with net pay disbursed to the payee).

10.1.1.1.1. A disbursement voucher for a payment to a non-federal entity that creates pecuniary liability under 31 U.S.C. § 3527 or 31 U.S.C. § 3528 must be certified by an appointed Certifying Officer who has completed Certifying Officer Legislation (COL) training, per 31 U.S.C. § 3325(a)(1) and (b) (see Section 6, subparagraph 6.1.1.). A disbursement voucher that transfers funds between appropriations or funds, makes payments entirely within the Federal government, or does not support or execute a subsequent payment transaction does not require a COL certified Certifying Officer.

10.1.1.1.2. Report EFT disbursements (including International Treasury Services for payments in foreign currencies) and U.S. Treasury check disbursements to the Payment Information Repository, citing the proper Treasury Account Symbol (TAS)/Business Event Type Code (BETC).

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10.1.1.1.3. Report a no check/voucher for transfer by [using](#) a Classification Transactions and Accountability (CTA) transaction, citing the proper two-sided credit and debit entries with the proper TAS/BETC.

10.1.1.1.4. Report cash and LDA check disbursements by [using](#) a CTA transaction citing the Disbursing Officers' (DOs') Cash TAS/BETC and the program TAS/BETC listed on the disbursement voucher. [DOs may consolidate](#) multiple disbursement vouchers under one transaction reported to Treasury if they fall under the same TAS/BETC and Agency Location Code (ALC). DOs must ensure [consolidated](#) transactions have an audit trail that can be validated at the individual transaction level.

10.1.2. [DoW](#) authorizes DOs, under 31 U.S.C. § 3321(c)(2), to disburse public funds on receipt of vouchers certified by an appointed certifying officer (see 31 U.S.C. § 3325 and [Section 6.0, subparagraph 6.1.1.](#)).

10.2 POLICY

10.2.1. Legality and Propriety

10.2.1.1. Examine payment transactions for legality, propriety, limitations, and time frames under the statutes governing the various classes of expenditures, and for validity under general provisions of law.

10.2.1.2. A DO may request an advance decision on the propriety of any prospective payment, [following](#) the procedure in each section's standard operating procedure (see [Section 13.0, paragraph 13.2.](#)). DOs are not pecuniarily liable for payments they make based on advance decisions.

10.2.2. Substantiating Vouchers

10.2.2.1. Unless otherwise mandated by law, each transaction by an officer, agent, or employee of the U.S. Government that requires payment of money from the Treasury, or payment by a DO or agent, requires a written or approved electronically signed document, or series of documents, that includes a complete record of the transaction.

10.2.2.2. Each disbursing office [that processes](#) disbursements [must maintain](#) a detailed written agreement with [its](#) supporting [Federal Reserve Bank \(FRB\)](#), [Treasury's fiscal agent](#). The DO must implement internal controls to confirm that the FRB [successfully](#) receives EFT payment files.

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10.2.2.3. A DO **need** not make payment merely on the submission of formal evidence. If the facts do not justify payment, **the DO must require** a reasonable explanation or further evidence.

10.2.3. Using public funds to pay the expenses of a commission, council, board, or other similar body is prohibited by 31 U.S.C. § 1346 unless the creation of the body has been specifically authorized by law.

10.2.4. A DO generally may not make advance payments, prepayments, or overpayments of public monies; 31 U.S.C. § 3324, **the Joint Travel Regulations, and** Volumes 5, 7A, 8, 9, and 10 allow limited advances and prepayments.

10.2.5. Payments to Third Parties

10.2.5.1. Unless specifically authorized by law, monies the government owes to an individual are not subject to attachment, garnishment, or other legal processes. Do not certify or make payment to a third party even if the payee requests it. This restriction applies to all funds, including those held in trust by the **DoW**.

10.2.5.2. A civilian employee or military member may file **a** bankruptcy petition under 11 U.S.C. § 109, **and** the bankruptcy court may order the individual's pay sent to the bankruptcy trustee. Such payments are proper, and DOs incur no additional liability as a result (see Volume 8 for civilian employees and Volume 7A for military members).

10.2.5.3. Under 31 U.S.C. § 3332, Federal wage, salary, and retirement payments must be made by EFT to financial organizations for credit to payees' accounts (see also Volume 7A; Volume 8; and Volume 9).

10.2.6. Claims not founded on contracts, expressed or implied, but on merely equitable or moral grounds, are permitted only after direct authorization by Congress.

10.2.7. The government is self-insured (or bonded). Neither a DO nor any of the DO's agents may insure public funds or property.

10.2.8. Absent specific statutory authority, a DO may not pay for municipal services (**for example**, police and fire protection) if those services **must** be furnished to private citizens at no cost (see Volume 10).

10.2.9. Certified Disbursement Vouchers

10.2.9.1. **DoW** authorizes DOs, under 31 U.S.C. § 3321(c)(2), to disburse public funds on receipt of vouchers certified by an appointed certifying officer. When the disbursement

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voucher is certified by someone independent of the disbursing process, the DO has discretion to make the payment.

10.2.9.1.1. Certified vouchers must contain complete and accurate data, [though content](#) may vary slightly [by disbursement](#) type and form used. Write signatures and other information that become integral parts of original vouchers in permanent, non-erasable ink. Handwritten information must be legible. Approved electronic signatures are acceptable.

10.2.9.1.2. Return certified vouchers requiring correction to the functional area. Disbursing office personnel may not make these corrections. Corrected vouchers require recertification before disbursement.

10.2.9.1.3. Accept a legible copy of a signed travel voucher and its supporting documents, received in lieu of the original, for processing and payment as if it were the original. This includes [copies](#) received by facsimile transmission or scanned images forwarded via email.

10.2.9.2. Certified disbursement vouchers must contain the following minimum essential data:

10.2.9.2.1. voucher heading/date;

10.2.9.2.2. accounting classification;

10.2.9.2.3. the total amount;

10.2.9.2.4. the method of disbursement;

10.2.9.2.5. the individual or organization entitled to the payment.

10.2.9.3. A DO is pecuniarily liable for payments based on forged or fraudulent vouchers. A DO, Deputy DO (DDO), agent, or cashier [who makes](#) such a payment may request relief of liability (see [Section 7.0](#)).

10.3 DISBURSEMENT FORECASTING

10.3.1. Treasury's Bureau of the Fiscal Service (Fiscal Service) manages the government's daily cash position. DOs must follow current Fiscal Service guidance for reporting their anticipated aggregate level of planned disbursements for each disbursing method ([for example](#), wire, Automated Clearing House (ACH), check). Forecasting is also [addressed](#) in I TFM 4A-4025.

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10.4 DISBURSEMENT VOUCHERS

10.4.1. Keep a DD 2659, Voucher Control Log, daily for disbursement vouchers received or prepared in the disbursing office. The log **must include** the disbursement voucher number, **payee** name, amount, form of payment (**for example**, EFT, check, cash), and check/EFT trace number under "other." **The** log ensures all vouchers **enter** the accountability records **and serves** as a cross check against the DD 2657, Daily Statement of Accountability, and DD 2665, Daily Agent Accountability Summary: **it compares** vouchers paid by check to total checks written and vouchers paid by cash to cashier paid vouchers, associates returned and undeliverable checks with applicable vouchers, and transmits vouchers showing numbers used, unused, or voided.

10.4.2. Certification of Vouchers

10.4.2.1. The applicable entitlement areas (military, civilian, travel, and vendor pay) **must** ensure that all payments are proper, prepare the correct number of copies, and ensure that all vouchers contain complete and accurate data.

10.4.2.2. Certifying officers **must** examine payment vouchers before certification to **confirm** that the information agrees with all supporting documentation.

10.4.2.3. DOs must have access to the DD 577, Appointment/Termination Record - Authorized Signature, to verify that vouchers submitted for payment **were** certified by persons authorized to certify **them**, and **must** disburse money only on vouchers certified by authorized certifying officers. A disbursing office **that detects** an improperly prepared voucher must return it to the functional area for correction and recertification.

10.4.3. An individual entitled to a payment (the payee) must receive the cash and sign the voucher. All cash payments require receipts; do not prepare duplicate receipts. DOs or their agents making cash payments must positively identify the payee using the photograph on the payee's **DoW** Common Access Card; other acceptable identification **includes** a driver's license and other identification normally **accepted** in the banking community to cash checks or bonds. The responsibility for payee identification may not be delegated. The exchange of currency and the receipt for it must be simultaneous. Requiring receipts in advance of actual cash payments is prohibited.

10.4.4. Responsible entitlement areas **must** send or deliver **cash payment** vouchers to the cashier area. Payees may hand carry vouchers when distance between the entitlement area and cashier area makes **delivery** impractical, **but only if** the total **voucher** amount is inscribed in words on the bottom of the voucher (**for example**, "sixty dollars and twenty cents"). Space words or enter lines to preclude alteration by inserting additional words, particularly at the **start** of **the** writing.

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10.4.4.1. If the voucher deduction block is used on a payment voucher, the cashier must verify that it contains an appropriation and **that** the total to be paid is net of any deductions. After **verifying** these items, the cashier must initial the original voucher to identify who made the payment.

10.4.4.2. Cashiers must obtain the payee's signature in the space provided, or **for** multiple payments, on the sub-voucher or supporting documentation. The payee signs for receipt of cash using permanent, non-erasable ink; facsimile signatures and signatures in pencil are unacceptable. When **payee** signatures are on a sub-voucher or supporting documentation, annotate the "payee signature block" on the cover voucher with "See attached." Positively identify payees before making payments, **comparing** the **voucher** signature to identification cards or other acceptable identification. The **signature** form must **match** the payee as shown on the voucher. In the signature block, the payee must sign the first name, additional initials if any, **then** the surname, except as explained in the following subparagraphs.

10.4.4.2.1. A payee unable to write may indicate receipt of payment by signing an "X." A disinterested party, whose address must **appear** on the form, must witness **it**. If the payee is physically unable to write and asks someone to sign in his or her presence, a disinterested witness **must verify the signature, which is then** regarded as **the payee's** signing. File a physician's note addressing the payee's inability to sign with the original disbursement voucher.

10.4.4.2.2. Do not pay a mentally disabled payee who cannot comprehend a signature except in the presence of an appointed legal guardian. File certified copies of **the** court papers appointing **the** legal guardian with the original disbursement voucher. The legal guardian signs the **payee's** name followed by his or her own signature as legal guardian. **On future payments,** refer to the first disbursement voucher by DO voucher number and date paid to substantiate the guardianship. If the payee is in an asylum, file the superintendent's certificate that the payee was alive **when** payment was due with each disbursement voucher.

10.4.5. Check Disbursement Vouchers, Manual Voucher Processing Responsible

10.4.5.1. Make checks payable to the payee stated on the disbursement voucher. Number disbursing vouchers sequentially, **using** the lowest check number to pay the lowest numbered disbursement voucher or the first name on a payroll, **to keep** an unbroken sequence **that supports** check issue auditing and reporting. Consolidate multiple **same day** payments to the same payee **into** one check. DOs must ensure that inscribed checks duplicate the voucher information **and** may **review** this before or after signing the checks. The DO **must ensure** appropriate records **are completed** to control check writing. Automated systems producing disbursement vouchers must contain edit and validation controls **so** the exact **voucher** information **passes** to the check printer.

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10.4.5.2. Entry of check numbers on automated disbursement vouchers is not required **if** the voucher processing system maintains complete audit trails between disbursement vouchers and hard copy records.

10.4.6. Do not collect an overpayment to a payee. Prepare an SF 1080 to charge the **DoW** Component Operation and Maintenance account and credit the appropriation originally charged for the payment. Do not issue a supplemental payment when a payee is underpaid unless the payee requests **it**.

10.4.7. Transmittal of Vouchers and Recording

10.4.7.1. DDOs, agents, and cashiers must include payment vouchers on the DD 2665 as prescribed in **Section 16.0**, subparagraph **16.2.1.2.**, and settle with the DO at the end of each business day.

10.4.8. The disbursing office supervisor **must** not routinely certify vouchers for payment but may certify cover vouchers supported **by** properly certified sub-vouchers. In **those** cases, the approving official of the supporting documentation **must** not be the cover voucher certifier. If an emergency **requires** the deputy, who also **supervises** the disbursing office, **to** certify a voucher not supported **by** certified sub-vouchers, the DO or another DDO **must date** and **sign** the voucher **with** a statement **such as** "Payment approved by Lieutenant John Doe, Disbursing Officer". **For** adequate internal control, neither the disbursing office **supervisor** nor other disbursing office personnel **may** input data into the computerized accounting system.

10.4.9. Deferred vouchers are paid vouchers not recorded in an accounting system, usually vouchers paid by an agent that must be returned for correction **or** paid by an agent but not yet examined by a DO. **They** do not impact the DO Cash TAS until processed. Responsible entitlement areas must act promptly to clear them **and must** keep a chronological record of actions taken, showing the **expected clearance** date. DOs or their DDOs **must** review those actions weekly to ensure **prompt** correction of irregularities causing deferment.

10.4.10. Classified Payments

10.4.10.1. A DO making payments classified for security purposes **must prepare** a covering disbursement voucher **that contains no** information **requiring** a security classification. On the original and all copies, show only the **payee's** name and address, amount, date of payment, complete accounting data, voucher number, check number, DO's name, DSSN, and disbursing office payment data in the "Paid By" (or "Brief") block. Payments under classified contracts **must** include instructions requiring the supplier to limit **invoice** information so supplies or services are identifiable only by reference to the contract. The DO (for collateral classified programs) or the

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voucher preparing office (for special access programs) **must allow** access to classified documents **only** to persons **who need it to perform** official duties.

10.4.10.2. Personnel who process classified documents must **hold** a security clearance equal to or higher than the documents they process. DOs or voucher preparing offices must assign duties so that only a minimum number of persons **need** access to classified information. Mark and store classified documents **per** prescribed security regulations. Do not attach classified essential supporting documents, invoices, or certificates to the original disbursement voucher; **instead**, identify them by the **DO's** name, voucher number, DSSN, and **account** period. Retain them at the paying disbursing office (for collateral classified programs) or the voucher preparing office (for special access programs) with other classified material. Include one of the following statements **in** the voucher **portion describing** the articles or services purchased:

10.4.10.3. Distribute the original and required copies of the covering disbursement voucher in the normal manner. Do not attach the classified supporting documents.

10.4.11. Use a DD 281, Voucher for Emergency or Extraordinary Expense Expenditures, to make payments from contingency funds.

10.4.12. Hand Carrying Disbursement Vouchers

10.4.12.1. Send payment vouchers prepared outside the disbursing office to the disbursing office so the payee **cannot** access them.

10.4.13. EFT Payments

10.4.13.1. EFT payments **go** to the FRB on debit vouchers showing the date payment is due. The DO must implement internal controls to confirm the FRB receives the payment files successfully and on schedule, and **must** retain the memorandum copy of the debit voucher. DOs that transmit payment files electronically use the FRB's summary of ACH activity report **instead** of the debit voucher; in either case, the FRB issues a confirmation debit voucher to the DO. For an EFT transaction, record the debit voucher as a negative deposit, with the payroll, travel, or vendor payment recorded as a gross disbursement.

10.4.13.2. When a financial institution returns one or more EFT/ACH payments to a paying office, the DO **must prepare** and **process** a collection voucher to account for the returned funds, crediting the appropriation from which they were originally disbursed. EFT returns **must** be submitted back to the originating ALC, crediting the TAS from which they were originally disbursed. Record the collection on the DD 2657 with an offsetting transaction for the **FRB** deposit ticket. The DO **must notify** the appropriate entitlement area by providing a copy of the collection

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voucher and any rejection information received, [such as](#) the reject code (see Treasury's Green Book, [Section 5](#), for payment rejection codes). The entitlement area [must track, monitor, and research](#) the cause of the return and [provide](#) a recertified voucher to initiate an appropriate EFT/ACH payment within 5 business days.

10.4.13.3. When notified of the death of a military retiree or annuitant, [the DFAS Cleveland \(DFAS-CL\) DO must contact](#) the decedent's bank [to request](#) the return of all payments made since the death. The DFAS-CL DO has three years from the date of the Financial Management Service (FMS) Form 133, Notice of Reclamation, to submit FMS 135, ACH Reclaims (see Treasury's Green Book, [Section 6](#), for detailed instructions).

10.5 DEPOSIT FUND AND BUDGET CLEARING ACCOUNTS

10.5.1. Disposition of Funds in Deposit Fund Accounts

10.5.1.1. [For](#) withdrawal [applied](#) to an appropriation, receipt account, or other deposit fund account, use an SF 1081 for the disbursement and collection and submit it as substantiation for either or both. The SF 1081 [must not](#) be used for check or cash payment.

10.5.1.2. Only one deposit fund account may be charged on a single voucher. Submit charges to accounts F0109, Federal Tax Withheld from Payments to Nonresident Aliens, and F3875, Budget Clearing Account (Suspense), on separate vouchers.

10.5.2. F3875, Budget Clearing Account (Suspense)

10.5.2.1. [After](#) determining the proper disposition of funds in this account, transfer the amount on an SF 1080 or [SF 1081](#) to the proper account [and](#) explain the charges on [that form](#) (see I TFM 2-5135 for guidance on [using](#) F3875). Use this account to hold unidentifiable collections temporarily for no more than 60 days, or use other business processes approved by the Fiscal Service. Payment from the F3875 suspense [account is prohibited](#).

10.5.2.2. [When](#) the accounting [office notifies](#) the DO and [requests](#) the documentation needed to process [a rejected transaction](#), the [DO must](#) send the requested documentation to the accounting office within 30 days.

10.5.2.2.1. [When](#) supporting documentation [is](#) maintained locally, the DO [must send it](#) to the accounting office immediately.

10.5.3. Overages

10.5.3.1. For an overage that should not have been accounted for as a collection, the responsible functional area prepares an SF 1034 payable to "Adjustments" to reverse the

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erroneous collection and permit proper accounting. Do not issue a check or cash payment for this voucher.

10.6 PAYMENTS IN SUPPORT OF ADVANCE PAYMENT POOL AGREEMENTS

Advance payment pool agreements may be established under FAR 32.408 and DFARS 232.470 to finance performance of more than one contract held by a single contractor. Cash advanced to a contractor must be reported on the DD 2657 and reflected on the DO Cash TAS until the money is returned or disbursed. Follow Volume 10 for processing advance payments.

11.0 SMART CARDS FOR FINANCIAL APPLICATIONS

11.1 POLICY ON SMART CARD UTILIZATION

11.1.1. DFAS has management and oversight responsibility for the functional aspects and use of financial Smart Cards within the DoW, except for GSA SmartPay products. Written DFAS approval is required for all pilot and full rollout Smart Card usage (e.g., stored value or debit) employing single-purpose or multifunctional applications. This chapter follows I TFM 4-9000; Treasury guidance supersedes any conflicting information in this chapter.

11.1.2. Smart Card Program Approval

11.1.2.1. To establish a new Smart Card program, a DoW agency must submit a request for approval to DFAS-Indianapolis Center, Enterprise Solutions and Standards, Disbursing (DFAS-IN/JJFKCD). A separate request is required for each financial application.

11.1.2.2. An approval request must indicate whether the program is a pilot effort or a full rollout program.

11.1.2.2.1. Pilot programs are temporary and must operate for no less than 90 days and no more than 180 days. Pilots test card programs before full rollout.

11.1.2.2.2. Full rollout programs are non-temporary and must operate longer than 180 days. A full rollout should follow a pilot.

11.1.2.3. An approval request must be submitted as an application package to DFAS-IN/JJFKCD and must be completed before approval of any pilot or full rollout. The package must include the items below.

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11.1.2.3.1. The agency headquarters, or designated representative, should request approval of the pilot or full rollout program via memorandum. It should be addressed to DFAS, Enterprise Solutions and Standards;

11.1.2.3.2. All pilot and full rollout programs are required to submit a completed DoW Financial Smart Card Application;

11.1.2.3.3. The CONOPS document should contain guidance on the use of the Smart Card program by the agency;

11.1.2.3.4. The package must contain copies of coordination documentation, including the agency or component leadership's and servicing Disbursing Officer's (DO) endorsement of memoranda;

11.1.2.3.5. A copy of the letter designating the agency Smart Card project manager must be submitted with each package. See subparagraph 11.1.4 for information on project managers; and

11.1.2.3.6. If the request is to move from a pilot Smart Card program to a full rollout, include an analysis showing:

11.1.2.3.6.1. Any savings realized from the pilot program;

11.1.2.3.6.2. How the pilot program is an improvement over the pre-pilot environment; and

11.1.2.3.6.3. The results of relevant performance measures used during the pilot and proposed for the full rollout.

11.1.3. Fiscal Service and the implementing agency must establish a memorandum of understanding (MOU) before implementing a new Smart Card program. The MOU sets the program terms, the respective responsibilities of the agency and Fiscal Service, the program and card types, the funding schedule, and the fees and costs each party pays.

11.1.4. Agency Smart Card Project Manager

11.1.4.1. The agency must designate a Smart Card project manager and alternate in writing before implementing a Smart Card program.

11.1.4.2. The agency must specifically identify the tasks for which the Smart Card project manager is responsible. The project manager must manage the Smart Card program and the activities in this chapter per the MOU between Fiscal Service and the agency, the Smart Card

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standard operating procedures (SOPs) and other instructional documents, and program-specific policies and procedures the agency [develops](#) in consultation with Fiscal Service.

11.1.5. Smart Card AO(s)

11.1.5.1. The agency must designate one or more Smart Card [accountable officials](#) (AOs). If the AO is already appointed as a [Disbursing Officer](#) (DO), Deputy DO (DDO), or Disbursing Agent and the [card-program](#) responsibilities [fall within that](#) appointment, no additional [appointment](#) documentation is [needed](#). [Otherwise](#), the agency must [appoint the AO](#) by Letter of Appointment or DD Form 577, [which lists](#) the individual's responsibilities; [a further](#) letter [is](#) required when the individual no longer serves as the AO.

11.1.5.2. The agency must specifically identify the tasks for which the Smart Card AOs are responsible [and must](#) segregate [those](#) duties appropriately [per agency policy](#). As applicable, AOs [carry](#) the duties and [liability](#) of a certifying officer or a DO, depending [on](#) the [AO's](#) designation, [under](#) 31 U.S.C. §§ 3322, 3325, and 3528 and other applicable laws. The AOs must manage the Smart Card program and the activities in this chapter [per](#) the MOU, the Smart Card SOPs and other instructional documents, and program-specific policies and procedures the agency [develops](#) with Fiscal Service.

11.1.6. [DoW](#) agencies responsible for [the card](#) programs [in](#) this chapter [must](#) develop and maintain detailed SOPs that comply with all current applicable regulations and cover all aspects of their card program for daily operations [and](#) contingencies.

11.1.7. The DO is accountable for physical loss of funds and for overage of Smart Card funds. If a loss or overage [occurs](#), the DO or designated representative [must](#) follow the guidance in [Section 7.0](#).

11.1.8. The program point of contact and designated agency representatives must establish procedures to determine card usage and a secure method of card delivery.

11.1.9. Smart Card stock must be treated like blank check stock. Storage and security requirements for blank check stock are in [Section 8.0, subparagraph 8.2.4](#).

11.1.10. For all stored value and combination cards reported lost, stolen, damaged, or malfunctioning, a locally produced list [must](#) be created for audit purposes. [If a Smart Card is reported lost, damaged, or malfunctioning, follow the procedures in the applicable MOU and SOPs;](#) for the U.S. Debit Card, contact Fiscal Service's financial agent.

11.1.11. Agencies participating in a Smart Card program must [do the following](#).

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11.1.11.1. Include a process for reporting and educating Smart Card cardholders on how to promptly report any loss, theft, fraudulent, and unauthorized use of Smart Cards, PINs, passwords, or other security breach or malfunction involving the Smart Card program to Treasury or Treasury's financial or fiscal agent, and to the agency Smart Card Project Manager;

11.1.11.2. Aggressively investigate and prosecute (or assist in investigations, and prosecutions of) end-user theft, fraud, unauthorized use, or improper use of the Smart Card service that occur in agencies' areas of operation, and assist in obtaining restitution for the party suffering the loss;

11.1.11.3. Ensure that appropriate anti-money laundering controls and procedures are in place, to document the flow of monies onto or off a Smart Card; and

11.1.11.4. When a funds pool is used to fund an SVC; compensate the SVC funds pool for losses that result from theft, fraud, unauthorized use or other improper use of SVC equipment or resources for which agencies are responsible; unless the funds pool has been reimbursed from other sources, or the Treasury determines that such compensation is unnecessary or does not serve the SVC program's best interests.

11.1.12. Audit Requirements

11.1.12.1. An initial inventory must be completed and recorded on receipt of Smart Cards from Fiscal Service or other designated representatives, and a signed receipt must be provided to the issuing representative. The DO or designated representative must complete an SVC inventory log when releasing Smart Card stock to authorized personnel and when monitoring returns of unused cards, and must maintain a copy of the signed receipt.

11.1.12.2. At least once every calendar month, the DO or designated representative must inventory all Smart Cards secured in the vault, counting open containers individually and by unique sequential number. Damaged or tampered containers must be opened, and all cards must be individually counted and their unique sequential numbers verified. The disbursing office must retain a detailed inventory record showing total cards on hand and unique sequential numbers by card type. At least once each calendar quarter, the agency's cash verification team must conduct an unannounced verification of any Smart Card stock (e.g., U.S. Debit Cards, EagleCash, EZpay), covering cards received, issued, returned, and on hand, and a copy of the inventory must be attached to their quarterly cash verification report.

11.2 DAILY REPORTING REQUIREMENTS FOR STORED VALUE CARD

The scenarios that follow impact the DO Cash TAS and must be properly reported to Treasury.

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11.2.1. Issued cards may be funded by personal check, cash, split pay, or transfer from the cardholder's home financial institution. Funding through split pay **or** the cardholder's home financial institution does not impact the DO's accountability/DO Cash TAS; funding by personal check or cash increases the DO's accountability/DO Cash TAS.

11.2.2. **Before** departing a deployed environment **or** ship, or being separated from active duty, a cardholder may transfer remaining value to their home financial institution or request a cash-out from the DO paid in cash or by U.S. Treasury check. **Vendors using a POS terminal may request a cash-out equal to their POS terminal transactions.** Transfer of value to a home financial institution does not impact the DO's accountability/DO Cash TAS; cash-out transactions decrease it.

11.3 U.S. DEBIT CARD PROGRAM (USDC)

11.3.1. Card Funds Access After implementation of the USDC program, the agency disburses payments to a card account and the funds are accessed via a debit card issued to a Federal payment recipient. Cards may be funded through a Card Funding Account (CFA) owned by the agency and held by the financial agent, through EFT via the ACH network, or by utilizing the Automated Standard Application for Payments system to authorize the financial agent to draw down agency funds. Funds held in a CFA must be reflected in the DO Cash TAS. DOs establish funds in a CFA through an EFT for Cash and record the funds on the DD 2657. Disbursements out of the CFA must be reported as cash disbursements.

12.0 ELECTRONIC COMMERCE AND DEPOSIT OF PUBLIC FUNDS

12.1 GENERAL

12.1.1. **Per** 31 U.S.C. §§ 3302 **and** 3322, disbursing officers (DO) **may** deposit public funds and draw public funds from the Treasury or a depository only as necessary to make payments. Additional statutes, regulations, and other guidance are referenced under each section of this chapter.

12.2 ELECTRONIC FUNDS TRANSFER (EFT)

12.2.1. **Per** 31 U.S.C. § 3332, EFT is mandatory within the **DoW**. Exceptions are provided in I TFM 4A-2000.

12.2.2. Payment **and** payroll files must transmit to the Federal Reserve Bank (FRB) by electronic file transmission.

12.2.3. Official Authorization List (OAL) for the FRB

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12.2.3.1. Each DO must validate the contact form for the DO's office at least annually. If changes are required, follow the process in the FRB Service guidance on the FRB Services web page in Table S.4 (Sending Point and Service Provider Contact form). Once completed, send a copy to DFAS, Enterprise Solutions and Standards, Disbursing (DFAS-IN/JJFKCD), 8899 East 56th Street, Indianapolis, IN 46249-2700 (dfas.indianapolis-in.jjf.mbx.ess-disbursing@mail.mil), and submit the original to the Fiscal Service, who will sign and forward it to the FRB.

12.3 CARD ACQUIRING SERVICE (CAS)

12.3.1. Activities participating in the CAS must comply with I TFM 5-7000 when processing credit and debit card transactions. To establish a processing relationship, activities must complete and submit the Card Acquiring Service Application (CASA) to Fiscal Service for approval. Before submission, activities must coordinate with their servicing DO.

12.3.2. All activities must settle (balance or reconcile) daily, regardless of the amount accumulated that day. Activities that fail to settle electronically every day must pay the assessed non-qualifying interchange fee. The network bank informs the activity of its cutoff times for deposits. In an electronic environment, settlement should occur through an Electronic Data Capture/Point of Sale during the day, or once at the close of business, to meet the deposit cutoff time.

12.3.3. Based on the report requirements in the participation agreement with the network bank, the network bank makes reports of the merchant's credit and debit card activity available electronically to the participating DoW activity (merchant). The summary details deposit dates, deposit dollar amounts, number of transactions processed, adjustment charges, and chargebacks. The activity must use this report to reconcile any differences between the report and accounting system entries. The activity must also reconcile the report with the DoD (DD) Form 1131, Cash Collection Voucher, submitted to the DO or Deputy DO, and with the deposit information posted in the Collection Information Repository (CIR).

12.3.4. Each participating DoW activity must establish internal control procedures to ensure the credit and debit card transaction documentation supporting all DD 1131s submitted to the DO is properly safeguarded. The activity must make the documentation available for the DO's quarterly cash verification board, the collection agent audit board, and other audit purposes.

12.4 INTRA-GOVERNMENTAL PAYMENT AND COLLECTION (IPAC) SYSTEM

12.4.1. Originating the IPAC Transactions

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12.4.1.1. A collection or disbursement voucher (e.g., DD 1131; Standard Form (SF) 1080, Voucher for Transfers Between Appropriations and/or Funds; or SF 1034, Public Voucher for Purchases and Services Other than Personal) must be prepared for each bill or payment entered in the system and processed through the DO in the same manner as other vouchers, except that no check or cash payment is sent or received.

12.4.1.2. DoW IPAC transactions require three additional data elements beyond the Treasury required information: when initiating a payment or collection in IPAC, the sender Business Event Type Code (BETC), receiver BETC, and receiver Treasury Account Symbol (TAS) are required for every transaction. An ALC may also require specific or descriptive data necessary to process the transaction completely; this information should be in the Buy-Sell Agreement agreed upon by the participating ALCs. See I TFM 2-5135 for TAS/BETC reporting of accounts F3500 (Collections and/or Payments Default) and 3502 (IPAC Default). Agencies must correctly reclassify, in the Classification Transactions and Accountability, all system defaulted transactions to a valid receipt or expenditure TAS by the third business day following the close of the accounting month.

12.4.2. The IPAC system is available through the last day of each month to enter bills or transfers for that month. However, unless the Buy-Sell Agreements set a different cutoff date and time, agencies must not process new transactions during the last five business days of the month, to avoid month-end accounting problems. When revising Trading Partner Agreements (TPA) to incorporate the five-workday cutoff, agencies must use Fiscal Service Forms 7600A and 7600B as the Department continues to migrate toward G-Invoicing. Each DoW reporting entity must apply the General Terms and Conditions (GT&Cs) for intragovernmental transaction account reconciliation, derived from I TFM 2-4700, to all transactions with internal DoW trading partners currently using G-Invoicing for GT&Cs. Cancelling year transactions must also conform to the fiscal year (FY) cutoff requirement in paragraph 12.9.

12.4.3. Recording IPAC Transactions

12.4.3.1. DoW financial reporting entities should include IPAC in intra-governmental transactions and must develop and implement internal controls to ensure receipt and acceptance is properly documented. Entities must make this documentation available within the timeframe an auditor prescribes when requested during audits.

12.5 PAY.GOV

12.5.1. Implementation

12.5.1.1. Before implementing Pay.gov, activities must obtain the approval of the servicing DO.

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12.6 DEPOSITS OF FUNDS

Under 31 U.S.C. § 3302, custodians of money (e.g., DOs) holding cash or negotiable instruments in excess of either current requirements or the amount authorized to be held at personal risk, whichever is less, must make a prompt deposit in an authorized depository of the Treasury for credit to the Treasurer of the United States. This does not apply to instruments to be returned to remitters in the form received (e.g., deposits of unsuccessful bidders for the sale of government property). Process all physically received negotiable instrument deposit transactions through the Over-the-Counter Channel Application (OTCnet) and cite a valid TAS and BETC at the time of the deposit.

12.6.1. Cash collected and deposited [before](#) the end of the business day does not impact the DO Cash TAS. Deposited funds must cite the appropriate TAS/BETC that appears on the DD 1131.

12.6.2. Cash reflected on the DD 2657, Daily Statement of Accountability (on the ending accountability and deposited lines), must cite the DO Cash TAS/BETC at the time of the deposit.

12.6.3. OTCnet

12.6.3.1. Process all physically received negotiable instrument deposit transactions through OTCnet. Agencies unable to use OTCnet for deposits of negotiable instruments due to contingency operations must establish depository arrangements with US Bank's Mail-In Treasury General Account (MITGA) through the FRB of St. Louis. This includes the deposit of commercial checks and U.S. Treasury checks. For more information on MITGA, see subparagraph [12.6.5.1.2](#).

12.6.3.2. At a minimum, Block 6 of the OTCnet deposit ticket must identify the depositing entity's name and location [and](#) the deposit preparer's name, email address, and phone number. The extent of additional information required in Block 6 is at the discretion of the DO.

12.6.3.3. After scanning items in OTCnet, retain the scanned negotiable instruments until [you verify](#) they reside within OTCnet and a good image is on file. This verification must take place within 14 calendar days. [Secure](#) scanned items awaiting approval in an approved manner (see [Section 4.0, paragraph 4.2](#)). Once verified, destroy the negotiable instruments.

12.6.4. Depositories

12.6.4.1. III TFM 2-1000 describes general depositories as commercial banks or other financial institutions designated and authorized by the Treasury to maintain a demand account in its name to accept deposits to the TGA. These depositories are designated only where needed to receive deposits of public funds for credit to the TGA or to furnish cash to DOs for

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official disbursements. If more than one bank **is** authorized at a base, station, installation, or command, the local commander must give equal recognition when recommending designation of authorized financial institutions as TGA depositaries. After Treasury approval, the commander should reasonably distribute official financial transactions among the approved depositaries. Deposit public funds **only** in a financial institution approved as a general depositary, except as shown in subparagraph 8.2.4, and mail deposits to a TGA **only** when given specific Treasury authorization.

12.6.4.2. DOs formally request authorization to deposit collections with a general depositary, or change from one authorized depositary to another, **per** I TFM 5-2000. This requirement also **covers** instances when on-base banks or credit union offices undergo changes such as acquisitions or mergers. Send the completed request, no later than 35 calendar days **before the** desired deposit start date, to the DoW Banking and Credit Union Office **by** email to dfas.dscj.jff.mbx.dod-financial-institutions-tga@mail.mil for review, coordination, and submission to the FRB of St. Louis.

12.6.4.3. The DO **must advise** DFAS-JJF/CO of the date on which the need for a general depositary ceases to exist, and the reason.

12.6.4.4. Limited depositaries are designated only to receive deposits made by or on behalf of DOs for credit to their official non-symbol checking accounts maintained with such depositaries. Limited depositaries **may** not accept deposits for credit to the Treasury. For additional information on limited depositary accounts, see [Section 15.0](#).

12.6.5. Deposit Requirements

12.6.5.1. Deposit all funds received for credit to the Treasury's account promptly.

12.6.5.1.1. Agencies must deposit receipts totaling \$5,000 or more on the same business day received, **before the** depositary cutoff time. Make deposits as late as possible **before** the cutoff time to maximize daily deposit amounts. Collections totaling less than \$5,000 may be accumulated and deposited when the total reaches \$5,000. However, make deposits by Thursday of each week, regardless of the amount accumulated. For additional information, review I TFM 5-2065.

12.6.5.1.2. Send mailed deposits to US Bank's MITGA rather than to the FRB. The MITGA **receives** deposits of commercial checks, U.S. Treasury checks, and, at the direction of the DO, cash. Before mailing deposits, the DO must establish depositary arrangements with US Bank's MITGA through the FRB of St. Louis. Once approved, establish the MITGA within OTCnet and use OTCnet in conjunction with the MITGA. When using the MITGA during contingencies (when OTCnet is not available), the DO **must** contact the FRB of St. Louis to obtain

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permission to mail a deposit. Once approved, the requestor receives a special form to complete and mail with the deposit. The former SF 215 (manually prepared deposit ticket) **may not** be used.

12.6.5.1.3. For Navy vessels at sea, when daily mail service is not available, receipts consisting only of personal checks, money orders, and other negotiable instruments may accumulate up to \$5,000 before they must be deposited, provided a deposit of all receipts on hand is made at least once each week. The DO prepares the deposits for mailing **by** registered mail and delivers them to the military post office onboard. The DO may not hold negotiable instruments pending arrival at the next scheduled port of call. Regardless of the total amount, the interval since the last deposit, and the type of instruments on hand, DOs on board naval vessels **must** make a deposit on the last regular business day before leaving port and on the first regular business day after returning to port for any **at sea** period **exceeding** 1 week.

12.6.5.2. Deposit negotiable instruments (e.g., personal checks, traveler's checks, cash, and money orders) payable in U.S. dollars for credit to the Treasury's account at an approved general depository. DOs may deposit Treasury Checks at Military Banking Facilities overseas.

12.6.5.3. Checks drawn on foreign banks in U.S. dollars, payable through a bank in the United States, must have an American Bankers Association (ABA) routing and transit number (RTN) printed on the item and **be** magnetic ink character recognition encoded with a U.S. bank's ABA RTN at the bottom left side of the check. Group these checks on a single deposit ticket and deposit them as described in subparagraph 8.3.2.1.

12.6.5.4. In conjunction with OTCnet, deposit cash, checks, drafts, or money orders in person with an authorized TGA. If **an in person cash** deposit is impracticable at an authorized TGA, the next most preferred method is by armored car. The least preferred method of depositing cash is by registered mail to the MITGA. **Because** delivery confirmation may require an additional fee to request a copy of the signature record with return receipt, the DO must ensure funding is available. Charge costs for a cashier's check or money order to operations and maintenance or working capital funds available to the DO. If cash must be mailed, the cash must **be** either double wrapped or placed in an inner and outer container. Deposit damaged or mutilated currency **per Section 4.0, subparagraph 4.4.7.**

12.6.5.5. Agent officers or any authorized collection officer may make deposits on behalf of the DO when an approved designated depository is available. These individuals **must** use OTCnet for deposits.

12.6.5.6. When an approved designated depository is not available, agent officers or any authorized collecting officers may send cash to the DO by conversion to postal money order, bank money order, or cashier's check. Pay the fee for purchase of the cashier's check or postal/bank money order in cash at the time of purchase and attach the receipt to the DD 1131. Deduct the

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cost of the cashier's check or postal/bank money order from the total amount collected. Show in the body of the DD 1131 the total amount collected, the fee for the cashier's check or postal/bank money order, the net collection, the bank, and the date of the money order.

12.6.5.7. When using the [OTCnet](#) Deposit Reporting function, all negotiable instruments in payment of an obligation due the United States, regardless of the payee to which drawn, must be endorsed on the back in the 1 1/2 inch space along the trailing edge. Insert the component's name (e.g., Army, Navy, or DFAS) first and then the 4-digit disbursing activity's DSSN in the blank following "DSSN." [Enter](#) these manually, mechanically, or as part of the stamp. Enter the date of the deposit in the blank following "Date" to correspond with the bank's business day. See subparagraph 8.3.1.

12.6.5.8. Do not accept checks with conditional endorsements (e.g., "Payment in Full"). Return these checks to the drawers and advise them that the [DoW](#) cannot legally accept conditional endorsements.

12.6.5.9. DOs [must](#) keep a complete record of negotiable instruments mailed or presented to depositories, [consisting](#) of scanned or photocopied images of both sides of [each instrument](#). If [imaging](#) is not possible, prepare a typed or written list [showing](#) the source, financial institution on which drawn, type of instrument, serial number, payee, maker, endorser (name of person from whom received when other than [the](#) drawer), date drawn, and amount. Copies of collection vouchers or other documents [showing](#) the same data are acceptable. [Because](#) the [DO](#) [bears pecuniary liability for](#) an item lost in banking channels [when the maker cannot be identified for replacement](#), the DO must [retain these images](#) or lists in active files until [CIR confirms](#) receipt of the deposit.

12.6.5.10. When a negotiable instrument is lost, whether before or after deposit, the DO [must adjust](#) the affected accounts and immediately [request](#) that the maker stop payment and replace it with a new check or other form of payment. DOs must inform members of their legal obligation for the check and offer them another opportunity to replace [it](#). If the military member refuses, the DO may pursue involuntary collection action against the member's pay, [as with any other debt](#).

12.6.5.11. A DO [who](#) is transferred or reassigned without being relieved by another DO [must deposit](#) all funds [before](#) the transfer or reassignment [occurs](#). This includes all funds held by deputies, agents, [or](#) cashiers, including imprest and change funds. [The DO must](#) report each deposit made during the period, including the final deposit.

12.6.6. Deposit Transactions

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12.6.6.1. The DO must immediately record all debit vouchers received on the DD 2657 and include them in the SF 1219 for the month received. Depositories may process a debit voucher to charge the depositing DSSN when a check is returned unpaid or lost after deposit, and depositories and the Treasury may issue debit vouchers for other valid charges against a DO's account, such as exchange fees and collection charges on foreign instruments deposited.

12.6.6.2. DOs must comply with debit vouchers received from a depository whenever any one of these conditions exists: the deposit including the lost or dishonored check was made during the incumbency of the current DO; the deposit was made during the incumbency of a DO whose account is in the 90-day local retention period; or the maker or endorser of the lost or dishonored check is locally available for collection action. If none apply, the current DO must forward the debit voucher by cover letter to the activity designated to settle the former DO's account, and must also send either the original dishonored check returned by the depository or, for lost checks, a copy of the relevant abstract from the listing of instruments deposited. The cover letter must include the most recent information on the present location and status of the maker or endorser, and the DO must send a copy of the cover letter to the issuing depository.

12.7 PAYMENT INFORMATION REPOSITORY (PIR)

12.7.1. Reconciliation of EFT Transactions

12.7.1.1. DOs must reconcile their EFT payment data, such as EFT debit vouchers, with PIR. If the purpose of an EFT transaction cannot be determined at the point of origin (time of transaction), the DO must credit either F3875 and F3885 (Budget Clearing Account (Suspense)) or Shared Accounting Module default clearing accounts F3500 for proprietary payments and collections and F3502 for Intra-Governmental Payment and Collection, as appropriate, and follow the guidance in Volume 4.

12.8 CIR

12.8.1. DOs must confirm deposits using CIR. For guidance on deposit reconciliation, see subparagraph 12.8.2.

12.8.2. Deposit Reconciliation – General

12.8.2.1. DOs or their designees must reconcile DoW financial system data daily with CARS and maintain a manual or mechanized subsidiary record of all debit voucher differences. If the purpose of a deposit cannot be determined at the point of origin (time of transaction), the DO must credit either F3875 and F3885 (Budget Clearing Account (Suspense)) or Shared Accounting Module default clearing accounts F3500 for proprietary payments and

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collections and F3502 for Intra-Governmental Payment and Collection, as appropriate, and follow the guidance in Volume 4.

12.8.2.2. CARS reporters must ensure there are no uncleared statements of differences before becoming a "Full" CARS daily reporter. Agencies that use the online application within CARS for interagency billings and payments for goods and services no longer receive a statement of difference report (formerly Financial Management Service (FMS) Form 6652) and are no longer required to follow the FMS 6652 guidance. The Treasury compares the value of deposits and debit vouchers reported on DOs' activity reports to those reported through CIR.

12.8.2.3. Treat all differences that have not been reconciled within 60 days of the transaction, and that are validated as meeting the criteria of an actual physical loss of funds, as a loss or overage of funds with the associated pecuniary liability prescribed in Section 7.0. Do not treat timing differences or reporting errors as a loss of funds, but the DFAS site must pursue aggressive action to clear the differences with appropriate offsetting transactions, through the departmental level, Treasury, or agency, within 60 days of the offsetting transaction.

12.8.2.4. DOs must strictly follow the preparation requirements for deposit tickets and debit vouchers and must report all deposit tickets and debit vouchers promptly and properly.

12.8.2.5. Once deposit tickets are released to a depository, the documents cannot be recalled, corrected, or resubmitted, and the Treasury prescribes specific instructions to approved depositories on adjusting errors discovered after the day of deposit. DOs must take aggressive action to reconcile or clear all differences as rapidly as possible after the Treasury notifies them that a difference exists.

12.8.2.6. To maintain control, the DO or the DO's designees must monitor deposit activity daily using CIR and maintain a manual or mechanized subsidiary record of all deposit differences. They must review the record of differences at least weekly to ensure the differences clear, and must retain the evidentiary documentation supporting the review for the retention period in Section 16.0, paragraph 16.2. These records need not be certified. Each time there is a change of DOs, the incoming DO must validate the unresolved differences. If the departing DO cannot provide the incoming DO with documentation supporting the unresolved items, the departing DO must process the unsupported items as a loss or overage of funds (see Section 7.0).

12.8.3. Deposit Reconciliation – Discrepancies

12.8.3.1. If the depository does not confirm a deposit presented by mail within a reasonable period of time, the DO must initiate follow-up action with the depository to determine the deposit's status. A reasonable period of time is the normal mailing time from the date mailed

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to the depository until the deposit is confirmed, based on past experience, and tactical DOs must consider unit movement schedules and locations when the deposit was mailed. In any event, the DO must initiate follow-up action within 30 days from the date of mailing a deposit.

12.8.3.2. A follow-up request to a depository must include a copy of the applicable deposit ticket and a description or copies of the instruments in the deposit. The depository provides confirmation information in response. If the depository acknowledges receipt of the deposit but refuses to report the transaction to the Treasury, the DO must provide written notification, with copies of all correspondence and documents involved, to DFAS-JJF/CO, which then pursues resolution through the Treasury and provides the DO written instructions on additional actions to take.

12.8.3.3. Depositories generally prepare debit vouchers only to adjust erroneous amounts on deposit tickets and debit vouchers, to return dishonored negotiable instruments, or to adjust deposit tickets for counterfeit currency, and all debit vouchers depositories prepare are reported automatically to the Treasury. Unless the DSSN on the debit voucher is not the DSSN of the DO receiving it, the DO must record the debit voucher on receipt and include it in the detailed deposit activity report. This requirement applies regardless of whether the debit voucher is deemed erroneous or the reason for the charge needs further clarification.

12.8.3.4. Daily CIR monitoring alerts the DO that a depository has issued a debit voucher. The DO must confirm the information in CIR and include the debit voucher on the DD 2657 and detailed deposit activity report during the month of receipt. The DO must report the debit voucher using the month and year of issue reported by the depository in CIR, not the month and year in which it is being recorded. Section II, Part B, Column (3) of the SF 1219 must indicate the actual month and year of the debit voucher as reported by the depository, and the detailed deposit activity report must use the same actual month and year.

12.8.3.5. If a transaction occurs near the end of the month and the DO cannot process and report it in the transaction month, a deposit difference will occur. To correct it, the DO must obtain the transaction documentation and process both the payment and the debit voucher on the DD 2657, SF 1219, and detailed deposit activity report during the current month. The DO must report the debit voucher using the actual month and year of the payment reported by the depository in CIR, not the month and year in which it is being reported, and must include it in the detailed deposit activity report using that actual month and year.

12.8.3.6. Daily CIR monitoring alerts the DO that the depository has issued a new debit voucher. DOs using depositories that routinely process debit vouchers this way should contact the depository in writing to request an explanation and ask that the depository process the debit vouchers the DO provides with the payment files. If the depository refuses to process the DO's debit vouchers, the DO must provide written notification, with copies of all correspondence

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and documents, to DFAS-JJF/CO, which will pursue resolution through the Treasury and provide the DO written instructions on any additional actions to take.

12.9 CLOSED/CANCELLED ACCOUNTS

On September 30 of the fifth [fiscal year](#) after the period of availability for an obligation of a fixed appropriation account ends, the account must be closed and any remaining balance, whether obligated or unobligated, must be cancelled and [is](#) thereafter not available for obligation or expenditure for any purpose, unless exempt by a provision of an appropriation law. Collections authorized or required to be credited to an appropriation account but not received before the account [closes](#) must be deposited in the Treasury as miscellaneous receipts [per](#) 31 U.S.C. [Sec](#) 1552(a). All [cancelling-year](#) transactions, [such as](#) transactions to be paid from an appropriation cancelling at the end of the current [fiscal year](#), must be submitted to DFAS no later than September 15 each year, or the business day [before](#) when September 15 [falls](#) on a weekend.

13.0 QUESTIONABLE AND FRAUDULENT CLAIMS

13.1 GENERAL

13.1.1. This chapter establishes policy for processing questionable and fraudulent claims presented for certification or payment that a Certifying Officer (CO) or Disbursing Officer (DO) believes to be illegal or improper. [Determining](#) potentially fraudulent claims is the responsibility of the CO [and](#) DO. The CO [and](#) DO must research claims and base their determinations on the criteria in this chapter and the legal opinions of the supporting Staff Judge Advocates (SJA) or other legal counsel. A fraudulent claim is any intentional deception designed to unlawfully deprive the United States of something of value or to secure from the United States a benefit, privilege, allowance, or consideration to which a claimant is not entitled. This chapter also [addresses](#) a CO's, DO's, [or](#) head of an agency's right to request an advance decision from the appropriate authority.

13.1.2. Authoritative Guidance

13.1.2.1. Under Title 31, United States Code (U.S.C.), section 3529 (31 U.S.C. § 3529), a CO, DO, or head of an agency may request an advance decision on the propriety of any prospective payment from an authorized official. This authority does not cover legal decisions [on](#) payments already made or hypothetical cases.

13.2 ADVANCE DECISIONS

13.2.1. The submitter of an application states the facts and evidence [supporting](#) the reasons for the request and [on](#) which to base the decision. An application must generally include a specific claim or voucher. [The submitter sends](#) applications through the Office of General Counsel (OGC) of the [DoW](#) Component or the DFAS to the [DoW](#) Deputy General Counsel (Fiscal) ([DoW](#)

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DGC(F)) for determination. The affected Component or DFAS OGC must attach a legal memorandum [discussing](#) the legality of the proposed payment under the circumstances. The responsible activity, DFAS site, or appropriate OGC may return cases involving entitlement questions [already](#) clearly decided authoritatively, with a determination that no advance decision is necessary. A submitter may resubmit such a determination through the responsible activity for reconsideration.

13.2.2. An advance decision is conclusive for the specific payment involved on the question presented. Although an advance decision is conclusive [only](#) for the specific payment reviewed, COs [must](#) use the principles cited in the decision when making future entitlement decisions.

13.3 FALSE, FICTITIOUS, OR FRAUDULENT CLAIMS

13.3.1. If there is reason to suspect that a claim presented for certification or payment contains fraudulent information, the CO must request [that](#) their commander or comparable authorized civilian initiate an investigation into the suspected fraud. A DO [who](#) suspects that a certified voucher is fraudulent must return it to the CO. The requirement to request an investigation applies regardless of the dollar value. Once the investigation and legal review by the supporting SJA or other legal counsel are complete, the investigating officer (IO) gives [the CO and DO](#) a copy of the completed report of investigation (ROI). See [Section 7.0](#) for ROI guidance.

13.3.1.1. If the ROI does not support a finding of fraud, the CO may certify the voucher for payment of all amounts to which the claimant is entitled. The CO [must document](#) the reasons for the determination and [maintain the](#) documentation [in](#) the CO's records.

13.3.1.2. If the ROI confirms that some items of the claim are fraudulent, the claimant may submit [to the CO](#) a new claim for the items the ROI identified as not fraudulent. A claimant who protests the determination of fraud and insists on payment of the entire claim may submit a new claim for the items denied because of fraud. The CO processes the reclamation for the [disallowed](#) items as prescribed in [subparagraph 13.3.3](#).

13.3.2. A CO or DO who suspects that a claim was paid based on fraudulent information or documents must review the retained copy of the claim to determine [whether](#) it contains false information.

13.3.2.1. A CO or DO who suspects that a paid claim is fraudulent must inform his or her commander or comparable authorized civilian, who then initiates an investigation of the suspected fraud regardless of the dollar value involved. See [Section 7.0](#) for ROI guidance. [After](#) the investigation, the supporting SJA or OGC reviews [it](#) for legal sufficiency. The IO then gives the CO and DO each a copy of the final ROI.

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13.3.2.2. On learning of an improper payment based on suspected fraud, the CO or DO sends an ROI to the supporting DFAS site through their commander or comparable authorized civilian equivalent. The ROI must include a basic statement of the irregularity, the date, amount, and identification of the individuals involved. On completion of the final recovery, investigative, or other negative action, the CO or DO advises the supporting DFAS site.

13.3.2.3. If the CO determines that some or all items of a paid claim are fraudulent, the CO may not certify any of the items for repayment.

13.3.2.4. Losses resulting from fraudulent acts are improper payments, except losses within the disbursing office. The DO leaves them charged to the appropriations cited on the payment vouchers (see Section 7.0). Any losses, regardless of the dollar amount, where there is evidence of fraud within the disbursing office (for example, embezzlement or fraudulent acts by disbursing personnel) are physical losses (see Section 7.0).

13.3.3. Reclamation of Items Disallowed or Recovered Due to Fraud

13.3.3.1. The CO sends reclamations for items disallowed or recouped due to fraud through the appropriate office in his or her chain of command to the DoW DGC(F). For a claim denied in its entirety, submit the original claim. Send the completed claim with a cover letter or memorandum from the CO stating why the claim is fraudulent, with the statement: "I have not certified and will not certify this claim for payment unless authorized by competent authority." Include the original and two copies of all supporting documents and the orders with all endorsements for a travel claim, and a copy of the paid voucher for the items free of fraud.

13.3.3.2. A CO may not certify a reclamation claim for any or all of an amount recovered by the government due to an illegal or improper payment of any voucher item obtained by fraud or misrepresentation processed under subparagraph 13.3.3.

13.3.3.2.1. The CO or DO must send paid fraudulent claims to the appropriate pay office and local OGC or SJA for referral to the Defense Criminal Investigative Service or military criminal investigative organization. Recover payments based on substantiated claims of fraud by direct repayment from the employee through salary offset or by other procedures in Volume 16. The CO or DO may take no further action on the paid fraudulent claim until OGC or SJA gives the CO or DO specific processing and disposition instructions.

13.3.3.2.2. Under 37 U.S.C. § 1007(c) and the guidance in this chapter, the CO or DO collects debts owed by military members. When a debtor requests reconsideration of a fraud determination, the creditor organization submits the debtor's evidence or statements to the local SJA for review.

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14.0 FOREIGN DISBURSING OPERATIONS

14.1 GENERAL

14.1.1. Overview

14.1.1.1. Where U.S. currency [use](#) is prohibited or diplomatic or financial considerations make [it](#) inadvisable, the senior commander [must consult](#) other U.S. military commanders and U.S. Department of State (DoS) representatives in the area to determine the local government's foreign currency control regulations, [and must issue](#) instructions that conform to DoS procedures and [those](#) local regulations. Disbursing Officers (DOs) must follow [the](#) disbursing guidance in [Section 10.0 on](#) voucher certification and substantiation [before](#) executing payment transactions, including advances, equitable claims, and payments to third parties.

14.1.1.2. The same policies governing domestic disbursements [apply](#) to foreign currency disbursements. Except where U.S. diplomatic or financial relations make use of the U.S. dollar (USD) inadvisable, U.S. currency or Treasury checks are the only media of exchange for:

14.1.1.2.1. Basic salaries, special and incentive pay, and allowances (e.g., subsistence and housing) in USDs for U.S. military personnel stationed overseas;

14.1.1.2.2. Salaries and differentials to similarly situated U.S. citizen civilian personnel in fulfillment of U.S. contractual or statutory obligations in USDs;

14.1.1.2.3. Per diem;

14.1.1.2.4. Travel expenses; and

14.1.1.2.5. Purchases from appropriated and nonappropriated fund activities located in the foreign currency area.

14.1.1.3. A disbursement voucher may [serve as both](#) a payment voucher and a collection voucher for transactions involving setoff or deduction to recover an amount owed by the payee, with [the](#) net amount due disbursed to the payee. All disbursements must be supported by formal disbursement vouchers (see [Section 10.0, paragraph 4.0](#)). [The](#) Volume 1 financial records retention [requirements](#) apply to contingency operations.

14.1.1.4. International Treasury Services (ITS.gov), [the U.S. Department of Treasury's comprehensive international payment and collection system](#), is the preferred method to issue foreign currency payments electronically and to issue international USD wire transfer payments.

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14.2 EXCHANGE OF U.S. DOLLARS FOR FOREIGN CURRENCY

14.2.1. When it is not practical to use ITS.gov, or the DO does not have a limited depository account (LDA) in the currency to be paid, the DO may acquire foreign currency. An appointed DO may obtain foreign currency **only** for official purposes, such as **paying** U.S. Government creditors and exchanging foreign currency or other negotiable instruments for which the DO is accountable. Foreign currency obtained may be held as currency or in an LDA (see [Section 15.0](#)). DOs may obtain foreign currency **from the** sources in [subparagraph 14.2.2](#) and from sources authorized by the government of the country concerned. When DOs exchange USDs for foreign currency, the following guidelines apply:

14.2.1.1. Exchange foreign currency **only when it** is needed for immediate funding requirements. DOs **must** ensure that payment for foreign currency purchases **is made** on the value date.

14.2.1.2. Speculation in foreign currency is prohibited.

14.2.1.3. Any change in program costs resulting from foreign currency **use** in international financial arrangements is the responsibility of the involved U.S. or foreign program agencies.

14.2.1.4. Foreign currency **must** not be purchased by forward contracts directly from foreign governments, private firms, or individuals at a negotiated rate without prior Treasury authorization. Submit such requests through DFAS, Disbursing Policy (DFAS-ZPTA), 8899 East 56th Street, Indianapolis, IN 46249-0500 (dfas.indianapolis-in.zpf.mbx.disbursingdebtmanagementpolicy@mail.mil).

14.2.1.5. Limit DO foreign currency holdings in a safe, vault, or LDA to no more than **a seven-business-day** requirement, unless **the Treasury authorizes** an increase (see [Section 15.0](#), subparagraph [15.3.10.2.1](#)). This **limit** includes foreign currency held by all authorized deputies, agents, and cashiers within the disbursing office and at remote locations.

14.2.1.6. Acquire foreign coins only to fill specific needs or when received as change incident to an official cash payment in foreign funds.

14.2.1.7. Prepare foreign currency reports **per paragraph 7.0**.

14.2.2. Procurement of foreign currency from U.S. Government or commercial sources requires a certificate or statement showing the amount purchased, the rate of exchange, the amount of USDs paid, the date, and the **source or seller**. Include the certificate or statement with the monthly financial reports. DOs may use ITS.gov to acquire foreign currency via electronic funds transfer. Each exchange voucher must be submitted in support of the disbursing office **accounts**

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and attached to [the](#) monthly Standard Form (SF) 1219, Statement of Accountability. A DO may also obtain foreign currency from the following sources:

14.2.2.1. Other U.S. Government sources include [DoW](#) DOs, U.S. DOs (USDOs), cashiers at American Embassies, or the Federal Reserve Bank of New York (FRBNY). Normally, the DO draws a U.S. Treasury exchange-for-cash check and endorses it to the order of the officer furnishing the foreign exchange. When foreign currency is purchased from a USDO or an American Embassy cashier, the check may be issued to the American Embassy. When foreign currency is purchased from the FRBNY, the DO makes appropriate shipping arrangements; and

14.2.2.2. [DoW](#) Military Banking Facility (MBF). When possible, DOs can purchase foreign currency from a MBF (includes funds for LDAs) using a U.S. Treasury exchange-for-cash check.

14.2.3. Absent [ready access](#) to the Federal Reserve System, the DO [may](#) request [Treasury](#) approval to establish currency custody LDAs with the government's contractor-operated MBF. The DO must settle daily with the MBF. Report the balance held in custody accounts on the Custody or Contingency Cash [line](#) of the [DoW](#) DD Form 2657, Daily Statement of Accountability, reflected in the DO Cash Treasury Account Symbol (TAS), and [on](#) the SF 1219.

14.2.4. Subject to subparagraph 3.3.4, DOs may purchase foreign currency from individuals. DOs may also receive foreign currency as refunds from foreign vendors or in payment for sale of excess foreign property [per](#) DoD Manual (DoDM) 4160.21-V1. Foreign currency sales receipts from post offices, exchanges, commissaries, and other nonappropriated fund activities are not collections by the disbursing office, but may be acquired by purchase only to the extent necessary to acquire foreign exchange for the LDA.

14.3 FOREIGN EXCHANGE TRANSACTIONS

14.3.1. Policies for Financial Transactions

14.3.1.1. Withdraw dollars from the Treasury on behalf of any program management organization only as needed, [based](#) on the recipient organization's funding requirements to carry out the project.

14.3.1.2. Negotiate dollar outlays as close as possible to [the](#) need for current program expenditure to support international programs requiring U.S. funding.

14.3.1.3. Obtain the U.S. Government share of funding required to support a program by appropriation, with no part derived from interest earned on U.S. contributions. [DoW](#) Components [must](#) ensure that any interest earned is deposited promptly to the Treasury General

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Fund Receipt Account 3220 (General Fund Proprietary Receipts, Not Otherwise Classified, All Other).

14.3.1.4. Consider the fiscal needs and funding policy concerns of each participating country or international organization, provided that U.S. Government cash management policies are not compromised.

14.3.1.5. Accommodate the financial policies of each participating country or organization to the maximum extent feasible. Except for arrangements entered into [solely to implement](#) U.S. international monetary policy, retain USDs in the Treasury until actually required for immediate disbursement, to minimize interest cost on the public debt.

14.3.1.6. Act on requests from a foreign country or international organization for the temporary deposit and safekeeping of USDs in trust in a Treasury account on their own merit. Base the decision on the reason for the request, the specific financial arrangements proposed, and the relevant U.S. Government political and general financial considerations. All requests must include a recommendation from the local commander and be submitted to DFAS-ZPTA/IN (dfas.indianapolis-in.zpf.mbx.disbursingdebtmanagementpolicy@mail.mil).

14.3.1.7. DoW Components [must](#) not invest funds on behalf of a foreign country or international organization when receipt of such funds serves as a basis for creating contract obligation authority for the DoW Component or other U.S. Government department or agency.

14.3.1.8. DoW Components [must](#) ensure that [their administrative practices do not compromise](#) application of these general policies in negotiations with foreign countries and international organizations.

14.3.2. Accommodation Exchange Services

14.3.2.1. Commanders may approve and implement accommodation exchange services only after determining that:

14.3.2.1.1. Contract MBFs, other on-base financial institutions, exchanges, commissaries, or U.S. Postal facilities cannot fulfill the needs of DoW personnel;

14.3.2.1.2. The DO or agent has an immediate need for the foreign currency repurchased; or

14.3.2.1.3. Resources are available to provide these services without impacting levels of other financial services (e.g., primary disbursing and related functions).

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14.3.2.2. When satisfactory local banking facilities are not available to conduct accommodation transactions, and after the commander approves a written check cashing policy, DOs may use official funds to:

14.3.2.2.1. Disburse foreign currency for checks, drafts, bills of exchange, and other instruments payable in USDs; and

14.3.2.2.2. Cash foreign currency checks drawn by accountable officers of the U.S. on non-symbol checking accounts for the same currency in which drawn, when the currency is needed by the officer for official purposes.

14.3.2.3. MBFs normally make accommodation exchanges of foreign currency at installations served under the DoW MBF contract, and DOs providing accommodation exchange services in those countries obtain needed foreign currency from the MBF at the accommodation rate. DoW personnel must not receive accommodation exchange service from USDOs or Treasury DOs in areas where DoW DOs provide those services; DoW personnel assigned or attached to U.S. embassy duty may use available embassy cashier services. DOs, agents, and cashiers making these accommodation exchanges must maintain the DD Form 2664, Currency Exchange Record, Record of Individual Exchange Transactions, daily to ensure implementation of the requirements in paragraph 7.0.

14.3.2.4. DOs are prohibited from purchasing foreign currency from individuals in areas served by MBFs under DoW contract. In areas not served by contract MBFs, DOs may purchase foreign currency or instruments payable in foreign currency in exchange for USDs or dollar instruments before an individual's departure on home leave or completion of a foreign assignment. When making such purchases, DOs must comply with the following:

14.3.2.4.1. If the foreign currency presented does not exceed the sum of the individual's salary and allowances for two biweekly pay periods, it may be purchased without requiring any documentation from the departing individual.

14.3.2.4.2. If the foreign currency presented exceeds the amount authorized in subparagraph 3.3.4.1, the requestor must submit a written application to the commander for approval of the purchase. The application must include a statement describing the source of the currency and a statement affirming that none of it was acquired in violation of the local regulations or exchange control laws of the country concerned.

14.3.2.4.3. The purchase of foreign currency with USDs must consider the DO's immediate foreign currency disbursing requirements. A DO may suspend making accommodation exchanges for such time and to the extent necessary to carry out other responsibilities.

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14.3.2.4.4. Purchase the foreign currency at the prevailing market rate.

14.3.2.4.5. Keep a DD 2664 daily to reflect the amount and source of purchased funds.

14.3.2.5. The appropriate commander establishes foreign currency accommodation exchange services for dependents of DoW personnel at safe haven areas to which they were ordered by competent authority in an emergency evacuation. These services must be consistent with the amount of exchanges authorized for dependents of U.S. personnel employed by other U.S. Government agencies.

14.4 CURRENCY RATE OF EXCHANGE

14.4.1. Prevailing Rate of Exchange

14.4.1.1. Unless otherwise authorized by the Treasury, carry all foreign currency, including amounts held in LDAs, at the prevailing rate of exchange. Foreign currency acquired without purchase includes burdensharing contributions made in host nation currency and held in accounts authorized by 10 U.S.C. § 2350j. Compute disbursements for official expenditures or accommodation exchange transactions to avoid gains or deficiencies due to exchange rate fluctuations to the extent possible. If no rate of exchange is established by agreement between the U.S. Government and the foreign country, or where no MBF is available, conduct foreign currency transactions at the prevailing rate using the recomputed rate of exchange per subparagraph 14.4.2.

14.4.1.2. When purchasing from sources other than the U.S. Government, DOs must acquire foreign exchange at the best rate available (e.g., fixed or non-fixed legal rate) in the currency in which the exchange will be expended. Follow DoS regulations or the currency-control laws of the country where the currency will be used. Draw Treasury checks to obtain foreign exchange from commercial sources in favor of the DO and endorse them to the order of the banking institution or commercial enterprise providing the funds.

14.4.1.2.1. The best fixed legal rate to the U.S. Government, depending on the circumstances in each country, may be any officially established buying rate for dollars, including diplomatic rates or special rates established by agreement with the country's authorities. When a fixed legal rate prevails, purchase foreign exchange at the best applicable rate for the particular transaction. Purchases at fixed legal rates may be made without obtaining bids, but a statement signed by the seller must evidence each purchase and set forth the pertinent data: the date, amount of purchase, and exchange rate. The DO must retain the statement as a supporting document with the SF 1219 (see Section 16.0, paragraph 16.8).

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14.4.1.2.2. When rates legally applicable to the particular transaction are not fixed, or when such rates are fixed but the use of other rates is also legal for the [transaction](#), DOs [must](#) purchase foreign exchange at the best obtainable rate. When foreign exchange can be purchased at a non-fixed legal rate, DOs [must](#) solicit bids from [at least](#) three sources if available.

14.4.1.2.2.1. When practical, solicit bids from sources outside the country of the currency involved. Accept the bid providing the most beneficial exchange rate to the U.S. Government. The DO [must include](#) a copy of the certified and accepted bid as a supporting document with the financial reports and [keep](#) a copy to substantiate the place of purchase if some of the currency is eventually sold through commercial channels. The DO [must](#) retain documentation [of](#) the most beneficial bid, accepted and certified, with the SF 1219.

14.4.2. The DO [must](#) recompute the operating rate of exchange [when](#) the rate of exchange of newly acquired foreign currency differs from that of the DO's current balance. The DO then disburses from [the](#) account using the recomputed rate of exchange.

14.4.2.1. Credit gains or charge deficiencies due to rounding to account 6763 (Gains and Deficiencies on Exchange Transactions) using DD Form 1131, Cash Collection Voucher, or SF 1034, Public Voucher for Purchases and Services Other Than Personal, as appropriate. Attach a Certificate of Adjustment, as prescribed in subparagraph [14.4.2.1](#), to the voucher to support the transaction.

14.4.2.2. The DO or DDO [must prepare](#) and [sign](#) a Certificate of Adjustment Due to Rounding when a minor gain or deficiency results.

14.4.2.3. Any change in the prevailing rate of exchange causes a gain or deficiency by revaluation [because](#) the USD value of the foreign currency [changes](#), except when using the method in subparagraph [14.4.2.1](#). Whenever possible, revalue the foreign currency on hand (including LDAs) at the beginning of the business day on which a rate change occurs. Determine the new USD value by dividing the total foreign currency on hand (including LDAs) by the new exchange rate, and [determine](#) whether a gain or deficiency by revaluation occurred by comparing the USD value at the old rate to the USD value at the new rate. Because DOs carry foreign currency held in the disbursing account at the USD value, adjust that value by the gain or deficiency (loss), recording the revaluation as a collection or disbursement transaction in the DO's account.

14.4.2.4. Gains and deficiencies may occur due to rounding or revaluation. Except when using the method in subparagraph [14.4.2.1](#), credit foreign currency gains [using](#) a DD 1131 and charge foreign currency deficiencies [using an](#) SF 1034. [Report](#) gains and deficiencies through Classification Transactions and Accountability, citing an increase or decrease to account 6763, the DO Cash TAS, [and](#) the proper Business Event Type Codes. Calculate gain/deficiency values for each currency individually by DO/DDO/agent/cashier to keep personal accountability accurate.

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DOs may consolidate the net change for all currencies on a single DD 1131 or SF 1034, as appropriate.

14.4.2.5. Code all credits and charges to account 6763 as USD transactions. Use account 6763 only for gains and deficiencies due to foreign currency revaluations. Account 6763 has no relationship with the Foreign Currency Fluctuations, Defense (FCFD) or the Foreign Currency Fluctuations, Construction, Defense (FCFCD) accounts, **which are** used for differences between **the** budgeted foreign currency rates at which obligations are recorded and the rates at which they are liquidated. Reflect the FCFD and FCFCD portions of foreign currency disbursements separately on disbursement vouchers as charges to the appropriate foreign currency centrally-managed allotment account **established** for that purpose.

14.4.2.6. Service members stationed overseas are authorized **an** advanced overseas housing allowance for security deposits to obtain leased housing. As authorized by the Defense Travel Management Office, the supporting DO pays the necessary amount in the appropriate local currency and charges the appropriate military pay appropriation for the USDE. The preferred method for paying **the** advanced housing allowance is **an** LDA check in the local currency of the area involved.

14.4.2.7. The supporting finance office **must maintain** a tracking system, either by input into the master military pay account (MMPA) or by manual methods, showing the amount of the advance paid in local currency, the USDE, and the exchange rate on the date of payment.

14.4.2.8. At lease termination, service members return the total deposit in local currency to the supporting disbursing office in exchange for a receipt. The supporting disbursing office credits the USDE, based on the rate of exchange in effect on the date of return, to the appropriation charged when the deposit was advanced; compares that rate with the rate in effect on the date of the advance; and posts any gain or deficiency (loss) due to currency fluctuation as a charge or credit, as appropriate, to the current military pay appropriation.

14.4.2.9. If the security deposit was paid in USD, the service member takes the full value of the security deposit in foreign currency to the MBF, converts it to U.S. currency, obtains a receipt indicating the exchange rate, and turns in the U.S. currency and receipt to the disbursing office. The disbursing office prepares a collection voucher for credit to the appropriate military pay appropriation, indicates return of the security deposit, verifies with the MMPA or local record whether a gain or deficiency occurred **at** the current exchange rate, and prepares the appropriate voucher to credit or debit the gain or deficiency to the appropriate military pay appropriation. **The office must** ensure the member does not experience any gain or deficiency due to foreign currency fluctuations.

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14.5 USE OF FOREIGN CURRENCIES FOR TRANSPORTATION

14.5.1. To the maximum extent possible, use [U.S.-owned](#) foreign currencies for transportation when certified air carriers are available and will accept such currencies in payment for U.S. Government-financed, commercial, foreign air transportation of persons or property. Review DoD Directive 4500.09E, Transportation and Traffic Management, for guidance on [using](#) these air carriers and [determining](#) their availability. [When](#) issuing and exchanging Government Transportation Requests (GTRs), Government Bills of Lading (GBLs), transportation warrants, or other procurement documents, state clearly 'PAYMENT IN (foreign currency)' on the form; otherwise, the carrier may demand payment in [USD](#).

14.5.2. In the 'BILL TO' portion of the GTR, GBL, transportation warrant, or other procurement document, [DOs must include the name of the requesting agency, address to be billed, and instruction on payment in foreign currency.](#)

14.6 DISPOSITION OF FOREIGN CURRENCY AND NEGOTIABLE INSTRUMENTS

14.6.1. DOs may use foreign currency for payments to foreign personnel and vendors. For miscellaneous advance payments, see Volume 10.

14.6.2. When possible, transfer [excess](#) foreign currency to other [DoW](#) DOs, USDOs, U.S. Embassies, or accountable officers in a locality with immediate disbursing needs. When the collection of foreign currency causes a [noninterest-bearing](#) LDA to exceed immediate disbursing requirements, see [Section 15.0](#), subparagraph [15.3.10.2.1](#).

14.6.2.1. A DO may sell excess foreign currency to an MBF whenever the currency cannot be sold to another [DoW](#) DO. The selling DO uses the MBF buy rate as the rate of exchange on the date it sends the currency to the MBF and accounts for any gain or deficiency due to exchange rate fluctuations when it receives the USD from the MBF.

14.6.2.2. If foreign currency cannot be sold [to a DoW DO or MBF](#), a DO may sell it through commercial channels. If the rate of exchange has been established by agreement between the U.S. and the foreign country, sell or otherwise dispose of [the](#) foreign currency for U.S. currency or USD checks at the established rate of exchange.

14.6.2.2.1. For this type of sale, the bank or other entity [buying](#) the foreign currency [must provide](#) a statement showing the amount of USD supplied, [the](#) rate of exchange, [the](#) amount of foreign currency received, [the](#) date, and [the](#) name and address of the bank or entity. The recipient's representative signs the statement, and the DO includes it with the financial reports. A DO may also conduct foreign currency sale transactions with a bank or entity approved by the

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Treasury (e.g., an MBF) to establish LDAs in the currency purchased (see [Section 15.0, paragraph 15.3](#)).

14.6.2.2.2. When the rate of exchange is not established by agreement between the U.S. and the foreign country, or [when no](#) bank or entity [is](#) approved by the Treasury to establish LDAs, use a DD 2668 to request at least three bids from reputable banking institutions or dealers in foreign exchange, if available. Sell the foreign currency to the bidder submitting the most beneficial bid, as certified by a commissioned officer other than the DO; the DO accepts [the bid](#) and includes it with the financial reports to support gains or deficiencies in foreign currency transactions.

14.6.2.3. If disposition is not possible through a [DoW](#) DO or an MBF, follow guidance in I [TFM-5-6000](#) for [depositing](#) foreign currency and checks drawn on foreign banks.

14.6.3. Dishonored foreign instruments received by [DoW](#) DOs are subject to the regular debt collection procedures. DOs must request removal of [dishonored-item](#) deficiencies for instruments received that become uncollectible (see [Section 5.0, subparagraph 5.5.1](#)).

14.6.4. DOs [must](#) take every possible precaution to prevent acceptance of mutilated foreign currency as a collection, payment, or exchange transaction. A DO holding mutilated foreign currency must contact local banks or fiscal authorities to arrange the exchange of mutilated or unfit currency for fit currency.

14.6.5. DOs [must](#) take every possible precaution to prevent acceptance of counterfeit currency as a collection. If the collection is counterfeit, see section 2030.50 in I TFM 5-2000. If no agreement exists with the foreign government, ship the currency to the appropriate investigative agency or nearest military security agency. Obtain a receipt for the currency and account for it in the DO's records in the same manner prescribed in [Section 4.0, paragraph 4.6](#) for counterfeit U.S. currency. A DO at fault in acquiring counterfeit foreign currency is accountable for the value of the currency [and must](#) submit a request for relief of liability [per](#) the process in [Section 7.0, paragraph 7.6](#). This is the same process used for accountability for receipt of counterfeit U.S. currency.

14.7 RECORDS AND REPORTS

14.7.1. Treat transactions involving foreign currency as cash transactions and follow the same principles and guidelines established for controlling U.S. currency. DOs, DDOs, agents, and cashiers who engage in foreign currency transactions (e.g., collections, disbursements, and accommodation exchanges) must document them on the DD Form 2663, Foreign Currency Control Record. This form shows current balances of foreign currency on hand (all foreign currency held

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by cashiers, in the vault, or by other agents of the DO) and in LDAs, as well as the detailed transactions that increase or decrease these balances.

14.7.2. Maintain separate DD 2663s for each type of foreign currency used (e.g., Kuwaiti Dinar, Euro, and Japanese Yen). Also maintain a separate DD 2663 for accommodation exchange foreign currency carried at an exchange rate different from that used for disbursements. DOs may maintain separate DD 2663s for foreign currency on hand and in LDAs.

14.7.3. Foreign Currency Reports

14.7.3.1. Include with the foreign currency reports a cover sheet with the following headings: Country of Currency; Monetary Unit; Number of Units Purchased; Total Dollar Outlay; and Memorandum-Dollar Outlay for Accommodation Exchanges. Reports are due within 15 calendar days after the close of each quarter to the supporting DFAS site. Reports may be combined and submitted as one report.

14.7.3.1.1. [The](#) Cumulative Report of Foreign Currency Purchased With USD From Sources Outside the U.S. Government is cumulative for the fiscal year. Include the amounts acquired through accommodation exchange transactions as well as purchases from banks and other dealers in currency exchange.

14.7.3.1.2. [The](#) Report of the Balance of Foreign Currency Held Under Dollar Accountability is due by the end of each quarter to the same DFAS site as the cumulative report. It may be combined with the cumulative report.

14.7.3.1.3. [The](#) Report of Foreign Exchange Received by DOs and Credited Immediately to Miscellaneous Receipt Accounts of the Treasury is a cumulative report of outside purchases and [a](#) quarterly report of balances of foreign currency on hand. These funds are received for [items](#) such as fees and services and are immediately purchased by DOs with appropriated funds for their operating needs. Exclude repayments to appropriations.

14.7.3.2. DFAS sites [must](#) consolidate the DOs' quarterly reports and forward them to DFAS, Departmental Reporting Directorate, Treasury Division, Reporting Operations Branch, Column 334Z-1, 8899 E. 56th Street, Indianapolis, IN 46249, in time [for delivery](#) to the Treasury 45 calendar days after the close of each quarter.

14.7.3.3. Report foreign currency balances held in USDE on the SF 1219, including those in LDAs.

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15.0 LIMITED DEPOSITARY CHECKING ACCOUNTS

15.1 GENERAL

15.1.1. If Treasury's International Treasury Services (ITS.gov) will not support mission requirements, DoW disbursing officers (DOs) may maintain official limited depositary accounts (LDAs) for check or electronic funds transfer (EFT) payments in foreign currencies with banks Treasury designates as "Depositories of Public Moneys of the United States." LDAs are cash and investments held outside Treasury funds and must be reflected in the DO Cash Treasury Account Symbol. LDA transactions follow the same reporting process to the Payment Information Repository (obtaining funds) and to Classification Transactions and Accountability (cash disbursement and collections) as U.S. dollar transactions, and must be recorded on the DD 2657, Daily Statement of Accountability, and the SF 1219, Statement of Accountability.

15.2 SOLICITATION

15.2.1. Overview

15.2.1.1. When anticipating a new LDA, a DO (or designated deputy DO (DDO)) confers with the local U.S. Embassy or Consulate to determine which banks meet the criteria, then solicits all American-owned and leading local financial institutions in the area to find the most beneficial arrangement. The solicitation must be competitive, letting all banks submit written information on identical questionnaires or requests for banking proposals. To determine the most beneficial arrangement, a DO weighs, in descending order of importance: (1) standard operating services minimally required; (2) customary local banking practices (for example, telex cost or armored car service); and (3) other special services a particular country or circumstance may require (for example, payment of interest on the account or waiver of miscellaneous charges). The required services must include capability to honor payments to payees in outlying areas, processing of checks and, if possible, EFTs and deposits, provision of a daily or a monthly bank statement as needed, and acceptance of the DO's funding procedures.

15.2.1.2. DOs must ensure LDA banks are valid, reflect a high level of American ownership, and are financially secure, dependable, and reliable, to avoid losses and protect U.S. Government funds. Unsolicited proposals to operate an existing LDA may be received at any time, and the LDA is open to all interested financial institutions.

15.2.2. After selecting a reliable financial institution with beneficial banking arrangements, a DO must send a request for approval and designation of an LDA to DFAS Enterprise Solutions and Standards (ESS) Disbursing, Indianapolis (DFAS-JJFKCD/IN), 8899 E. 56th Street, Column 301S, Indianapolis, IN 46249

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(dfas.indianapolis-in.jjf.mbx.ess-disbursing@mail.mil). ESS Disbursing [reviews](#) the request [and sends it](#) to Treasury's Bureau of the Fiscal Service before the account is established.

15.2.2.1. Requests for U.S. dollar (USD) accounts must include documentation [showing](#) the DO requested and received a commitment [from the proposed bank](#) to pledge collateral. If the bank agrees to pledge collateral, the DO may request a USD operating account; otherwise, the DO may request only a USD zero-balance account.

15.3 ESTABLISHING AND MAINTAINING AN LDA

15.3.1. Once Treasury approves a request, establish the LDA in the name of the assigned DO, DDO, or another agent the DO designates. Limit authority to sign checks drawn on the LDA to the DO and other appointed DDOs or agents. A DO who transacts business in multiple foreign currencies must establish and maintain a separate LDA for each currency.

15.3.2. The commander [must certify](#) by letter the name and rank of the DO assigned to the activity, stating that the DO is authorized to maintain an LDA with official [U.S.](#) funds in the name of the activity. If the [LDA](#) custodian is a DDO or another agent of the DO, the commander's letter [must identify](#) that DDO or agent and:

15.3.2.1. Certifies that the account is subject to checks issued by the DO, other appointed DDOs or agents, and their successors in the office;

15.3.2.2. Includes signature specimens of the DOs and authorized DDOs and agents, and a certification that the signatures are those of the personnel authorized to transact business with the limited depositary (LD); and

15.3.2.3. Requests the bank acknowledge acceptance by endorsement of the letter, in triplicate. The bank should retain the original letter and return two copies to the activity.

15.3.3. Blank LD Checks

15.3.3.1. Control and safeguard blank LD checks the same [way](#) as Treasury checks [under Section 8.0, subparagraph 8.2.4](#). If LD checks are lost or stolen, the DO [must](#) immediately [notify](#) the LD of the serial numbers, [place](#) stop-payments against them, and [submit](#) copies of the stop-payment requests with the next original LD reports.

15.3.4. Preparation of LD Checks

15.3.4.1. DOs [must](#) maintain a record of all LD checks issued, [including](#) payee names, voucher numbers, amounts (in the [check's](#) currency), check serial numbers, check dates, and [the](#) activity name under which the account is established. Other information [about](#) the purpose

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of the checks and local identification codes is optional at the issuing DO's discretion. The record may be on paper, electronic, or data-processing media. Keep a separate record for each LDA, and include records of check issues with the retained disbursing records.

15.3.5. When a payment is made with an LD check, enter the notation "LD Check No. X" on the disbursement voucher. A receipt is not generally required for a check payment, but local laws may bar LD checks drawn outside the United States from being returned to the drawer. In those cases, show evidence of receipt of the payment on the voucher on which the LD check payment appears.

15.3.6. Before mailing any LD checks outside the country in which the LD is located, the DO must verify that doing so is not prohibited by the Status of Forces Agreements or the banking laws of the countries involved (see Section 8.0, subparagraph 8.5.4).

15.3.7. When an irregularity occurs after check delivery and the check is still outstanding, the DO must stop payment on the check and provide a complete report of the facts with the stoppage request. If the irregularity is discovered after the check is paid, the DO must notify the depository of the irregularity.

15.3.8. Some LDs pay interest on LDAs. When possible, the DO must obtain interest on the LDA, canvassing the market for the highest interest rate legally available consistent with disbursing requirements, and must monitor interest-bearing accounts to ensure interest is paid timely under the agreements between the DO and the banks. When notified that interest has been credited, the DO prepares a DD Form 1131, Cash Collection Voucher, crediting receipt account 3220 (General Fund Proprietary Receipts, Not Otherwise Classified, All Other) for the U.S. dollar equivalent (USDE) of the interest, and records the transaction as both a collection and an increase.

15.3.9. Keep daily LDA balances as near zero as possible and maintain them solely to support disbursing requirements. Draw LDA checks against new deposits only after the LD confirms the deposits. If foreign currency collections cause a non-interest-bearing LDA to exceed a 5-to-7 business day supply and all attempts to sell the currencies to other DOs are exhausted, the DO must sell the foreign currency for USDs for deposit to a bank designated as a Treasury General Depository, or request a waiver per subparagraph 3.10.2.2. LDAs approved to hold funds beyond the 5-to-7 business day supply do not require a balance reduction but must comply with any stipulations in the LDA request approval (see paragraph 2.2.1). Do not use LDA balances, or the forfeiture of potential interest earnings, to subsidize banking services otherwise funded through the appropriation process.

15.3.10. Review of LDA

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15.3.10.1. Commanders **must** require review of the LDAs a DO maintains to ensure compliance with this chapter. The cash verification team (see Appendix A) performs this unannounced review quarterly, upon transfer of accountability to a successor DO, before the outgoing DO **departs** the command, upon deactivation of the LDA, or upon a change in the designated settlement office.

15.3.10.2. DOs **must** review LDAs on a continuing basis to ensure:

15.3.10.2.1. Balances **must** not exceed immediate needs (typically a 5-to-7 business day supply). Transfer excess funds beyond the immediate need to other DoW DOs, State Department U.S. DOs, or a U.S. Embassy; withdraw and deposit the funds with Treasury; or **obtain** Treasury approval to exceed the 5-to-7 business day supply. Waivers to exceed the 5-to-7 business day supply must be requested from Treasury (see I TFM 4A-30140.20). Contact DFAS-JJFKCD/IN at the email address in **subparagraph 15.2.2** for procedural guidance **on** waiver requests.

15.3.10.2.2. At least every three years, for each account, the DO **must determine whether** it **would** be cost effective to solicit competitive proposals from all American-owned and leading local financial institutions in the area to secure the most beneficial banking agreement.

15.3.10.2.3. **Watch for** significant events that affect the designated bank (for example, bank closure). **Upon learning of such an event, the DO must** immediately notify Treasury's Over-the-Counter Revenue Collection Division through DFAS-JJFKCD/IN at the email address in **subparagraph 15.2.2**.

15.3.11. See Volume 12 for the overall policy and responsibilities for **accepting, receiving, using**, and reporting burdensharing and relocation monetary contributions to the DoW. DOs must include any burdensharing and relocation monetary contributions held in an LDA in the semiannual cash holding authority requests (see **Section 4.0, subparagraph 4.1.3**) and in their ending accountability on the DD 2657 and the DO Cash Treasury Account Symbol. Burdensharing and monetary contributions held in an LDA in excess of the 5-to-7 business day supply must be approved with the original LDA request or require an approved waiver from Treasury.

15.4 VOIDED AND SPOILED LD CHECKS

15.4.1. Treat original LD checks that are not to be issued as voided or spoiled. Void LD checks with writing errors (for example, a wrong name or amount), checks physically damaged during preparation, **and checks for which** the entitlement area has withdrawn the voucher. Mark these checks conspicuously to prevent their negotiation, **whether** in error or through fraud. Prepare

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separate listings of voided and spoiled checks monthly and attach them to the SF 1149, Statement of Designated Depository Account.

15.4.2. The functional area authorizing payment of a voucher may request [that](#) a check be [voided](#). The DO bases [that](#) decision on the payee's non-entitlement to payment or an error in the way the check was drawn. Do not report voided checks as issued in the DO's check report. Upon [deciding](#) to void a check, render [it](#) non-negotiable. Do not store voided checks in the safe or vault of the DO or any [deputy](#) or [agent](#). [At the end of each month](#), prepare a listing entitled "Voided Checks" showing the accounting month, the [LD](#) name, and the LDA number, [and](#) send the listing [with](#) the originals of all voided checks with the monthly SF 1149.

15.4.3. Spoiled Checks

15.4.3.1. Replace a spoiled check with the next available serially numbered check, [entering](#) the same information that appeared on the original check except for the check serial number and the issue date. Render the original check non-negotiable.

15.5 TRANSFERRING PROCEEDS OF LD CHECKS

15.5.1. An uncurrent LD check is [one](#) that has not been negotiated through the LD one fiscal year after the fiscal year in which [it](#) was issued, except where local laws [require a shorter](#) negotiable period. The amount of these checks must be transferred to Treasury or credited to the original appropriation. [A](#) transfer of LDA check proceeds may [arise from](#) undeliverable checks or checks due to deceased or incapacitated [payees](#).

15.5.2. The DO who issued the original check, a successor DO, or a settlement officer designated by the supporting DFAS site [must transfer](#) proceeds of uncurrent checks to Treasury each October.

15.5.2.1. The DO [must](#) immediately [give](#) a copy of the uncurrent check listing to the LD, [request](#) that it place stop-payments on all [listed](#) checks, and [instruct](#) the LD to advise [any payee](#) presenting [a listed check](#) to submit [it](#) to the disbursing office for transmittal to and settlement by the Department of the Treasury, Bureau of the Fiscal Service, Attn: Fiscal Accounting, Budget Reporting Branch, 3201 Pennsy Drive, Building E, Landover, MD 20785.

15.5.3. Transferring Proceeds

15.5.3.1. Hold undeliverable LD checks only until the DO [determines they](#) cannot [be delivered](#) with the information available, but [no](#) longer than 60 days from the date of issue.

15.5.3.2. Record undeliverable LD checks on a DD 2658, Returned and Undeliverable Check/Bond Record, [including](#) a complete description of the checks, the disbursing

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voucher numbers, the dates the checks were returned, the disposition of the checks, the disbursing official authorizing the disposition, and the disposition dates. The DO, DDO, or a third person with the DO's written authorization must approve disposition of undelivered checks.

15.5.3.3. Protect undeliverable LDA checks held in the disbursing office the same as cash, and file them in the order best suited for easy retrieval and identification.

15.5.4. Claims for the Proceeds of Undeliverable Checks

15.5.4.1. When there is any question of law or fact, send claims for the proceeds of undeliverable checks to DoW, Office of the General Counsel (OGC), 1600 Defense Pentagon, Washington, DC 20301-1600.

15.6 CANCELING LD CHECKS

15.6.1. Cancel LDA checks when their proceeds are not due to payees or their estates but are for credit to an appropriation or fund account. The procedure to cancel these checks depends on whether the account is open or closed, whether the check is current or uncurrent, and whether the check is available or unavailable to the DO maintaining the LDA. Contact DFAS-JJFKCD/IN at the email address in paragraph 15.2.2 for procedural guidance and processing instructions.

15.6.2. If a payee or the payee's estate is not entitled to a check, only the functional area that submitted the certified payment may request the DO to cancel it. Except as provided in this paragraph, use an SF 1098 to list and report all such canceled checks. Where practicable, the functional area that authorized the original payment prepares the SF 1098.

15.7 REPLACING MISSING, MUTILATED, AND FORGED LD CHECKS

15.7.1. On receipt of a claim for a check reported as not received, lost, stolen, destroyed, mutilated, forged, or defaced, the DO must determine from the LD or from retained records whether the check is outstanding. The DO issues a replacement check under this chapter only when the check is reported outstanding and unpaid before the end of the fiscal year following the fiscal year it was issued, and the issuance involves no question of law or fact.

15.7.2. The payee or other claimant must notify the DO in writing (with signature) when a check has been lost, stolen, mutilated, or destroyed and request that payment on the check be stopped. The notification must provide all information available on the check. The federal agency must attempt to obtain a replacement without an Agreement of Indemnity. When a replacement cannot be obtained without an Agreement of Indemnity, the agency requests one from Fiscal Service; the specific documents required for an indemnification request are listed in I TFM 5-5035.20.

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15.7.3. This guidance for claims on paid checks applies to all LDAs. The payee **must** immediately **notify** the DO in writing (with signature) when a check has been paid on a forged endorsement, providing all available information **identifying** the forged check. The payee completes the Financial Management Service (FMS) Form 1133, Claim Against the United States for the Proceeds of a Government Check, and returns it to the DO **who issued** the original check within 90 days of the date on the FMS 1133.

15.7.4. If the original LD check is recovered before a replacement check **is issued**, suspend the replacement action and request that the LD remove the stop-payment against the original check, which the payee may then negotiate. If the replacement check has **already** been released, render the original check non-negotiable.

15.7.5. Referral to DoW Office of General Counsel

15.7.5.1. Send cases involving questions **about** a payee's or owner's entitlement to a substitute or settlement check, and cases where **the court has appointed** no legal representative for **a** deceased or incapacitated **payee or owner**, through command legal channels to the **DoW OGC**. Include an assessment or determination from the appropriate entitlement area **about** the underlying obligation. Before referring a case, see **paragraph 15.6**.

15.7.5.2. Send cases involving any question of law or fact through command legal channels for settlement action.

15.7.5.3. Send cases involving checks outstanding more than one fiscal year after the fiscal year in which they were issued through command legal channels for settlement. Include an undertaking of indemnity for the proceeds of a lost, stolen, destroyed, mutilated, or defaced LD check; the check in question, when available, or any identifiable portions **of it**; and any other supporting documentation.

15.7.6. The DO **must retain** approved claims and supporting documents, or copies where the originals have been transferred to the supporting DFAS site, as part of the retained records.

15.8 ADJUSTMENT OF CHECK-ISSUE DISCREPANCIES

Internal, Government Accountability Office, **or** other agency audits, or DO-initiated control measures, disclose LD check-issue discrepancies. These LDA differences are chargeable to DOs, **and** the DO **must make and record** adjustments immediately upon discovery. This guidance does not apply to voided, spoiled, or canceled LDA checks, which are addressed in **paragraphs 15.4 and 15.5**. These discrepancies occur when: the LD pays a check in an amount different from the disbursement voucher and the record of checks issued; the disbursing office draws a check to the wrong payee; the disbursing office issues a check in an amount different from

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the disbursement voucher; the disbursing office voids, spoils, or cancels a valid check in error while simultaneously issuing a check that was the subject of an action to void, spoil, or cancel; or the payee advises of a possible overpayment or underpayment. Contact DFAS-JJFKCD/IN at the email address in [subparagraph 15.2.2](#) for procedural guidance and processing instructions.

15.9 LDA TRANSACTION DOCUMENTATION

DOs [must](#) implement controls to assure [that](#) LD checks [are drawn](#) in strict conformance to certified disbursement vouchers. LDAs are part of the DO's accountability for public funds. The DO must maintain complete and accurate records and make them available for audit to ensure the integrity of the LDAs. Treat a loss from a bank failure as a physical loss (see [Section 7.0](#)). Contact DFAS-JJFKCD/IN at the email address in [subparagraph 15.2.2](#) for procedural guidance and processing instructions.

15.10 TRANSFERRING AND CLOSING AN LDA

LDAs [that are](#) closed or transferred [must be reconciled](#). [Before attempting to reconcile an LDA](#), the DO's agent serving as LDA custodian contacts the LD and requests a current statement of the account and, if available, all paid LD checks since the last regular statement. Reconcile the account by preparing an SF 1149. Contact DFAS-JJFKCD/IN at the email address in [subparagraph 15.2.2](#) for procedural guidance and processing instructions.

16.0 DISBURSING OFFICER ACCOUNTABILITY REPORTS

16.1 GENERAL

16.1.1. Overview

16.1.1.1. All disbursing officers (DOs) are accountable to the U.S. Department of the Treasury (Treasury) for the cash and cash equivalent items (including receivables) in their possession. DOs [must](#) submit financial reports to support [DoW](#) accountability to the U.S. Government for all public funds collected and disbursed. These reports are the basis for official audits and settlement of accounts by the U.S. Government Accountability Office and provide information to maintain administrative accounting controls.

16.1.1.2. DOs maintain daily accountability on the DD Form 2657, Daily Statement of Accountability. The DO's official monthly accountability is recorded and reported on the Standard Form (SF) 1219, Statement of Accountability. DOs report disbursement and collection transactions on both the DD 2657 and the SF 1219, with collections reported net of disbursements on the SF 1219. Every DO must keep detailed records of all transactions, [and](#) these records must be available for examination by authorized representatives. Daily reporting does not affect the use and distribution of the DD 2657; SF 1219; DD 2665, Daily Agent Accountability

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Summary; and DD 1081, Statement of Agent Officer's Account. DOs must continue to submit financial reports to supporting DFAS sites based on each site's instructions.

16.2 POLICY

16.2.1. Balancing of Accounts

16.2.1.1. DOs keep documents representing cash in their vault or safe and account for them daily on the DD 2657 and monthly on the SF 1219. The DD 2657 **is** the permanent written record of the DO's daily balance of cash in possession. When accounts are inspected, DOs must present the DD 2657 to the inspectors for examination.

16.2.1.2. Deputy DOs (DDOs), cashiers, and disbursing agents perform most DO cash transactions. The DO or primary DDO balances all DDOs, cashiers, disbursing agents, paying agents, and **collection** agents daily using the DD 2665. The DD 2665 **is** the report of their accountability to the DO, and **the DO or primary DDO prepares it from** a physical count of all cash and negotiable instruments in their possession.

16.2.2. DDOs, cashiers, and disbursing agents who are geographically distant from the DO (**for example, a DO in Indiana and an agent in Afghanistan**) **must** still record transactions by preparing a DD 2665, **but** they need not submit the DD 2665 to the DO daily. DOs establish the timing of agent turn-ins for their operations. Agent turn-ins must include all DD 2665s, supporting documentation (**such as** collection vouchers, disbursement vouchers, and deposit tickets), and **the** DD 1081.

16.2.3. DOs aboard Navy vessels balance their cash using the DD 2657. DDOs, cashiers, and disbursing agents must use **the** DD 2665 to balance at least weekly, immediately before and after each payday, **on** the last day of each month, and anytime the DO suspects an irregularity has occurred. When workload and staffing conditions allow, DOs aboard Navy vessels should balance cash accounts for all DDOs, cashiers, and disbursing agents daily.

16.3 DAILY AGENT ACCOUNTABILITY SUMMARY (DD 2665)

The DD 2665 is a stand-alone document that provides a complete picture of a DDO's, cashier's, or disbursing agent's accountability transactions from day to day. Each DDO, cashier, and disbursing agent prepares a DD 2665 for each day during which **they transact** business. It must summarize that day's business and record the transactions in U.S. dollar values. Paying agents appointed to work with contracting for contingency operations prepare a DD 2665 on the day they **turn in** all their business to the DO. Avoid a turn-in during the middle of a business day **when possible**. If a turn-in is required **mid-day**, prepare a DD 2665 up to and including the turn-in period, then prepare another DD 2665 for the **rest** of the business day.

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16.4 STATEMENT OF AGENT OFFICER'S ACCOUNT (DD 1081)

16.4.1. Agent officers (DOs, cashiers, and disbursing agents) prepare a DD 1081 as a summary of cash transactions and a receipt for cash and vouchers on hand between DOs and their agent officers. The form is prepared when a DO advances funds to an agent and to summarize cash transactions for the period covered by the turn-in. When agent officers settle their account, the DO or principal DDO verifies the DD 1081, signs the original and a copy, keeps the original and supporting documents, and returns the signed copy to the agent officer. The DO or principal DDO must perform a physical count of cash at the time of the turn-in or settlement. The agent officer keeps the signed copy as a record of the opening cash balance for the next period of duty and for record purposes if the account is balanced to zero.

16.4.2. Subject to the parent DO's approval, paying agents in remote operational contingency locations may transmit electronically scanned or facsimile copies of the DD 1081 to the parent disbursing office. A paying agent is solely responsible to ensure that all documentation is legible and that:

16.4.2.1. The scanned or facsimile copies were produced from original documents and cannot be altered;

16.4.2.2. The copies are retained until the applicable retention period expires; and

16.4.2.3. Access to the images is limited to authorized personnel. When paying agents transmit documents electronically, the DO must verify the electronic submissions are in fact from the paying agent. The DO is responsible to ensure that adequate internal controls are implemented to prevent posting duplicate items when receiving electronic and original documents from the operational contingency location. The DO must also provide for the confirmation and acceptance of digitally signed documents and the return of the accepted DD 1081 to the agent.

16.5 DAILY STATEMENT OF ACCOUNTABILITY (DD 2657)

The DD 2657 summarizes the total disbursements and collections made during the business day by the DO and all DDOs, cashiers, and disbursing agents. Section I of the DD 2657 reflects the total DO accountability to the Treasury at the end of each business day. If disbursing operations were to cease, the total amount listed in Section I for the last operational business day would be the amount that the Treasury would seek to recover from the DO.

16.6 STATEMENT OF ACCOUNTABILITY (SF 1219)

In a daily reporting environment, the SF 1219 is no longer required to be submitted to the Treasury. DOs may continue to complete and submit the SF 1219 at month's end to DFAS for reporting requirements based on each site's instructions. The SF 1219 continues to reconcile

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deposits, collections, disbursements, and cash balances with Treasury monthly. DOs must still balance to the Treasury monthly account statement, which summarizes the financial activities of federal agencies. DoW has established processes for creating and reconciling the SF 1219 monthly. There is no warrant or apportionment for DO cash and no formal funds control system documentation that legally places responsibility on the DO for the cash; the SF 1219 is a recognized means of establishing responsibility for a specific, verified balance at a point in time. It aligns with accounting reporting cycles (the Governmentwide Treasury Account Symbol Adjusted Trial Balance System bulk file submission), which transmits the end-of-month balance in the DO Cash account(s) and must match the sum of the SF 1219s for each Service to facilitate reconciliation with the general ledger.

16.7 FINANCIAL REPORTS

16.7.1. Overview

16.7.1.1. DOs submit financial reports to DFAS on a calendar-month basis, except for months during which accountability begins or ends on other than the first or last day of a month.

16.7.1.1.1. For a new disbursing office, the accounting period begins on the first day official business is transacted. When one DO relieves another, the accounting period for the relieved officer ends on the date of relief, and the accounting period for the relieving officer normally begins on the next calendar day. Whenever possible, relief of a DO should occur on the last day of a month to avoid submitting an additional set of financial reports for that month.

16.7.1.1.2. An accounting period may not extend beyond the end of a calendar month. Exceptions may occur when a DO is relieved from disbursing duty before the last day of a month or commences disbursing duty on other than the first day of a month. The first day of the accounting period coincides with the date of commencement of disbursing duty notification forwarded under Section 3.0. For any month during which accountability ends because of a Disbursing Station Symbol Number closing, the DO must submit the financial reports from the first day of the month through the date of closing.

16.7.1.2. DOs may submit supplemental reports to Treasury to adjust prior-period reporting, correct original reporting, or report additional current-month transactions.

16.7.1.3. DOs submit financial reports to the supporting DFAS site based on each site's instructions.

16.7.2. When a DDO, cashier, disbursing agent, paying agent, collection agent, or imprest fund cashier has a physical loss of funds, forward the DD 2667 to DFAS-ZPTC/IN within five calendar days after the end of each month (see Section 7.0, subparagraph 7.4.2.2).

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16.8 DISBURSING OFFICE RECORDS

16.8.1. DoW Record Retention

16.8.1.1. DOs must apply the most stringent record retention requirements to support accounting records of initial entries and support records such as checks, electronic fund transfers, and invoices, and must keep them until all outstanding issues are resolved. Before disposing of contingency operations documents, DOs must contact their legal counsel about document retention beyond the NARA and DoW guidance for financial records. Records must be available and accessible to all authorized users. A DO or designated settlement official must keep records to complete the reconciliation of payment or collection discrepancies until resolved.

16.8.2. Other Records

16.8.2.1. The requirement to retain original records applies to any record a DO receives that accompanies payment or collection transactions or supports financial reports. It applies to both paper and electronic records kept as original supporting documents at both the functional and disbursing offices. Certifying officials send electronic payment files only to the DO and keep supporting documentation per the guidance referenced in subparagraph 16.8.1. For Foreign Military Sales document record retention, see Volume 15.

16.8.2.1.1. The disbursing office must put hardcopy and electronic records storage controls in place to ensure that only authorized personnel have access to any paper documents and electronic images.

16.8.2.2. Individual records may be unclassified, but when information is aggregated the security classification (and storage requirement) may change. Per DoD Instruction 5200.48, Controlled Unclassified Information (CUI), unclassified records do not require special security or storage controls and may be stored in open files or cabinets. Store these records with controls that readily identify:

16.8.3. Transfer

16.8.3.1. Transfer all disbursing office records to the incoming (relieving) DO as part of the relief process described in Section 3.0, subparagraph 3.4.6. When a disbursing office is deactivated, package and mail all disbursing office records to the office designated to settle the accounts.

16.8.3.2. When a DO of a tactical unit or naval vessel is relieved from disbursing duty, the incoming DO keeps the outgoing DO's disbursing records for 90 days from the date of relief. After the 90-day period, the incoming DO packages the disbursing records and sends them to the supporting DFAS site or alternate site designated by DFAS for retention until the required

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retention period **expires**. For deployed units, the 90-day period begins after the unit or vessel returns to homeport.

16.8.3.3. When a DO of a tactical unit or naval vessel is relieved from disbursing duty due to deactivation of the disbursing office, or when a vessel or unit is decommissioned from service, the DO must package and send all disbursing office records to the supporting DFAS site or alternate site designated for retention.

17.0 SAFEKEEPING FUNDS AND VALUABLES FOR INDIVIDUALS AND MORALE, WELFARE, AND RECREATION ACTIVITIES

17.1 GENERAL

17.1.1. **DoW** disbursing officers (DOs), deputy DOs (DDOs), and agents may accept cash and checks from individuals and morale, welfare, and recreation (MWR) activities for which safe custody otherwise would not be available. When a DO, DDO, or agent is unavailable, or when it is impractical for one of them to accept and account for safekeeping deposits, a commander may appoint and terminate any military member or **DoW** civilian employee as a safekeeping custodian to accept and account for safekeeping deposits using a separate DD Form 577, Appointment/Termination Record - Authorized Signature.

17.1.1.1. Keep safekeeping deposits in a secured safe and establish procedures to maintain accountability. **Treat** funds accepted for safekeeping as funds held in trust for which the United States is accountable, but not within the DO's financial accountability reported to the U.S. Department of the Treasury (Treasury) on the SF 1219, Statement of Accountability.

17.1.1.2. Deposits and withdrawals are subject to local command regulations that establish necessary and proper restrictions **on** the time, place, and frequency of deposits and withdrawals and the types of objects classified as valuables. Impose controls to **prevent** interruption of the activity's priority fiscal operations, **such as** special and regular payroll activities. **Do not allow** safekeeping services **to** be abused by **depositing** objects not usually afforded additional protection. Limit deposited valuables to funds; negotiable instruments including bonds, credit cards, travelers' checks, and checkbooks; and objects classified as jewelry having intrinsic value requiring additional protection. Items such as wallets, snapshots, keys, or items lacking intrinsic value are prohibited.

17.1.1.3. Commanders appoint custodians responsible for the proper handling of and accounting for safekeeping deposits. Appointments must state the specific duties **the custodian is** authorized to **perform**. Pecuniary liability does not attach to safekeeping deposits **because** they are not public funds. **Paragraph 17.2** applies to the safekeeping of nonappropriated funds (NAF) for MWR activities. Losses of NAF are not recorded on the DO's SF 1219. If a loss occurs, notify

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the depositor of their right to submit a claim for reimbursement under applicable DoW Component regulations. The depositor need not defer submission of a claim to await findings of any investigation initiated to determine responsibility for the loss.

17.1.1.4. When the volume or nature of safekeeping deposit transactions warrants, the custodian may formally appoint an assistant custodian for initial receipt and temporary custody of safekeeping deposits pending their delivery to the designated custodian. Provide separate safekeeping facilities for the assistant custodian. Cover all custody transfers between the custodian and assistant custodian with a receipt. An assistant custodian is responsible for proper accounting and handling, including receipt and delivery of safekeeping deposits to a permanent custodian. Process losses under subparagraph 17.1.1.3.

17.1.1.5. Receive and handle safekeeping deposits of postal funds under the Military Postal Service (DoD Instruction 4525.09), identifying these as postage stamp fund or postal money order fund, as applicable, on the safekeeping deposit receipt.

17.1.1.6. Follow subparagraph 17.2.1 to receive and handle safekeeping deposits of funds by military banking facilities, NAF custodians, and other DoW-sponsored activities. Identify on the safekeeping deposit receipt the deposit, the depositing agency, and the custodian making the deposit.

17.2 SAFEKEEPING OF NONAPPROPRIATED FUNDS FOR MWR ACTIVITIES

17.2.1. Custodians may collocate funds when the volume of safekeeping deposits warrants and it is desirable to accommodate more than one deposit or withdrawal transaction in non-individual safekeeping deposit accounts at non-tactical activities. Place the deposits in a separate container identified as safekeeping funds to prevent commingling with official funds. At activities other than Navy ships, if the total value of collocated safekeeping funds on hand is large, a bank checking account may be established (see subparagraph 17.2.2).

17.2.1.1. In addition to individual ledger sheets, the custodian keeps a cash-on-hand ledger control sheet, entering the amount of each deposit in the debit column and the total amount on deposit by all depositors in the balance column. If preferred, the custodian may make a daily summary posting to the ledger control sheet showing inclusive deposit numbers. The balance of the ledger control sheet must agree with the combined balances of the individual depositors' ledger sheets.

17.2.1.2. The depositor presents the original deposit receipt(s) to the custodian when requesting a full or partial withdrawal of the funds on deposit. Before releasing the funds requested, the custodian confirms the depositor's account balance and obtains a signature in the applicable section of the retained copy of the DD 2674, verifying it against the signature on the

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deposit record or the individual ledger sheet. For a full withdrawal, the custodian voids the original DD 2674 in the presence of the depositor. A depositor may make up to three partial withdrawals of a safekeeping deposit. If the deposit is not withdrawn in full after two requests, the custodian voids the original DD 2674 and issues a new DD 2674 for the new deposit amount. The custodian enters the withdrawal as a credit in the depositor's individual ledger sheet and the custodian's ledger control sheet. Instead of individual entries, the custodian may post a daily summary showing inclusive withdrawal numbers on the ledger control sheet.

17.2.1.2.1. Return the identical currency the depositor presented when the deposit is withdrawn. For example, a deposit made in Japanese Yen cannot be withdrawn in U.S. dollars.

17.2.2. Bank Accounts

17.2.2.1. Custodians of commingled safekeeping funds, with command approval, may establish and maintain a checking account in a local bank or credit union (insured by either the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as appropriate) for the deposit of safekeeping funds if the amount available for deposit is large enough to preclude the payment of service charges or other fees. The financial institution collateralizes funds in excess of the insured limits per Title 31, Code of Federal Regulations, Part 202. Establish the account in the name of the disbursing activity, the safekeeping fund, and the custodian (for example, "U.S. Naval Activity, Boston, MA, Safekeeping Deposit Fund, Lieutenant J. A. Hancock, SC, U.S. Navy, Custodian"). Loans or investments from safekeeping deposit funds are prohibited.

17.2.2.2. All checks must be serially pre-numbered. Maintain a complete record of all checks drawn, deposits made to the safekeeping checking account, and a running account balance in the checkbook. Reconcile statements from the financial institution immediately upon receipt and file them with the bank ledger control sheet. Mark spoiled checks as "VOID" and file them in sequence.

17.2.2.3. Deposit checks, money orders, and cash received for safekeeping to the authorized account, except for cash required to be kept on hand to meet safekeeping withdrawal requirements. Checks and money orders may be accepted for deposit, subject to collection. Withdrawals are not authorized until enough time has elapsed for the checks and money orders to clear through the banking system.

17.2.2.4. Draw checks for withdrawals of safekeeping funds on the safekeeping deposit fund account whenever practical. Checks may be drawn on the safekeeping fund account only for payment to a depositor for withdrawal, an authorized transfer of a depositor's account to another activity, replenishment of cash-on-hand (through an exchange-for-cash check) needed to meet safekeeping withdrawal requirements, or transfer of unclaimed monies.

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17.2.2.5. Checks drawn on the safekeeping deposit fund account must bear the following stamped endorsement on the reverse side: "This check is not valid unless presented for payment within 12 months from its date of issue." If a check is canceled, the custodian confirms the stop payment action with the financial institution and credits the depositor's safekeeping account for the amount of the canceled check. [The custodian must make](#) an effort to locate the depositor and make the payment.

17.2.2.6. If the depositor cannot be located, close the account by drawing a check payable to the Treasury for deposit. For amounts less than \$25, the custodian prepares a DD 1131, Cash Collection Voucher, and credits account 1060, Forfeitures of Unclaimed Money and Property. For amounts of \$25 or more, the custodian credits account 20X6133, Payment of Unclaimed Moneys (T), Treasury. Ensure the deposit [uses](#) the Treasury Account Symbol that matches the DD 1131 along with the Business Event Type Code for collateral. Include all [available](#) information [on](#) the identity and location of the depositor on the collection voucher. The custodian presents the check and DD 1131 to the DO for collection. Send any claim [later](#) received for the funds to the supporting [DFAS](#) site for processing, with a copy of the related DD 1131.

17.2.2.7. In addition to the cash-on-hand ledger control sheet, the custodian keeps a separate ledger control sheet for cash-in-bank. When cash, checks, or money orders are deposited in the bank, the custodian debits the cash-in-bank ledger control sheet and credits the cash-on-hand ledger control sheet. Post exchange-for-cash checks as credits to the bank ledger control sheet and debits to the cash-on-hand ledger control sheet. Post withdrawals by check as credits to the bank ledger control sheet and debits to the individual ledger sheet. The sum of the cash-in-bank and cash-on-hand ledger control sheets must agree with the combined balances of the individual depositors' ledger sheets.

17.3 SAFEKEEPING OF PERSONAL FUNDS AND VALUABLES OF INDIVIDUALS

17.3.1. A depositor wishing to withdraw a deposit presents the original DD 2674 to the custodian, who verifies the depositor's signature and determines that the serial number, date, and description correspond with the data on the retained copy of the form. The depositor acknowledges receipt of the deposit by entering their signature and the date of withdrawal in the space provided on the retained copy of the DD 2674. The custodian destroys the original DD 2674 in the presence of the depositor. If the receipt has been lost, the [custodian may return the](#) deposit to the depositor only after [being](#) satisfied of the [depositor's identity](#) and entitlement to the deposit. The entries on the DD 2674 constitute the official record of the deposit. The [depositor must withdraw the](#) entire deposit at the time of withdrawal. Partial withdrawals are not authorized, but a new deposit in a new amount is authorized subject to any restrictions prohibiting unreasonable repeated deposits.

17.3.2. If a depositor is transferred before withdrawing safekeeping deposits, the custodian delivers the depositor's cash balance to the DO in exchange for a Treasury check payable to the

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depositor. Send the check and the depositor's valuables (if any) with a letter of transmittal to the commander of the activity [to which](#) the depositor transferred, for delivery to the depositor. Include in the transmittal letter all available details about the depositor and request acknowledgement of receipt. Insert data [on](#) the transfer on the file copy of the DD 2674.

17.3.3. To process deposits and withdrawals of funds and valuables, an officer or any other person the commander [designates](#) must accompany an incapacitated person to witness and sign each transaction. Deliver receipts for safekeeping deposits to the commander.

17.3.4. The custodian delivers cash on deposit to the DO in exchange for a Treasury check payable to the payee the [commander-appointed](#) officer (or inventory board) [designates](#) to take custody of the depositor's personal effects. [Draw](#) the Treasury check as "Exchange-for-Cash, Safekeeping Deposit No. _____, name, rank or rate, SSN." Deliver the check and any depositor valuables to the appointed officer (or inventory board) for disposition [under](#) applicable [DoW](#) Component regulations. Obtain a receipt for the check and any valuables transferred under these instructions. Enclose a retained copy of the DD 2674 with a notation describing the disposition, and destroy the receipt portion of the DD 2674, if available.

17.4 BALANCING AND VERIFICATION OF SAFEKEEPING DEPOSITS

17.4.1. The safekeeping custodian balances all safekeeping deposits on the last day of each month. The cash-on-hand and any safekeeping fund bank account balance must equal the total of the amounts credited in all the active depositors' accounts shown on the retained copies of the DD 2674s, or the individual ledger sheets and ledger control sheet. The custodian certifies on the ledger control sheet [that balancing was accomplished](#).

17.4.2. Verification

17.4.2.1. At unannounced intervals, at least once during each calendar quarter, a cash verification team the commander [appoints](#) verifies safekeeping deposits in the presence of the custodian (see Appendix A, "Quarterly Verification of Cash and Other Assets"). Include the results of the verification in the report of verification to the commander.

17.4.2.2. By accepting custody of safekeeping funds, the United States is accountable for them and assumes a trust responsibility for their care and safekeeping, even though it has no beneficial interest in them. The custodian must promptly report any shortage or overage of safekeeping deposits to the commander, who takes actions similar to those prescribed in [Section 7.0](#) for a shortage or overage of public funds.

17.4.3. In preparation for being relieved of custodial duties, the outgoing custodian must balance safekeeping deposits, prepare a duplicate list of all active deposits, and give the list and

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all active deposits to the relieving custodian, who must then verify all deposits and receipts. The outgoing custodian must transfer the DD 2674 and any other records of commingled deposits to the relieving custodian. If a checking account is maintained, the outgoing custodian must reconcile it and transfer it to the relieving custodian, arranging the transfer with the financial institution.