



**NONRESIDENT  
TRAINING  
COURSE**



June 1995

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# **Disbursing Clerk 1 & C**

**NAVEDTRA 14061**

**Although the words “he,” “him,” and “his” are used sparingly in this course to enhance communication, they are not intended to be gender driven or to affront or discriminate against anyone.**

## PREFACE

By enrolling in this self-study course, you have demonstrated a desire to improve yourself and the Navy. Remember, however, this self-study course is only one part of the total Navy training program. Practical experience, schools, selected reading, and your desire to succeed are also necessary to successfully round out a fully meaningful training program.

**COURSE OVERVIEW:** In completing this nonresident training course, you will demonstrate a knowledge of the subject matter by correctly answering questions on the following subjects: Financial Accountability; Appropriation Accounting; Travel Allowances; U.S. Treasury Checks; Foreign Currency; Public Vouchers; Financial Returns; Pay Entitlements; and Separations, Discharges, and Retirements.

**THE COURSE:** This self-study course is organized into subject matter areas, each containing learning objectives to help you determine what you should learn along with text and illustrations to help you understand the information. The subject matter reflects day-to-day requirements and experiences of personnel in the rating or skill area. It also reflects guidance provided by Enlisted Community Managers (ECMs) and other senior personnel, technical references, instructions, etc., and either the occupational or naval standards, which are listed in the *Manual of Navy Enlisted Manpower Personnel Classifications and Occupational Standards*, NAVPERS 18068.

**THE QUESTIONS:** The questions that appear in this course are designed to help you understand the material in the text.

**VALUE:** In completing this course, you will improve your military and professional knowledge. Importantly, it can also help you study for the Navy-wide advancement in rate examination. If you are studying and discover a reference in the text to another publication for further information, look it up.

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## **Sailor's Creed**

“I am a United States Sailor.

I will support and defend the Constitution of the United States of America and I will obey the orders of those appointed over me.

I represent the fighting spirit of the Navy and those who have gone before me to defend freedom and democracy around the world.

I proudly serve my country's Navy combat team with honor, courage and commitment.

I am committed to excellence and the fair treatment of all.”

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# INSTRUCTIONS FOR TAKING THE COURSE

## ASSIGNMENTS

The text pages that you are to study are listed at the beginning of each assignment. Study these pages carefully before attempting to answer the questions. Pay close attention to tables and illustrations and read the learning objectives. The learning objectives state what you should be able to do after studying the material. Answering the questions correctly helps you accomplish the objectives.

## SELECTING YOUR ANSWERS

Read each question carefully, then select the BEST answer. You may refer freely to the text. The answers must be the result of your own work and decisions. You are prohibited from referring to or copying the answers of others and from giving answers to anyone else taking the course.

## SUBMITTING YOUR ASSIGNMENTS

To have your assignments graded, you must be enrolled in the course with the Nonresident Training Course Administration Branch at the Naval Education and Training Professional Development and Technology Center (NETPDTC). Following enrollment, there are two ways of having your assignments graded: (1) use the Internet to submit your assignments as you complete them, or (2) send all the assignments at one time by mail to NETPDTC.

**Grading on the Internet:** Advantages to Internet grading are:

- you may submit your answers as soon as you complete an assignment, and
- you get your results faster; usually by the next working day (approximately 24 hours).

In addition to receiving grade results for each assignment, you will receive course completion confirmation once you have completed all the

assignments. To submit your assignment answers via the Internet, go to:

**<http://courses.cnet.navy.mil>**

**Grading by Mail:** When you submit answer sheets by mail, send all of your assignments at one time. Do NOT submit individual answer sheets for grading. Mail all of your assignments in an envelope, which you either provide yourself or obtain from your nearest Educational Services Officer (ESO). Submit answer sheets to:

COMMANDING OFFICER  
NETPDTC N331  
6490 SAUFLEY FIELD ROAD  
PENSACOLA FL 32559-5000

**Answer Sheets:** All courses include one “scannable” answer sheet for each assignment. These answer sheets are preprinted with your SSN, name, assignment number, and course number. Explanations for completing the answer sheets are on the answer sheet.

**Do not use answer sheet reproductions:** Use only the original answer sheets that we provide—reproductions will not work with our scanning equipment and cannot be processed.

Follow the instructions for marking your answers on the answer sheet. Be sure that blocks 1, 2, and 3 are filled in correctly. This information is necessary for your course to be properly processed and for you to receive credit for your work.

## COMPLETION TIME

Courses must be completed within 12 months from the date of enrollment. This includes time required to resubmit failed assignments.

## **PASS/FAIL ASSIGNMENT PROCEDURES**

If your overall course score is 3.2 or higher, you will pass the course and will not be required to resubmit assignments. Once your assignments have been graded you will receive course completion confirmation.

If you receive less than a 3.2 on any assignment and your overall course score is below 3.2, you will be given the opportunity to resubmit failed assignments. **You may resubmit failed assignments only once.** Internet students will receive notification when they have failed an assignment--they may then resubmit failed assignments on the web site. Internet students may view and print results for failed assignments from the web site. Students who submit by mail will receive a failing result letter and a new answer sheet for resubmission of each failed assignment.

## **COMPLETION CONFIRMATION**

After successfully completing this course, you will receive a letter of completion.

## **ERRATA**

Errata are used to correct minor errors or delete obsolete information in a course. Errata may also be used to provide instructions to the student. If a course has an errata, it will be included as the first page(s) after the front cover. Errata for all courses can be accessed and viewed/downloaded at:

<http://www.advancement.cnet.navy.mil>

## **STUDENT FEEDBACK QUESTIONS**

We value your suggestions, questions, and criticisms on our courses. If you would like to communicate with us regarding this course, we encourage you, if possible, to use e-mail. If you write or fax, please use a copy of the Student Comment form that follows this page.

## **For subject matter questions:**

E-mail: n313.products@cnet.navy.mil  
Phone: Comm: (850) 452-1001, Ext. 2167  
DSN: 922-1001, Ext. 2167  
FAX: (850) 452-1370  
(Do not fax answer sheets.)  
Address: COMMANDING OFFICER  
NETPDTC N313  
6490 SAUFLEY FIELD ROAD  
PENSACOLA FL 32509-5237

## **For enrollment, shipping, grading, or completion letter questions**

E-mail: fleetservices@cnet.navy.mil  
Phone: Toll Free: 877-264-8583  
Comm: (850) 452-1511/1181/1859  
DSN: 922-1511/1181/1859  
FAX: (850) 452-1370  
(Do not fax answer sheets.)  
Address: COMMANDING OFFICER  
NETPDTC N331  
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PENSACOLA FL 32559-5000

## **NAVAL RESERVE RETIREMENT CREDIT**

If you are a member of the Naval Reserve, you may earn retirement points for successfully completing this course, if authorized under current directives governing retirement of Naval Reserve personnel. For Naval Reserve retirement, this course is evaluated at 9 points. (Refer to *Administrative Procedures for Naval Reservists on Inactive Duty*, BUPERSINST 1001.39, for more information about retirement points.)





## Student Comments

**Course Title:** Disbursing Clerk 1 & C

**NAVEDTRA:** 14061 **Date:** \_\_\_\_\_

**We need some information about you:**

Rate/Rank and Name: \_\_\_\_\_ SSN: \_\_\_\_\_ Command/Unit \_\_\_\_\_

Street Address: \_\_\_\_\_ City: \_\_\_\_\_ State/FPO: \_\_\_\_\_ Zip \_\_\_\_\_

**Your comments, suggestions, etc.:**

<p><b>Privacy Act Statement:</b> Under authority of Title 5, USC 301, information regarding your military status is requested in processing your comments and in preparing a reply. This information will not be divulged without written authorization to anyone other than those within DOD for official use in determining performance.</p>
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NETPDTC 1550/41 (Rev 4-00)



# CHAPTER 1

## FINANCIAL ACCOUNTABILITY

The handling of money is one of the primary daily duties of the Disbursing Clerk (DK) rating. As you advance in the DK rating, you will see the handling of U.S. public monies takes place in all sections of a disbursing office and in disbursing operations of all different sizes. For the purposes of this training manual (TRAMAN), U.S. public monies are defined as those monies appropriated by Congress for use by the Navy Department.

Accountability is the guiding principle in all financial transactions involving public funds. In fact, accountability for the documentation that represents a transaction involving public funds is just as important as it is for the money itself. When a government obligation is paid, the documentation itself becomes accountable.

This chapter is intended to give you an overview of the important aspects of financial accountability, for you will use the principle of accountability throughout your career. Accountable positions are intrinsic to the DK rating. You must be aware of these positions and what they involve, since even relatively junior DKs may be assigned to accountable positions. This chapter covers the accountable positions normally associated with a disbursing office. We will look at how they are established and their various functions, duties, and controls. We will also look at the ways in which the number and types of accountable positions and their associated duties will vary according to the particular needs, location, and mission of each disbursing office. As a senior DK, you must be aware of these positions and how they will touch upon your own duties and responsibilities in any type or size of disbursing operation. Above all, you must understand how the principle of accountability is acknowledged, demonstrated, and upheld by all persons appointed to these positions. To maintain accountability, every DK must be constantly security conscious, completely aware of his or her accountable responsibilities, and possess the highest personal integrity. As a senior DK, you will be expected to demonstrate these qualities as well as train junior personnel in these areas.

### ACCOUNTABLE POSITIONS

Accountable positions are associated with the handling of public funds. In fact, accountable positions are assigned only to those jobs or billets in which the members must handle public funds.

### GENERAL CHARACTERISTICS

Accountable positions are intentionally limited and carefully monitored. They are intentionally limited to fix certain responsibilities on specific individuals. A person assigned to an accountable position is authorized to receive, maintain custody of, disburse, or otherwise dispose of public funds.

Accountable positions are carefully monitored. Federal law requires that a central record of all accountable positions be maintained. The Defense Finance and Accounting Service - Cleveland Center (DFAS-CL) has been assigned this responsibility for all accountable positions involved with Navy public funds.

### PERSONS ASSIGNED TO ACCOUNTABLE POSITIONS

Except as otherwise specifically provided, accountable positions are normally filled by the following persons:

1. Disbursing officers (DOS) and their duly appointed
  - a. deputies and
  - b. agent cashiers
2. Officers of the Supply Corps on duty as supply officers on ships or stations and their duly appointed
  - a. imprest fund cashiers,
  - b. collection agents, and
  - c. authorized custodians
3. Officers of the Supply Corps serving as assistants to the supply officer and designated as
  - a. food service officers,

- b. retail or ship's store officers,
  - c. assistants to officers in charge of commissary stores, or
  - d. property disposal officers on accountable duty
4. Individuals appointed by commanding officers (COs) or officers in charge (OICs) as
- a. imprest fund cashiers,
  - b. collection agents, or
  - c. authorized custodians in connection with functions that are not the direct responsibility of a DO or an officer of the supply corps
5. Paying agents
6. Officers designated as supply officers or ship's store officers by COs on ships without Supply Corps officers

Specific levels of approval are required for the establishment of these positions. For example, the position of deputy requires the approval of DFAS-CL. On the other hand, the positions of agent cashier, collection agent, imprest fund cashier, authorized custodian, and paying agent are locally established and require no action or approval by, or notice to, DFAS-CL. In the following paragraphs, we will look at many of these positions, their billets, how they are filled, and their fundamental responsibilities.

## NAVY DISBURSING OFFICERS

Normally, a Navy disbursing officer (DO) is either an officer of the Supply Corps or a federal civilian employee. A Navy DO may also be a senior enlisted person but only with the approval of DFAS-CL. In all cases, a DO must be a United States citizen.

### Military DO Billet

When a military DO billet is approved, orders to the designated officer will specifically state that the billet to which the person is assigned is that of Navy DO. The order issuing authority must submit copies of the orders assigning or detaching military DOS directly to DFAS-CL.

### Civilian DO Billet

When a Navy civilian DO position is approved, the commanding officer (CO) formally designates the

appointed civilian by a letter of appointment. A copy of this letter is forwarded to DFAS-CL for the purpose of recording the accountable position.

## Overall Accountability and Liability

All DOS are held personally and pecuniarily accountable for their disbursing acts and for the legal expenditure of funds placed under their control. The term *pecunary* refers to money or things that have a monetary value.

DOS are charged with all funds received for the government. They must maintain detailed accounts and records of all transactions and are accountable for all erroneous payments and all errors in their accounts and records. Even though they may have relied on agents or assistants who caused the errors, the DOS are still accountable. That is why all disbursing personnel must make certain they maintain accurate records and perform every financial transaction according to current laws and regulations. The Navy Department and the General Accounting Office (GAO) will examine these records.

In the case of irregular, erroneous, or unsupported entries in the DO's account with the government, the GAO will withhold credit. If the DO fails to account for the receipt of any public funds, the GAO will raise a charge against the account. The GAO will remove the charge only if the Comptroller General of the United States, via the Secretary of Defense, grants relief.

## Authorized Actions by Disbursing Officers

The authority of DOS to make disbursements is limited to certain authorized actions. Basically, Navy DOS are restricted to the payment of properly approved funds for the following categories:

- Civilian payrolls
- Earned pay and allowances for military personnel
- Travel expenses for military and civilian personnel on official business
- Approved bills for supplies and services purchased by or for the Navy or Marine Corps

**ON AUTHORITY OF THE CO.**— Usually, the DO will receive and disburse official funds when the CO gives orders (or gives authority for) for these payment actions. The CO is also responsible for promptly informing the DO of any applicable

conditions that will require the stoppage of pay or allotments.

The financial relationship between the DO and CO is usually routine, professional, and mutually accountable and supportive of the command's needs. In rare instances, however, a CO may order the DO to make a payment that the DO believes to be contrary to law or current regulations. The DO is responsible for informing the CO of these conditions. If the CO persists in the demand for payment, then the DO should formally request that the CO put the order in writing. In this way, the CO assumes full responsibility and accountability for authorizing the payment action.

Upon receipt of the written order, the DO should make the payment. All DOS should be aware that an officer cannot use a written order to authorize any type of illegal advance of public funds to a CO or any other officer.

Whenever a CO orders a DO to make a payment under protest, the CO must submit copies of all available documentation, together with the facts and circumstances surrounding the payment, to the Director, DFAS Headquarters, via the Director, DFAS-CL.

**ON AUTHORITY OF THE COMPTROLLER GENERAL OF THE UNITED STATES.**— DOs who make payments authorized by the Comptroller General of the United States will not be disallowed payments based on any new interpretations of the law.

### **Duties and Responsibilities of the Disbursing Officer**

In general, DOS carry out the following typical duties and responsibilities:

- Maintain public monies in their custody without lending, using, depositing in banks, or exchanging for other funds except as prescribed by law.
- Disburse or otherwise dispose of public monies under current rules and regulations.
- Deposit excess funds without delay to the United States Treasury and only withdraw them when required for payment.
- Maintain detailed records of all transactions and submit the required periodic detailed reports. These records and reports are for accounting purposes. Representatives of the Secretary of Defense and the Comptroller General of the United States will examine them for completeness and accuracy.

- Secure and preserve the pay accounts, public monies, and other such paper and property, in the order of their importance, as circumstances permit, in case of fire, shipwreck, or other disasters.

These duties and responsibilities apply equally to the DO and to any agents officially appointed by the DO.

**ADDITIONAL DUTIES.**— The *Department of Defense Financial Management Regulation (DODFMR)*, Volume 5, describes the additional duties and responsibilities DOS are authorized to perform.

**PROHIBITED ADDITIONAL DUTIES.**— Except as specifically authorized by the DODFMR, Volume 5, a DO will not be assigned the following additional duties or responsibilities:

- Acting as authority for the approval of orders
- Acting as certification officer for claims for reimbursement and contingency funds
- Acting as custodian of any fund or any other conflict of interest assignment

All DOS are prohibited from performing these duties.

**AUTHORIZED ADDITIONAL DUTIES IN CERTAIN CIRCUMSTANCES.**— Under certain circumstances, DOS are authorized to perform additional duties that are normally prohibited. DOS ordered to afloat units for duty as a supply officer or assistant supply officer with concurrent duty as the food service officer or ship's store officer may perform these duties. When directed by appropriate authority, a DO can also officially accept, safeguard, account for, and dispose of personal funds and valuables received for safekeeping.

### **Duty Assignments**

A DO who activates a new disbursing office, reactivates a disbursing office that has been temporarily closed, or relieves another DO must forward a letter to DFAS-CL immediately upon starting disbursing duties. This letter must include the following information in regard to the incoming DO's duty assignment:

- Name of the activity
- Symbol number assigned
- Name and rank or grade of the (incoming) DO
- Opening date of the account

- The beginning and ending serial number of all blank Treasury checks
- Name and rank or grade of the relieved DO (if applicable)

One copy of this letter should be forwarded to the financial information processing center (FIPC) to which the financial reports and returns of the activity are officially submitted.

Normally, DOs are relieved of duty on the last day of the month. This eliminates the need for an incoming DO to submit an extra set of returns for the month. The transfer between DOs may take place at any time, however, based on operational commitments or other considerations.

Before relieving the outgoing DO, the incoming DO should examine the records and accounts that will be under his or her jurisdiction. An incoming DO who is dissatisfied with the condition of the records and accounts and feels unwilling to accept full responsibility for them may refuse the relief. Under these circumstances, the incoming DO must make a detailed report to the CO. The CO will investigate the report and make any appropriate recommendations. Usually, the transfer will take place and the CO will assume responsibility for bringing any charges against the relieved DO, as warranted by the circumstances of the case.

Two principal types of accountable assistants are assigned to a DO—the deputy DO and the agent cashier. As explained in the following paragraphs, all the rules and regulations governing the duties of the DO apply equally to these assistants.

**DEPUTY DISBURSING OFFICER**

A deputy to a DO is an individual appointed by the DO who acts under a formal letter of appointment executed by that DO. Any officer, senior enlisted member, or civilian employee (GS-6 or above) satisfactory to the DO may be appointed to the position of deputy DO.

**Authorized Actions of Deputy**

Generally, a deputy DO is authorized to perform any and all acts relating to the receipt, disbursement, custody, and accounting for public funds in the name of and for the account of the appointing DO. The appointing DO may also restrict the acts his or her deputy will be authorized to perform.

**Approval Process for Deputy Positions**

The establishment of all deputy DO positions must be approved by DFAS-CL. A DO who requires the services of a deputy must forward a request for the establishment of the position to DFAS-CL via the CO. Since it is undesirable from a security standpoint for excessive numbers of individuals to have access to public funds, COs must make certain only the minimum number of deputy positions is appointed.

**REQUEST CONTENTS.**— The request must include the following information:

- The circumstances supporting the requirement for a deputy position
- The specific location where the deputy will serve
- The number of other deputies already serving
- The specific duties to be performed by the deputy
- An estimate of the monthly amount of funds to be advanced, collected, and disbursed

**ACCOMPANYING DOCUMENTATION.**— The request should be accompanied by the following documentation:

- A copy of the formal letter of appointment
- Specimen Signatures, Treasury Fiscal Service (TFS) Form 3023
- Signature Card, TFS Form 5583

**ACCOUNTABLE NUMBER FOR APPROVED REQUEST.**— DFAS-CL will advise the CO concerning the approval or disapproval of the requested position. If the request is approved, an accountable number will be assigned to the position.

**LETTER OF APPOINTMENT.**— The appointing document for each deputy DO is a formal letter of appointment from the DO. The letter will detail specific duties and limitations for each position. In this letter and all other correspondence about the position, the accountable number will be referenced.

**Cancellation of Appointment**

A DO may revoke the appointment of a deputy at any time for any reason. When a DO is relieved from disbursing duties, the appointments of all his or her deputies are revoked. In all cases, the revocation of a deputy's appointment is by letter addressed to that

deputy. A copy of the letter is forwarded to DFAS-CL. If another individual is appointed to succeed the deputy, a copy of the formal letter of appointment and specimen signatures for the new deputy are forwarded with the copy of the revocation letter of the outgoing deputy.

## **AGENT CASHIER**

As done for deputy DOs, the current DO appoints individual agent cashiers in writing. Unlike the position of deputy, however, the position of agent cashier is both established and approved locally by the activity's CO.

### **Appointment Procedures**

The DO appoints an agent cashier, who acts under a formal letter of appointment by that DO.

**LETTER OF APPOINTMENT.**— The letter of appointment is issued in an original and two copies and must contain the following information:

- Name and rank or grade of the cashier
- Office in which the duties are to be performed
- Description of the position's specific duties and limitations
- Effective date of the appointment
- An acknowledgement of acceptance of the appointment, and the statement "I agree to hold myself accountable to the United States for all public funds received."
- A statement that the individual appointed as agent cashier has been counseled as to the pecuniary liability of the position and given written operating instructions

The agent cashier acknowledges acceptance of the position by signing the original and all copies of the letter of appointment.

**DISTRIBUTION PROCESS.**— The agent cashier keeps the original letter of appointment. A copy is forwarded to the office where the duties are to be performed. The final copy is returned to the appointing DO.

### **Duties and Responsibilities of Agent Cashier**

Generally, an agent cashier's duties are similar to those of a bank teller. They usually consist of making cash payments and collections, performing

check-cashing services, and preparing financial documents. An agent cashier may also be authorized to sign his or her own official documents verifying completion of transactions that were specifically authorized by the DO.

Agent cashiers are not authorized to sign U.S. Treasury checks or depository checks, Statements of Accountability, or other documents relating to the disbursing officer's accountability. With these exceptions, an agent cashier may be authorized to perform any duty relating to public funds in the name of and for the account of the current DO.

### **Duration of Appointment**

Agent cashier appointments are effective only while the appointing DO continues to serve as DO of that activity. The appointment of an agent cashier may be revoked by the DO at any time. All revocations must be in writing and include the effective date of revocation.

## **COLLECTION AGENT**

A collection agent is an individual who has been designated to perform duties relating to the collection of official funds. That includes the collection of funds held as safekeeping deposits at a point other than the disbursing office.

### **Appointment Procedures and Restrictions**

The officer responsible for the collection of the designated official funds appoints the collection agent in writing. The appointed collection agent can be an officer, an enlisted member, or a civilian employee. Disbursing personnel, however, are not eligible for appointments as collection agents. This is because individuals appointed as collection agents are not authorized to serve concurrently in any other accountable position and shall not be charged with the handling or custody of any other funds.

The officer who appoints a collection agent will prescribe that agent's duties and will act as the agent's general supervisor. Some of the functions to which collection agents may be appointed will depend on the status of the appointing officer.

**CO OR OIC.**— A CO or OIC ashore may approve and establish the position of collection agent to take care of responsibilities involved with the collection of the following funds:

- Hospitalization fees and other charges at medical facilities
- Communications charges
- Rentals and other charges at housing developments
- Fees for research or reproduction of records
- Safekeeping deposits when the safekeeping function is not performed by the DO
- Similar functions when deemed appropriate by the CO

**DO WITH ADDITIONAL FUNCTIONS.—**

DOS with additional functions have certain restrictions, but may generally appoint collection agents to take care of funds derived from the following sources:

- Retail clothing stores
- Ship's stores
- Commissary stores
- Provisions and meals from the general mess
- Other proceeds from supply operations

A DO serving concurrently as the officer responsible for another function may establish the position and appoint a collection agent as long as the position is associated with the other function and not disbursing. In cases like these, the letter of appointment must clearly indicate that the officer making the appointment is acting as the officer responsible for the other function rather than as the DO.

**Duration of Appointment**

An appointment as collection agent remains in effect during the agent's service at the activity unless it is revoked by the appointing authority in writing. The requirements for the letters of appointment and revocation are the same as those for an agent cashier.

**IMPREST FUND CASHIER**

The *Navy Supply Acquisition Regulation Supplement*, NAVSUP P-560, designates the commands authorized to establish imprest funds.

**Appointment and Revocation Process**

Appointments and revocations of appointments of imprest fund cashiers are made in writing by the following officers:

- COs at inventory control centers, naval supply centers, naval supply depots, and activities with a regularly organized supply department
- COs or OICs at activities without a regularly organized supply department

The letter of appointment should follow the same guidelines as those for an agent cashier. Accountable position numbers are not required for imprest fund cashiers.

**NOTE:** Disbursing personnel are not eligible for appointment as imprest fund cashiers.

**Designated Duties**

An imprest fund cashier makes authorized payments from the activity's imprest fund for materials or services, maintains custody of the fund, and files the periodic vouchers to account for and replenish the fund. For example, the imprest fund should be replenished at least monthly by the imprest fund cashier. The cashier must file a Cashier Reimbursement Voucher and/or Accountability Report, Optional Form (OF) 1129.

**PAYING AGENT**

A paying agent is an officer, enlisted member, or civilian employee appointed by the CO to act as an agent of the DO.

**Designated Duties**

The purpose of a paying agent is to make specific payments, currency conversions, or check-cashing transactions from funds temporarily advanced to the agent by the DO. In fact, all payments or currency conversions made by a paying agent are made for and in the name of the DO. So, the paying agent is under the exclusive supervision of the DO and should comply with all instructions and regulations issued by that DO. Funds advanced to a paying agent are held at personal risk by the paying agent. These funds must be returned to the DO immediately when the transactions for which they were advanced have been completed.



## **Appointment Procedures and Limitations**

Paying agents should only be appointed when it is not feasible for the DO, deputy, or agent cashier to perform the transactions.

**CONDITIONS OF APPOINTMENT.**— Paying agents should never be appointed solely as a convenience, but only under unusual conditions. An example of an unusual condition is an activity in a remote location where the use of checks is not practical but where payments or currency conversions must be made. In this situation, the DO may ask the CO of the remote activity to appoint a paying agent. Notice that the DO initiates the request. Another important condition governing any paying agent's appointment is that a paying agent will never be appointed or used by a CO over the protest of the DO.

**LETTER OF APPOINTMENT.**— Paying agents are appointed by letter from the CO. The appointment letter should contain the following information:

- The paying agent's name, rank or grade, social security number (SSN), and duty station
- The name, rank or grade, and station of the DO for whom the paying agent will act, and the station symbol number
- The duties and responsibilities of the paying agent
- A description of the type of payments or currency conversions to be made
- The maximum amount of funds to be advanced
- The period of time the appointment covers
- The paying agent's acknowledgement of acceptance of the appointment
- The statement "I agree to hold myself accountable to the United States for all public funds received."
- A statement that the appointed individual has been counseled as to the pecuniary liability and has been given written operating instructions

### **Duration of Appointment**

The nature and duration of an appointment will depend on the conditions warranting the activity's need for a paying agent. For example, the appointment may be for a specific transaction, a definite period, or an indefinite period. The paying agent's designation will

continue until the appointee is transferred or relieved of duty by the appointing officer or until the DO is transferred or relieved of disbursing duty.

You have now read about some of the positions designated as accountable positions. All persons appointed to accountable positions are entrusted with the authorized use of public funds. This is why accountable positions are intentionally limited and strictly monitored. In the following section, let's talk about some of the general duties and responsibilities required of the persons assigned to these positions.

## **DUTIES AND RESPONSIBILITIES OF ACCOUNTABLE POSITIONS**

The handling of official funds and documents places strict duties and responsibilities on individuals assigned to accountable positions. These duties and responsibilities are indirectly shared by every DK and civilian employee in a disbursing office. The accountable position may involve planning for, acquiring, obtaining, safeguarding, disbursing, transferring, transporting, depositing, or accounting for public funds. It may even involve safekeeping personal funds and valuables. Whatever it involves, you should be able to identify the essential characteristics and obligations of these positions. You should also be able to identify how they will touch upon your own duties and responsibilities as a senior DK. Accountable positions may vary, depending on the type of accountable position and the particular needs, location, and mission of the disbursing office. Yet strict observance and adherence to the duties and responsibilities involved in these positions is imperative.

## **AUTHORIZATION FOR AND DEFINITION OF ACCOUNTABLE POSITIONS**

The duties and responsibilities of accountable positions are authorized and delineated by letters of authority and official instructions. Disbursing personnel in accountable positions must be aware of these documents and the ways in which their duties and responsibilities are officially defined and authorized.

Table 1-1 lists letters of authority and other documents, instructions, or reference sources required in the disbursing office.

Anyone appointed to an accountable position must be authorized to hold public monies at personal risk. Previously, we defined U.S. public monies as those monies appropriated by Congress for use by the Navy Department. You can see how public monies provide funds for a broad spectrum of Navy uses and obligations, including payrolls, operations, training, travel, duty assignments, benefits, supplies, and postal services. Overall, public monies fund the functions and services the Navy requires to remain operational and meet the needs of its people. But, handling public funds involves special procedures and controls, such as the use of official signatures.

## OFFICIAL SIGNATURES

Official signatures must be used on all checks, vouchers, official papers, and correspondence pertaining to the DOD, GAO, and Department of the Treasury. Before starting disbursing duty, a DO and all appointed deputies must decide which of their given names or initials will make up their official signature.

### Documentation

The official signature of the DO and each appointed deputy must be furnished to DFAS-CL by means of the following two completed forms:

1. Signature Card, TFS Form 5583
2. Specimen Signatures, TFS Form 3023.

**Table 1-1. References for Letters of Authority Required in the Disbursing Office**

REFERENCES	DOCUMENTS
<b>DODFMR, VOL 5:</b> 030104	Letter to hold cash at personal risk
020401	Letter commencing disbursing duty
020402	Transfer of funds, blank checks, and postal money order blanks upon relief
270403	Transfer of safekeeping deposits upon relief
130101	CO's approval of use of foreign currency
020305	Establishment of position of deputy; letter of appointment/revocation
0206-0210	Letters of appointment/revocation of agent cashiers, collection agents, custodians, paying agents, and alternates
030401	Verification of funds entrusted to deputies, agent cashiers, and other agents of the DO
270104	Appointment to hold postage stamp stock and postal funds
030201	Appointment of cash verification board
0401-0403	Authorization to cash checks, money orders, and other negotiable instruments
270102	Establishment of times that safekeeping deposits are accepted/withdrawn
<b>OPNAVINST 5112.6A</b>	Copy of appointment of custodian of postal effects (COPE)
<b>NAVSUP P-560</b>	Copy of report of inspection and verification of the imprest fund that should be forwarded to the DO (quarterly)

The signature on the TFS Form 5583 must be certified by an officer whose signature has already been recorded with DFAS-CL.

### Restrictions

Although official signatures are required for DOD, GAO, and Department of the Treasury disbursing functions, certain restrictions apply to the use of official signatures, such as the following examples:

- The signature authority of a deputy may be limited.
- The signature authority of an agent cashier is limited. (The DO must designate in the letter of appointment which documents the agent cashier is authorized to sign.)
- In no case will any person be permitted to sign a United States Treasury check or a Statement of Accountability (SF 1219) for a DO unless that person is a deputy or is specifically appointed by the CO to perform the duties of the DO in case of the DO's death, unauthorized absence, or other physical or mental incapacity.
- Official signatures can only be changed upon the approval of DFAS-CL. Facsimile signatures may be used under a variety of circumstances. Therefore, always consult the DODFMR, Volume 5; the *DFAS Pay/Personnel Procedures Manual (Navy)* (DFAS-PPM); and the *Source Data System Procedures Manual (SDSPROMAN)* for specific regulations on the use and custody of facsimile signatures.

The use of official signatures provides a control in accountability of public funds because it fixes the responsibility for certain financial transactions on specific individuals. Another important way a CO or OIC can protect the financial accountability of an activity is through cash verifications.

### CASH VERIFICATIONS

A cash verification is the physical count of the cash, negotiable instruments, and other assets that make up a DO's total accountability. The cash verification is a management control that, along with other controls, can be used to gauge the overall health of a disbursing operation. It is not meant to alleviate management's responsibility to direct and monitor all facets of a disbursing operation. The CO must appoint a cash verification board to carry out the cash verification procedures.

### Cash Verification Board

The CO of every command where a DO is assigned (or where a deputy is attached to a branch office in another command) should appoint in writing a cash verification board.

When the DO is also the OIC of a personnel support detachment, the DO must request the CO of the host activity or a nearby activity to appoint the cash verification board. At small or remote locations, it may be desirable to have cash verification board members appointed from serviced or associated commands.

For imprest and change funds, especially those held at installations or activities other than the installation or activity of the DO, the CO who authorized the establishment of the fund and appointed the cashier or custodian is responsible for appointing the cash verification team.

**MEMBERS.**— The cash verification board should consist of two or more persons. These persons must not be in the DO's chain of command. Appointees may be officers, warrant officers, senior enlisted personnel, or civilian employees. At least one of these persons should have some disbursing or accounting experience. If possible, one member should be equal or senior in rank to the accountable individual.

**PROCESS.**— The verification of cash and all safekeeping deposits should be made on an unannounced basis at least quarterly. This process includes the verification of monies, documents, safekeeping deposits, money orders, and the postage stamp fund held by the DO and any assistants. The quarterly cash verification may be omitted for any quarter in which a cash verification was made by representatives of an area audit office or a disbursing on-site examination team. It may also be omitted when a transfer of accountability has occurred. However, if the cash verification board fails to perform its duties, the DO may insist that the quarterly verification be held.

### Report of Verification

The DODFMR, Volume 5, appendix A, contains detailed information on the procedures the board should use for conducting the verification process and reporting the results.

As stated previously, the board must vary the time during each quarter when the verification process is held. To attest that a verification was held, the board must make an entry on the face of the DO's daily Statement of Accountability (DD 2657) and on the last

Record and Receipt of Deposits and Withdrawals of Safekeeping Funds (DD 2674), The DODFMR, Volume 5, gives the substance of how the entry should read.

The board must report its findings in writing to the CO, with a copy provided to the DO. This letter should advise the CO whether the official funds and documents (including the safekeeping deposits, money orders, and the postage fund, when applicable) are in agreement with the DO's records and whether the funds are in excess of the authorized amount. Each report to the CO must begin with the following statement:

The quarterly cash verification is meant only to verify that cash and other assets for which the DO is accountable agrees with the total accountability amount recorded as on-hand on the DO's daily statement of accountability. It does not certify the overall health of the disbursing office. Strong management controls exercised by the appropriate members within the chain of command are mandatory and necessary to prevent and preclude major loss or fraud.

## **TRANSPORTATION OF MONEY**

Another responsibility associated with accountable positions is the transportation of money and other negotiable instruments. When money or vouchers are being transported, the accountable persons continue to remain liable for any mishaps that may occur to these assets. This is why whenever funds or valuable assets must be transported, the following requirements must be enforced:

- When any person leaves the ship or disbursing activity for the purpose of transporting or picking up official cash funds in excess of \$10,000, the CO and the security police must be notified. This notice is normally made through the command duty officer or other duty officer. The notice consists of reporting the time of departure, destination, estimated time of return, amount, and the source or disposition of the funds, as appropriate.

- Since safeguarding of funds is a command responsibility, the CO of the activity requesting that funds be made available must make the security provisions. The decision of whether or not to have an armed escort, how many armed guards are required, or the type of transportation to be used is all part of the requesting command's responsibility. If the person

pecuniarily liable for the funds feels that adequate security has not been provided, he or she may refuse to transport the funds.

- When circumstances warrant, such as transporting large amounts of currency or traveling through isolated or otherwise dangerous areas, one or more convoy cars with additional armed guards must accompany the DO. Any available Navy-owned armored cars should be used for this purpose. If these cars are not available, the hire of an armored car service is authorized and will be charged to the ship or station maintenance funds.

- Personnel assigned to duty as guards must be proficient in the use of firearms and must be alert and ready at all times. For this reason, guards should not be required to carry moneybags or perform other duties that would tend to reduce their effectiveness.

- Money should be procured at irregular intervals and the routes traveled should be varied whenever possible.

- When money is being transported to or from a ship at sea, the money containers must be attached to a buoy or some other reliable flotation device to mark the spot on the surface in case the transporting vehicle crashes or sinks.

- Strict adherence to these requirements will protect the transported assets as well as the accountable persons.

## **SAFEKEEPING OF PERSONAL FUNDS AND VALUABLES**

The CO may require the establishment of a safekeeping service. This responsibility is normally assigned to the DO, but can be assigned to other accountable assistants. Although this service does not involve public funds, the responsibilities for financial accountability are just as important.

### **Purpose**

The purpose of a safekeeping service is to provide safe custody for personal funds and valuables and for funds of morale support activities for which safe custody would not be otherwise available.

### **Regulations**

Depending on the availability of safekeeping facilities, all deposits and withdrawals are subject to the

CO's regulations. The CO establishes the necessary and proper restrictions as to the time, place, and frequency of deposits and withdrawals and to the type of objects classified as valuables. Afloat, deposits are normally made on a one-time basis for the duration of the cruise. Deposits of valuables are usually limited to funds, negotiable instruments, and objects classified as jewelry having an intrinsic value requiring additional protection. Objects that are of value only to the owner are not eligible for safekeeping.

### **Documentation and Security**

The DO and all accountable assistants must use the Record and Receipt of Deposits and Withdrawals of Safekeeping Funds (DD Form 2674) to record safekeeping deposits.

When more than one person is authorized to accept deposits, each accountable person must maintain the safekeeping deposits placed in his or her custody on a separate DD 2674. Safekeeping deposits are not normally commingled. Each safekeeping deposit should be placed in a separate, sealed envelope that identifies the deposit number, the name of the depositor, and the amount or description of the articles enclosed. The identical currency or articles presented by the depositor must be returned to the depositor at the time of withdrawal.

For complete details concerning the procedures for the safekeeping of deposits in cases regarding commingled funds, prisoners, or deceased, missing, or incapacitated persons, you should consult the DODFMR, Volume 5, chapter 27.

### **DEALING WITH IRREGULARITIES IN DISBURSING OFFICER ACCOUNTS**

Irregularities in a DOS account may affect the responsibilities of several persons assigned to accountable positions. Irregularities are serious business and must always be resolved. Usually, irregularities in a DO's accounts will fall into the following basic categories:

1. Physical losses of funds, which can be further segregated into the following:
  - a. Major physical losses (any loss of \$750 or more, or any physical loss involving evidence of fraud within the accountable function)
  - b. Minor physical losses (any loss under \$750 with no fraud involved)

2. Illegal, incorrect, or improper payments

3. Overages of funds

You will read about these categories in greater detail later in this section.

### **Reporting Discrepancies**

Now, let's talk about the specific actions that must be taken by the DO and the CO when an irregularity is suspected or found.

**DISBURSING OFFICER.**— A DO may know or have reason to believe that a deputy (or any other person) to whom funds have been entrusted has lost or misused (or may be misusing) those funds. In such cases, the DO must report that information to the CO who exercises immediate jurisdiction over the alleged offender. When an irregularity is suspected, the DO must immediately verify that all transactions have been properly posted since the last balancing. The DO must also perform an actual count of all cash and documents held by his or her deputies, agents, and cashiers. If the irregularity has not been resolved within 24 hours of discovery, the DO is required to report the irregularity to the CO and request an immediate audit of all disbursing assets by the cash verification board or team to confirm that the irregularity has occurred. The CO will be informed immediately in writing of the cash verification team's findings.

**COMMANDING OFFICER.**— For irregularities other than a minor physical loss, an erroneous payment, or an overage, the CO is responsible for reporting the irregularity through the chain of command to DFAS-CL. If a report is required, it will not be classified or made in message form unless unusual circumstances exist. The CO's report to DFAS-CL must include the following information:

- The specific type of irregularity
- All known circumstances (including the date the irregularity occurred or was discovered)
- The dollar amount
- The identity of the accountable individual(s) by name, rank or grade, and accountable position
- The type of investigation that has been or will be convened
- The estimated completion date of the investigation, if applicable

- The status of any recovery action in process or contemplated

When an investigating officer is required, the CO is responsible for making the appointment. If the CO is not authorized to convene an investigation, he or she must request an investigation through the chain of command. The investigating officer must not be in the DO's chain of command. Whenever possible, a disinterested DO should be appointed as the investigating officer. Investigating officers should be commissioned officers in the rank of O-4 or above, or civilian employees in grades GS-12 or above, and if practical, senior in rank to the DO under investigation. The investigating officer should be familiar with investigative techniques and have a knowledge of the required internal controls, pertinent laws, and directives. If the investigative officer does not meet these requirements, technical guidance should be requested from the staff judge advocate or other appropriate sources. The required procedures and findings are detailed in the DODFMR, Volume 5, chapter 06.

### **Identifying, Documenting, Tracking, and Accounting for Irregularities**

Previously, you read that financial irregularities in a DO's account usually occur in three general areas: physical losses (either major or minor) of funds; illegal, improper, or incorrect payments; and overages of funds. Now, let's look at each of these areas and the steps that should be taken by those in accountable positions to monitor, control, and identify these irregularities.

**SUBSIDIARY ACCOUNTABILITY RECORDS.**— The DO always has primary responsibility for identifying, tracking, and accounting for irregularities. Using the DD Form 2667, Subsidiary Accountability Record, allows the DO to maintain a record of all physical losses or overages of funds. Separate DD 2667s should be maintained for physical losses; separate DD 2667s should be maintained for overages. The DD 2667 maintained for a loss must be reconciled with the DD 2657 daily and filed as a subsidiary record supporting the DD 2657. If more than one physical loss or overage occurs in a single day (because of the use of more than one deputy, agent, or cashier), each loss or overage must be accounted for individually.

**PHYSICAL LOSSES OF FUNDS.**— Physical losses of funds are divided into two categories: major

and minor. In dealing with a physical loss of funds, the first step is to determine the extent of the loss.

**Major.**— As previously stated, a major physical loss is a loss of \$750 or more. It includes losses of public funds, records, or papers as a result of fire, flood, earthquake, action by hostile force, airplane crash, shipwreck, or explosion. It includes other losses not covered by the Government Losses in Shipment Act, unexplained losses, and other similar occurrences. Any losses of \$750 or more resulting from wrongful conduct, such as theft, robbery, and burglary, are major physical losses. Losses resulting from embezzlement or fraudulent acts of disbursing personnel, acting alone or in collusion with others, are treated as major physical losses regardless of the amount involved. For all major losses, an investigative officer must be appointed to hold the appropriate type of investigation.

**Minor.**— Minor physical losses are those under \$750 when there is no fraud involved. The DO is pecuniarily liable for all minor losses that occur in his or her account, but may request relief of liability for minor losses by submitting a quarterly minor loss report to DFAS-CL. Unless an indication of fraud exists, the CO is not required to report a minor loss of funds through the chain of command to DFAS-CL. The DO, however, must notify the CO in writing whenever a minor loss of funds occurs.

All minor losses over \$25 included on the quarterly report must be supported by a separate investigative report prepared by someone outside the disbursing office. Investigative comments associated with a minor loss of \$25 or less must be made by the DO and submitted in support of the associated items on the quarterly report. If a loss of \$25 or less is attributable to the DO, the deputy will conduct the investigation and prepare a written investigative report. Under no circumstances will the individual incurring the loss prepare his or her own investigative report.

**ILLEGAL, INCORRECT, OR IMPROPER PAYMENT LOSSES.**— Illegal, incorrect, or improper (erroneous) payment deficiencies may result from a number of causes, such as the following situations:

- Overpayment of a payee
- Two or more payments to the same payee for the same entitlement
- Payment to the wrong payee
- U.S. Treasury check overdrafts

- Negotiation of both the original and a recertified U.S. Treasury check
- Any payment based on forged, fraudulent, or altered documents prepared or presented by individuals who do not work in the disbursing office
- Any payment in violation of a regulation

**Accounting for Erroneous Payments.**— In most cases, an erroneous payment will be charged to a valid appropriation via a disbursement voucher and the payment will likely have already been made. If an erroneous payment is recouped or collected from the individual held liable for the payment, the appropriation originally charged is credited for the amount recouped or collected. If no recoupment or collection is made, or if relief for liability is granted, the appropriation charged remains as if it were valid.

**Reporting Erroneous Payments.**— The DO must report all erroneous payments to the CO. In addition, the DO must take aggressive action to recoup the amount of an erroneous payment from the recipient. If recoupment is not made within 90 days of continuous aggressive collection action, the case file shall be submitted to DFAS-CL for further collection action. The DO may also submit a request for relief of liability through the CO and the chain of command. The CO is normally not required to make a separate or special report.

**Investigation of Erroneous Payments.**— A formal investigation of erroneous payments is not mandatory unless fraud (on the part of the payee or disbursing office personnel) is suspected in connection with the payment. The CO, however, may decide an investigation is necessary. In this case, an investigation will be made by an investigating officer to gather additional information and determine responsibility.

If no formal investigation is to be conducted, investigatory comments similar to those required for minor physical losses over \$25 are required. The report must outline the facts concerning the payment and the reason(s) no formal investigation is considered necessary. It should state whether relief of liability is recommended for the DO (or any other accountable individual) and whether a request for relief is being submitted.

**OVERAGES OF PUBLIC FUNDS.**— Overages of funds are handled much more easily than shortages. No investigation of an overage is required unless fraud or another criminal act is indicated.

**Accounting for Overages.**— DLsbursing personnel handling overages should not offset any overage of funds against a physical loss of funds, unless these categories obviously relate and the relationship can be documented. An obvious relationship can usually be determined if, for example, foreign currency on hand is short and U.S. currency on hand is over by an equivalent amount (a shortage of \$597.32 against an overage of \$597.32). To be able to offset in this manner, the shortage and overage must have occurred on the same business day.

**Accounts Involved.**— Generally, an overage of funds will be collected in Deposit Fund Account 17X6875, pending a determination of where the overage belongs. If no proper location for the overage is determined, the overage will be transferred from 17X6875 to Treasury Miscellaneous Receipt Account 17R1060.

**Tracking and Documentation.**—Overages are tracked by using a separate DD 2667 maintained specifically for overages. A new DD 2667 should be started quarterly. A copy of the DD 2667 should be forwarded under a covering transmittal letter to DFAS-CL no later than the fifth workday following the end of the calendar quarter or the fifth workday after the date of relief of the DO. If the report is being submitted because of relief from disbursing duty, the transmittal letter must contain the statement: “Submitted due to the relief of the disbursing officer effective            (enter date of relief).”

### Requesting Relief of Liability

When any disbursing official of the government has incurred an irregularity as a result of a physical loss of funds or an illegal, incorrect, or improper payment, that official may be granted relief of liability for the irregularity under the provisions of 31 U.S.C. 3527.

**AUTHORITY TO GRANT RELIEF.**— The Comptroller General of the United States has ruled that the term “disbursing official” applies to all personnel in the DOD, whether military or civilian, to whom public funds are entrusted for the purpose of making disbursements. While the ultimate authority to grant relief rests with the Comptroller General, the decision to grant relief has been delegated to different levels depending on the circumstances. In the following paragraphs, you will read how this process of delegation works in various cases involving requests for relief of liability.

**Physical Loss.**— For relief of liability of an accountable person for a physical loss of funds, vouchers, or records, the following rules apply:

- The Secretary of Defense must determine that the official was carrying out official duties when the loss occurred.
- The loss must not have been the result of an illegal, incorrect, or improper payment.
- The loss must not have been the result of fault or negligence by the official.

The finding of the Secretary of Defense is binding on the Comptroller General. In all cases of physical loss by disbursing officials, the Secretary of Defense is the relief authority, regardless of the amount of the loss. However, the Secretary of Defense has delegated this authority to the Director, DFAS. The Director, DFAS, acts for the Secretary of Defense to make the required determinations and grant or deny relief for all requests submitted under the provisions of the DODFMR, Volume 5. In turn, the Director, DFAS, has delegated this authority to the Director, DFAS-CL, for Department of the Navy personnel. Therefore, any accountable person associated with a physical loss in a Navy DO's account may request relief from the Director, DFAS-CL. To qualify for relief, however, the accountable person must not have been faulty or negligent in executing his or her duties. In addition, the loss must not have resulted in an illegal, improper, or incorrect payment.

**Illegal, Incorrect, or Improper Payment.**— In the case of a liability resulting from an illegal, incorrect, or improper payment, the Comptroller General may grant relief to a disbursing official. But first a determination must be made that the official did not act in bad faith or show lack of reasonable care in making the payment. However, if it is determined that the accountable official failed to pursue diligent collection action according to prescribed procedures, relief may be denied.

Except in certain circumstances, the Comptroller General is the relief authority for cases involving illegal, improper, or incorrect payments. Although the Comptroller General acts on his or her own initiative or upon a written recommendation of the Secretary of Defense, he or she still independently determines whether relief should be granted. In turn, the Secretary of Defense has delegated the authority to make the required recommendations on all requests for relief of liability for illegal, improper, or incorrect payments to the Director, DFAS. The Director, DFAS, has further

delegated this authority to the Director, DFAS-CL, to act for Department of the Navy personnel.

When the illegal, improper, or incorrect payment is a result of a double payment or overpayment of \$3,000 or less, the authority to grant relief has been delegated to the Secretary of Defense. The overpayments covered by this provision must result from a mechanical or clerical error during the check-issue process. The double payments must have resulted from the issuance of a second check (recertified payment) to a payee based on the payee's statement that the original check had been lost, stolen, or not received. These irregularities can occur when the original check (along with its replacement/recertified check) is negotiated by the payee, or when checks are issued in incorrect amounts as a result of inadvertent clerical error. The final authority to grant relief in these cases has been delegated down to the level of Director, DFAS-CL, for Navy personnel.

In any case, when relief of liability would not be appropriate, when doubt exists about the application of statutory relief standards, and when the amount involved is over \$3,000, the case will be referred to the Comptroller General for resolution.

**PROCEDURES FOR REQUESTING RELIEF FROM LIABILITY.**— Except for minor losses, as previously discussed, requests for relief of liability normally will be made by the accountable individual. When the accountable individual is a deputy or cashier, he or she should submit the request through the accountable DO.

Generally, the request should be submitted within 30 days after the loss has occurred. If an investigating officer has been appointed, a copy of the investigation report will be included as an attachment to the request for relief.

**Letter.**— A request for relief of liability should be in the form of a letter from the accountable individual. For physical losses, the letter requesting relief will be addressed to DFAS-CL through the accountable DO and the requestor's chain of command. The letter and all forwarding endorsements will provide a complete report of the circumstances resulting in the deficiency and a reference to the findings of any fact-finding body, report of investigation, or other proceedings. For illegal, incorrect, or improper payments, the letter requesting relief will be addressed to the Office of the General Counsel, U.S. General Accounting Office, and routed through the requestor's chain of command and DFAS-CL.



**Information Required.**— Regardless of whether an investigation was conducted, specific information is necessary to provide a complete report of the circumstances resulting in the irregularity. When an irregularity occurs in a DO's account, there is a presumption of fault or negligence on the part of the accountable person. It is the responsibility of the person requesting relief to dispel any doubt that the irregularity was not the result of any fault or negligence on his or her part.

When not supplied in the findings of any court of inquiry, board of investigation, court-martial, or other proceeding, certain required information (including the endorsements) must be supplied and considered in the request for relief, as appropriate. Failure to provide all the required information could contribute to an unfavorable decision on the request. The accountable person requesting relief of liability should furnish the following documentation:

- The specific duty assignment of the accountable individual when the irregularity occurred.
- A statement showing when, how, and by whom the irregularity was discovered,
- A description of the action taken to verify the irregularity and establish how it occurred.
- A statement of when the last cash count and balancing was effected prior to the discovery of the irregularity.
- The prevailing circumstances when the irregularity occurred. (Prevailing circumstances could include the volume of money handled, volume of transactions performed, number of personnel involved, complexity of the transactions, actual operating conditions, and whether a shortage of disbursing personnel existed.)
- A copy of the appropriate standard operating procedures in effect at the time the irregularity occurred. (If no written procedures are available, a statement must be provided setting forth the known and used procedures followed at the time the irregularity occurred.)
- A statement indicating whether pertinent regulations and instructions were followed. (Or, if they were not followed, an explanation and justification for any omissions or deviations.)

- A statement of past involvement, if any, by the individual requesting relief in any prior irregularities.
- A statement indicating whether theft or other criminal acts may have been involved.
- A description of the manner in which the irregularity is being carried in the DO's account and the identity of the DO.

**Endorsements Required.**— Each addressee in the requestor's chain of command must provide a forwarding statement. (The chain of command includes the accountable DO when the requestor is a deputy, agent, or other accountable person under the jurisdiction of the current, accountable DO.) This endorsement should include a specific opinion as to whether the irregularity occurred while the accountable individual was in the line of duty. It should also contain a specific opinion about whether the individual was without fault or negligence in the matter. The endorsement should provide a specific recommendation as to whether relief should be granted.

**REVIEW PROCESS FOR RELIEF OF RESPONSIBILITY.**— Upon receipt of the request for relief, DFAS-CL will review it. The DFAS-CL will review all endorsements and the report of investigation for such things as completeness, validity, and acceptance. If the request or endorsements are not considered adequate, further information will be requested. Relief of liability will not be granted or denied without review and coordination of the Office of General Counsel at DFAS-CL.

**Relief Granted.**— If relief is granted, DFAS-CL will provide a letter of instruction for removal of the deficiency from the DO's account.

**Relief Denied.**— If relief is denied, the CO will be directed to take immediate collection action against the accountable individual. Procedures for effecting collection of irregularities and processing and accounting for the collection are prescribed in the DODFMR, Volume 5.

#### **DEALING WITH THE ABSENCE OR INCAPACITY OF A DISBURSING OFFICER OR A DEPUTY AT A BRANCH DISBURSING OFFICE**

When a DO dies, is incapacitated, or is removed from disbursing duty for cause (including unauthorized absence), the CO must take the following actions:

- Take possession of all disbursing spaces, keys, and property, and seal the safe(s).

- Appoint a board of at least three disinterested but qualified officers to inventory the vouchers, funds, and property on hand.

- Appoint a suitable person to act as custodian of the vouchers, funds, and property; or take charge of the vouchers, funds, and property involved and perform the duties of the DO.

- Notify DFAS-CL by message of all actions taken and provide an information copy to DFAS-Headquarters and the applicable FIPC receiving the financial reports.

The CO can authorize a deputy to continue to disburse the accounts under the name of the absent DO for a period of time up through the last day of the second month following the month of absence. During this period, the deputy—not the DO—will be responsible for all acts performed under this authority. Whether it is a deputy or another accountable person appointed by the CO to act for the absent DO, the acting accountable DO is also responsible for rendering the reports and returns in the same manner that was required of the person he or she was appointed to replace. The returns of an acting accountable DO must not be merged either with those of the relieved DO or with those submitted by the regular relief after the regular relief assumes duties.

Sometimes, a deputy will be located at a different activity. A common example is when a deputy is assigned to a branch located on an activity different from that of his or her DO. The CO of the activity where the deputy is assigned must immediately notify the accountable DO of the deputy's absence in cases of emergency. Such cases include death, incapacity, unauthorized absence, or arrest. If practical, the accountable DO, in the presence of a competent witness, should inventory the vouchers, funds, and property involved. If that is not practical, the accountable DO should request the appointment of a board to take the inventory and a suitable person to take custody until he or she can perform the inventory. The request should be made to the CO of the activity at which the branch is located.

#### **DISPOSITION OF RETAINED DISBURSING RECORDS UPON DETACHMENT OF A DISBURSING OFFICER**

When a DO detaches, copies of returns and vouchers, books, records, and any other associated

papers (located ashore or afloat) should be retained as government property. They should be readily accessible to the acting or incoming DO or a duly authorized settlement officer.

As a senior DK, you may encounter some of the responsibilities for these records. Therefore, you need to know the specific procedures to follow for the storage and disposition of retained disbursing records when a DO is detached from disbursing duty.

#### **General Storage and Disposition Requirements**

Generally, unclassified records will require no special security precautions and can be stored in regular open files or cabinets. Retained records should be destroyed when they are 1 year old. When a DO is relieved by another DO, the retained records should be left in the custody of the relieving officer for settlement action.

#### **Procedures for Ashore Units**

At an ashore activity, retained records less than 1 year old will be transferred to the relieving DO as a part of the relief process. When the records are 1 year old, the relieving DO will destroy them. When a disbursing office is being deactivated, the retained records should be packaged and mailed to the office designated to settle the accounts. When the records are 1 year old, the designated settlement office will destroy them.

#### **Procedures for Afloat Units**

Since afloat units have very limited storage space, their procedures are different. When a DO afloat is relieved of duty by another DO, the relieving officer will retain the relieved officer's retained records for a period of 90 days from the date of relief. After the 90-day period, the retained records of the relieved officer will be packaged and forwarded to the appropriate FIPC. The FIPC will retain the records until the expiration of the 1-year retention period.

If the afloat unit is deployed, the retained records will not be forwarded until it returns to its home port and the 90-day retention period is met. If the DO is detached without relief because of deactivation of the office or decommissioning of the ship, the retained records will be forwarded to the appropriate FIPC. The FIPC will destroy them when they are 1 year old. The DODFMR, Volume 5, chapter 19, gives the required groupings for the storage of records of afloat units.

## Procedures for Requesting Forwarded or Destroyed Records

If the need arises for records that have previously been shipped or destroyed, requests should be made by letter to the cognizant FIPC.

### POSTAL FUNDS

Aboard ship and at many overseas commands, the DO may become involved in Navy postal operations. The CO may designate the DO, by letter, to act as the verifying official for daily money order reports. The CO may also designate the DO as the reserve custodian for blank money order forms and postage stamp funds (stock and cash). The *DOD Postal Manual*, Volume 1, contains instructions for the handling of stamp stock and money orders. It prescribes the designation of reserve custodians at activities operating Navy post Offices.

Since the DO and the accountable assistants are directly involved with the command's postal operations, we will briefly discuss some of the more important regulations and procedures relating to these duties. As a senior DK, you should be aware of these procedures. Keep in mind that any stamp stock, money order forms or funds, or any other negotiable instruments used in postal operations represent cash. This makes accountability imperative.

### MONEY ORDER SERVICE

The DO may become involved in three areas of the money order service:

1. Custody and control of money order forms
2. Custody and control of money order funds
3. Auditing of money order accounts

### Money Order Forms

For a DO to be authorized to handle money orders, formal designation must be made in writing by the CO appointing the DO to act as reserve custodian. As previously mentioned, a DO who is designated as reserve custodian must comply with the *DOD Postal Manual* in regard to the custody, control, and distribution of blank money order forms.

**SECURITY.**— Blank money order forms must be stored in a three-number combination safe or an equally secure storage area. The DO should be the only person to have access to this container.

**CONTROL.**— The DO uses the Money Order Control Record, DD Form 885, as a daily control document. Each day, the DO indicates on the DD Form 885 the expected number of money orders to be sold during that day's money order service. The money order clerk signs the DD Form 885 accepting custody for the specific number of money orders indicated on the form. After the close of the money order service for that day, the money order clerk must return the unused money orders to the DO. Then, the DO must verify and sign for the returned money orders on the DD Form 885. There is no exception to this requirement.

### Money Order Funds

Just as for blank money orders, there are equally strict rules for the custody, handling, control, and security of monies derived from the sale of money orders. The following list contains two of the most important rules and their associated guidelines:

1. No change funds should be advanced to the money order clerk.
2. All monies collected from the sale of money orders must be turned in to the DO daily. The following two conditions and rules also apply:
  - a. If the amount from money order sales is \$100 or more, the DO must issue an exchange-for-cash-remittance check payable to the DO, U.S. Postal Service. This check will accompany the Military Post Office Report of Money Order Business, PS Form 6019-MPO.
  - b. If the amount from money order sales is less than \$100, the money may be accepted as a safekeeping deposit or issued as a check, whichever is more convenient.

### Money Order Accounts

When designated as the auditing officer, the DO must audit and verify the money order funds and the Military Post Office Report of Money Order Business, PS Form 6019-MPO, each day.

**AUTHORIZED PROCEDURES IN DOD POSTAL MANUAL.**— The DO must use the auditing and verification procedures set forth in the *DOD Postal Manual*. These procedures will help the DO avoid some of the more common discrepancies.

**COMMON MISTAKES AND DISCREPANCIES.**— The following discrepancies are routinely uncovered by area audit teams:

- Independent adding machine tapes for money orders and fees were not prepared by the DO. (In addition to preparing independent adding machine tapes for money orders and fees, the DO should sign both tapes and attach them to the retained copy of the PS Form 6019-MPO.)

- The exchange-for-cash-remittance check number was not shown on the PS Form 6019-MPO.

- The PS Form 6019-MPO was not stamped by the postal clerk with the all-purpose date stamp.

- The original and all copies of the PS Form 6019-MPO were not signed by both the DO and the money order clerk.

- These common discrepancies can be avoided by use of correct procedures and attention to detail.

#### **POSTAGE STAMP STOCK AND FUNDS**

When designated as the reserve custodian, the DO will maintain custody of excess postage stamps and funds. The term *excess postage stamps and funds* refers to any amount greater than the specific amount the custodian of postal effects (COPE) is authorized to maintain in custody. The excess stamps and funds are received and handled as a safekeeping deposit from the COPE. This deposit must be identified as a “Postage Stamp Fund.” Stamps are issued to the COPE in exchange for funds derived from the sale of stamps.

When the replenishment of stamps is required, postage stamp funds must be converted to an exchange-for-cash check payable to the accountable postmaster for transmission with the stamp requisition. A signed copy of the Stamp Requisition, PS Form 17, must be filed with the postage stamp fund safekeeping deposit. Upon receipt and verification of the stamps requisitioned, the retained copy of the stamp requisition will be returned to the COPE for the post office files. The postage stamp funds must not be commingled with any other safekeeping deposit or other funds, including money order funds, that are retained in the custody of the DO!

### **UNITED STATES PUBLIC MONIES**

At the beginning of this chapter, we defined public funds as those monies appropriated by Congress for use

by the Navy Department. In this section, we will discuss the requirements for handling United States public monies. Unless otherwise indicated, all references we mention in this section are contained in the DODFMR, Volume 5. Throughout this section, we will refer to this publication simply as Volume 5.

In the following paragraphs, you will read about some of the special requirements for handling U.S. public monies. As described in Volume 5, persons appointed to accountable positions and their supervisors must be aware of these requirements. In our previous discussions of accountable positions, we touched upon some of these requirements. In this section, we will look a little closer at the special conditions involved when accountable persons receive the authority to hold money at personal risk and carry out their responsibilities in handling public funds

#### **AUTHORITY TO HOLD MONEY AT PERSONAL RISK**

The authority to hold money at personal risk is not automatic-it must be requested and approved. The approving authority is the CO or OIC of the activity to which the DO, deputies, and agents are permanently assigned.

#### **Authorization Process**

To make sure good cash management procedures are in effect, the CO or OIC must review each request. The review must ensure each request is in line with the total nonpayroll requirements for the activity. Cash for payrolls is, in fact, held at personal risk. However, scheduled payday cash requirements (including amounts needed to cash payday checks) should not be included in a request for authority to hold money at personal risk.

The CO or OIC is responsible for making sure the amount of the request is within the guidelines established by Volume 5. The CO or OIC also must make sure management controls exist to guarantee routine reviews of cash requirements.

#### **Request**

A new request to hold cash at personal risk must be submitted at least semiannually, or whenever it is required as a result of the periodic review of cash requirements. A new request must be submitted in time to allow sufficient approval time for the authority to hold cash at personal risk to become

effective on 01 October and 01 April of the fiscal year. The request must be in writing and must contain the specific, required information set forth in Volume 5. The request must include the amount to be held by the DO and the amount to be held by the deputies and the agent cashiers in the main disbursing office.

The requests by deputies, agents, and alternate agents must be forwarded via the DO. When a deputy or agent is not under the same command as the DO, the request must also be routed via the deputy or agent's CO or OIC. Approval will be indicated by appropriate endorsement and the original request will be returned to the DO, deputy, or agent for retention.

**DETERMINATION OF CASH REQUIREMENTS**

All DOS must compute their average daily cash requirements. Normally, a DO does this by subtracting daily cash collections from daily cash disbursements over a representative period of time and averaging the results. If daily replenishment is feasible, no other computation by the DO is necessary. Otherwise, the DO should compute the requirement based on the source and availability of funds.

**Basic Criteria for Average Daily Cash Requirements**

Table 1-2 shows the criteria a DO should use for determining cash requirements.

**Table 1-2.—Determination of Cash Requirements**

<b>IF SOURCE OF FUNDS IS:</b>	<b>AND WEEKLY REQUIREMENTS ARE:</b>	<b>THEN HOLD CASH TO OPERATE FOR:</b>
Reasonably close (not more than 24 hours required to obtain cash)	\$500 or less	4 weeks
	Over \$500 and less than \$5,000	2 weeks
	Over \$5,000 and less than \$100,000	1 week
	Over \$100,000	3 days
Not reasonably close (more than 24 hours required to obtain cash)	\$2,500 or less	4 weeks
	Over \$2,500 and less than \$50,000	2 weeks
	Over \$50,000	1 week
Remote	\$50,000 or less	4 weeks
	Over \$50,000	2 weeks

**Special Requirements for Increases**

At times, special circumstances will require DOS to increase their cash holdings beyond the amounts indicated in this table. In these cases, the circumstances and duration of the need for increased cash must be detailed in a request for approval to increase cash held at personal risk.

**Special Requirements for Afloat Units**

Afloat DOS may have additional circumstances associated with extended underway operations and overseas deployments. In these situations, the normal rules may not apply. After a cash requirements determination has been made, a temporary (not over 30 days) request to hold the additional cash at personal risk may be submitted to the CO for approval. If circumstances are expected to exceed 30 days or become permanent, a new request will be forwarded to stay in effect until conditions change.

**SAFEGUARDING OF FUNDS**

Access to public monies and related instruments and documents must be restricted. This is one of the reasons for limiting accountable positions. Other reasons are based on security and sound accounting procedures. In the safeguarding of funds, both the CO and the DO will have specific responsibilities.

**Commanding Officer**

The CO is responsible for providing every individual entrusted with public funds a safe or some other adequate secure storage facility. The storage

facility is for the exclusive use and accessibility of that individual. The CO is also responsible for developing a security program and issuing it in the form of a command instruction or notice. This program must provide adequate security for the maximum amount of funds and related instruments that will be on hand at any given time. The security program must also cover the protection of personnel, including provisions for armed guards when they are required.

### **Disbursing Officer**

The DO is responsible for monitoring the effectiveness of the security program. This broad responsibility includes making sure the following requirements are met:

- Vaults and safes are not accessible to unauthorized personnel.

- Cash is not held in excess of the amount required and authorized.

- Windows and doors are limited and locked at all times outside of business hours.

- Access to the working area is limited and conspicuously marked Authorized Personnel Only. Transactions should be conducted from a cage, room, or counter enclosure, constructed in a manner that will prevent a physical barrier to normal traffic and a minimum of interference by other activities and personnel in the office.

- Security devices for the check-signing machines, meters, and plates are kept in the custody of the DO or an authorized deputy at all times.

- Internal office procedures are established to provide adequate controls on all undelivered and returned checks. Responsibility for receipt, holding, and final distribution of checks will be assigned in writing.

- The CO is advised of any security shortfalls or breaches.

- DFAS-CL is informed of any request for adequate safeguarding facilities that has been denied.

- Oral and written instructions are provided to all deputies, agents, and cashiers regarding the proper care and handling of cash and other accountable instruments. (The DO should maintain an affidavit from each accountable individual attesting to the receipt of these instructions.)

- All cash and related documents are kept in containers that meet the requirements set forth in the DODFMR, Volume 5.

- All fund containers aboard ship and fund containers ashore that are either on rollers or weigh less than 750 pounds are secured in such a way as to prevent movement.

- Containers that are visible to the exterior of the office where security patrols pass are properly illuminated. This requirement is mandatory in all cases afloat.

- The combinations to all safes and containers are changed at least every 6 months and upon relief, transfer, separation, or discharge of the accountable individual. Each combination is known only to the responsible individual. A signed and dated record is kept of all combination changes.

- The dial to each container is covered by a shield to limit the possibility of the combination being observed.

- The name and phone number of the individual responsible for each container are posted on the inside of that container.

- Keys to the workspace or disbursing office are strictly controlled and a written record is maintained to identify the persons to whom keys were issued and the times when keys were both issued and surrendered.

- All security equipment is tested every 6 months for proper operation and a record of the tests is maintained.

As indicated by these requirements, the DO's overall responsibility for security is directly related to the routines of business.

### **TRANSFER OF FUNDS**

Occasionally, DOS are required to transfer funds in their possession.

#### **From One DOD Disbursing Officer to Another**

If the transfer is simply to another DOD DO, the normal exchange-for-cash procedures are followed. Under other circumstances, however, the requirements will be different.

## Upon Relief of a Disbursing Officer

Upon the relief of a DO, all funds-including those in the hands of deputies and other accountable assistants-must be transferred to the relieving DO. A certificate of transfer should be furnished on the bottom of the final Statement of Accountability, SF 1219, of the officer relieved. The certificate shall read as follows:

I have received on (date) by transfer from officer relieved), (total amount) an analysis of which is included in Sections I-B and I-C above.

(Signature and rank of relieving officer).

In addition to the normal distribution requirements, two extra copies of the SF 1219 must be prepared. One copy will be filed with the retained records of the relieving officer the other copy will be retained by the officer being relieved as a receipt for the funds transferred. The original and all copies of the SF 1219 must be signed by both the officer relieved and the relieving officer.

## DEPOSIT OF EXCESS FUNDS

Funds received by DOs that are not currently required for disbursing operations, including all checks and other negotiable instruments, are considered to be excess funds. Excess funds must be deposited for credit to the Department of the Treasury. Excess funds in the form of checks, drafts, and money orders payable in U.S. dollars must be deposited to the account of the Department of the Treasury with a Federal Reserve bank (FRB) or branch or with a designated general depository.

Other requirements for the deposit of excess funds will vary, depending on whether the disbursing operation is ashore or afloat and located in a U.S. or foreign territory.

## Shore Stations

For a shore station, deposits must be made on a daily basis whenever the amount is \$1,000 or more. If the amount is less than \$1,000, the funds may be held until the amount reaches or exceeds \$1,000. In all cases, however, funds must be deposited by the last banking day of each week, regardless of the amount accumulated. The DOs of units located in the 50 United States must deposit U.S. Treasury checks in the sum of \$5,000 or more with the nearest FRB or branch. DOs located outside the 50 United States should deposit all checks or excess funds with the general depository they normally use.

## Ships Afloat

For the deposit of excess funds, the requirements for DOs assigned to afloat units are slightly different from those for DOs assigned to shore units. They even differ according to whether the ship is in port or at sea.

**SHIPS AT SEA.**— When daily mail service is not available, the DO of a ship at sea may accumulate up to \$5,000 in receipts before depositing them. (The receipts must consist only of personal checks, money orders, and other non-Treasury negotiable instruments.) However, a deposit of all receipts on hand must be made at least once each week. (Note: This exception covering accumulated deposits up to \$5,000 in receipts does not apply to U.S. Treasury checks.)

The DO prepares the deposits for mailing via registered mail and delivers them to the post office on board. All deposits must be mailed to an FRB or a branch. This means negotiable instruments to be deposited are not to be held in the DO's accountability pending the ship's arrival at the next scheduled port of call. The DO must make a deposit on the last regular business day before the ship leaves port and the first regular business day after the ship returns to port for any at-sea period in excess of 1 week. These deposits are required regardless of the total amount involved, the time interval since the last deposit, and the type of checks and negotiable instruments on hand.

**SHIPS IN U.S. PORTS.**— For ships in U.S. ports, deposits of excess funds must be either delivered in person or sent via registered mail to the nearest FRB. Deposits must be made when receipts accumulate to \$1,000 as prescribed for shore stations.

## Deposit Procedures

All negotiable instruments must be endorsed before deposit. The endorsement will depend on where the deposit is being made. Deposits to an FRB or a branch must have a 9-digit Ca\$h-Link Identification Number (CIN), which is specific to each disbursing office. The date will be the date of the bank's business date on which the deposit is made. Figures 1-1 and 1-2 show sample endorsements.

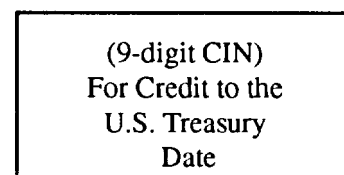


Figure 1-1.-Sample endorsement for an FRB or branch.

<p>U.S. Navy DSSN 1234          For Credit to the          U.S. Treasury          Date</p>
--------------------------------------------------------------------------------------------------------

**Figure 1-2. Sample endorsement for a general depository.**

Checks deposited need not be sorted, but they should be accompanied by an adding machine tape or other listing showing the amount of each check and the total amount of the deposit.

**Deposit Tickets**

All deposits must be accompanied by a Deposit Ticket, SF 215, prepared by the depositor. Separate deposit tickets are required for cash and checks. Table 1-3 shows the proper distribution of this form.

**Deposit Records**

Unfortunately, a negotiable instrument or even a group of these instruments may occasionally get lost in the mail. They may even get lost after a deposit has been made! To identify the drawer and endorser and to effect replacement, the disbursing unit should maintain a record of each instrument deposited. This record may be maintained on microfilm or by photocopies. Regardless of the method used, the front and back of each instrument must be copied.

When microfilming or photocopying facilities are not available, the record will be a typed or written list containing the following information:

- Source of the instrument
- Name of the financial institution on which the instrument is drawn
- Type of instrument
- Serial number of the instrument
- Payee
- Maker
- Date drawn
- Amount

**Debit Vouchers**

When a bank has a valid charge against a disbursing symbol number (such as in the case of a returned check), a Debit Voucher, SF 5515, is issued. This acts as a negative deposit and requires the DO to make the adjustment on his or her current month's financial returns. The necessary actions for recording and clearing these transactions are contained in the DODFMR, Volume 5.

**Schedule of Deposit Activity**

All DOs are required to prepare and submit a schedule of deposit activity in connection with their

**Table 1-3.—Distribution of Standard Form 215**

COPIES PREPARED	NAME OF REQUIRED COPY	ORIGINAL DISPOSITION	FINAL DISPOSITION
Original	Original	To depository with deposit	Depository forwards to Department of the Treasury.
Duplicate	Memorandum	DO retains when deposit is presented or mailed	Submitted with monthly financial returns unless confirmed copy is received in the same month.
Triplicate	Depository	To depository with deposit	Depository retains.
Quadruplicate	Agency	DO retains	After receiving confirmed copy, DO transcribes the date confirmed and includes in retained returns.
Quintuplicate	Confirmed	To depository with deposit	Submitted with the financial returns in the month received.



financial returns. The primary purpose of the schedule is to report the detailed deposit transactions included on the SF 1219, Statement of Accountability. The schedule also serves as a transmittal for deposit documents and provides a detailed listing of those that remain unconfirmed.

It is imperative that the DO take follow-up action whenever a confirmation copy of a deposit is not received from the depository in reasonable time. The definition of reasonable time should be based on past experience. In other words, reasonable time should be the time it usually takes for this transaction to take place—from the date the deposit is mailed to the depository until the date the confirmed copy is received by the disbursing unit. Afloat DOs must also allow for the ship's movement schedule and the location where the deposit was mailed. In any event, follow-up action must be initiated within 45 days from the date of mailing.

## **SUMMARY**

Following the proper procedures of accountability cannot be overemphasized. The requirements for proper appointment and monitoring of all positions involved in the handling of funds and accountable instruments must be followed at all times. Detailed procedures have been established to allow for the maximum protection of the individuals in these positions and the Navy.

This chapter is just an overview of the most often encountered positions and some of the associated duties and responsibilities. After studying the information in this chapter, you should be aware of and appreciate the complexity of the principle of financial accountability and how accountability is mandatory and intrinsic to every disbursing operation. For more information regarding financial accountability, see the DODFMR, Volume 5.



## CHAPTER 2

# APPROPRIATION ACCOUNTING

Appropriations are broad categories or blocks of funds authorized by Congress to be used for specific purposes by various government departments. Because appropriations are made for specific purposes and cannot be expended for other purposes, accounting for appropriations is an essential part of the Navy's financial management system. In fact, it is the appropriations authorized by Congress to be made from the general fund that support the Navy's operations and strategic capability.

The purpose of this chapter is to examine the various components of appropriation accounting. As a senior Disbursing Clerk (DK), you will become directly involved in this area of responsibility because you will be required to report all disbursements and collections accurately by the appropriation itself and by the various components of the accounting data. The information in this chapter is designed to provide you with an overview of these responsibilities and procedures. After studying this chapter, you should be able to describe the components of appropriation accounting and their individual and collective roles in the Navy's financial management system.

### NAVY FINANCIAL MANAGEMENT

Before discussing the components of the appropriations and the related accounting data, let's take a look at some basic aspects of the Navy's financial management system, such as the fiscal year and the Five-Year Defense Program (FYDP).

#### FISCAL YEAR

The fiscal year for the federal government begins on 1 October of each calendar year and runs through 30 September of the following calendar year. The fiscal year is designated by the calendar year in which it ends. For example, the fiscal year for 1997 will begin on 1 October 1996 and will end on 30 September 1997.

Although the time frame for a fiscal year is the 12 months from 1 October of one calendar year through 30 September of the following calendar year, the operational scope of the fiscal year is much broader. During a fiscal year, several different transactions will

take place. Some of these transactions will be related to the current fiscal year. Others, however, will be related to the previous fiscal year. In fact, some will even concern future fiscal years. This means that while transactions for the current fiscal year are being processed, appropriations for previous fiscal years are still being cleared or settled. Simultaneously, the planning and development of budgets for future fiscal years may also be taking place. This is why you, as a senior DK, must be aware of all transactions associated with budgeting, appropriation accounting, and the significance of the fiscal year. The dimensions of the Navy budget are indeed broad for any one fiscal year. This is one of the reasons that the Department of Defense instituted the FYDP.

#### THE FIVE-YEAR DEFENSE PROGRAM

The FYDP establishes the planned force structure and financial levels for the military departments for a 5-year period. To allow for the making of careful decisions, the FYDP provides a method by which the information the military departments will use for planning, programming, and execution can be accumulated, grouped, and controlled according to specific meaningful categories called programs. At the time this training manual (TRAMAN) was published, the FYDP consisted of the 10 programs shown in figure 2-1. These 10 programs provide a framework from which the Navy develops its annual budget requests.

1. Strategic Forces
2. General-Purpose Forces
3. Intelligence and Communications
4. Airlift and Sealift
5. Guard and Reserve Forces
6. Research and Development
7. Central Supply and Maintenance
8. Training, Medical, and Other General Personnel Activities
9. Administration and Associated Activities
10. Support of Other Nations

Figure 2-1.-Ten programs used in the Five-Year Defense Program.

## APPROPRIATIONS AND FUNDS

Before we go further into appropriation accounting, we need to examine the basic differences between appropriations and funds. Let's first take a careful look at appropriations. As a senior DK, you should understand the specific terms that are associated with different types of appropriations. Since you will be required to provide accurate documentation for each type of appropriation, you should be completely aware of the important terms and their definitions that we will explain in the following sections.

### APPROPRIATIONS

An appropriation is an authorization by an act of Congress to incur obligations for specified purposes and to make payments therefor from the Treasury. Simply stated, an appropriation results from an act of Congress to provide the funding authority for the Navy to accomplish specific functions or missions.

#### Types of Appropriation Acts

To establish or amend an appropriation, Congress can pass three different types of appropriation acts: (1) regular, (2) supplemental, and (3) deficiency.

**REGULAR APPROPRIATION ACT.**— A regular appropriation act is the first appropriation act passed by Congress for a specific purpose for a particular fiscal year.

**SUPPLEMENTAL APPROPRIATION ACT.**— A supplemental appropriation act changes the monetary limitation, the purpose, or both, of an appropriation that is still available for obligation or for payment of existing obligations. A supplemental appropriation act may also be used to establish an appropriation that was not included in the regular appropriation act.

**DEFICIENCY APPROPRIATION ACT.**— A deficiency appropriation act allows Congress to change the monetary limitation of a particular appropriation to permit the liquidation of known or anticipated obligations when the sums appropriated in the regular appropriation act are not sufficient to meet these obligations.

Just as there are different acts by which appropriations can be established or amended, there are also different types of appropriations. As a senior DK, you will encounter a variety of terms, each associated with a specific type of appropriation. You must be able to recognize the different types of appropriations.

#### Types of Appropriations

Although there are several types of appropriations, each type is designated by its own special term. The status of the appropriation is the determining factor. In our explanation of the following terms, notice how the status of the specific appropriation figures strongly in the definition of each term and actually establishes basic conditions under which the Navy must use that particular appropriation.

● **ANNUAL APPROPRIATION**— An annual appropriation is available for the incurring of obligations only in the fiscal year specified in the appropriation act. An annual appropriation is also referred to as a 1-year appropriation.

● **MULTIPLE-YEAR APPROPRIATION**— A multiple-year appropriation is available for the incurring of obligations for a definite period of time, but the period of time must exceed 1 fiscal year.

● **CONTINUING APPROPRIATION**— A continuing appropriation is available for the incurring of obligations until the appropriation is exhausted or until the purpose for which the appropriation was made is accomplished. Also referred to as a no-year appropriation, a continuing appropriation has no fixed period of time.

● **CURRENT APPROPRIATION**— A current appropriation is available for the incurring of obligations only during the current fiscal year. This is also called an unexpired appropriation.

● **EXPIRED APPROPRIATION**— An expired appropriation is one that is no longer available for additional obligations, but it is still available for 2 years from the date of expiration for liquidation of any existing obligations.

● **DEFINITE APPROPRIATION**— A definite appropriation has the amount stated in the appropriation act as a specified sum of money.

● **INDEFINITE APPROPRIATION**— An indefinite appropriation is one that does not have a specific amount stated in the appropriation act. Instead, the specific amount is determined at some future date from the sources specified in the appropriation act.

● **LAPSED APPROPRIATION**— A lapsed appropriation is one that has an undisbursed balance, but by law is not available for disbursement.

## Types of Appropriation Accounts

Once an appropriation is passed, an appropriation account is established to make amounts available for expenditure and obligation from the Treasury. Appropriation accounts include not only accounts to which money is directly appropriated, but also revolving funds, working funds, and trust funds. (These funds will be discussed later.)

There are three types of appropriation accounts: (1) open, (2) closed, and (3) successor.

**OPEN APPROPRIATION ACCOUNT.**— An open appropriation account is an account that has not had the balance transferred to a successor account or to surplus. The appropriation in the account may be expired or unexpired.

**CLOSED APPROPRIATION ACCOUNT.**— A closed appropriation account is an account that has had the balance transferred to a successor account or to surplus. The appropriation in the account is lapsed.

**SUCCESSOR ACCOUNT.**— A successor account is an account established for the payment of obligations applicable to appropriations for the same general purposes, but which have either lapsed or been discontinued. A successor account is available indefinitely for the payment of obligations chargeable to any of its predecessor accounts.

## FUNDS

A fund, as used in connection with appropriations, is a sum of money or other resources, usually segregated, to be expended or used for specified purposes. Funds differ from appropriations in that they are usually permanent in nature and do not expire unless they are revoked by Congress. Three types of funds are commonly used by the Navy: (1) general, (2) trust, and (3) revolving. In the following sections, let's take a look at each of these funds.

### General Fund

The general fund of the Treasury is the fund into which all receipts of the United States Government are deposited, except those from specific sources required by law to be deposited into other designated funds. Appropriations from the general fund are made by Congress to carry on the general and ordinary operations of the government.

## Trust Fund

A trust fund is used to deposit amounts received or appropriated and held in trust according to an agreement or a legislative act. These amounts may only be used or expended according to the terms of the trust or act. An example of a trust fund is Ship's Stores Profits, Navy (SSPN). Profits from the ship's store are held in this account and may only be used for authorized expenses of the ship's store and the welfare and recreation of Navy personnel.

### Revolving Fund

A revolving fund is established to finance a cycle of operations to which reimbursements and collections are returned for reuse in such a manner as to maintain the principal of the fund. The amount of the fund may be in the form of cash, inventory, receivables, or other assets. An example of a revolving fund is the Navy Stock Fund, which is used to purchase and maintain stocks of common supply items required for the support and operation of the Navy.

You have just read about appropriations and funds and the basic roles they play in the Navy's financial management system. In the following sections, you will read about accounting data. As a senior DK, you must be able to understand how accounting data entries are coded and identified and how the Navy's accounting classification code and other accounting components help to provide a uniform system for accumulating, identifying, reporting, and using important accounting information.

## ACCOUNTING CLASSIFICATION CODE

In the Navy's financial management system, the accounting classification code provides a uniform system for accumulating and reporting a variety of accounting information. This code is shown on all purchase requests as well as the resulting obligation and expenditure documents. The accounting classification code identifies the activity responsible for accounting for the associated appropriation (or part of the appropriation). It also assists in the forwarding of copies of public voucher disbursements and elections to the accountable activity for analysis of obligations and expenditures.

The detail required in a particular accounting classification code may vary, depending on the appropriation and type of transaction involved. An

example of an accounting classification code that contains the maximum number of elements is shown in figure 2-2. Figure 2-2 also illustrates the order in which the accounting data should be entered on the required documents. You should follow the order shown in figure 2-2, regardless of any preprinted instructions on your document to the contrary. In the following sections, we will explain the significance of each of these elements and the order in which they should be used. We will also examine the position and significance of the alphanumeric characters in each element. While reading this information, remember to refer to the example in figure 2-2. We will discuss these elements and their characters in the order of their numerical and sequential presentation in this figure.

### APPROPRIATION OR FUND

In every accounting classification code, the first element represents the appropriation or fund. (Refer to number 1 on the left side of figure 2-2. This represents the first element in the accounting classification code used as the example.) The appropriation or fund, of course, indicates the legal source of each transaction. In most cases, the appropriation code will consist of only seven alphanumeric characters. It may, however, contain up to nine characters, depending on the reporting requirements.

The first two digits in our example are 1 and 7, or 17, which represent the Department of the Navy. The third digit, 8, is the last digit of the fiscal year for that particular annual appropriation. If the letter X is used

in the third position instead of a number, then the appropriation is a continuing appropriation. If the letter M is used in the third position, then the appropriation is a successor appropriation.

The next four digits (1453) indicate the type of appropriation. In the case of a fund, these four digits would indicate the type of appropriation and the particular type of fund used within that appropriation.

### SUBHEAD

The second element of the accounting code (indicated as number 2 on the left side of the figure) is the subhead. This element identifies the charges (or credits) to the appropriation or fund (indicated in element 1) for that particular transaction. The subhead consists of four characters. The first two characters identify the administering offices. The last two characters identify the purpose of the subhead. For example, the subhead 2201 in figure 2-2 identifies the administering office, 22, as the Bureau of Naval Personnel (BUPERS) and the purpose, 01, as pay and allowances of officer personnel.

### OBJECT CLASS

The object class is the third element in the accounting classification code. (Refer to number 3 in figure 2-2.) It consists of three digits. The object class designates the nature of the services, articles, or other items involved, as distinguished from the purpose for which obligations were incurred.

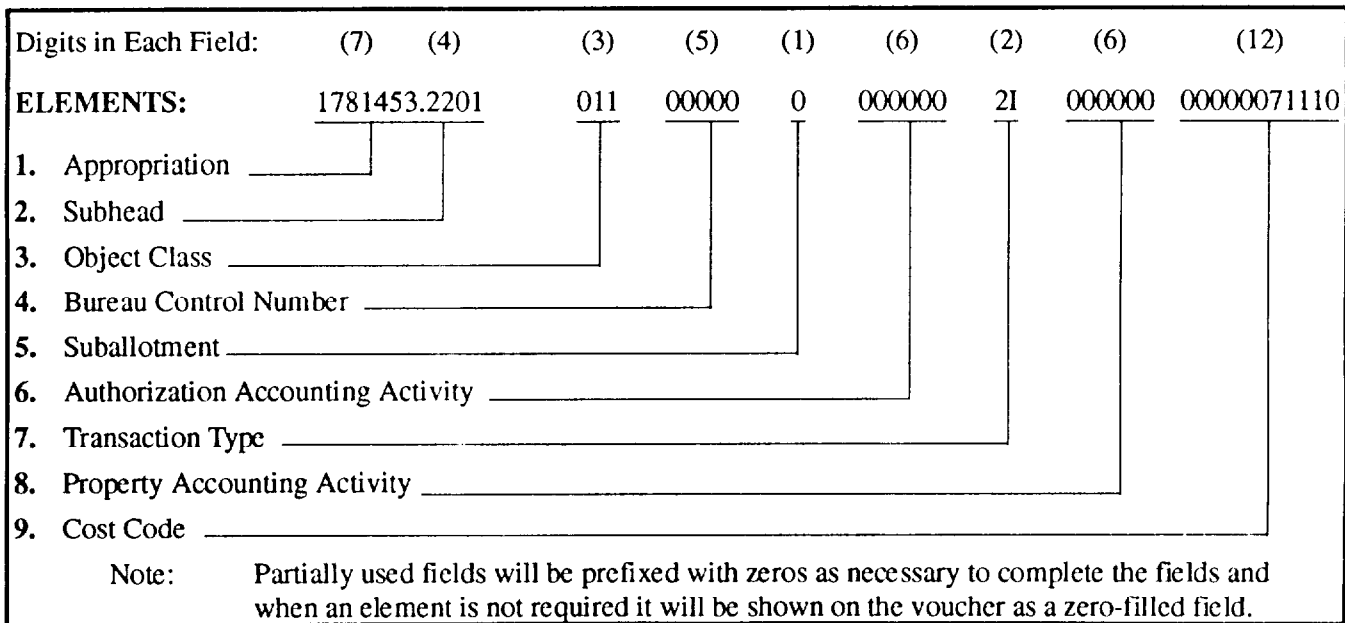


Figure 2-2.-The accounting classification code.

As shown in figure 2-3, there are four major categories of object classes: (1) personal services and benefits, (2) contractual services and supplies, (3) acquisition of capital assets, and (4) grants and fixed charges.

The Office of Management and Budget (OMB) directs the use of these classifications whenever the object class is required in the submitting of budget requests and reporting of data. The object class will appear as part of the accounting code required for obligations, costs, or disbursements.

**BUREAU CONTROL NUMBER**

The fourth element in the accounting classification code is the bureau control number. As shown in figure 2-2 (number 4), the bureau control number consists of five digits and represents the allotment authorization number. All funds within an appropriation account to be used for commitments, obligations, and expenditures are issued through allotments. An allotment is a subdivision of the appropriation that provides the funding authority for the accomplishment of a specific function or mission. The first two digits of the bureau

10	Personal Services and Benefits
11	Personnel compensation
12	Personnel benefits
13	Benefits of former personnel
20	Contractual Services and Supplies
21	Travel and transportation of persons
22	Transportation of things
23	Rent, communications, and utilities
24	Printing and reproduction
25	Other services
26	Supplies and materials
30	Acquisition of Capital Assets
31	Equipment
32	Lands and structures
33	Investments and loans
40	Grants and Fixed Charges
41	Grants, subsidies, and contributions
42	Insurance claims and indemnities
43	Interest and dividends
44	Refunds

Figure 2-3.-Major categories of object classes.

control number designate the budget project; the next three digits constitute the serial number assigned to the allotment.

In some cases, funds are not provided by an allotment. In these cases, the bureau control number is coded to identify other necessary accounting information.

**SUBALLOTMENT**

The suballotment is the fifth element of the accounting classification code. (Refer to number 5 in figure 2-2.) It further subdivides the allotment. The suballotment consists of one character that can be either alpha or numeric, as determined by the holder of the allotment.

**AUTHORIZATION ACCOUNTING ACTIVITY**

As shown in figure 2-2, the authorization accounting activity is the sixth element of the accounting classification code. It is composed of six digits and identifies the activity designated to perform allotment accounting and other accounting assignments. For this element, the unit identification code (UIC) of the designated accounting activity is used. Since UICs only contain five digits, a zero prefix is added to make six digits. Notice that in the accounting data presented in figure 2-2, the authorization accounting activity is not required. In cases such as these, six zeroes are used to fill the field.

**TRANSACTION TYPE**

The seventh element represents the transaction type. Because most Navy accounting transactions are performed by machine, use of the two-digit alphanumeric transaction code allows for machine identification of the following categories:

1. Stores account purchases
2. Plant property account purchases
3. Other special suspense-type accounts
4. Formal and other special obligation accounting
5. Successor appropriations
6. Register and listing identification
7. Other transactions of special interest

In some cases, the functional account number (FAN) may serve the same purpose as the transaction

type code. We will explain the use of the FAN later in this chapter.

## **PROPERTY ACCOUNTING ACTIVITY**

The eighth element consists of the property accounting activity. As shown in figure 2-2, this element consists of six digits. This six-digit element, however, can be constructed in several different ways, depending on the purpose of the expenditure. When the transaction code indicates a purchase for a stores account, the UIC of the activity designated to take up the property into the stores account must be used. If the transaction code designates the purchase of plant property, the UIC of the activity for which the plant property was purchased must be used.

As a DK, you will encounter the property accounting element used most frequently on temporary additional duty (TAD) orders. In the case of TAD orders, the TANGO or travel order number is used for the property accounting element. When this element is not required, the field is filled with six zeros.

## **COST CODE**

The final element of the nine accounting classification code elements is the cost code. It is made up of 12 alphanumeric characters. The cost code is the source of any information that may be needed for the preparation of reports requiring additional detail subsequent to the level identified in the rest of the accounting classification code. The cost code is also used on reports that require shortened coding. The construction of the cost code is determined by the authorization accounting activity. Some items that often appear in cost codes are job order numbers, fund codes, FANs, and UICs.

## **ADDITIONAL ACCOUNTING COMPONENTS**

The basic accounting classification code is made up of the nine elements we have just discussed. In addition to the nine basic elements, there are other aspects or components of appropriation accounting classification code data that you should recognize and understand. These important data items include allotments, FANs, UICs, and any financial transactions involving the international balance of payments.

## **ALLOTMENTS**

In the Department of the Navy, an allotment is defined as an authorization granted, within and pursuant to an allocation or suballocation, to an office, command, activity, or component of the operating forces for the purpose of incurring commitments, obligations, and expenditures within a specified amount pursuant to the purpose for which the allotment was granted and according to instructions issued by the administering office. Simply stated, an allotment is a means by which available funds within an appropriation can be authorized, issued, and administered to the Navy so that they can be used to meet the financial obligations to support a specific function or mission. The granting of an allotment automatically reduces the available balance of the specific appropriation, but does not constitute a specific financial commitment or obligation on the part of Congress. Instead, the holder of the allotment becomes the authorized agent who may create commitments, obligations, and expenditures against the appropriation within the scope of the granted allotment.

As a DK, you will normally encounter only two types of allotments used in disbursing transactions: (1) regular and (2) centrally managed. Basically, they differ only in their individual limitations and accountability requirements. In the following sections, we will explain each type. Let's first look at the regular allotment and examine the ways in which you, the senior DK, will be required to identify and use this important accounting classification data.

### **Regular Allotments**

A regular allotment provides for the normal operating budget for your ship or station. It is granted quarterly and is used for your activity's day-to-day operations. The commanding officer of your ship or station must closely monitor these funds to make certain they last through the entire quarter and their proper use and accountability can be readily demonstrated to the granting authority.

### **Centrally Managed Allotments**

A centrally managed allotment is an allotment made by the head of an office or command in a specific amount to be charged for specified purposes by designated officials, without specific limitations as to any individual official. A centrally managed allotment is used when it would be impractical to administer a regular allotment.



An example of a centrally managed allotment is Navy payroll. Disbursing officers are the designated officials for expending the funds, but they are not limited in the amount they can legally expend.

Like allotments, FANs represent important accounting data in many disbursing transactions. In the following sections, we will describe how you, the senior DK, will become involved with this important information.

## FUNCTIONAL ACCOUNT NUMBERS

FANs classify transactions according to the use for which the transactions were made. They are used as reference numbers to determine the content of certain accounts used in various reports. The FANs themselves will often not be evident in the accounting classification code, but will appear as part of the cost code. In some cases, the FAN will be used in some other element, such as the bureau control number in permanent-change-of-station (PCS) travel accounting data.

### Cost Accounting Use

As part of the functional account structure, the FANs provide important cost accounting data. These data are used in the cost analyses procedures necessary for the administration and management of monies provided through appropriations and funds. Generally, the cost analysis data items provided by the functional account structure are required so that the following financial goals can be accomplished:

- Effective administrative knowledge of the purposes for which the appropriations and funds are being used
- Accumulation of detailed costs that in some cases can be projected into determination of future budget estimates
- Preparation of statistical reports required by Congress showing the purposes for which the appropriations and funds were used
- Cost information for use in determining the effectiveness of the use of the appropriated funds
- Comparison of the costs of performing work among selected activities within the Naval Establishment

## Numbering Plan

Each functional account has been assigned a five-digit number. The accounts are grouped under six major headings. The first digit of each account number designates the applicable major heading. The second digit is combined with the first digit to designate a secondary series of account numbers, which are subdivisions of the major series of accounts. The remaining three digits provide a further breakdown, by purpose or type of expenditure, of the major and secondary series of accounts. In the following paragraphs, we will explain how these numbers work.

**MAJOR SERIES.**— The six major headings under which all functional accounts are grouped and the numbers assigned to each of these headings are as follows:

- 10000 Naval vessels
- 40000 Ashore naval activities
- 50000 Stores
- 60000 Stores manufacturing and repair
- 70000 Military personnel pay, allowances, and direct support expenses
- 90000 Miscellaneous, asset, liability, income, and expense accounts

**SECONDARY SERIES.**— Many secondary headings can be used to subdivide the six major headings. The most familiar and most often used in disbursing are the ones for the major series 70000. Following are the secondary headings and assigned numbers for this series:

- 71000 Pay and allowances
- 72000 Outfitting (other than clothing allowance in pay)
- 73000 Subsistence
- 74000 Transportation
- 75000 Other military expenses
- 76000 Training
- 77000 Medical care and care of the dead

You have just read about the significance of allotments and FANs and how they are used to identify important data items in appropriation accounting. In the following section, you will read about UICs and the

ways in which this important element of the accounting classification code is used.

**UNIT IDENTIFICATION CODES**

The UIC is a five-digit number that identifies an entity in the Department of the Navy or Department of Defense. Every command has a UIC. In fact, UICs are also assigned to civilian contractors and others who do business with the Department of Defense. Besides being used in the accounting classification code, as we mentioned earlier, UICs also appear in the Paid By section of public vouchers to aid in the identification of the disbursing officer of the agency making payments. UICs are also used in the Joint Uniform Military Pay System (JUMPS) for such things as the distribution of leave and earnings statements (LEs) and identification of the responsible paying offices for pay and allowances. The complete listing of Navy UICs can be found in the *Navy Comptroller Manual (NAVCOMPT Manual)*, Volume 2, chapter 5.

**INTERNATIONAL BALANCE OF PAYMENTS**

The identification of financial transactions involving other countries is important to the United States Government. The economic well-being of the United States is directly influenced by the international balance of payments (BOP). The Comptroller of the Navy is responsible for coordinating and developing policies and procedures regarding foreign currency

exchanges and other international financial transactions involving the Department of the Navy. The comptroller establishes procedures for the use of foreign currency in those countries in which the United States has Status of Forces Agreements (SOFAs), NATO Agreements, or Base Rights Agreements. Favored nation exchange rates for official transactions and for accommodation exchanges for United States personnel are sought by the comptroller as well.

Any transaction that affects the international BOP must carry a two-character alpha code identifying the country involved in the transaction. An example is CA for Canada. Chapter 7 of the *NAVCOMPT Manual*, Volume 2, contains the assigned country codes and the rules for applying them. Some general rules are shown in table 2-1.

Remember, you can find additional information about the rules for selecting and applying country codes in chapter 7 of Volume 2 of the *NAVCOMPT Manual*.

As well as the required country codes, you must also be aware of any applicable expenditure or collection category codes. In fact, any voucher that requires a country code must also have either a three-digit expenditure category code for disbursements or a two-digit source code for collections. These codes apply to transactions affecting disbursements and collections involving any appropriation, including all general, revolving, deposit, special, or trust funds, as well as any general fund

**Table 2-1.-General Rules for Country Coding Selected Transactions**

<b>Payment for:</b>	<b>Country code selection based on:</b>
Temporary additional duty (TAD) travel vouchers, including advances	a. When only one TAD station is involved, the country in which the TAD station is located b. When TAD in more than one country is involved, the country in which the greater part of the per diem is or will be earned
Permanent change of station travel	The country in which the greater part of allowances were earned or the greater part of expenses were incurred
Dislocation allowance	Country to which the individual's family is moved
Military payrolls for personnel afloat assigned to a ship home-ported in a foreign country	Country in which the ship is home-ported
Military payrolls for personnel on permanent duty ashore outside the United States	Country where duty is performed
Military payrolls for personnel on leave or temporary duty outside the United States	Country in which personnel are located at time of payment

receipt accounts established by the Treasury Department for collection of miscellaneous receipts.

### **Expenditure Category Codes for Disbursements**

The three-digit expenditure category code for a disbursement provides the means of recording, identifying, and assigning the dollar amounts paid by the voucher to the Department of the Navy's BOP report submitted to the Office of the Secretary of Defense. The expenditure category code must be recorded in the Object Class block of the appropriation cost code.

### **Collection Source Codes**

The application of a two-digit collection source code on a collection voucher provides the means of recording, identifying, and assigning the dollar amount collected by the voucher to the appropriate line of the Department of the Navy's BOP report. Each collection source code identifies the source of the collection that must be credited to a specific appropriation, fund, or receipt account. Collection source codes must be recorded in the Object Class block on the voucher.

Now that you have read about the important components in the accounting classification codes and how they are used in appropriation accounting procedures, let's take a look at some important reasons you must monitor these codes for accuracy.

### **IMPORTANCE OF ACCURATE ACCOUNTING DATA**

The importance of ensuring the accuracy of accounting data cannot be overemphasized. As you have already read in this chapter, accurate accounting for all monies is important for the management of the Navy's financial resources and for use in future budget requests and their justification. The payment of obligations and the collection of funds involve more

than just preparing the check or taking the money and processing the related paper work. To the extent possible, disbursing personnel are also responsible for ensuring the accounting classification code is correct.

When auditing financial documents, you must remember that there are nine elements that make up the complete accounting classification code. These nine elements must be shown on all financial documents before they are processed. Remember: It is from this framework that auditing begins.

Since each transaction can be different, you must determine the account to be charged or credited. You should also know the nature of the transaction and who is responsible for maintaining the account. By making certain these data items are correct, you will help the financial information processing center (FIPC) and fund manager to compile and evaluate the applicable cost data properly. In each case, the accounting elements must contain the correct number of digits or characters. Whenever you are in doubt about the proper entry, consult Volume 2 of the *NAVCOMPT Manual*.

### **SUMMARY**

The use of accounting data is essential in the Navy. Only through the proper use of accounting data can the Navy effectively control and analyze the monies made available by Congress. While the structure of accounting data appears to be complex, it can be more easily understood if, for each element of the accounting classification code, you can determine its purpose and how it fits into the overall scheme of appropriation accounting.

Accurate accounting data and the timely submission of these data to the proper authorities are equally important to Navy financial managers. If you set your goals to be both timely and accurate and to respond to any inquiries promptly, the Navy's financial managers will be better able to do their jobs.



## CHAPTER 3

# TRAVEL ALLOWANCES

The processing of travel claims is perhaps the most complex area of disbursing you will encounter. This is because it will require you to deal with so many variables, such as the time of day, method of travel, type of orders, and location. As a senior DK, you must have extensive knowledge about how you should handle these complexities. First, you must have an intimate knowledge of the *Joint Federal Travel Regulations* (JFTR), Volume 1, and *Navy Travel Instructions* (NTI). You must also have a thorough understanding of the applicable accounting procedures, appropriations, decisions of the Comptroller General of the United States, and local rules and regulations. Since settlement within 10 working days of receipt of a travel claim is required, promptness and accuracy in paying claims are ongoing pressures. This chapter is intended to give you an overview of some areas you must understand to handle these pressures and responsibilities successfully.

This chapter will not cover the fundamentals of travel claims or provide you with introductory information on this subject. For fundamental information, we recommend you review *Disbursing Clerk 3 & 2*, NAVEDTRA 12658, which introduces and explains several travel claim topics. It covers topics such as general permanent change of station (PCS) allowances, temporary lodging expenses, temporary duty advances, and travel allowances. The information you will read about in this chapter will go beyond the basics. In this chapter, you will read about the following topics:

Activities responsible for the administration of travel

- Dislocation Allowance (DLA)
- Active duty for training travel
- Special travel categories
- Travel expenses not payable by the government
- Control of waste, fraud, and abuse in travel claims

### ADMINISTRATION OF TRAVEL

As a senior DK working in a travel section, you will have a dual responsibility in the administration of travel. You will be responsible to the disbursing officer (DO) to make certain proper payments are made and to the Navy to ensure the economical use of its available funds is being carried out. When the money is not available, needed travel cannot be performed. The administration of travel is mainly concerned with obtaining money resources to fulfill the Navy's needs and managing those resources once they are obtained. DKs can provide valuable advice in the use of this funding to help the Navy maximize benefits derived from it.

As we examine the offices involved in the administration of travel, two points must be remembered. First, the duties of the offices are separate and unique. Second, the overall responsibilities are mutually shared. This may sound confusing, but look at it this way. The Chief of Naval Operations (CNO) is responsible for fulfilling the assigned mission of the Navy. This mission brings the various offices together for a common purpose. At the same time, these offices require individual accountability. Keep these points in mind as we look at the various offices concerned with Navy travel.

### BUREAU OF NAVAL PERSONNEL

In the Navy's mission, the Bureau of Naval Personnel (BUPERS) is responsible for meeting the quantitative and qualitative manpower requirements of the Navy. This means BUPERS must assign the required number of personnel to do Navy jobs on a timely basis, regardless of location. To accomplish this part of the Navy's mission, CNO has designated BUPERS (PERS 332) as the manager of Navy-sponsored passenger transportation. As such, BUPERS is responsible for administering the Navy's program for the worldwide movement of Navy-sponsored passengers.

## **Responsibilities**

For Navy-sponsored passenger transportation, BUPERS is responsible for carrying out the following goals:

- Managing and controlling the passenger transportation program
- Providing technical direction, guidance, and assistance to elements of the Navy wide passenger transportation organization
- Developing and issuing Navy passenger transportation directives and procedures
- Maintaining liaison with other military services, Department of Defense (DOD) single manager agencies for transportation, and other government agencies and industry on matters relating to the movement of Navy-sponsored passengers and representing the Navy on joint service working groups and committees concerning passenger transportation
- Providing advice and assistance to the Pay/Personnel Administrative Support System (PASS) program manager on all matters concerning passenger transportation
- Clarifying orders, determining and providing facts affecting entitlement to travel allowances, and resolving controversial matters relating to the use and procurement of transportation facilities
- Authorizing or approving travel and transportation of Navy personnel and their dependents that, under *JFTR*, Volume 1, requires the approval or authorization of the Secretary of the Navy (SECNAV) or a designated representative

## **Delegation of Authority**

Let's take a brief look at the role BUPERS plays in the delegation of authority for travel approval. Federal statutes provide authority for SECNAV to authorize and approve travel under the *JFTR*. This authority has been delegated to BUPERS as the designated representative for these matters. The authority to issue temporary duty orders has been further delegated to local commanding officers (COs).

As a management practice, delegation of the authority to authorize travel is simply a distribution of workloads. This delegation, however, is never all-inclusive. Since each set of orders is budget

accountable, it is the job of the DKs, as travel experts, to examine each set of orders for legal propriety.

## **COMPTROLLER OF THE NAVY**

The Comptroller of the Navy takes care of the financial side of the mission. In cases where Navy appropriations are involved, the Comptroller of the Navy interprets the laws and regulations relating to travel reimbursement based on the evaluation of all pertinent facts.

The Comptroller of the Navy has delegated the responsibility of maintaining technical control over related accounting and disbursing procedures to the Defense Finance and Accounting Service (DFAS)—Washington Center. As a senior DK, you will deal with the DFASs in many aspects of your work.

## **PER DIEM, TRAVEL AND TRANSPORTATION ALLOWANCE COMMITTEE**

The Per Diem, Travel, and Transportation Allowance Committee (PDTTAC) is responsible for making sure that uniform travel regulations are issued according to the Career Compensation Act, as amended under the guidance of the charter of the committee. The PDTTAC is chartered under DOD with membership at the Deputy Assistant Secretary level in DOD. The committee also includes the Director of the National Oceanographic and Atmospheric Administration Corps, the Commandant of the Coast Guard, and the Surgeon General of the Public Health Service. Whenever the PDTTAC is in doubt regarding the legal wording of regulations or as to their consistency with prior rulings or the intent of Congress in passing the entitlement, the matter is referred to the General Counsel, DOD, for resolution and appropriate action.

Policy changes that increase or decrease allowances for substantial numbers of personnel, involve large additional expenditures of funds, or create new basic entitlements will be referred to the Office of the Secretary of Defense for approval before issuance by the committee. Any policy matter in which disagreement exists among the committee members will be referred to the same office for resolution.

Two of the PDTTAC functions will directly affect your responsibilities as a senior DK: (1) setting forth new or revised per diem and transportation regulations and (2) establishing the rates for overseas station allowances. You will read about these station allowances in chapter 8 of this training manual. For

now, let's take a look at some specific travel allowances with which you may be involved.

## **DISLOCATION ALLOWANCE**

The purpose of the dislocation allowance (DLA) is to partially reimburse a member with or without dependents for the expenses incurred in relocating his or her household because of a PCS. The DLA is in addition to any other allowances authorized for the travel.

Besides PCS moves, a member with dependents is eligible to receive DLA when the dependents must relocate their household in conjunction with an evacuation or other specific circumstances.

A member without dependents is eligible to receive DLA when he or she is transferred on PCS orders to a new duty station where government quarters are not assigned or are temporarily occupied by the member for 60 days or less. Additional rules apply in cases where an active-duty Navy member is married to another active-duty member.

## **DEFINITION OF TERMS**

Before we go any further, we need to be sure of what constitutes a member with dependents and a member without dependents.

### **Member With Dependents**

For DLA purposes, a member with dependents means a member who on the effective date of PCS orders has dependents who are entitled to transportation in connection with a change of permanent duty station. A member whose spouse is a dependent on the effective date of the member's PCS orders is considered to be a member with dependents, even when the spouse was a former active-duty Navy member and received travel allowances upon separation from the service.

### **Member Without Dependents**

For DLA purposes, a member without dependents means a member who falls into one of the following categories:

- Has no dependents
- Is not entitled to travel and transportation allowances for travel of dependents in connection with PCS

- Has dependents entitled to travel and transportation allowances, but the dependents do not relocate in connection with the PCS

## **AMOUNT PAYABLE**

The amount payable as a DLA is equal to 2 months of the member's basic allowance for quarters (BAQ).

The dependency status of the member on the effective date of orders determines whether the member will be paid DLA at the with-dependents or without-dependents rate. When dependents are authorized to travel at the same time as the member, but the member elects not to move them at that time, DLA may be paid at the without-dependents rate if the member is not assigned government quarters at the new duty station. If the dependents later join the member and are entitled to such travel at government expense, the member may be paid the difference between the without-dependents and with-dependents rates.

## **FISCAL YEAR LIMITATIONS**

Generally, members are entitled to only one DLA per fiscal year. The *JFTR* does provide certain exceptions to this rule. Some of them are as follows:

- The secretary of the service concerned determines that the exigencies of the service require more than one such change of station during the current fiscal year.
- The member is assigned PCS to, from, or between courses conducted at an installation of the services or conducted, controlled, and managed by one of the services elsewhere.
- The command-sponsored dependents are relocated to a designated place incident to an evacuation.
- The movement of a member's household is made in conjunction with a national emergency or in time of war.

In determining the fiscal year in which the move counts, the detachment date of the member from the old permanent duty station (PDS) is the governing factor. In addition, any moves in the same fiscal year for which DLA was not authorized will not be counted.

## **FACTORS AFFECTING ENTITLEMENT**

As you have read, members are entitled to DLA for PCS moves and evacuation of dependents. These are

the normal categories of entitlement. Members may or may not be entitled to DLA in a number of other situations. The following paragraphs explain the entitlement under some of these special circumstances.

### **Special Categories Where Dislocation Allowance Is Authorized**

First, let's look at some of the more common special categories for which DLA is authorized. You can find examples of other special cases in the *JFTR*, Volume 1.

**MEMBER'S OLD AND NEW PERMANENT DUTY STATIONS IN PROXIMITY TO EACH OTHER OR MEMBER REASSIGNED BETWEEN ACTIVITIES AT THE SAME PERMANENT DUTY STATION.**— A DLA is payable in cases where the old and new PDSs are in proximity to each other or when the member is reassigned between activities at the same PDS. However, it is payable only when the member is authorized a local move of household goods at government expense. For this to be authorized, the secretary of the service concerned, the secretary's designated representative, or a DOD installation commander in a paygrade not lower than O-5 must certify that relocation of the member's household is mission-essential. The relocation also must be in the best interest of the government and not primarily for the convenience of the member. This certification will authorize a local move to a residence from which the member will commute daily to the new PDS or the new activity at the same PDS. Duty stations are considered to be in proximity to each other when they are both in an area ordinarily serviced by the same local transportation system or from which the member could commute daily from home to either duty station.

**PERMANENT CHANGE OF STATION BETWEEN PERMANENT DUTY STATIONS NOT IN PROXIMITY TO EACH OTHER.**— When dependents make a proximity move based on PCS between PDSs not in proximity to each other, a statement that the relocation of the household was necessary as a direct result of the PCS is required to support payment of DLA. When the PCS is to or from a dependent-restricted tour, the member's statement is all that is necessary. In all other cases, a statement from the CO of the new PDS, or from the CO's designated representative, is required. The designated representative may not redelegate this authority.

**MOVEMENT OF DEPENDENTS TO A DESIGNATED PLACE.**— When dependents are

moved to a designated place on PCS orders, DLA is payable when the dependents complete travel to the designated place. No further entitlement to DLA accrues for that PCS. If the dependents do not move to the member's PDS before the member receives further PCS orders to a new PDS and the dependents are authorized to move and do relocate with the latter PCS, the member is entitled to payment of DLA.

**TRANSFER TO A HOSPITAL IN THE CONTINENTAL UNITED STATES.**— DLA is payable to members with dependents who are transferred from outside the continental United States (CONUS) to a hospital in CONUS for observation and treatment and who relocate their household incident to such transfer. For members transferred from inside CONUS to a hospital inside CONUS for observation and treatment, the CO of the receiving hospital must issue a statement of prolonged hospitalization before DLA is payable for relocation of the household in conjunction with the transfer.

**COMMISSIONED FROM ENLISTED GRADE.**— If otherwise qualified, a member is entitled to DLA if commissioned from an enlisted grade. However, the member must have transferred from the PDS where he or she served as an enlisted member to a PDS to serve as an officer before acceptance of the commission.

**ORDERS AMENDED, MODIFIED, CANCELED, OR REVOKED.**— At times, PCS orders may be amended, modified, canceled, or revoked to direct the member to return to the duty station from which he or she was transferred. In such cases, DLA is payable if the member and/or the dependents actually move from their place of residence before the date the orders are amended, modified, canceled, or revoked. In some cases, orders might be amended, modified, canceled, or revoked after a member and/or the dependents actually complete a move from their place of residence to a new location in compliance with PCS orders. The change to those orders might direct the member to return to the old station or to direct the member to a different new PDS. When that happens, DLA is payable in connection with both moves. No more than two DLAs can be authorized in this manner.

**ACCOMPANIED/UNACCOMPANIED TOURS.**— The tour status of a member at a PDS outside CONUS can change from accompanied to unaccompanied or from unaccompanied to accompanied at the same duty station after completion of the initial tour of duty. This member is entitled to DLA if the dependents make an authorized move to or



from the PDS outside CONUS in connection with the change-of-tour status.

**EARLY RETURN OF DEPENDENTS.**— In most instances, a member is entitled to DLA for the early return of dependents from an overseas duty station. Some of the more common reasons are as follows:

- A dependent becomes involved in an incident that is embarrassing to the U.S. Government or is prejudicial to order, morale, and discipline in the command.

- Adequate medical treatment is not available at the PDS or in the theater of assignment.

- When lack of adequate educational facilities or housing for dependents is caused by conditions beyond the member's control and knowledge of those conditions arose after the dependents began to travel to the member's overseas PDS.

- When it is determined that the best interests of the member or the dependents and the government will be served for compelling personal reasons. Such reasons include financial difficulties, marital difficulties, unforeseen family problems, and death or serious illness of close relatives. They can also include situations of a humanitarian or compassionate nature and situations that have an adverse effect on the member's performance of duty.

- As a result of disciplinary action taken against the member resulting in confinement or transfer.

A member is entitled to DLA when one or more dependents arrive at the location of the permanent residence or the day all dependents have departed the member's overseas station, whichever is later.

### **Special Categories Where Dislocation Allowance Is Not Authorized**

No DLA entitlement accrues to a member in connection with PCS travel performed as follows:

- From home or place from which called (or ordered) to active duty to first PDS

- From last duty station to home or place from which called (or ordered) to active duty upon separation, release from active duty, placement on the temporary disability retired list (TDRL), or retirement

- From last duty station in one period of service to first PDS in new period of service when no PCS was ordered between those stations

### **ENTITLEMENT FOR A MEMBER MARRIED TO ANOTHER MEMBER**

The entitlement to DLA for a member married to another member can fall into many different categories. Each member can be with or without dependents, and many situations can arise concerning the time of movement and the quarters at the old and new PDSs. Table 3-1 is used for determination of DLA entitlement for a member married to a member.

### **ACTIVE DUTY FOR TRAINING TRAVEL**

Active duty for training (ACDUTRA) travel refers to reservists who are called (or ordered) to active duty with pay and subsequently return to their home or place from which they were called to active duty. Before discussing reservists, we need to define two terms: *active duty for training* and *annual training duty*.

### **ACTIVE DUTY FOR TRAINING VERSUS ANNUAL TRAINING DUTY**

Active duty for training (ACDUTRA) is full-time training duty in the active military service for the express purpose of training members of the Ready Reserve to acquire or maintain required skills. This training includes initial basic training, advanced individual training, annual training duty, and full-time attendance at service schools so designated by law or SECNAV.

Annual training duty is the tour of active duty for training, not to exceed 30 days during each calendar year, required to be performed by members of the Ready Reserve in an active-duty status.

Upon receiving a set of Reserve orders for payment, you must first determine whether the member is on active duty with or without pay. If the member is on active duty with pay, you must determine whether the period of active duty is less than 30 days or 30 days or more. This will determine the procedures you must follow for proper payment, as indicated in the following paragraphs.

Table 3-1.-Entitlement When a Member Married to a Member Is Transferred

R U L E	If one member	and the other member	and they occupied		then dislocation allowance is payable	
			at the old PDS	at the new PDS		
	A	B	C	D	E	
1	has no dependents	has no dependents	the same quarters	the same quarters <sup>3</sup>	to either member at the without-dependent rate, but not both <sup>1</sup>	
2				separate quarters <sup>2,3</sup>		
3			separate quarters	the same quarters <sup>3</sup>		
4				separate quarters <sup>2,3</sup>		
5	has dependents	has dependents	the same quarters	the same quarters <sup>3</sup>	to either the member who has no dependents at the without-dependent rate or to the member who has dependents at the with-dependent rate, but not to both members <sup>1</sup>	
6				separate quarters <sup>2,3</sup>		
7			separate quarters	the same quarters <sup>3</sup>		to both in their own right; i.e., as a member without dependents for the member without dependents and at the with-dependent rate for the member with dependents
8				separate quarters <sup>2,3</sup>		
9	has dependents	has dependents	the same quarters	the same quarters	to either member at the with-dependent rate, but not to both <sup>1</sup>	
10				separate quarters <sup>2</sup>		to both members at the with-dependent rate
11			separate quarters	the same quarters		
12				separate quarters <sup>2</sup>		

<sup>1</sup>The husband and wife may select the greater of his or her entitlements. However, when one member moves incident to a PCS at one time and establishes a household at the new PDS and, at a later date, the other member moves incident to a PCS and occupies the same residence as the spouse, both members would be entitled to dislocation allowance at the without-dependent rate under Rule 1, at the without-dependent rate for the member who has no dependents, and at the with-dependent rate for the member with dependents under Rule 5, and at the with-dependent rate under Rule 9.

<sup>2</sup>Payable only if it can be conclusively shown it is necessary to establish separate households for or on behalf of each member or for the dependents.

<sup>3</sup>In no instance is a member who has no dependents and who is assigned to government quarters at the new PDS (including a ship) entitled to a DLA.

## **ACDUTRA FOR LESS THAN 30 DAYS**

Reservists are entitled to the same per diem and travel allowances as regular active-duty members for ordered travel. There are, however, some differences in the forms that are used.

### **Forms**

The orders for reservists on ACDUTRA for less than 30 days are on ACDUTRA Orders (CHNAVRES Form 157 1/5). The payment for travel allowances can be made on either of two forms, depending on the circumstances as explained in the following paragraphs.

**ACDUTRA PAY VOUCHER.**— The ACDUTRA Pay Voucher, NAVCOMPT Form 2120, which is used to pay the regular pay and allowances, includes an area for computation and payment of travel allowances as well. This area reduces the number of different forms that must be processed. When the NAVCOMPT 2120 is used, no endorsement on the orders is required.

On the other hand, the use of the NAVCOMPT 2120 has some limitations. When the traveler has received a travel advance, the NAVCOMPT 2120 cannot be used. Also, the limited space on the NAVCOMPT 2120 may not be adequate for the itinerary. Disbursing offices may find the Microcomputer Claims Processing System (MCPS) to be a more convenient method for processing claims than use of the NAVCOMPT 2120.

**TRAVEL VOUCHER OR SUBVOUCHER.**— When the NAVCOMPT Form 2120 is inadequate or the DO prefers not to use it, a Travel Voucher or Subvoucher, DD Form 1351-2, may be used for payment of a reservist's claim. The DD Form 1351-2 must be used when a travel advance was paid. When payment is made on the DD Form 1351-2, the original orders must be endorsed.

### **Payment Procedures**

Payment is normally made on the last day of ACDUTRA for all travel. This includes the travel to the duty station, any per diem earned during the training duty, and return instructive travel back to the place from which the member was ordered to duty.

**FORMS.**— When payment for travel is made on the NAVCOMPT Form 2120, no endorsement on the orders is required. When payment is made on the DD Form 1351-2, the original orders must be endorsed to show the date and amount paid, the voucher number, and the disbursing symbol number.

**MISCELLANEOUS EXPENSES.**— If miscellaneous reimbursable expenses will be claimed on the return travel, the member will be furnished a supplemental claim form and a preaddressed envelope. Miscellaneous expenses may not be paid in advance. The supplemental claim may be processed by the disbursing office making the original payment or the disbursing office servicing the member's Reserve unit.

## **ACDUTRA FOR 30 DAYS OR MORE**

When ACDUTRA is for 30 days or more, the DD Form 1351-2 is used for all travel claims at the time of payment. After arrival at the training duty point, the member will file a claim for the travel from the place that ordered the training duty to the training duty point. A separate claim for the return travel will be filed by the member and paid by the DO on the last day of training duty.

### **SPECIAL TRAVEL CATEGORIES INVOLVING AUTHORIZED ALLOWANCES**

The entitlements and procedures for special categories of travel in which travel allowances maybe payable by the government can be found in both the *JFTR* and *NTI*. As a senior DK, you will encounter some of these categories more frequently than others. This section, which is intended merely to give you an overview of some of these categories, includes examples of some common and not so common circumstances in which members may be authorized special travel allowances. Always refer to the *JFTR* and *NTI* for official guidance on authorized travel allowances whenever you encounter cases and process claims involving special travel categories.

### **CONSECUTIVE OVERSEAS TOURS**

A special travel category that is a fairly common occurrence is when a member who is stationed outside CONUS is ordered to a consecutive tour at the same PDS or to another PDS outside CONUS. Because consecutive overseas tours (COTs) are common events, you must be familiar with COT leave travel and transportation allowances.

#### **Eligibility**

The member and the command-sponsored dependents authorized to accompany the member are entitled to COT leave travel and transportation

allowances if either of the following two conditions is met:

- One of the two tours is an unaccompanied tour.
- The member is reassigned from an accompanied tour to an accompanied tour and the total time to be served between the two PDSs is at least the equivalent of two unaccompanied tour lengths prescribed for those duty stations.

### **Travel Status and Entitlement**

The member will be considered to be in a travel status for all required travel, including time spent awaiting transportation. However, travel status extends only to direct travel and not to any circuitous routings. The travel entitlement associated with a COT will be via one of the following routings:

- The member's home of record or to anyplace no farther distant than the member's home of record.
- Any place authorized or approved by SECNAV or the designated representative. The designated representative for this purpose is BUPERS.

As well as travel status, you should be able to determine whether entitlement to COT allowances will cover just the member or the member and his or her dependents.

**MEMBER ONLY.**— The member only is entitled to COT travel allowances via one of the places just described if the member is in any one of the following categories:

- A member without dependents
- A member whose dependents have not accompanied him or her
- A member whose dependents have accompanied him or her at personal expense and are not command-sponsored at the time of departure from the overseas command

**MEMBER AND DEPENDENTS.**— A member with dependents can be eligible for travel and transportation for himself or herself and his or her dependents in connection with COTS under the following circumstances:

- The member has one or more dependents upon the effective date of the PCS or the last day of the first tour of a COT

- These dependents are command-sponsored and located at or in the vicinity of the member's current overseas PDS

The entitlement will be for the member and authorized dependents via one of the places authorized previously. In those instances where temporary duty is required by the orders, travel via the temporary duty point is authorized.

### **When COT Leave Travel May Be Performed**

Consecutive overseas leave travel will normally be performed between the two consecutive overseas tours involved.

In certain instances, however, COT leave travel may be deferred until after the member reports to the new PDS. In these cases, the following rules apply:

- A member on a PCS requiring the member and/or the dependents to traverse CONUS to complete the PCS may defer the COT leave travel only if approved by BUPERS.
- A member with temporary duty in CONUS as part of the PCS will take COT travel leave in conjunction with the temporary duty unless BUPERS approves the deferment based on unusual circumstances that prevent the member or dependents from taking COT leave while INCONUS. Approval must be granted before the member's transfer.
- In cases not falling under the previous circumstances, the member and/or the dependents may choose to defer the travel until after reporting to the new PDS.

In all cases, the COT leave travel must be performed before the expiration of 1 year after the date on which the member begins the consecutive tour of duty. Dependents may travel with the member at the time the member is granted the COT leave or they may travel independently.

### **ESCORTS AND ATTENDANTS ACCOMPANYING DEPENDENTS ON AUTHORIZED TRAVEL**

Another special travel category often associated with overseas tours is when dependents are authorized to have escorts or attendants while performing official travel. An escort or attendant is authorized only when the order-issuing official has determined that travel by the dependent is necessary and that the dependent is incapable of traveling alone because of age, physical or

mental incapacity, or other extraordinary circumstances that require the dependent to be accompanied. The most common occurrence is when an escort or nonmedical attendant is authorized to accompany a dependent outside CONUS who must travel for medical treatment that is not available locally.

Reimbursement will depend on the status of the designated escort or attendant. If the escort is a military member, regular temporary duty allowances are payable. When the escort is a civilian employee of the U.S. Government, reimbursement will be according to the regular temporary duty allowances for the department or agency for which that person works. For persons who are not military or government employees, reimbursement is based on whether the person is acting as an escort or an attendant for medical treatment. Escorts will be reimbursed in the same manner as Department of the Navy civilian employees on temporary duty. Attendants will be reimbursed for the actual expense of transportation, meals, and lodging, not to exceed the per diem rate for the area concerned.

### **SHIP CHANGES LOCATION WHILE MEMBER IS ON AUTHORIZED LEAVE OR LIBERTY**

Sometimes special travel categories occur when a member is assigned to a ship and the ship changes locations. When a member departs on leave or liberty from his or her assigned ship and the ship is relocated during the period of leave or liberty, a monetary allowance instead of transportation plus a flat per diem rate may be payable to the member according to the following guidelines:

- The travel allowances are payable for the excess distance, if any, between the authorized leave or liberty point and the new location of the ship over the distance between the leave or liberty point and the location of the ship at the time the member departed from there to begin the leave or liberty.

- When the new location of the ship is at a place that will require transoceanic travel, the member may be provided transportation in kind for the transoceanic travel. The cost of the transportation will not exceed the cost of transportation from the location of the ship at the time the member departed and the new location of the ship.

**NOTE:** These entitlements only apply if the member was not notified as to the change of the location of the ship before departure on leave or liberty.

### **SHIP UNDERGOES OVERHAUL OR INACTIVATION AT A PLACE OTHER THAN HOME PORT**

When a ship undergoes overhaul or inactivation at a port other than its home port or when its home port is changed to the port of overhaul or inactivation, entitlement to transportation for the member or the member's dependents can be authorized providing the following conditions are met:

- The member was permanently assigned to the ship for more than 30 consecutive days.

- The dependents were residing in the area of the home port or former home port. (The term *area* means a place surrounding the home port from which the member commuted daily and not just on a sporadic or weekend basis.)

Entitlement accrues on or after the 31st calendar day and every 60th calendar day thereafter from the date on which the ship entered the overhaul or inactivation port or after the date on which the member became permanently assigned to the ship, whichever is later. A member who becomes entitled to a subsequent trip before using a prior entitlement will not lose a previously earned entitlement. However, all travel earned must begin before the ship departs from the overhaul or inactivation port.

#### **Home Port of Ship Not Changed**

If the home port of the ship is not changed, the member or dependents are authorized travel between the port of overhaul or inactivation and the area of the home port. When the member elects for the dependents to travel for any period of entitlement, the member has no additional entitlement for that period. A separate election can be made for each separate period of entitlement.

#### **Home Port of Ship Changed**

When the home port of the ship is changed to the overhaul or inactivation port, the member or dependents may be authorized travel between the new home port and the old home port instead of PCS entitlements for the dependents. To qualify for that travel authorization, the dependents must be unable to relocate because of a personal situation. For example, a dependent may be receiving medical care at a facility located in the area of the old home port. Because no similar medical

facility exists at the new home port, the dependent cannot be relocated to that area.

### **Transportation Allowances**

The member or the dependents performing this type of travel will be entitled to one of the following:

- Transportation in kind
- Reimbursement for the cost of personally procured commercial transportation
- An allowance for transportation at the rate of 25¢ per mile for the official distance

Government transportation will be used to the maximum extent practical. In no case will the reimbursement exceed the cost of government-procured, commercial round-trip air travel between the port of overhaul or inactivation and the home port or former home port. When two or more members or dependents travel together by personally owned conveyance, only the operator of the vehicle will be entitled to the transportation allowance. In addition, the amount allowed for any or all dependents cannot exceed the amount allowed for the member alone. There is no entitlement for any additional travel allowances.

### **RECALL FROM LEAVE**

Another category of special travel can result when a member is recalled from leave. Normally, a member on leave who departs a duty station does so at his or her own risk. That means, if the member is directed by proper authority to return to the duty station after being on leave in excess of 24 hours, the member will bear any cost incurred in returning. The only time the government will provide travel allowances is when the member's authorized leave was canceled under the following conditions:

- Authorized leave was canceled because of actual contingency operations or emergency war operations.
- Authorized leave of 5 days or more was canceled within 24 hours after the member's departure from the duty station.
- Authorized leave of 5 days or more was canceled more than 24 hours after the member's departure from the duty station.

Under the last situation, the member's CO may authorize or approve the member's return at government expense. However, it may be authorized only if the recall eliminates a substantial portion of the scheduled leave period or the purpose of the member's trip is defeated. If the expense is authorized, the member is entitled to the regular temporary duty travel allowances. The period of entitlement begins the day the member departs from the leave point or place of receipt of the cancellation notice. It ends the day the member returns to the duty station. If the member is authorized to resume leave, allowances are also payable beginning the day the member departs the duty station. The allowances end when the member arrives at a leave point no farther distant from the duty station than the place at which the member received the orders canceling the leave.

### **CONVALESCENT LEAVE**

Convalescent leave is another special travel category that entitles a member to round-trip transportation at government expense. The member is entitled to the expense during recovery from illness or injury incurred during a period of eligibility for the receipt of hostile tire pay or imminent danger pay.

Only one trip of this nature is allowed. The entitlement covers one trip from the medical treatment facility to a place selected by the member (provided that place is the location of the member's immediate family and is within the United States, Puerto Rico, or the U.S. Virgin Islands). It also covers return to the original treatment facility or to a different designated facility. Selection of any location outside of these places requires approval by the Bureau of Medicine and Surgery (BUMED).

To cover round-trip transportation expenses, the member may select one of the following types of entitlement:

- Transportation in kind
- Reimbursement for the cost of commercial transportation when the member travels at personal expense
- A monetary allowance of 25¢ per mile for the official distance

Government transportation or government-procured transportation will be furnished and used to the maximum extent practical. Per diem, meal tickets, and reimbursement for meals and lodging are not

authorized in connection with convalescent leave travel.

### **TEMPORARY DISABILITY RETIRED LIST**

Occasionally, members are placed on the TDRL, usually because of illness or injury incurred during active duty. As the name implies, this is a temporary status. The member will eventually be returned to active duty or be placed on the permanent retired list. Until the final determination is made, the member may be required to report for periodic medical evaluation or to attend hearings before a physical evaluation board. As a senior DK, you should be aware of the associated authorized travel entitlements.

For a member on TDRL, travel status begins when travel to the medical facility commences and ends with the member's return to home. If the member's home is in the same corporate limits as the treatment facility, then reimbursement is based on local travel entitlements. In other instances, regular travel and per diem allowances apply for the member's travel to and from the facility.

While the member is at the medical facility, reimbursement is based on whether the member is in an inpatient (admitted to the hospital) or an outpatient status. Reimbursement entitlement starts from 0001 on the day after the member's arrival through 2400 on the day before his or her departure. A member in an inpatient status is reimbursed only for the amount of the actual daily charges paid for meals. A member in an outpatient status will receive regular temporary duty per diem allowances.

In some cases, an attendant may be required to travel with the member. The attendant may be another member, a civilian employee of the U.S. Government, or any other person deemed suitable to accompany the member. Military members and civilian employees of the government will be reimbursed according to regular temporary duty entitlements. Other attendants will be reimbursed actual expenses for transportation, meals, and lodging, not to exceed the established per diem rate for the area concerned.

### **MEMBERS PERFORMING OFFICIAL RECRUITING DUTY**

Sometimes the type of duty to which a member is assigned involves special travel allowances. Members whose primary assignment is recruiting duty and members who recruit for the Reserve Officer Training Corps program are entitled to reimbursement for actual

and necessary expenses incurred in connection with those duties.

Except in unusual cases, the authorized reimbursement will not exceed \$75 in any month and is limited to the following expenses:

- Snacks, nonalcoholic beverages, and occasional lunches and dinners when purchased by the member for prospective recruits, candidates, and their immediate families, or other individuals who directly assist in the recruiting effort
- Parking fees incurred while the member is at itinerary stops
- Official telephone calls
- Purchase of photographic copies of vital documents for prospective recruits and candidates, such as birth certificates, school transcripts, diplomas, and registration certificates
- Other small but necessary expenditures related to recruiting duty for which the member must pay from personal funds

Claims will be submitted on a Claim for Reimbursement for Expenditures on Official Business, SF 1164. They must contain (or have attached) an itemized list of expenses. A receipt must support any item in excess of \$25 when it is practical to obtain a receipt. Failure to furnish receipts must be explained on the voucher. Any item in excess of \$25 that is not supported by a receipt (or a statement as to why a receipt is not furnished) will be denied in its entirety.

### **NAVAL ACADEMY MIDSHIPMEN**

As a senior DK, you may become involved in processing special travel allowances claimed by Naval Academy midshipmen. As a general rule, travel claims for Naval Academy midshipmen are processed by the midshipmen's pay officer. In emergency situations, however, local DOs are authorized to make travel advances.

#### **Entitlement for First PDS**

Upon graduation and commissioning, most travel and transportation entitlements that apply to other personnel en route to their first PDS go into effect for midshipmen. These allowances are from the member's home or the Academy, as designated by the orders, to the first PDS via any temporary duty stations directed en route (including the Academy in cases involving

authorized travel from home). When temporary duty at the Academy is involved, no per diem is payable.

### **Eligibility for Dependents' Travel**

Whether or not an Academy graduate is eligible for dependents' travel depends on when the dependents were acquired.

**DEPENDENTS ACQUIRED BEFORE GRADUATION.**— For dependents acquired before the member's departure from the Academy, the entitlement cannot exceed the amount payable from the farther point (whether it is the home of record or the Academy) to the PDS, regardless of the point designated for the officer's travel to begin.

**DEPENDENTS ACQUIRED AFTER GRADUATION.**— When the dependents are acquired after the member's departure from the Academy, but on or before the member's effective date of orders, the dependents' travel entitlement exists to the PDS from only one of the following points:

- Home of record
- The Naval Academy
- Place where the dependents are acquired, not to exceed entitlement from the farther point (whether it is the member's home of record or the Academy)

**NOTE:** Since this is considered to be the officer's first PDS no entitlement to DLA exists, with or without dependents.

### **TRAVEL IN CONNECTION WITH DISCIPLINARY ACTION**

You may encounter special travel categories in which members are involved in some type of adverse action or situation. One of these is when a member is ordered to perform travel for the purpose of disciplinary action.

For these cases, the member will use government transportation whenever available. If government transportation is not available, the member will use commercial tickets and meal tickets to the maximum extent possible. When these are not available, the member may be reimbursed for the actual cost of the transportation used as shown by copies of the tickets or receipts for the tickets purchased. If tickets are available but the member does not use them and travels at his or her personal expense, reimbursement may be

made not to exceed what it would have cost the government to procure the necessary transportation. The member will be reimbursed for gas and oil only when using a privately owned conveyance.

Meals procured at the member's personal expense will be reimbursed at actual cost, not to exceed the value prescribed for meal tickets. Valid miscellaneous reimbursable expenses maybe paid, but the payment of the monetary allowance instead of transportation or per diem while the member is traveling or at the disciplinary action point is not authorized.

### **PRISONERS WITH GUARDS**

Today the movement of prisoners with guards occurs only occasionally. When it does occur, it is normally at the ratio of one guard to one prisoner. As a senior DK, you may be called upon to process claims for authorized travel allowances in these cases.

If government transportation is not used, then tickets will be provided for commercial transportation. If cooked meals or box lunches are not provided, meal tickets should be issued to cover the prisoner's meals. The guard will receive per diem.

A military guard is authorized reimbursement for any expenses for transportation, lodging, and meals necessarily incurred on behalf of the prisoner and miscellaneous reimbursable expenses. The total reimbursement for meals and lodging will not exceed the applicable per diem rates.

### **RETURN OF ABSENTEES, STRAGGLERS, AND OTHER MEMBERS WITHOUT FUNDS**

You may run across cases in which special travel allowances are authorized for the return of absentees or stragglers. Also, you may have to process allowances for members in an authorized travel status who find themselves without funds. As a senior DK, you will need to know how to handle these cases and the specific accounting procedures involved.

When an absentee is apprehended or surrenders to an activity other than his or her PDS, the Navy will generally return the absentee to the PDS This also applies to stragglers from military units, as well as those members authorized to travel under orders or in a leave or liberty status who find themselves without funds. In these situations, the Navy will provide return or onward transportation, as applicable, to the member concerned.



The member will be required to reimburse the Navy for such transportation.

The member may be given cash to purchase transportation, meals, and necessary transportation between terminals or installations. This will be paid on a Travel Voucher, DD Form 1351. The appropriation to be charged will be based on whether or not prior orders were issued.

#### **Prior Orders Issued**

When prior orders have been issued, we are normally referring to those personnel traveling between permanent or temporary duty stations. The accounting data to be charged will be based on whether the member was previously issued transportation or the cash equivalent.

**NO PREVIOUSLY ISSUED TRANSPORTATION.**— If the member was not previously issued transportation or the cash equivalent, these may be furnished and charged to the accounting data shown on the member's orders. In this case, no checkage of the member's pay is necessary.

**PREVIOUSLY ISSUED TRANSPORTATION.**— On the other hand, when transportation (or the cash equivalent) was previously furnished and the traveler is now stranded without funds, reimbursement must be made to the government. The appropriation on the member's orders will still be charged for any transportation furnished but will be collected by an offsetting checkage from the member's pay account made by a Pay Adjustment Authorization, DD Form 139.

Similar procedures are required when a member has lost his or her ticket or has been separated from his or her transportation. Again, transportation will be furnished subject to checkage from the member's pay account using a DD Form 139. However, a member may submit a claim for a refund of any portion of the transportation for which the Navy receives a refund from the carrier on the original transportation furnished.

#### **No Prior Orders Involved**

When no prior orders were involved, all transportation or funds provided will be charged to the appropriation to which the member's regular pay and allowances are charged. The member's pay account will be checked using a DD Form 139 to reimburse the appropriation.

## **MEMBERS DISCHARGED UNDER OTHER THAN HONORABLE CONDITIONS**

Generally, a member who is discharged under other than honorable conditions may be provided travel and transportation only by transportation in kind by the least expensive mode of common carrier transportation available. When this mode of transportation is not available, the member may be paid an amount equal to the cost to the government of the least expensive common carrier transportation that would have been furnished. Travel entitlement in these cases may be affected by whether or not the member was under confinement.

#### **No Confinement Involved**

When no confinement is involved, the entitlement can be from the place of separation either to the member's home of record or to the place from which the member was called to active duty. When approved, entitlement can be even to an alternate place of the member's choosing, provided the cost does not exceed the cost to the member's home of record or place from which he or she was called to active duty.

#### **Confinement Involved**

When confinement is involved, travel entitlement may depend on the status of the member and the facility in which he or she is confined.

**U.S. MILITARY FACILITY.**— A member who was discharged while in confinement in a U.S. military confinement facility qualifies for travel entitlement upon parole or final release. The entitlement covers travel from the confinement facility to either the member's home of record, the place from which the member was called to active duty, or another place (upon approval that this would be no more costly to the government).

**NON-U.S. MILITARY FACILITIES.**— The travel entitlement is different for former members confined in other than U.S. military facilities.

**Overseas.**— If the confinement facility is overseas, the travel entitlement is limited. Coverage begins at the place of the member's release or from the nearest U.S. military facility. Coverage ends at the port of debarkation in the country within which the member's home of record or the place from which the member was called to active duty is located. A port of debarkation located in a U.S. territory or possession is also included.

**United States.**— If the confinement is by civil authorities in the United States, no travel and transportation entitlement is authorized.

### **TRAVEL EXPENSES NOT PAYABLE BY THE GOVERNMENT**

We have been discussing many different types of travel allowances based on special circumstances. As a DK, you must also recognize the situations in which travel expenses are not paid by the government.

Some of the more common cases in which travel expenses are not paid by the government are as follows:

- Permissive travel orders (An order *permitting* a member to travel as distinguished from an order *directing* a member to travel.)
- Travel on orders but not on public business, such as nonofficial recreational programs
- Attendance at public ceremonies or demonstrations for which the sponsoring agency bears the expenses
- Return from ordinary leave to overseas duty stations when no-cost transportation is not available to the member

Members are not entitled to government-paid travel in many other situations. Whenever you are dealing with travel claims, always consult the most recent edition of the *JFTR* and *NTI* for official guidelines.

### **CONTROL OF WASTE, FRAUD, AND ABUSE IN TRAVEL CLAIMS**

The DO is responsible for the correct payment of all vouchers presented for payment. In dealing with any travel claim, the DO may request the claimant to furnish explanations or further evidence. The disbursing officer may make such requests whenever the voucher and its substantiating documents appear not to constitute a legal obligation of the government under the appropriation chargeable or when the facts stated appear to be inaccurate. Depending on whether the claim contains excessive expenses that can be supported by valid documentation or evidence of deliberate fraud, the DO must know and follow the correct procedures.

### **CLAIMS INVOLVING EXCESSIVE EXPENSES**

The General Accounting Office (GAO) has consistently ruled that travel expense reimbursement

will be limited to actual and necessary expenses incurred in the conduct of official business. Additionally, GAO has held that the employing agency is responsible for determining the necessary and reasonable expenses to be reimbursed.

But in the context of an individual travel claim, who is the employing agency? According to DON policy, the employing agency is the claimant's CO. This means a DO who receives a travel claim containing items that appear to be excessive can refer the claim to the claimant's CO for review, determination, and certification. After receipt of the CO's certification, the DO will make payment subject to *JFTR limitations*. The CO's certification will be attached to the original voucher, and a copy will be attached to the DO's retained copy.

NOTE: In cases where claims cover periods of ACDUTRA, the DO will request that the CO of the command delivering the orders make the determination.

### **FRAUDULENT CLAIMS**

Ultimately, the DO is accountable for the payment of any fraudulent claim, even though he or she was not a direct participant in the fraud. In fact, the *DODFMR*, Volume 5, assigns primary responsibility for determination of fraud to the DO. It also prescribes general guidelines concerning the factors on which fraud determinations should be based, how fraudulent claims should be referred, and the administrative procedures for processing these claims. DOs are expected to exercise sound judgment and make sure these guidelines are consistently applied.

In any questionable claim, a DO may request additional amplifying information from the claimant. This may be in the form of a written explanatory statement signed by the claimant, a command endorsement, receipts, a vehicle registration, or proof of base registration of a vehicle at the claimant's current duty station. The DO may use any other type of evidence to reduce doubt. Under no circumstances should the disbursing office return a suspected fraudulent claim to the claimant since this action would allow the claimant the opportunity to destroy evidence that might be relevant to a criminal investigation by the Naval Criminal Investigative Service (NCIS).

When, in the opinion of the DO, the evidence provided by the claimant fails to remove the suspicion of fraud, the DO's CO should refer the claim to the NCIS for action. At the appropriate time during the

investigation, NCIS will apprise the claimant's CO of the action contemplated.

Before being originated by the DO's CO, requests for NCIS investigations should be carefully considered to make sure probable fraud exists. Generally speaking, the NCIS, in the absence of aggravated circumstances, will not investigate suspected fraud that involves nonreceipt items such as meals, laundry expenses, and tips. "Aggravated circumstances" might include situations in which an individual claimant, who is making a series of travel claims or one claim covering an extended period, consistently claims expenses that the DO has legitimate cause to suspect are fraudulent.

Lack of a formal investigation does not prevent the DO from questioning certain items of expense that appear to be excessive or unnecessary. In those cases where doubt continues to exist, the claim or reclaim will be forwarded as a doubtful claim according to the NTI. The DO will transmit the claim with a cover letter stating specific information as to why the claim is considered doubtful.

As a senior DK, you maybe called upon to help the DO watch for and deal with suspected fraudulent claims. Closely examine all travel claims for possible fraud, using the guidelines in the *DODFMR*, Volume 5. Be alert for the following situations, any of which might indicate a fraudulent claim:

- The claim includes lodging receipts that appear to be altered or in the form of stationery store receipts.
- The claim for a reimbursable expense is not supported by the original vendor's receipt

(where required) or includes a vendor's receipt that appears altered.

- Claims for actual expense allowances show the same amounts for meals each day.
- Meal amounts or amounts for incidental expenses appear to be contrived to approximate the maximum locality rates.
- A member on PCS shows a privately owned conveyance as the mode of transportation, but other information in the claim gives cause for doubt.

As a senior DK, you can do a great deal to prevent waste, fraud, and abuse of travel allowances.

## SUMMARY

As stated at the beginning of this chapter, the computation of travel and the processing of travel claims are the most complex areas of disbursing. Many variables can have a significant effect on whether an entitlement is due and how much is due for that entitlement. The regulations governing travel allowances and the allowances due are constantly changing. The *JFTR*, Volume 1, is updated on a monthly basis. You must constantly be aware of the changes and implement them immediately to prevent overpayments or underpayment. Because travel is so complicated, the opportunity for waste, fraud, or abuse exists more than in most areas. You must be ever vigilant for the appearance of these abuses. When in doubt always consult the *JFTR* or NTI.



## CHAPTER 4

# U.S. TREASURY CHECKS

In disbursing operations today, the primary method the government uses to make a payment to settle a particular obligation is to issue a U.S. Treasury check. In the past, cash was often used because it was easier; however, with the ready availability of computers and the changes they have brought to financial transactions and accountability, check payments have almost completely replaced the use of cash payments. In this chapter, you will read about some basic rules for procuring, handling, and issuing U.S. Treasury checks.

After studying the information in this chapter, you should be able to explain the authorized uses of U.S. Treasury checks and recognize and understand some basic terms associated with their uses. You should also be able to identify specific procedures required for their procurement, security, maintenance, issue, control, and disposition.

### AUTHORIZED USES

Although treasury checks are the primary method of making payments, their use has limitations. Disbursing officers DOs will issue checks only for the following purposes, and even then only according to the specific laws and regulations governing each of these purposes:

- Military pay and allowances
- Civilian payrolls
- Public vouchers for purchases and services
- Travel claims
- Authorized advances to travelers and agents
- Deposits to the credit of the U.S. Treasurer
- Exchange-for-cash remittances
- Exchange-for-cash disbursements

These purposes, along with their associated regulations and laws, provide the criteria for a DO's accountability governing his or her authority to use U.S. Treasury checks to satisfy government obligations.

### NEGOTIABILITY

To be payable, a U.S. Treasury check must meet specific negotiability requirements. For example, all U.S. Treasury checks issued on or after 01 October 1989 are payable up to 1 year from the date of issue. On the other hand, all checks issued before 01 October 1989 were void effective 01 October 1990.

### LIMITED PAYABILITY

U.S. Treasury checks have a limited payability of 12 months from the date of issue. The Department of the Treasury cancels all checks not cashed within this prescribed time limit. The proceeds of these cancellations are credited to the Department of the Navy budget clearing account.

### NON-NEGOTIABLE CHECKS

Sometimes checks may be presented for payment that are not negotiable because of these regulations. In these cases, the checks must be verified as to whether or not they represent a valid payment and replaced whenever appropriate. The payee of a check that has been canceled because of limited playability must file a claim with a Navy DO to obtain a replacement check. The procedures for replacement will be discussed later in this chapter.

### DEFINITIONS

Before we describe the various procedures governing the use of U.S. Treasury checks, let's take a look at some commonly used terms and their definitions. As a senior DK, you should become familiar with these terms because they are universally used in the world of disbursing. Needless to say, we will frequently use these terms throughout this chapter.

### SPOILED CHECK

A *spoiled check* is a check that was misprinted or mutilated during the issue process or one that the payee returned as uncashable because of a defect in the check itself. A spoiled check should be replaced by a control check bearing the same symbol and serial number.

## VOIDED CHECK

A *voided check* is a check that was misprinted or mutilated during the issue process and has not been or will not be replaced by a control check bearing the same symbol and serial number. The term voided check includes unused and obsolete blank check stock as well as lost or stolen blank checks.

## CANCELED CHECK

A *canceled check* is a U.S. Treasury check that is no longer negotiable by the payee. A check is usually canceled either because the payee is no longer entitled to the amount or, according to the prevailing laws and guidelines, the check is no longer negotiable or eligible for payment. The three classifications of canceled checks are based on the following associated criteria:

**1. AVAILABLE CANCELED CHECKS—** An *available canceled check* is a U.S. Treasury check that is in the possession of the DO and is canceled because of nonentitlement, mutilation, or undeliverability.

**2. UNAVAILABLE CANCELED CHECKS—** An *unavailable canceled check* is a properly vouchered and issued check that is not held by the DO or the payee. This category includes checks that the payee did not receive or those that were lost or destroyed.

**3. CANCELED CHECKS RESULTING FROM LIMITED PAYABILITY—** Because of limited playability, any U.S. Treasury check that is not cashed within 12 months after issue must be canceled.

## RECERTIFIED CHECK

A *recertified check* is a check issued to replace an unavailable canceled check. A recertified check bears its own check number and is vouchered and recorded as a disbursement in the same way as any other check issue disbursement.

## RECOVERED CHECK

A *recovered check* is an original check that is returned to or recovered by the DO after it has been canceled by submission of an Unavailable Check Cancellation, SF 1184. A recovered check can also be a recertified check that is returned to or recovered by the DO after the original check was negotiated by the payee.

## UNDELIVERABLE CHECK

Any check that is not delivered to the payee within 60 days after the month of issue is classified as an *undeliverable check*.

## EXCHANGE-FOR-CASH CHECKS

There are two types of exchange-for-cash checks—disbursement and remittance. The classification of each type is based on the purpose of the check, as indicated in the following explanations:

**1. DISBURSEMENT CHECK—** A *disbursement check* is an exchange-for-cash check drawn by a DO in favor of himself or herself to obtain cash funds for disbursements.

**2. REMITTANCE CHECK—** A *remittance* is a check that is issued to an authorized payee in exchange for cash for an official purpose.

## TYPES OF CHECKS

There are several different types of U.S. Treasury checks, all distinguished by their use and appearance. As a senior DK, you must be readily able to identify regular-issue checks, control checks, test grid checks, unnumbered checks, specimen checks, and emergency checks. In the following sections, we will take a brief look at each of these types.

## REGULAR-ISSUE CHECKS

Navy DOs are authorized to issue only multicolored, standard size checks, measuring 7 3/8 inches in length and 3 1/4 inches in width, to draw on the account of the U.S. Treasury. The lower edge of each regular-issue check is encoded in magnetic ink to show a nine-digit check serial number, a nine-digit transit number, a five-digit check symbol number, and the appropriate symbols denoting preprinted symbols and serial numbers.

## CONTROL CHECKS

Control checks are issued to replace spoiled checks, but you should be readily able to distinguish a control check from a regular-issue check. A control check will have a preprinted eight-digit control number in the lower center of the check, whereas a regular-issue check will have its preprinted check number in the upper right-hand corner.

## TEST GRID CHECKS

Test grid checks are not for issue but are printed only for government-wide use in testing and aligning automated check writing equipment. They are white with a non-reproducible blue test grid. The grid lines provide the check format for testing and alignment purposes. (Ignore the date and dollar boxes on test grid checks because these boxes are not preprinted on regular-issue Treasury checks.)

## UNNUMBERED CHECKS

Unnumbered checks are regular-issue checks without preprinted check symbol/serial numbers and magnetic ink character recognition (MICR) encoding. These checks are for use only by the Defense Finance and Accounting Service (DFAS) Centers that use special check-writing equipment.

## SPECIMEN CHECKS

Specimen checks are identical to unnumbered checks except that each specimen check is overprinted with the words "SPECIMEN CHECK - NON-NEGOTIABLE" in the signature space. Although they have the specimen designation printed across them, specimen checks should be safeguarded in the same manner as blank checks.

## EMERGENCY CHECKS

Emergency checks are, in reality, regular-issue checks that Navy DOs can use when there is no other practical way of making a payment. As the name implies, emergency checks are used for any reason whenever an activity requires checks in less time than a normal requisition would take to process, order, and deliver regular-issue checks. Orders for emergency checks, however, must be kept to an absolute minimum and should be placed only as a last resort.

An activity may order emergency checks from DFAS - Cleveland Center (DFAS-CL). The order must specify the symbol number under which the checks will be issued as well as the name and rank or grade of the DO. Orders are made in multiples of 1,000 and in sufficient quantities to last until regular-issue checks can be received. The unfilled check order number and date of that order must also be included with the request for emergency checks. The activity must completely use all the emergency checks before issuing any new stock of regular-issue checks.

## SECURITY AND STORAGE OF GOVERNMENT CHECK STOCK

In any disbursing activity, security and storage of government check stock involves special requirements, procedures, and controls.

## CONTAINERS

The DO (or assigned deputy) is responsible for keeping blank government check stock. Blank check stock must be stored in either a Class 1 or Class 5 security container or a burglary-resistant safe. Although the DO and a minimum number of deputies may have access to this container, only one person should be given the primary responsibility of maintaining the check stock and keeping the Blank Check Control Log (described later in this section).

## ENVIRONMENT

The DO is responsible for making sure that storage conditions are adequate for preserving the quality of the blank check stock. Blank check stock is especially sensitive to moisture, heat, and light; exposure to these conditions will cause deterioration of the surface tint and design. If deterioration occurs, a new supply of checks must be procured.

## CHECK STOCK DESIGNATIONS

There are two basic categories of blank check stock. You will hear these categories referred to as *working stock* and *bulk stock*.

### Working Stock

Blocks of checks issued to the person responsible for the day-to-day preparation of checks are referred to as *working stock*. The authorized number of checks per block issued for working stock is governed by the volume of checks normally used. When the volume of checks issued is small, the working stock usually consists of 1 day's supply. In disbursing offices that issue large volumes of checks, the working stock may consist of several days' supply or may even be issued to several assistants.

### Bulk Stock

The remaining check stock is called *bulk stock*. Blocks of blank checks are issued from the bulk stock to be used as working stock.

## **ISSUE AND ACCOUNTING CONTROLS**

All check stock must be accounted for. The DO is responsible for making sure that all checks are accounted for and that no checks have been removed without authority. The monitoring of blank check stock and controls in the issuing process starts with the Blank Check Control Log.

### **Blank Check Control Log**

The Blank Check Control Log provides a perpetual inventory of checks on hand as well as a method for monitoring the release of the checks that were issued for use as working stock. At a minimum, this log should contain the following information:

- Date
- Beginning check number
- Ending check number
- Balance of checks on hand
- Initials of the persons advancing or receiving checks
- Initials of the persons returning or receiving checks

The DO (or deputy) is required to examine this log daily to make sure all the checks drawn and checks returned unused are accounted for and that no checks have been removed without authority.

### **Other Records**

As a cross-check to make sure all checks are accounted for, the person (or persons) in charge of the working stock must keep a record of all the checks issued daily to each clerk. This person also makes a daily examination of the record of checks drawn and those returned unused. In conjunction with the daily examination of the Blank Check Control Log, the DO (or deputy) will examine the record of checks drawn and those returned unused and the receipts for the checks that were issued.

### **Quarterly Inventories**

At least once each quarter, the DO or designee must take an inventory of the bulk stock. This quarterly inventory may be assigned as a responsibility of the appointed verification board or team.

Any open container must be inventoried by an individual count of the checks. Any container that is damaged or shows evidence of tampering will be opened and the checks inventoried by individual count. At the completion of the bulk stock inventory, the daily totals of the checks held as working stock will be added to the bulk stock, producing a total of the checks on hand. The DO will use this total to determine whether to order additional stock. A record of the quarterly inventory and the total of checks on hand is kept in the disbursing office.

## **PROCUREMENT OF TREASURY CHECKS**

A DO must make certain sufficient quantities of checks are always on hand. This means ordering checks well in advance.

### **REORDER LEVELS AND INTERVALS**

The normal order and shipping time for Treasury checks is 90 days. That is why DOs should maintain a 6-months' safety supply level of checks on hand. Reorder levels should be set for when the check stock falls to the 9-months' supply-on-hand level.

### **CHECK ORDER FORM**

All U.S. Treasury checks must be ordered on the nine-part Check Order Form, GPO 2431. No other purchasing documents are required. All check orders must be typewritten and the carbons left in the form. (Copies of this form or orders that do not contain the carbons will not be accepted.)

A separate order form is required for each check assembly, each check series within an assembly, control checks, and specimen checks. A sample of a completed GPO Form 2431 is shown in figure 4-1.

### **RECEIPT OF U.S. TREASURY CHECK STOCK**

Upon receiving a check shipment, the DO must first verify that all the checks have been received. The vendor of the check stock provides a 120-day warranty period on the checks it produces. Because the warranty period begins on the day the checks are delivered, the office that receives checks is responsible for determining if there are any obvious defects or missing stock before the warranty period expires. Based on a representative sample, the DO must verify the accuracy of the printing, check symbols, serial numbers, and



**U.S. GOVERNMENT PRINTING OFFICE  
PRINT ORDER - DEPART OF THE TREASURY PAPER CHECKS AND PROOFS**

1. _____  Agency order # <u>028 - 4 - 1234 - 01</u>	2. TYPE OF ORDER <input checked="" type="checkbox"/> CHECKS <input type="checkbox"/> PROOF <input type="checkbox"/> REVISION TO PROOF
_____ (Signature and Title)	

**GOVERNMENT PRINTING OFFICE INFORMATION**

3. DEPARTMENT <b>NAVY</b>	4. REQ. NO. 0 -00066	5. DATE 17 MAY 1993	8. PURCHASE ORDER NO. <b>80337</b>	7. PRINT ORDER NO.
12. CONTRACTOR <b>U.S. BANKNOTE CORPORATION</b>		9. JACKET NO.	10. ESTIMATED COST	11. SHIP DATE
12. TITLE <b>TREASURY CHECKS</b>		13. OBJECT CLASS <b>24</b>	14. STATE CODE <b>120</b>	15. CONTR'S CODE <b>89715</b>
17. SHIP TO:  DISBURSING OFFICER USS NEVERSAIL (DDG-1) FPO AA 96601 - 0001		18. APPROPRIATION CHARGEABLE		19. (BAC) 3810 01
		20. QUANTITY 12,000		
21. REQUESTED SHIPPING DATES Partial shipments on (continue on separate sheet, if necessary)				
Ship Complete By: <b>01 SEP 1993</b>				

22. SHIP BY <input type="checkbox"/> Contractor's Truck <input checked="" type="checkbox"/> Registered Mail <input type="checkbox"/> Other	23. <input checked="" type="checkbox"/> Domestic <input type="checkbox"/> Overseas
-----------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------

24. AVAILABLE CHECK ASSEMBLIES AND VOLUMES - CHECK QUANTITY PER BOX OR CORE SIZE IF NECESSARY

<input type="checkbox"/> A. SINGLE	<input type="checkbox"/> 1,000	<input type="checkbox"/> 2,000	<input type="checkbox"/> 4,000
<input type="checkbox"/> B. SINGLE SET W/2 CARBONS	<input type="checkbox"/> 1,000	<input type="checkbox"/> 2,000	<input type="checkbox"/> 4,000
<input type="checkbox"/> C. SINGLE SET W/1 CARBON	<input type="checkbox"/> 1,000	<input type="checkbox"/> 2,000	<input type="checkbox"/> 4,000
<input checked="" type="checkbox"/> D. CONTINUOUS 1 UP	<input type="checkbox"/> 1,000	<input checked="" type="checkbox"/> 2,000	<input checked="" type="checkbox"/> 4,000 CHECKS
<input type="checkbox"/> E. CONTINUOUS W/RIGHT STUB - 4,000 CHECKS AND 4,000 STUBS			
<input type="checkbox"/> F. CONTINUOUS - 2UP - 8,000 CHECKS			
<input type="checkbox"/> G. CONTINUOUS - W/TOP STUB	<input type="checkbox"/> 1,000 CHECKS	<input type="checkbox"/> 2,000 CHECKS	
<input type="checkbox"/> H. CONTINUOUS - 2 UP ROLL - 80,000 W/	<input type="checkbox"/> 5" CORE		
<input type="checkbox"/> I. CONTINUOUS W/LEFT STUB -	<input type="checkbox"/> 2,000 CHECKS	<input type="checkbox"/> 4,000 CHECKS	

25. AVAILABLE CHECK TYPES - REGULAR CHECKS <input type="checkbox"/> RP <input checked="" type="checkbox"/> RP-NB <input type="checkbox"/> RB <input type="checkbox"/> RB-NB	26. CONTROL AND SUBSTITUTE CHECKS <input type="checkbox"/> C <input type="checkbox"/> C-NB    CONTROL NUMBERS    SYMBOL NO. _____
IF CHECKED, BOX 27 MUST BE COMPLETED	<input type="checkbox"/> S <input type="checkbox"/> S-NB    _____ TO _____

27. CHECK SYMBOL, SERIAL AND INVENTORY CONTROL NUMBERS

SYMBOL AND SERIAL NUMBERS MUST BE SHOWN ON ALL ORDERS FOR REGULAR PREPRINTED CHECKS, TYPE RP OR RP-NB SYMBOL: 1234    SERIAL NUMBERS: FROM 40,123,000 TO 40,134,999 ASCENDING <input type="checkbox"/> DESCENDING <input type="checkbox"/>	IF CHECK TYPES RB OR RB-NB, SHOW SPECIFIC ICN RANGE INVENTORY CONTROL NUMBERS (ICN) FROM _____ TO _____
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------

28. PROOF NO. 12-000-A13 (2/73) FOR REVISIONS COPY OF PROOF WITH CHANGES INDICATED ATTACHED

29. PRINT FROM:  EXISTING PROOF     CORRECTED PROOF     NEW PROOF

30. TYPE OF CHECK WRITING EQUIPMENT TYPEWRITER	31. TYPE OF BURSTING EQUIPMENT N/A	32. METHOD TO REPORT CHECK ISSUES <input checked="" type="checkbox"/> MAGNETIC TAPE <input type="checkbox"/> OTHER
---------------------------------------------------	---------------------------------------	-----------------------------------------------------------------------------------------------------------------------

33. REMARKS  
1741804.702D 000 12345 0 060957 2D A12345 000012345678 (\$755.25)  
SDN: NT12345-0012-1234

34. ISSUE STATISTICS AND ESTIMATE (If quantities differ significantly, explain under REMARKS in item 33 above) Ordering Agency to Complete

QUANTITY ISSUED		AVERAGE MONTHLY ISSUE EXPECTED
LAST CALENDAR MONTH 1,000	CALENDAR MONTH BEFORE LAST 1,000	1,000

FOR QUESTIONS ON THIS ORDER CONTACT (ORDERING AGENCY)

NAME (ORDERING AGENCY) REVIEWER (C) 123-456-7890 J. T. BOAT, LT, SC, USNR (A)888-7890	TELE. NO. (Include Area Code) DEPARTMENT OF THE TREASURY PRINTING OFFICER <b>HENRY E. HARTMAN 202-566-5381</b>
CONTRACTING OFFICER <b>JACK SCOTT 202-275-2195</b>	PRINTING SPECIALIST <b>RON GLADISH 202-275-2195</b>

(See Reverse Side of Part 9 for Instructions)  
PART 1 - VENDOR COPY

Figure 4-1.—Sample GPO Form 2431, Print Order-Department of the Treasury Checks and Proofs.

magnetic-ink-character recognition field. Any box of check stock that bears evidence of tampering must be opened and the checks counted individually. If any checks are missing or defective, the procedures prescribed in the *Department of Defense Financial Management Regulation (DODFMR) — Disbursing Policy and Procedures*, Volume 5, must be followed.

## **DISTRIBUTION AND CANCELLATION OF GOVERNMENT CHECKS**

Normally, a government check is prepared and issued to the payee. The disposition of the majority of government checks will fall in this category. At times, however, some government checks issued to payees must be canceled.

### **NORMAL DISTRIBUTION PROCEDURES**

After preparation, a government check is delivered to its payee or to a designated address by regular mail. That is the normal, basic distribution process. Registered mail is not necessary for this process. In the normal distribution process, however, all DOs must make certain payroll checks are handled according to the following regulations:

- Mailed no earlier than 3 workdays before payday
- Dated no earlier than the day the pay is due

**NOTE:** Hand distribution of payroll checks prior to payday is prohibited.

### **CANCELLATIONS OF GOVERNMENT CHECKS**

Previously, you learned that a government check is canceled because it is no longer negotiable by the payee. You also read about the different categories of canceled checks. In the following paragraphs, you will read about the cancellation processes for these checks.

#### **Spoiled Checks**

As explained previously, a spoiled check is a check that is replaced by a control check bearing the same disbursing symbol and serial number. A check maybe classified as spoiled and replaced with a control check under the following conditions:

- It represents a valid payment.
- It is in the possession of the DO.

- It was misprinted or mutilated during the issue process.
- It was returned by the payee as uncashable because of a defect in the check itself.

At times, a payee may present a large enough portion of a mutilated check so that the check number, issuing symbol, date, and amount can be positively identified. In these cases, the check should be treated as a spoiled check.

When a check is spoiled, no reference will be made on the record of checks drawn that a control check, per se, has been issued. That is because the serial number of the spoiled check will be the same as the serial number of the control check and that particular serial number will already appear on the record of checks drawn.

All spoiled checks must be rendered non-negotiable. This is done by typing or stamping the following statement on the face of the check: **SPOILED - NOT NEGOTIABLE; REPLACEMENT ISSUED UNDER CONTROL NUMBER \_\_\_\_\_.**

**DOCUMENTATION.**— The DO must use a Spoiled/Control Check Record, DD Form 2661, to maintain a record of spoiled checks and the control checks used to replace them. The DD 2661 will be retained for 14 months from the check issue date, after which time it may be destroyed. An example of a DD 2661 is shown in figure 4-2.

**DISPOSITION.**— A (least once each quarter, the DO must destroy all spoiled checks locally by shredding or incinerating them.

**Method.**— If the checks are destroyed by shredding, the fragments can be no larger than .25 inch in width and 3.5 inches in length. If they are destroyed by burning, the checks must be completely burned.

**Certificate of Destruction.**— Whenever spoiled checks are destroyed, a Certificate of Destruction must be prepared in an original and one copy. It must include the following information:

- The complete mailing address of the disbursing office
- The date and method of destruction
- The DSSN
- The serial number of each check

SPOILED/CONTROL CHECK RECORD					
1. SPOILED CHECK NUMBER	2. DATE	3. CONTROL CHECK NUMBER	4. DATE	5. PAYEE	6. AMOUNT
70,006,499	1/31/19XX	00,000,050	1/31/19XX	John J. Adams	122.00
70,006,500	1/31/19XX	00,000,051	1/31/19XX	Mable C. Baker	318.00
70,006,501	1/31/19XX	00,000,052	1/31/19XX	Walter I. Curbo	292.00

DD Form 2661, AUG 93

86NP0012

Figure 4-2.-Sample DD Form 2661, Spoiled/Control Check Record.

- The typed name, title, grade or rank, and signature of the DO and at least one witness

When blocks of checks are destroyed, the beginning and ending serial numbers of the block may be shown on the certificate. When individual checks are destroyed, the checks must be listed in numerical sequence on the certificate. An example of a Certificate of Destruction is shown in figure 4-3.

**Control Checks**

As mentioned previously, a check that is classified as spoiled must be replaced by a control check. Remember, a control check will not have a preprinted serial number in its upper right corner. Instead, a control check will have a preprinted *control number* centered at its bottom edge. A control check will also have pre-encoded MICR data consisting of the symbol number and bank transit number along the lower left edge of the check. A control check that is misprinted

or mutilated during the issue process may also be treated as a spoiled check and replaced by another control check.

**RESTRICTIONS.**— A disbursing office shall not issue a control check if any one of the following conditions should exist in regard to the *original* check:

- It was issued under a different symbol than the one used by that specific disbursing office. (In this case, the payee should be referred to the disbursing office that issued the original check.)
- It is more than 1 year old.
- It was issued to a different payee.
- It was issued in a different amount.
- It is not available or positively identifiable.
- It appears that either the payee or another person has altered or attempted to alter the check.

(USE APPROPRIATE LETTERHEAD)

02 February 19xx

MEMORANDUM FOR RECORD

This memorandum certifies that on 07 February 19xx, one hundred and one (101) spoiled U.S. Treasury checks bearing disbursing station symbol number 1234 and serially numbered from 70,001,444 through 70,001,543 (both numbers inclusive), were completely destroyed by shredding.

W. T. DOOR  
LT, SC, USN  
DISBURSING OFFICER

We the undersigned certify by signature hereon that the checks listed above were physically verified by us and that all were completely destroyed by shredding in our presence on 07 February 19xx.

\_\_\_\_\_  
A. B. CEE, LT, USN

\_\_\_\_\_  
P. T. BOAT, DKC, USN

Figure 4-3.-Sample certificate of destruction.

If the original check should show evidence of any of these conditions, the disbursing office should not issue a control check.

**PREPARATION.**— Although control checks are prepared according to the same guidelines for the preparation of any other U.S. Treasury checks, the following additional procedures are required:

- The symbol and serial number of the original check should be typed or stamped in the upper right corner of the control check.
- The accuracy of the symbol and serial number typed or imprinted on the control check should be verified.
- The control number of the control check should be recorded on the face of the original check.

These procedures are required for accountability purposes to monitor and control the use of U.S. Treasury checks.

**DOCUMENTATION.**— As a record of all control checks issued by the disbursing office, the DO will use the Spoiled/Control Check Record, DD Form 2661, as shown in figure 4-2. This record may be maintained in either a mechanized or manual format. At a minimum,

the original check number and the control check number must be shown on the DD Form 2661. Any additional information, such as the payee and the amount, is optional based on its availability in other disbursing office records.

**Voided Checks**

A U.S. Treasury check will be classified as voided under the following conditions:

- It was misprinted or mutilated during the issue process.
- It has not been (and will not be) replaced by a control check.
- It will be replaced by another regular check bearing a different serial number.
- It has not been reported as a check issue.
- It has not been reported as a lost blank check.
- It has been destroyed (as in the disestablishment of a disbursing office).

**NOTE:** Once a check has been reported as a check issue, it must not be voided. These checks must be treated as spoiled or canceled, as appropriate.

**DOCUMENTATION.**— A check that is voided must be included on the record of checks drawn as a check issue having a zero (0) dollar value. The DO must make certain check-issue reports include the serial number and date of each voided check with the dollar amount reported as zero. When voided checks are destroyed, a Certification of Destruction must also be prepared.

**DISPOSITION.**— Voided checks must be defaced and rendered nonnegotiable, and destroyed.

**Defacement.**— A voided check must be defaced by typing or stamping the following statement on the face of the check: **VOID - NOT NEGOTIABLE. NO CHECK ISSUED UNDER THIS NUMBER.** All voided checks must be stored in the DO's safe segregated from all other checks.

**Destruction.**— Voided checks must be destroyed locally by the DO by either burning, shredding, or pulverizing within 30 days of the date on which the check was voided. If burned, the voided checks must be completely burned. If voided checks are destroyed by shredding, the fragments must be no larger than .25 inch in width and 3.5 inches in length.

**Certificate of Destruction.**— Regardless of the method of destruction, a Certificate of Destruction must be prepared. As previously described and shown in figure 4-3 for spoiled checks, this certificate should be prepared in duplicate for voided checks. The DO and at least one witness will perform the following duties:

1. Examine the checks to verify they are the actual checks to be destroyed.
2. Verify the check numbers and DSSN with the information on the statement of check destruction.
3. Sign the statement of destruction only after witnessing the actual destruction.

The original will be forwarded with the DO's monthly financial returns. The copy is filed with the DO's retained financial returns.

## **AVAILABLE CHECK CANCELLATIONS**

Canceling an available check is simply the process of depositing an issued check back into the DO's own

official checking account. A DO may cancel an available check under any of the following conditions:

- The check was drawn under the DO's own official checking account symbol.
- The check was drawn under the account of a predecessor of the same activity and symbol number.
- The check was drawn under an account the DO is in the process of settling.

**NOTE:** The same provisions that apply to the limited playability (negotiability) of any U.S. Treasury check must be taken into account when an available check is canceled. Under these provisions, a check that is more than 1 year old may not be canceled and deposited. The procedures for unavailable or non-negotiable checks will be discussed later in this chapter.

## **Authorization and Conditions for Cancellation**

Previously, we touched upon some of the conditions involving cancellations of government checks. In the case of available checks, any U.S. Treasury check in the possession of a DO will be canceled under the following conditions:

- When it is determined that the payee or the payee's estate is no longer entitled to the proceeds of the check.
- When the determination of nonentitlement is made after transmission of the financial returns in which credit for that check was claimed.
- When the check is for a payroll that has already been transmitted and it is determined the check was not due the payee.
- When the check is undeliverable for 60 days after the last day of the month of issue.
- When the check is not over 1 year old.

## **Cancellation Process**

Available check cancellation transactions are processed in a manner similar to collections.

**SCHEDULE OF CANCELED OR UNDELIVERED CHECKS.**— A Schedule of Canceled or Undelivered Checks, SF 1098, such as the

one shown in figure 4-4, is used as the collection document. Refer to the far right column of the SF 1098 in figure 4-4. Notice how the appropriation that was originally charged when the payment was made is now credited for the amount of the canceled check. The SF 1098 must show all lines of accounting data charged and credited on the original disbursement voucher. The checks must be deposited to the checking account symbol number used by the DO making the cancellation. No payee endorsement on the reverse of the check is necessary; only the DO's endorsement stamp is required.

**DEFACEMENT PROCESS.**— The following statement must be typed or stamped on the face of each canceled check: **NOT NEGOTIABLE - FOR PAYMENT AND CREDIT IN THE U.S. TREASURY. D.O. SYMBOL \_\_\_\_\_**. The letters of the legend must be of prominent size to remove all possibility of negotiation. The stamp must be placed so that the defacement will not interfere with the MICR encoding.

**DEPOSIT TICKET.**— Canceled checks will be deposited on a Deposit Ticket, SF 215, separately from other collections.

The requirements for depositing canceled checks are not based on the money amounts like other deposits. As described earlier, each canceled check must have the appropriate statement typed or stamped on its face. It should then be held for consolidation with the other canceled checks when the SF 215 is prepared.

**DISPOSITION.**— Deposits of canceled checks shall be forwarded to an FRB or branch no later than the 25th of the month in which the canceled checks were received. Checks received for cancellation after the 25th of the current month will be stamped promptly and retained for recording and deposit in the following month's accounts. All DOs (CONUS and overseas) shall deposit all canceled Treasury checks with the nearest FRB or branch.

## **UNDELIVERABLE CHECKS**

We explained earlier how a Treasury check that was not delivered to the payee within 60 days after the month of issue is classified as an undeliverable check. As a senior DK, you should be aware of specific requirements for the storage and handling of undeliverable checks. You should also understand the basic documentation and accounting procedures for these checks.

## **SECURITY AND STORAGE REQUIREMENTS**

All undeliverable checks must be kept in a safe or security container that carries at least a Class 1 or Class 5 security level. All undeliverable checks in a disbursing operation should be filled in a way that is best suited for ready identification whenever a check is claimed or when one is prepared for mailing after an appropriate address has been determined.

Undelivered checks should not be removed from the safe or held by disbursing agents except for immediate cancellation, deposit, or delivery to the payee.

## **RETURNED AND UNDELIVERABLE CHECK/BOND RECORD**

The DO maintains a record of undeliverable checks by using the DD Form 2658, Returned and Undeliverable Check/Bond Record. For each undeliverable check, the DD Form 2658 must include the following information:

- The date the check was returned
- The check number
- The check date, amount, and payee
- The voucher number
- The disposition and the date of disposition.

## **TIME LIMITS FOR HOLDING UNDELIVERABLE CHECKS**

The DO is responsible for attempting to make delivery of each check to its designated payee. If delivery has not been made within 60 days after the month of issue, however, undeliverable checks must be disposed of as follows:

- Undelivered checks held by the issuing DSSN are collected to the credit of the issuing appropriation (or to a suspense account) and deposited in the method prescribed for canceled checks.
- Undelivered checks held by other than the issuing DSSN, together with a reason for non-delivery, are returned to the issuing DSSN by registered mail within 2 weeks. If the address of the issuing disbursing office is unknown, the servicing DFAS should be contacted.

STANDARD FORM 1098 Revised July 1980 Department of the Treasury 1 TFRM 4-7000 1098-110		<b>SCHEDULE OF CANCELED OR UNDELIVERED CHECKS</b>			86NPO013  EXCEPTION TO SF 1098 APPROVED BYOIRM 3-83		
DEPARTMENT OR ESTABLISHMENT NAVY		CANCELLED: <input checked="" type="checkbox"/> UNDELIVERED: <input type="checkbox"/>			SCHEDULE NUMBER CV 0001		
BUREAU OR OFFICE USS NEVERSAIL (DDG-1)					SHEET NUMBER 1		
LOCATION NORFOLK, VA					D.O. SYMBOL NO. 1234		
ACCOUNTING PERIOD					AGENCY LOCATION CODE (ALC)		
DATE OF ISSUE	CHECK NUMBER	PAYEE	VOUCHER NUMBER APPLICABLE	AMOUNT	SYMBOL OF APPROPRIATION OR FUND TO BE CREDITED		
5/14 93	40, 123, 456	Able B. Seaman, 123-45-6789  Travel order N82947174RT5432 Duplicate payment. Previously paid on DOV 1200 dtd 5/10/93	DOV 1234	100,00	AA 1741804 188E 000 12345 0 67890 2D 000011 123456789012		
<b>TOTAL</b>				100.00			
ACCOUNTING CLASSIFICATION (REV. 7-85) (NAVY OVERPRINT) - SHOW EROS WHERE ACCOUNTING DATA NOT REQUIRED							
APPROPRIATION SYMBOL AND SUBHEAD	OBJECT CLASS	BUREAU CONT. AND SUBALLOT. NO.	AUTH. ACCTG. ACTIVITY	TYPE	PROPERTY ACCTG. ACTIVITY	COST CODE	AMOUNT
<b>TOTAL</b>							
The amount of the above check(s) was deposited for credit in the account of the U.S. Treasury, on deposit ticket no.			DATE OF DEPOSIT TICKET		FORWARDED (Date)		
			DISBURSING OR ACCOUNTABLE OFFICER		BY (Name)		
			DATE		TITLE		

Figure 4-4.—Sample SF 1098, Schedule of Canceled or Undelivered Checks.

## **SCHEDULE OF CANCELED OR UNDELIVERED CHECKS**

The collection voucher used for an undeliverable check is the Schedule of Canceled or Undelivered Checks, SF 1098. On the SF 1098, each undeliverable check will be credited to the appropriation and subhead originally charged.

### **Required Information**

The SF 1098 must be prepared in triplicate. For each undeliverable check, the following data should be shown in the appropriate space provided in the body of the SF 1098:

- Month and year of issue
- Check serial number (and DSSN if other than the DSSN shown in the heading of the form)
- Name of payee
- Amount of check
- Accounting data credited

The spaces at the bottom of the SF 1098 will be left blank.

### **Distribution of the SF 1098**

The SF 1098 is prepared in triplicate. The original and one copy of this form will be submitted with the financial returns. The remaining copy will be retained.

### **Accounts Involved**

If the proper appropriation to be credited cannot be determined immediately, the amount of the check should be collected into suspense account 17F3875. The SF 1098 should include all the information available about the identity and location of the payee of the check. If after 1 year the appropriation is still not determinable, the funds will be transferred to Treasury miscellaneous receipt account 171060.

### **Claim Processing**

Claims for undeliverable checks that were canceled will be paid by the disbursing office that made the collection. The disbursement will be made on an SF 1034 and charged to the appropriation that was charged on the SF 1098. Reference will be made to the original check by serial number; amount; DSSN; and the month, year, and account in which the undeliverable check was

collected. A record of the claim and disposition shall be entered on the DD 2658.

## **CUSTODY PROCEDURES WHEN DISBURSING OFFICERS ARE DETACHED**

When a DO is detached without a relief, special procedures are associated with the custody and disposition of undeliverable checks at the time of detachment.

When a DO is detached and disbursing operations for the ship or activity are assumed by another ship or activity, the successor activity will assume custody of the undeliverable checks for processing.

When a DO is otherwise detached without a relief, such as in the case of the decommissioning of a ship, the undeliverable checks will be taken up as a collection and deposited without regard to the 60-day holding period. The record of undeliverable checks will be turned over to the office designated to settle the accounts of the detached DO.

## **UNAVAILABLE CHECK CANCELLATIONS**

An unavailable U.S. Treasury check is defined as a properly vouchered and issued check that is not held by the DO or the payee. As a senior DK, you should be able to identify some specific requirements involved in the cancellation of unavailable checks. You should be especially aware of the requirements involving the issue of replacement checks.

### **TIME LIMITS**

The following time limits apply to the cancellation of unavailable checks and claims by payees for replacement checks:

- The payee must report the loss, theft, or mutilation within 6 years from the date of issue or the claim is barred by the statute of limitations for claims against the government.

- When the original check is more than 1 year old, certain procedures will be followed for its cancellation. (We discuss these procedures at the end of this chapter.)

- When the original check is less than 1 year old, specific procedures will be used for its cancellation and replacement. We examine these conditions in greater detail in the following sections.



## **CANCELLATION REQUIREMENTS**

Unavailable checks that are reported to the DO as lost; stolen; mutilated (to the degree that the payee, issuing DSSN, or check serial number cannot be identified); or not received by the payee must be canceled.

When entitlement to payment exists, an unavailable check may be replaced by a new check called a recertified check. Each recertified check must bear a new check serial number. All recertified checks must be vouchered and recorded as disbursements.

## **UNAVAILABLE CHECK CANCELLATION FORM**

All unavailable checks must be canceled by the submission of an Unavailable Check Cancellation, SF 1184, to DFAS-CL. A typical SF 1184 is shown in figure 4-5.

The SF 1184 is required for the cancellation of each unavailable check regardless of the particular circumstances involved. Whether or not the check was lost, stolen, mutilated, or not received or whether or not the payee is entitled to a recertified check, an unavailable check must be canceled by submission of an SF 1184.

Even in the case of bulk losses, each original check must be canceled by the submission of an SF 1184. DFAS-CL will consolidate the input for submission to the U.S. Treasury. The U.S. Treasury will send credits or charges resulting from the receipt of an SF 1184 or the cashing of a canceled check directly to DFAS-CL.

## **REPLACEMENT PROCEDURES**

DOs may issue recertified checks as replacements for original checks at any time starting with the submission of the SF 1184 and continuing, as in the case of a forged check, until the U.S. Treasury recovers the proceeds. The DO's judgment and the circumstances associated with each unavailable check will govern when the recertified check is actually issued.

## **AUTHORIZATION TO ISSUE RECERTIFIED CHECKS**

The U.S. Treasury has delegated the authority to the DOD to issue recertified checks to replace any check originally issued by a DOD DO. This authority includes checks that were lost, stolen, or destroyed both

in transit and after receipt by applicable payees. DOs ultimately carry out this authority.

## **Disbursing Officer's Responsibilities**

The authority to issue recertified checks rests solely with the DO. Before making this decision, a DO must use good judgment in examining the conditions of each case. The following are some examples of conditions the would require a DO to make such decisions:

- Unavailable checks with high monetary values
- Payees involved in adverse actions that could result in early discharge or termination
- Nonpermanent employees who have no vested retirement benefits or sustained work history at the issuing activity

The DO must consider several issues in making a decision. First, is the payee able to make restitution in case of double negotiation? Second, can the payee be contacted as long as 4 months after the reissue of a recertified check? And third, what is the possibility of offsetting a double negotiation against money, other than salary, due the payee? In any case, whether or not to issue a recertified check is based on the DO's judgment. In all cases, the DO is held responsible for his or her decision.

## **Conditions for Refusal**

The DO must be able to recognize cases in which the payee must be refused reimbursement for an unavailable check. A DO must refuse to issue a recertified or replacement check under the following conditions:

- If the original check was not issued by the same DSSN issuing the recertified check
- If the original check was endorsed by the payee when it was lost
- If the payee of the original check is not entitled to the proceeds of the check
- If the payee died before the original check-issue date
- If the 6-year statute of limitations has passed
- If the payee has an outstanding obligation against which the payment can be offset
- If the original check is 12 or more months (over 1 year) old



## Conditions for Issues of Recertified Checks

A DO's decision to issue a recertified check as a replacement for an unavailable check must be based on the facts available in each case. As is the case with all other check issues and disbursements, the DO will be held personally and pecuniarily liable for all illegal, erroneous, or improper disbursements of public funds by recertified check. As long as the risk of loss from overpayment is low, however, the DO is normally authorized to provide replacement of an unavailable check to the payee immediately after preparing the SF 1184.

## REQUIREMENTS FOR ISSUING RECERTIFIED CHECKS

Under all conditions, the DO must receive a statement in writing from the payee before issuing a recertified check. In fact, this statement is required so that the DO can substantiate the necessity for issuing a recertified check.

### Statement of Claimant Requesting Recertified Check

A completed DD Form 2660, Statement of Claimant Requesting Recertified Check, is the preferred form for the payee's required written statement. However, a DO is authorized to accept a signed letter from the payee in lieu of the DD 2660. An example of a DD 2660 is shown in figure 4-6. Notice the certification statement above the payee's signature line. If the claimant should try to negotiate both checks, the government could use the certification statement on the DD 2660 to establish fraudulent intent on the part of the payee. As previously stated, the DO's decision to issue a recertified check will be based on the facts available in each case.

### Timing Requirements and Other Conditions for Issues of Recertified Checks

Timing requirements for issuing recertified checks will vary depending upon the circumstances. Generally, DOs are encouraged to delay issuing recertified checks until the U. S. Treasury has provided a status on unavailable check cancellations,

Certain delays, however, can result in undue hardship. The DOD is aware of how these delays can affect the personal financial affairs of both military and civilian employees as well as the relationships between the DOD and private industry and business. Other

intangible benefits to the DOD could be compromised or lost as a result of delayed payments. For these reasons, recertified checks may be issued immediately to some payees under certain conditions.

**IMMEDIATE ISSUES.**— DOs may immediately issue recertified checks to replace undelivered, lost, stolen, mutilated, or destroyed original checks issued by their symbol for the types of payees in the following circumstances:

- Military and civilian personnel for payment of pay and allowances (Exceptions: Payees who have previously negotiated both the original and the recertified check issued to replace the original are not eligible for immediate issuance of a recertified check.

- Banks, credit unions, and other financial institutions, unless the DO determines it to be in the best interest of the DOD to obtain Treasury status before issuing a recertified check

- Agencies of the U.S. Government

- Foreign governments (Exceptions: Where doubt exists as to the status of a foreign payee, the DO must treat payment as a foreign business and issue a recertification check only after receipt of Treasury status.)

- Vendors and contractors (Exceptions: When the DO determines it to be in the best interests of the DOD to obtain Treasury status before issuing a recertified check.)

- Any payee upon the DO's determination that such payment is necessary

- Any payment made under protest

- Any composite or consolidated check regardless of the amount

**NOTE:** Notice how the exceptions to these categories rely not only on the guidelines and laws, but also on the judgment of the DO.

**ISSUES DEPENDING UPON RECEIPT OF U.S. TREASURY STATUS.**— Some classes of payees are not eligible for immediate payment replacement by recertified check. For example, the payees involved in the conditions described in the following categories will receive recertified checks only when the Treasury has reported the original checks as "outstanding":

- Foreign businesses and contractors where check payments were made to addresses or financial institutions outside the United States

STATEMENT OF CLAIMANT REQUESTING RECERTIFIED CHECK					Form Approved OMB No. XXXX.XXXX Expires	
<p>Public reporting burden for this collection of information is estimated to average per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Department of Defense, Washington Headquarters Service, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204 Arlington, VA 22202-4302 and to the Office of Management and Budget, Paperwork Reduction Project (2000-XXXX), Washington, DC 20503.</p> <p>PLEASE DO NOT RETURN YOUR COMPLETED FORM TO EITHER OF THESE ADDRESSES. RETURN COMPLETED FORM TO</p>						
PRIVACY ACT STATEMENT						
AUTHORITY:		31 CFR 101.5.8				
PRINCIPAL PURPOSE:		To request a recertified check				
ROUTINE USES(S):		Information is used by the Disbursing Office as the basis for issuing a recertified check and for canceling the original. It is also used to verify how original check was lost, stolen, etc., and to establish a proper mailing address. This information may also be used for other lawful purposes, including law enforcement and litigation.				
DISCLOSURE:		Voluntary; however, if payee does not provide information, a recertified check cannot be issued.				
<p>WARNING: Title 18, Sec 287, US Code: "Whoever makes or presents to any person or officer in the civil, military, or naval service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be fined not more than \$10,000 or imprisoned not more than five years, or both."</p>						
1. PAYEE (Show business name of financial organization, if applicable)				2. SSN (or employee identification number)		
John D. Boat				123 - 45 - 6789		
3. CO-PAYEE OR PAYEE TO BE CREDITED IF ITEM IS A FINANCIAL ORGANIZATION						
4. ADDRESS TO WHICH CHECK WAS MAILED (Include 9-digit ZIP Code)				5. CORRECT MAILING ADDRESS (If different from item 5)		
123 Apple Tree Lane New City, FL 12345-0000 (Check applicable boxes)						
6. PURPOSE FOR WHICH CHECK WAS ISSUED (Check applicable box)					7. DATE DUE (Approximate)	
<input checked="" type="checkbox"/>	REGULAR PAY	<input type="checkbox"/>	TRAVEL PAY	<input type="checkbox"/>	VENDOR PAY	9/20/XX
					OTHER (Specify)	
8. (Check applicable boxes)						
<input checked="" type="checkbox"/>	a. CHECK WAS NOT RECEIVED			b. CHECK WAS ENDORSED		
<input type="checkbox"/>	b. CHECK WAS RECEIVED BUT WAS		<input type="checkbox"/>	(1) LOST	<input type="checkbox"/>	(2) STOLEN
<input type="checkbox"/>			<input type="checkbox"/>	(3) DESTROYED	<input type="checkbox"/>	(4) MUTILATED
9. (Check applicable box)						
<input checked="" type="checkbox"/>	a. CHECK WAS NOT ENDORSED					
10. CERTIFICATION						
<p>I certify that I (we) have in no way benefitted from the proceeds of the above check, and do hereby request a recertified check be issued to me. I further certify that if I recover the original check, I will not negotiate it but will immediately return it to the Disbursing Office. I fully understand that negotiation of both the original and recertified check constitutes a fraudulent act against the United States Government and as such is subject to punishment as provided by law. I further consent to immediate recoupment from future pay and allowances due me if I negotiate both the original and recertified checks, including interest and administrative costs.</p>						
11. SIGNATURE OF PAYEE (Co-payee representative)			12. DATE	13. SIGNATURE OF CO-PAYEE/THIRD PARTY		14. DATE
John D. Boat			9/26/XX			
FOR DISBURSING OFFICE USE						
15. CHECK DATA						
a. CHECK NUMBER	b. DATE OF CHECK	c. CHECK AMOUNT	d. ISSUING DSSN	e. VOUCHER NUMBER		
60990341	9/20/XX	789.00	5098	399656		
16. DO REMARKS						

86NP0015

DD Form 2660

Figure 4-6.—Sample DD Form 2660, Statement of Claimant Requesting Recertified Check.

- Payees who have previously negotiated both the original check and the recertified check that was issued to replace it

- Payees who have received more than three recertified check payments in the past 6 months or have received more than four recertified check payments in a 12-month period

- Payees who report nonreceipt of a recertified check

- Payees requesting replacement of other than a recently issued original check

- Payees other than a deputy, agent, or cashier requesting replacement of an exchange-for-cash check

**ISSUES WHEN THE DEPARTMENT OF THE TREASURY STATUS IS PAID.**— Occasionally, a payee may have a valid claim against the U.S. Government even when the U.S. Treasury has determined that the original check was paid. The following two examples are situations in which the DO would be authorized to issue a recertified check to a payee even when the Treasury status of the original check is reported as paid:

- The DO has received a photocopy of the original check; the payee is claiming the endorsement signature is a forgery; and the payee has completed an FMS Form 1133, Claim Against the United States for the Proceeds of a Government Check, for the DO's submission to the U.S. Treasury.

- The payee has made a formal complaint that the endorsement on the original check was obtained under duress.

**ISSUES FOLLOWING RECEIPT OF A CLAIMS DISPOSITION NOTICE.**— A payee is ultimately entitled to a recertified check when the DO receives a Claims Disposition Notice, TFS Form 3859. Generally, the TFS 3859 is used to advise the DO and the payee of the results of the Treasury's investigation concerning the unavailable check. The payee would be entitled to a recertified check under the following conditions:

- The Department of the Treasury has determined that the endorsement on the original check was forged and is in the process of collecting through the banking system (bank reclamation), refund pending

- The Department of the Treasury has determined that the payee is entitled to the proceeds of the check (the endorsement on the original check was forged but

the period for bank reclamation has expired), settlement authorized

### **Recertified Check Register**

A disbursing office must provide the necessary controls and cross-references over unavailable check cancellations. The DD Form 2662, Recertified Check Register, is used for this purpose. As shown by figure 4-7, the DD 2662 contains identifying information about the recertified payment check, payee claims, and collection information. It also contains the required information to identify the original check serial number, date, amount, payee, and status of the check as provided by Treasury.

### **ACCOUNTING FOR RECERTIFIED CHECKS THROUGH ACCOUNT 17F3880**

All charges for recertified checks issued to replace canceled unavailable original checks and credits to restore funds for canceled checks to which payees are not entitled are cleared through Unavailable Check Cancellations and Overpayments, Suspense, 17F3880. This account is restricted to recertified check transactions and will not be used for any other purpose.

#### **Vouchers Used for Account 17F3880**

All DOs are required to voucher disbursement and collection transactions affecting account 17F3880. For a disbursement, a DO would use a Public Voucher for Purchases and Services Other Than Personal, DD Form 1034. For a collection, a DO would use a Cash Collection Voucher, DD Form 1131.

#### **Control, Review, and Reporting of Balances in Account 17F3880**

Account 17F3880 is a clearing account. Each DO must take aggressive action to clear the charges and credits entered in the account as quickly as possible. This means the balance must be returned to zero as rapidly as possible.

The disbursing office is required to maintain a record of all charges or credits that make up the cumulative balance of this account. To ensure timely action, the DO or primary deputy will personally review the account balance at least monthly to verify that all necessary actions are being taken to clear the balances. In addition, the DO will certify the balance of this account semiannually to DFAS-CL.

RECERTIFIED CHECK REGISTER												
1. ORIGINAL CHECK INFORMATION				2. SF 1184 INFORMATION			3. RECERTIFIED CHECK INFORMATION			5. COLLECTION INFORMATION		
PAYEE/SSN a.	ORIG CHECK NUMBER b.	CHECK DATE d.	RETURN DATE f.	DATE TO TREASURY a.	DAS STATUS CODE c.	TFS 3864 FOLLOW UP e.	DOV NUMBER SF 1034 a.	DATE OF RECERT c.	RECERT CHECK RTN DATE e.	4. PAYEE CLAIMS FORGERY DATE TFS 1133 TO TREAS	SF 1081 DEBIT DATE a.	REGROUP COLL NUMBER b.
	CHECK AMOUNT c.	CHECK NUMBER e.	DESTROY DATE f.	STOP REASON CODE b.	RESUBMIT DATE d.		CHECK NUMBER b.	SF 1081 CREDIT DATE d.	SF 1098 DATE f.		DATE OF COLL c.	
1. Sally K. Smith 123-45-6789	80345121	9/2/XX		9/8/XX	32		7893378	9/6/XX				
	100 00	398020					60789230	9/29/XX				
2. Jerry Jake 123-90-8790	32890456	9/3/XX		9/8/XX	DIA	see line 4						
	345 00	659789		A	9/21/XX							
3. Ida M. Jones 345-00-6789	60999034	9/22/XX	9/28/XX	9/20/XX	32		796234	9/20/XX				
	789 00	399656	10/5/XX	A			60999567	10/15/XX				
4. Continued from line 2 Jerry Jake				9/21/XX	32		700123	10/8/XX				
				A			cash payment	10/15/XX				

DD Form 2662, AUG 93

86NPO016

Figure 4-7.—Sample DD Form 2662, Recertified Check Register.

Each time a DO's account is transferred, balances in this account will be validated by the incoming DO. When a departing DO cannot provide proper documentation supporting the 17F3880 items, these items will be processed as a loss of funds against him or her.

**Reconciliation of Transactions**

DFAS-CL will forward a detailed listing of transactions in the 17F3880 account to each DSSN. The DO is responsible for taking the required actions necessary to clear all the unmatched items on this listing. The official procedures for these actions are contained in the DODFMR, Volume 5.

**Preparing and Disposing of Recertified Checks**

Recertified checks are prepared and distributed in the same manner as regular checks. If a payee claims nonreceipt, loss, or destruction of a recertified check,

the same unavailable check cancellation procedures previously discussed apply.

An undeliverable recertified check is processed in the same manner as any other undeliverable check—immediately after it is found to be undeliverable. The check is canceled on an SF 1098 with credit back to Unavailable Check Cancellations and Overpayments, Suspense, 17F3880, and deposited on an SF215 with an FRB or branch.

NOTE: The 60-day time limit for holding undeliverable checks does not apply to undeliverable recertified checks.

**Heading Off Problems Associated With Unavailable Check Cancellations**

In the preceding sections, we have covered some of the basic facets of unavailable check cancellations and recertified checks, Be aware that these are a DO's accountability nightmare. While these actions are necessary when original checks are lost or otherwise

unusable, dual negotiations can cause charges against a DO's account that can take years to clear.

The problems that can arise from dual negotiations are one of the best arguments for DOs to promote Direct Deposit through electronic funds transfer. However, if a recertified check must be issued, all disbursing personnel involved in this process are advised to follow the detailed instructions in the DODFMR, Volume 5, and—at a minimum—to take the following precautions:

- Make certain the individual payee was issued the original check under your DSSN.

- Determine the eligibility for that individual to receive an immediate replacement check. To do this, you must determine the circumstances of the request, the financial hardships caused to the individual, and the likelihood of making a collection should a dual negotiation occur.

- Have the claimant fill out a statement of nonreceipt ensuring that he or she is aware of the penalties that could arise from cashing both the original and the recertified checks.

- Prepare and submit the applicable Unavailable Check Cancellation, SF 1184.

- Maintain all applicable data in the Recertified Check Register, including the payee, amount, number and date of the original check; the number and date of the recertified check; the number and date of the original voucher; and all related SF 1184 information.

As a senior DK, you should be aware that unavailable check cancellations and recertified checks can always provide opportunities for problems. By taking the preceding precautions, you can do your part to help control some of the potential nightmares that can so readily occur in these types of disbursing operations.

### **EXCHANGE-FOR-CASH CHECKS**

As a senior DK, you will also be expected to understand some common procedures for preparing exchange-for-cash checks. The official guidelines for these procedures are set forth in the DODFMR, Volume 5.

There are two kinds of exchange-for-cash checks: (1) exchange-for-cash remittances and (2) exchange-for-cash disbursements. These two operations are similar because in both cases the DO will

exchange a check for cash. The similarity ends here, however, because these two disbursing operations are done for totally different reasons.

### **EXCHANGE-FOR-CASH REMITTANCES**

An *exchange-for-cash remittance check* is basically the selling of a check drawn on a DO's account for an authorized purpose. It is just like buying a money order, except there is no charge.

#### **Authorized Purposes and Conditions**

Basically, DOD DOs are authorized to issue exchange-for-cash remittance checks for the following purposes and to the following authorized individuals:

- To cover a government obligation based on a specified, official purpose.

- As payments to authorized members of the U.S. Armed Forces.

- As payments to authorized civilian employees of the U.S. Government who are U.S. citizens.

- As payments to authorized U.S. military retirees. (This authorization is contingent upon the requirement that the theater commander has already determined that provision of these services is not prohibited by the status of forces agreement (SOFA) of the country involved and that adequate facilities are not otherwise available.)

- To cover obligations associated with hospitalized veterans of the U.S. Armed Forces.

- As payments to contractors and their employees engaged in U.S. Government projects, provided that the contractors are U.S. firms and the employees are U.S. citizens.

- As payments to U.S. citizens who are employees of authorized nongovernment agencies, such as the National Science Foundation, operating in conjunction with U.S. Government agencies.

- To cover evacuation expenses for dependents of all the persons described above who are ordered to a safehaven post because of an emergency evacuation.

To help you with the interpretation of these authorized purposes, let's take a closer look at some of these categories.

**OFFICIAL PURPOSES.**— Exchange-for-cash remittances for official purposes can include the following areas:

- Collections for charitable organizations that have been officially approved
- Funds received from postal clerks
- Funds received from morale, welfare, and recreation (MWR) activities
- Cash released from evidence by the Naval Criminal Investigative Service (NCIS) for return to the agent cashier at a regional office

When directed by the CO, a DO may also receive funds from treasurers or custodians of naval organizations, including officers' messes and enlisted clubs. The funds may be in the form of any of the authorized negotiable instruments that DOs are authorized to handle. These remittances may be made within the continental United States or overseas. The payee must be a private business, a government agency, or an official (as designated by his or her position title).

**NOTE:** No remittance for an official purpose will ever be made payable to an individual. That is prohibited.

**GOVERNMENT PERSONNEL.**— Exchange-for-cash remittances for personnel of the U.S. Government are limited to individuals currently employed in government service. These remittance privileges do not include former government employees, retirees, or dependents.

**HOSPITALIZED VETERANS.**— Exchange-for-cash remittances for hospitalized veterans may be made within the continental United State or overseas and must be made payable to the person purchasing the check.

**DECEASED OR MISSING PERSONS.**— Funds other than souvenir money found in the personal effects of persons who are dead or missing or whose whereabouts are unknown (including absentees and deserters) will be exchanged for U.S. Treasury checks. In these cases, the check will be made payable to the payee designated by the officer having custody of the deceased or missing person's personal effects. The object for which the check is drawn will be as follows:

Exchange-for-cash Remittance; personal effects of \_\_\_\_\_ (name, rank or rate, social security number).

A separate check will be drawn for any safekeeping deposits of the person. The object for which the separate check is drawn must include the safekeeping deposit number as well as the required information for

the exchange-for-cash remittance check previously described for the person's personal funds or effects.

**OTHERS.**— Exchange-for-cash remittances for contractors and their employees carrying out government projects, and other personnel of nongovernment agencies, are permitted only outside the United States. They must be payable to the individual purchasing the check. The CO of the activity involved regulates the number of checks anyone person can obtain each month or over an extended period.

### **Preparation and Handling of Remittances**

All exchange-for-cash checks, for official purposes and for the convenience of authorized personnel, will show "Exchange-for-Cash Remittance" in the lower left corner of the check as the object for which the check is drawn. Wherever possible, exchange-for-cash remittance checks to payees within the United States will be drawn on a U.S. Treasury check. Checks to payees outside the United States will be drawn on a depository checking account maintained with a U.S. depository in the area where the payment is to be made.

Where exchange-for-cash remittance checks are issued to authorized individuals and payment is to be made to a third party, the payee must effect the transfer by endorsing the back of the check.

### **EXCHANGE-FOR-CASH DISBURSEMENTS**

Exchange-for-cash disbursement checks are drawn by DOs in favor of themselves to obtain cash funds for disbursements. Exchange-for-cash disbursement checks may also be issued payable to a deputy or other agent for the purpose of providing an advance of funds for official uses.

All checks drawn to obtain funds for disbursements will show "Exchange-for-Cash Disbursement" as the object for which the check is drawn. The checks will be endorsed to the order of the bank or other institution furnishing the cash. When cashed by another DO, the checks will be endorsed to the order of that officer by title and activity (rather than by name) and should read "Pay to the order of the disbursing officer \_\_\_\_\_ (name of ship or station)."

### **LIMITED PAYABILITY OF U.S. TREASURY CHECKS**

Earlier in this chapter, you read about how a U.S. Treasury check has a limited payability of 12 months



from its date of issue. In the preceding sections, we described cancellation and replacement procedures for U.S. Treasury checks that fall within this prescribed 12-month time limit. You may, however, encounter U.S. Treasury checks that were not cashed within the prescribed time. In the following paragraphs, you will read about non-negotiable checks and their required disbursing and accounting procedures.

### **CANCELLATION REQUIREMENTS**

All U.S. Treasury checks that are not cashed within 12 months from the date of issue are canceled by the Department of the Treasury. This cancellation occurs in the 14th month after the date of the check. The proceeds of these cancellations are credited to the Department of the Navy budget clearing account.

### **PROCESSING REQUIREMENTS**

The payee of a check that has been canceled because of limited payability must file a claim with a Navy DO to obtain a replacement check. To process a claim for a U.S. Treasury check that is more than a year old but that was issued under a Navy or Marine Corps disbursing symbol number and is currently held by the payee, the DO must use the following guidelines:

- Obtain a DD 2660 or a signed statement from the payee if nonreceipt, loss, destruction, or theft is claimed.
- If available, obtain the original check from the payee. Stamp the check "CANCELED UNDER LIMITED PAYABILITY" and retain the voided check with the replacement check documentation.
- Submit a separate SF 1184 citing "Limited Payability Cancellation Replacement Request" for each check in the possession of the DO for which the claimant is requesting a replacement check.
  - Obtain proper identification from the claimant.
  - Ensure that the check has been canceled by limited playability; has not previously been recertified as lost, destroyed, stolen, or not received; and that a recertified payment has not been issued.
  - Issue a replacement check only upon receipt of credit from the Treasury and a claim from the payee.
  - Voucher the replacement check by preparing a DD 1034.

### **CHECKING ACCOUNT RETURNS**

Each disbursing office is required to submit checking account returns according to the guidelines set forth in the DODFMR, Volume 5. As a senior DK, you will be expected to understand the required procedures for assembling and submitting these returns.

### **TIMING AND FORMAT REQUIREMENTS**

The checking account returns of a disbursing office should show the status as of the last day of each calendar month or the end of a particular accounting period (such as when a DO is being relieved).

The input to the Treasury must be on magnetic tape. DOs reporting directly to the Treasury via magnetic tape are to submit their tapes and supporting documents to the Treasury no later than 4 days after the close of business of the week in which the issue dates occur and no later than 2 days after the month's end.

DOs who do not have magnetic tape capability will submit their data in machine-readable format by diskette to a central disbursing officer (CDO) or a FIPC for conversion to magnetic tape. To facilitate the conversion, the DO must submit the returns to a CDO or FIPC in a satisfactory time frame for those offices to meet their deadline of reporting to the Treasury.

### **DOCUMENTATION REQUIREMENTS**

The Month End Check Issue Summary, SF 1179, is a summarization of the checks issued during the accounting period by serial number and amount. The Department of the Treasury uses it to track and control checks drawn on the U.S. Treasury checking account. An example of an SF 1179 is shown in figure 4-8.

The SF1179 is prepared in triplicate. For DOs who submit check issue reports directly to the Treasury, distribution requirements for the SF 1179 are as follows:

1. The original is submitted to the Treasury.
2. One copy is forwarded to the appropriate central disbursing office with the monthly financial returns.
3. The other copy is held in the retained returns.

For DOs who submit check issue information to a CDO or FIPC for conversion to magnetic tape, the following distribution requirements apply:

1. The original SF 1179 is submitted to the CDO or FIPC with the detailed check information.

STANDARD FORM NO. 1179 (Rev. 5/87)  
 DEPARTMENT OF TREASURY  
 FINANCIAL MANAGEMENT SERVICE  
 I TFM 3-3900

NSN 7540-00-663-1396  
 1179-105

PAGE 1 OF 1

**MONTH END CHECK ISSUE SUMMARY**

CHECK BOX IF ADDRESS OR  
 TELEPHONE NUMBER HAS CHANGED

DISBURSING OFFICE NAME/MAILING ADDRESS USS NEVERSAIL (DDG - 1) FPO AA 96601-000-1		D.O. NAME (TYPE) J. T. BOAT, LT, SC, USNR	CHECK SYMBOL NO. 1234
TELEPHONE NO. COMMERCIAL OR FTS <u>(A)456-7890</u>		D.O. SIGNATURE	MONTH AND YEAR FOR WHICH RENDERED CONSOLIDATED MAY 1993

D.O. SYMBOL NO.	TRANSMITTAL NUMBER		ENDING CHECK NO.	REPORTING METHOD	TOTAL DOLLAR AMOUNT OF ISSUES (FOR EACH TRANSMITTAL)
	CHECK SYMBOL NO.	BEGINNING CHECK NO.			
1234	1234	01055373	01055784	MAGNETIC TAPE (8)	365,045.83
1234	1234	70861555	79862357	UMIDS (LEVEL 8)	543,869.00
1234	1234	00476790	00477401	MCPS ACIR (LEVEL 8)	3,282,231.47

**SUMMARY:** (Complete on last page only)

- Enter on this line the total dollar amount of checks issues this month as shown in this report. Individual check issue report submissions for the month must be shown above or on an attached list. (Total must agree with the total dollar amount of checks issued as reported in column 2 of the reverse of Standard Form 1219.) ..... \$ 4,191,146.30
- Net Dollar Adjustments to Prior Months:
  - Enter on this line the net dollar adjustments to prior months for which completed copies of Advices of Check Issue Discrepancy, Forms 5206, are attached..... \_\_\_\_\_
  - Enter on this line the net dollar adjustments to prior months for which completed copies of Optional Forms 1017 - G (or comparable forms), are attached. \_\_\_\_\_
- NET TOTAL ..... \$ 4,191,146.30

Figure 4-8.—Sample SF 1179, Month End Check Issue Summary.

2. One copy of this form goes with the monthly financial returns.
3. The other copy goes to the retained returns.

**NOTE: The total amount shown on the SF 1179 must agree with the amount shown in the check issue information on the reverse of the Statement of Accountability, SF 1219.**

## **ASSEMBLY AND SUBMISSION REQUIREMENTS**

The monthly checking account returns from DOs will consist of the following documentation:

- Detail of checks issued (in machine readable format)
- Original of Month End Check Issue Summary, SF 1179
- Statement of destruction of voided checks
- Any Advice of Check Issue Discrepancy, TFS 5206, or Journal Voucher, OF Form 1017-G

## **AUDITS OF U.S. TREASURY CHECKING ACCOUNTS**

The Department of the Treasury performs the audit and reconciliation of U.S. Treasury checks. Each paid check is reconciled with the amount of issue as reported in a DO's checking account returns. Although no reconciliation statements or outstanding checklists are furnished to individual DOs, the Treasury Department advises each DO of any check issue discrepancy of \$1.01 or more detected during the reconciliation process. Additionally, the Treasury will advise each DO of all checks paid for which a report of issue has not been received or accepted.

## **Discrepancies of \$1.00 or Less**

The Treasury will make adjustments for discrepancies of \$1.00 or less, without notification to the individual DO.

## **Discrepancies of \$1.01 or More**

The Department of the Treasury will report each discrepancy of \$1.01 or more to the individual DO on an Advice of Check Issue Discrepancy, TFS 5206. The correction for the discrepancy should then be made on a DD 1034 or DD 1131 to adjust the difference between the check and the appropriation. Complete instructions for correction procedures can be found in the DODFMR, Volume 5.

## **SUMMARY**

This chapter has given you only a brief overview of the many facets involved in U.S. Treasury checking accounts. The accountability procedures for handling U.S. Treasury checks—from the time of ordering through issuance to the payee—are as strictly controlled as those for cash funds. Even after U.S. Treasury checks are issued, the DO remains constantly involved with procedures concerning check cancellations; replacements of lost, stolen, or mutilated checks; and determinations concerning checks that have not been negotiated within the limited playability time frame.

In this chapter, you have read only about some of the more common situations you may encounter as a senior DK. Be aware that this area of disbursing will always be challenging and complex. Also be aware that this is a constant arena for problems and disbursing discrepancies. For this reason, we strongly recommend you always consult the DODFMR, Volume 5, for complete instructions for handling any incident or action involving U.S. Treasury checks.



## CHAPTER 5

# FOREIGN CURRENCY

Normally, a disbursing officer (DO) uses United States dollars to pay U.S. military and civilian personnel assigned overseas. However, a DO's use of United States currency in an overseas or other special foreign location is not automatic. It is subject to strict monetary control regulations based on various diplomatic or financial relations between our government and the foreign country involved.

As a senior Disbursing Clerk (DK), you may find yourself assigned to a disbursing unit located in a foreign country. You may become involved in the exchange of U.S. dollars and local foreign currency. Like all other disbursing personnel operating in overseas units or other special foreign locations, you must be aware of the specific monetary control regulations associated with your location.

The first step is for your command to contact the local Department of State representatives concerning the foreign currency control regulations of that country. The next step is for your command to issue instructions to conform with the local procedures and regulations for that area. These instructions will include the guidelines that you and other command disbursing personnel must use to manage the exchange of U.S. dollars and local foreign currency. You will need to follow these guidelines carefully to carry out your responsibilities to help your DO support the financial obligations of the command or unit.

The *Department of Defense Financial Management Regulation* (DODFMR), Volume 5, sets forth complete and explicit instructions for the procurement, use, and disposition of foreign currencies. This chapter is just an overview of some of this information. It briefly discusses the regulations and guidelines disbursing personnel must use to procure, manage, handle, and dispose of foreign currency and the associated negotiable instruments. After reading the information in this chapter, you should be able to determine the general rules, regulations, and procedures the DOs of various afloat and ashore units must follow for the procurement, exchange, handling, disbursement, and disposal of foreign currency and negotiable instruments required to support disbursing operations at their activities. Remember, this chapter is intended only to be an overview. If you are dealing with foreign

currency, do not use this chapter or any other part of this TRAMAN as an operations manual. For official information, always consult the *DODFMR*, Volume 5.

### PROCUREMENT OF FOREIGN CURRENCY

In nearly all international financial transactions, the U.S. dollar is the preferred currency. By far, the best situation is when the DO assigned to your overseas or foreign unit can complete a transaction by using U.S. Government-owned *excess* or *near excess* currency.

In this chapter, you will frequently encounter the terms *excess currencies* and *near excess currencies*. Both terms refer to U.S.-owned foreign currencies. Excess currencies are defined as U.S.-owned foreign currencies that the Department of the Treasury has determined to be in excess of the probable requirements of U.S. Government activities located overseas. Near excess currencies are U.S.-owned foreign currencies that the Treasury has determined to be in excess of the immediate requirements of these activities. When excess or near excess currencies are not available, a DO assigned to an overseas disbursing unit must procure the necessary foreign currency.

### AUTHORITY FOR PROCUREMENT

Before a DO can proceed to obtain foreign funds for official purposes, he or she must be authorized in writing by the commanding officer (CO) or some other superior authority. The DO retains the written authorization in his or her retained files.

### LIMITATIONS AND JUSTIFICATIONS

As previously stated, DOs of overseas units must not acquire or hold foreign funds in excess of their immediate disbursing requirements. What does this mean? How does a DO determine his or her "immediate disbursing requirements"? What conditions are involved?

## Availability and Amounts of Foreign Funds

First, the availability of the foreign funds will govern what amounts the DO may hold, and these amounts are based on the following circumstances:

1. If the foreign funds are readily available, the amount of funds should not exceed 2 or 3 days' requirements.
2. If the foreign funds are not readily available, the amount of funds should not exceed 7 days' requirements.
3. Ships and mobile units visiting foreign ports for periods of 7 days or less should purchase only the amount expected to be needed for the port visit.
4. Ships or mobile units visiting foreign ports for more than 7 days must comply with the provisions of the first two conditions previously described.

## Types of Currency

DOs will normally limit foreign funds to paper currency. Generally, a DO will avoid using foreign coins because of the typical problems associated with coins, such as weight, storage space, transportation, and disposition. In fact, a DO will acquire foreign coins only under special circumstances and usually unintentionally. Occasionally, a DO will acquire foreign coins to fill a specific need. Usually, however, a DO acquires foreign coins as change in connection with an official cash payment in foreign funds.

## RESPONSIBILITIES

Upon being authorized to procure and use foreign currency, a DO undertakes special responsibilities. Some of these include making sure the following conditions exist or are enforced:

- Foreign currency is obtained and used for official purposes only.
- Foreign currency is not purchased or held in excess of immediate disbursing needs.
- Foreign currency purchases with U.S. dollars are made for "spot" delivery (delivery must be within 2 business days).
- Speculation in foreign currency is prohibited.
- Foreign currency purchases are made from a Military Banking Facility (MBF) whenever possible.

When no MBF is available, foreign currency purchases are made from U.S. DOs of the Navy, Marine Corps, or other military services, or the State Department or Treasury Department, if possible.

Foreign currency purchases are made at the prevailing rate.

Foreign currency collections are accompanied by a written statement giving their source and any restrictions on their use.

A DO must carry out all these responsibilities according to prevailing laws and monetary control regulations associated with that specific overseas or foreign location.

## PROCUREMENT METHODS

A DO can obtain foreign currency by any of the following methods:

- Purchase with U.S. dollars, U.S. Treasury checks, or other negotiable instruments payable in U.S. dollars
- Exchange of official collections or reimbursements in foreign currency, or negotiable instruments payable in foreign currency, for U.S. dollars or negotiable instruments payable in U.S. dollars
- Purchase of drafts payable in foreign currency for remitting payments to Navy creditors

## SOURCES OF PROCUREMENT

To procure foreign funds, DOs should use the following sources in the order of preference specified:

1. MBFs
2. Other U.S. Government sources
3. Commercial sources

The first choice is to procure foreign funds from an MBF. When an MBF is not available, the DO should try to use other available U.S. Government sources. When MBFs and other U.S. Government sources are not available, the DO should then try to obtain foreign funds from commercial sources, but only as a last resort. Let's take a closer look at these sources.

## **Military Banking Facility**

MBFs are operated under Department of Defense contracts. Whenever possible, a DO should purchase foreign currency through an MBF. The DO issues a U.S. Treasury check in exchange for the foreign currency by making an exchange-for-cash disbursement check payable to himself or herself and endorsing it to the order of the MBF furnishing the currency. Next, the DO should request a signed certificate from the MBF stating the amount of foreign currency delivered, the rate of exchange, and the amount of U.S. dollars received in exchange. The DO retains this certificate and includes it in the official returns.

## **U.S. Government Sources**

When no MBF is available, DOs should look to other U.S. DOs or activities as sources of foreign currency. This is particularly important when other DOs are holding excess or near excess currencies. U.S. Government sources include the following activities or officials:

- The U.S. Treasury
- Other DOD DOs
- U.S. DOs or cashiers at the American Embassy or Legation

To obtain foreign currency from these sources, the DO normally draws an exchange-for-cash disbursement check payable to himself or herself and endorses it to the order of the U.S. DO furnishing the foreign currency. When the source is a U.S. DO or cashier at an American Embassy or Legation, the procuring DO can make the check payable to the American Embassy or Legation, if so requested. Regardless of the source of procurement, the DO must request a signed certificate stating the amount of foreign currency delivered, the rate of exchange, and the amount of U.S. dollars received during the transaction. This certificate must be included as a part of the DO's financial returns.

## **Commercial Sources**

When an MBF or another U.S. Government source is not available, the DO can turn to commercial sources. This is a last resort for many reasons.

First, the DO must strictly follow the applicable procedures established by State Department regulations

or the currency control laws of the country where the currency will be used. Second, if there are no established procedures, the DO must follow the local currency control regulations.

Next, the DO should try to procure foreign currency from the commercial source by sale of a U.S. Treasury check. If that is not possible, however, the DO can exchange U.S. currency for foreign currency.

When exchanging U.S. currency for foreign currency, the DO faces additional problems. Depending on the country, the legal rate of exchange may or may not be a fixed rate. The procurement guidelines the DO must follow depend on whether the foreign country has a fixed (official) or unfixed (unestablished) rate of exchange.

**FIXED LEGAL RATE OF EXCHANGE.**— A fixed legal rate of exchange exists when the rate of exchange has been established by agreement between the United States and the foreign country. In a country with a fixed legal rate of exchange, the DO can purchase foreign currency without the formality of obtaining bids. When currency is purchased under this provision, the DO must obtain a statement from the bank or other source showing the amount of U.S. dollars exchanged, the rate of exchange, the amount of the foreign currency purchased, the date, and the name and address of the bank or other source. This statement must be signed by a representative of the source from which the purchase was made and must be included in the DO's financial returns.

**UNFIXED LEGAL RATE OF EXCHANGE.**— An unfixed legal rate of exchange is when the rate of exchange has not been established by formal agreement between the United States and the foreign country. To obtain foreign currency in a country with an unfixed rate of exchange, the DO must obtain written bids from at least three authorized sources (if, in fact, these sources are available). The DO uses the DD Form 2668, Request for Bid (Purchase/Sale), to obtain the bids. Figure 5-1 shows a sample DD 2668 for the purchase of foreign currency.

When practical, the DO should also obtain bids from sources outside the country where the currency is to be purchased. Each written bid should be in duplicate. The DO is required to accept the bid that provides the most beneficial rate to the U.S. Government. Another commissioned officer must certify the bid as being the most beneficial of all the bids obtained. A copy of the accepted and certified bid must be included with the DO's financial returns. The

REQUEST FOR BID (Purchase/Sale)			
<b>SECTION 1 - PURCHASE</b>			
1. DISBURSING ACTIVITY NAME AND LOCATION USS FAIRFAX COUNTY (ST-1193) FPO AE 09569-1814		2. DSSN 8289	
3. NAME AND ADDRESS OF BANK, FINANCIAL INSTITUTION, OR FOREIGN EXCHANGE DEALER BANCA COMMERCIALE ITALIANA BRINDISI, ITALY			
PLEASE INDICATE THE NUMBER OF CURRENCY UNITS DESCRIBED IN ITEM 4 YOU WILL FURNISH IN EXCHANGE FOR EITHER A CHECK DRAWN ON THE TREASURER OF THE UNITED STATES OR UNITED STATES DOLLARS IN THE AMOUNT INDICATED IN ITEM 5.		4. NAME OF FOREIGN CURRENCY REQUESTED ITALIAN LIRE	5. U. S. DOLLAR AMOUNT \$10,000.00
6. DISBURSING OFFICER NAME, RANK OR GRADE WILLIAM B. ELLIS, ENS, SC, USNR		7. DISBURSING OFFICER'S SIGNATURE <i>John B. Doe</i>	8. DATE JUNE 22, 19XX
OFFER IS MADE TO FURNISH THE NUMBER AND TYPE OF FOREIGN CURRENCY UNITS INDICATED IN ITEM 9. THE FORM OF PAYMENT REQUESTED FOR THIS CURRENCY IS INDICATED IN ITEM 10.		9. UNITS AND TYPE OF FOREIGN CURRENCY OFFERED 19,830,000	10. PAY BY (Check one) a. CHECK <input checked="" type="checkbox"/> b. CASH <input type="checkbox"/> XXX
11. NAME AND TITLE OF OFFERING OFFICIAL G. C. PAVALONI, VICE PRESIDENT		12. SIGNATURE OF OFFERING OFFICIAL <i>G. C. Pavaloni</i>	13. DATE JUNE 24, 19XX
14. CERTIFICATION		15. DISBURSING OFFICER NAME AND SIGNATURE	
a. CERTIFIED TO BE THE MOST BENEFICIAL BID.	b. NUMBER OF BIDS 3	c. COMMISSIONED OFFICER NAME AND SIGNATURE JOSEPH L. SMITH, LT. USN <i>J. L. Smith</i>	d. DATE JUNE 25, 19XX
15. BID ACCEPTED		16. DISBURSING OFFICER NAME AND SIGNATURE WILLIAM B. ELLIS <i>W. B. Ellis</i>	17. DATE JUNE 25, 19XX
<b>SECTION II - SALE</b>			
18. DISBURSING ACTIVITY NAME AND LOCATION		19. DSSM	
20. NAME AND ADDRESS OF BANK, FINANCIAL INSTITUTION, OR FOREIGN EXCHANGE DEALER			
PLEASE INDICATE THE AMOUNT IN UNITED STATES DOLLARS YOU WILL FURNISH IN EXCHANGE FOR THE NUMBER OF FOREIGN CURRENCY UNITS INDICATED IN ITEM 21.		21. NUMBER AND NAME OF FOREIGN CURRENCY UNITS	
22. DISBURSING OFFICER NAME, RANK OR GRADE		23. DISBURSING OFFICER'S SIGNATURE <i>J. L. Smith</i>	24. DATE
		25. AMOUNT OF UNITED STATES DOLLARS OFFERED	
26. NAME AND TITLE OF OFFERING OFFICIAL		27. SIGNATURE OF OFFERING OFFICIAL <i>J. L. Smith</i>	28. DATE
29. CERTIFICATION		30. BID ACCEPTED	
a. CERTIFIED TO BE THE MOST BENEFICIAL BID.	c. COMMISSIONED OFFICER NAME AND SIGNATURE	d. DATE	
30. BID ACCEPTED		31. DISBURSING OFFICER NAME AND SIGNATURE	32. DATE
33. REMARKS			

Figure 5-1.—Sample DD Form 2668, Request for Bid (Purchase/Sale) for purchase of foreign currency.



original accepted and certified bid is retained by the DO to prove the place of purchase in the event that some of the currency is later sold through commercial channels.

**REVALUATION OF FOREIGN CURRENCY**

We mentioned how the rate of exchange of some foreign currencies is set by official agreement. Any change in the official or agreed upon rate of exchange will result in gain or loss by revaluation. Revaluation is a change in the U.S. dollar value of the foreign currency.

You should understand the revaluation process because the rates of nearly all major foreign currencies fluctuate frequently as a result of changing market conditions. You should also understand the accounting procedures a DO must use for revaluation of foreign currency when the rate of exchange is backed by an official agreement between the United States and the specific foreign government and when it is not. Let's first look at the procedures the DO must use in the case of an official change in a fixed legal rate of exchange.

**OFFICIAL RATES OF EXCHANGE**

Upon receiving a notification of a change in valuation because of an official government action, the

DO should immediately make the change in his or her account. If possible, the DO should make the revaluation of the foreign currency on hand at the beginning of the business day in which the change in the prevailing rate occurs.

In revaluating the foreign currency, the DO first determines the new U.S. dollar value by dividing the total foreign currency on hand by the new exchange rate. The DO then compares the dollar value at the old rate with the dollar value at the new rate and determines whether a gain or a loss has occurred.

**Gains and Losses**

Because all foreign currency is carried in the DO's account at the U.S. dollar value, the DO must adjust this account by the value of the gain or loss resulting from the revaluation. The DO does this by recording the gain or loss by revaluation as a transaction in the account.

**Documentation**

The DO must prepare and sign a Certificate of Revaluation, similar to the one shown in figure 5-2. This certificate will be attached as a supporting document to the DD 1131 or SF 1034, which the DO must also prepare to account for the gain or loss by revaluation. The DO must record the gain or loss as a

<b>PERSONNEL SUPPORT ACTIVITY FAR EAST YOKOSUKA, JAPAN</b>		
		04 March 19XX
<b>CERTIFICATE OF REVALUATION OF FOREIGN CURRENCY AS THE RESULT OF A CHANGE IN THE PREVAILING RATE</b>		
Value of Japanese yen changes from 125 yen per U.S. dollar to 127 yen per U.S. dollar as of this date in accordance with instructions furnished by Headquarters United States Forces, Japan.		
<b>Revaluation of yen on hand</b>	<u>Yen</u>	<u>U.S. Dollars</u>
03 Mar 19XX - Old rate	25,000 at 125/\$1.00	\$200.00
- New rate	25,000 at 127/\$1.00	196.85
<b>Loss by revaluation</b>		<u>\$ 3.15</u>
The loss by revaluation of \$3.15 expended on DOV 12345 dated 04 March 19XX.		
J. T. BOAT Symbol 6870		

Figure 5-2.—Certificate of Revaluation due to change in prevailing rate.

collection (gains) or disbursement (losses), as applicable. All gains or losses will be charged or credited to the appropriation Gains and Deficiencies on Exchange Transaction, 17-6763. The proper accounting procedures for documenting gains and losses are shown in figure 5-3.

### UNOFFICIAL FLUCTUATIONS

In countries where the rate of exchange is not established by agreement between the U.S. Government and the foreign country, the DO does not have to revalue these currencies. Instead, the DO expends them from the accounts by using the average purchase rate of the currency on hand. However, in countries without an established rate of exchange, changes in value may often occur. What happens when a DO must increase the amount of foreign currency on hand by purchase, collection, or transfer from another DO at a rate of exchange that is different from the rate the DO is currently using? In these cases, the DO must compute and use a new average purchase rate. No gain or loss will result from these transactions.

### Average Purchase Rate

If possible, the average value of foreign currency on hand should be determined at the beginning or end of the business day.

To determine the average purchase rate, the DO adds the U.S. dollar equivalent value of the foreign currency on hand (before the new acquisitions) to the U.S. dollar equivalent value of the additional foreign currency received. This total is divided into the new total of foreign currency units on hand.

### Documentation

A certificate of change in average purchase rate, similar to the example shown in figure 5-4, must be prepared and signed by the DO or deputy. The certificate should be submitted with the Statement of Accountability, SF 1219.

You have just read about revaluations based on official rates of exchanges and those caused by unofficial fluctuations. In the following section, we will look at the various ways a DO can use to dispose of foreign currency.

1. Appropriation	17-6763
2. Subhead	0000
3. Object class	000
4. Bureau control number	10001
5. Suballotment	0
6. Authorization accounting activity	000012
7. Transaction type	3C for gains 2I for losses
8. Property accounting activity	000000
9. Cost code	00*****98004
<b>GAINS</b>	
17-6763.0000 000 10001 0 000012 3C 000000 00*****98004	
<b>LOSSES</b>	
17-6763.0000 000 10001 0 000012 2I 000000 00*****98004	
* Insert unit identification code of disbursing officer's activity.	

Figure 5-3.—Accounting data for gains and losses in foreign currency transactions.

## USS ENTERPRISE (CVN-65)

10 March 19XX

### CERTIFICATE OF REVALUATION OF FOREIGN CURRENCY UPON RECEIPT OF ADDITIONAL FUNDS

Total amount of Philippine	<u>Pesos</u>	<u>U.S.Dollars</u>
pesos on hand at the close of business		
09 March 19XX	2,400 at 21.00/\$1.00	\$114.29
Philippine pesos received		
this date through sale of Treasury check		
No. 1234 for \$1,000.00	<u>20,000</u> at 20.00/\$1.00	<u>1,000.00</u>
	22,400	\$1,114.29

22,400 divided by \$1,114.29  
equals 20.10/\$1.00, new rate on  
Philippine pesos, 10 March 19XX 20.10

No collections or disbursement vouchers processed this date prior to revaluation of Philippine pesos.

J. T. BOAT  
Symbol 5752

Figure 5-4.—Certificate of Revaluation upon receipt of additional funds.

### DISPOSITION OF FOREIGN CURRENCY

ADO can use a variety of ways to dispose of foreign currency. As previously mentioned, the DO can use the foreign currency to make payments. Or, the DO can sell the foreign currency to authorized personnel (accommodation sales), to other DOs, or through commercial channels. The DO can also deposit foreign currency to the credit of the U.S. Treasury. In the following paragraphs, we'll look at each of these options.

#### ACCOMMODATION EXCHANGES

An accommodation exchange service is the selling and repurchasing of foreign currency for U.S. dollars for the convenience of authorized personnel. In countries served by an MBF, all accommodation exchanges are normally made by the MBF or other authorized on-base facilities. In fact, a DO is prohibited from repurchasing foreign currency from individuals when an MBF is available for this purpose. If there is no MBF or if other authorized facilities cannot adequately provide the service, the activity's CO or the area commander may authorize the DO to perform accommodation exchanges.

#### Eligibility

Personnel who are eligible for accommodation exchange services by a DO are those who are authorized to cash negotiable instruments.

#### Documentation

DOs who are authorized to make accommodation sales of foreign currency are required to maintain the DD Form 2664, Currency Exchange Record. A sample DD 2664 is shown in figure 5-5. A DO is required to maintain this form on a daily basis. The daily use of the DD 2664 ensures that the authorities and limitations placed on the DO are followed.

#### Regulations

DOs who are authorized to make accommodation repurchases must follow strict guidelines. Some of these guidelines are general, but there are also specific rules governing a variety of situations. We will describe the general guidelines first.

**GENERAL.**— In general, DOs must use the following guidelines for making accommodation repurchases and must make certain the following conditions remain enforced:

CURRENCY EXCHANGE RECORD		1. DATE	2. EXCHANGE RATE (Number of Foreign Currency Units to \$1 U.S.)	PAGE 1 OF 1
3. NAME OF DISBURSING OFFICER Jane B. Doe, CART 6171 ABG/ACF		24 Nov. 19XX	1800	
6. TYPE OF CURRENCY OR COIN		4. DSSN	5. NAME OF AGENT OR CASHIER	
a. FROM U.S. Dollars		5497	Paul T. Boat	
b. TO Lire				
AMOUNT	AMOUNT	7. NAME OF PERSON FOR WHOM EXCHANGE IS MADE		
100.00	180.00	Sandra Smith		
75.00	135.00	Kevin Goldberg		
20.00	36.00	Mark Jones		
100.00	180.00	William Pack		
TOTAL 295.00	531.00			

Figure 5-5.—Sample DD Form 2664, Currency Exchange Record.

- That repurchase of foreign currency will not result in increasing the foreign currency holdings beyond the immediate disbursing requirements.
- That repurchases are made at the rate at which the DO is holding the foreign currency.
- That repurchase of foreign currency has been approved by the CO or area commander.
- That a record is maintained on the DD 2664 to reflect the amount and source of funds.

**FOR PERSONNEL DEPARTING THE OVERSEAS AREA.**— There are additional rules for the repurchase of foreign currency from personnel departing the overseas area either on permanent change of station orders or for temporary home leave. In these cases, the DO must follow the appropriate rules according to the specific situation and make certain the following conditions are enforced:

- The amount repurchased does not increase the DO's foreign currency on hand beyond that needed for official purposes.
- The repurchase is within existing foreign currency control laws; agreements between the U.S. Government and the host country; or the spirit of the policies governing business activities of the Department of Defense, its personnel, and their dependents.
- If the amount repurchased exceed 1 month of the person's salary and allowances, a signed statement from the person and the written approval of the CO or area commander must be provided to the DO. The signed statement must describe the source of the foreign currency and certify that it was not received in violation of military regulations or the currency control laws of the country concerned.

**FOR AFLOAT UNITS VISITING A FOREIGN AREA.**— The guidelines for DOs of afloat or mobile units visiting foreign ports or areas are slightly different. In these cases, DOs are authorized to make accommodation exchanges for assigned personnel without prior approval. The DO is required to maintain a record of sales using a DD 2664. For afloat or mobile units, repurchase is permitted according to the following conditions:

- The DO needs the foreign currency or can dispose of it within 30 days.

- The individual requesting the repurchase is not attempting to convert an amount greater than the amount he or she last purchased (as shown by the DO's records).
- As indicated by the applicable rules and regulations governing accommodation repurchases, a DO must follow the guidelines that pertain to the specific situation.

## **DEPOSITARY CHECKING ACCOUNTS**

Many DOs in foreign countries will maintain depositary checking accounts. A depositary checking account allows a DO to pay for government obligations by check in the local currency. A DO who maintains a depositary checking account must deposit any excess currency and checks payable in the local currency to that account.

## **SALE TO ANOTHER DOD DISBURSING OFFICER**

For a DO without access to a depositary checking account, the next preferred method of disposal of foreign currency is by sale to another Navy or Marine Corps DO located in the country of the monetary unit involved. The selling DO must deliver the excess currency and negotiable instruments by registered mail or courier to the purchasing DO. The selling DO must include a Shipment of Funds, DD Form 165, and a letter of transmittal requesting a U.S. Treasury exchange-for-cash disbursement check. The DD Form 165 must indicate the country, type, amount, exchange rate, and U.S. dollar value of the instruments and cash.

Normally, the rate of exchange used should be the rate at which the currency is carried in the accounts of the selling officer. However, if the selling officer's rate is different from the official rate established by the local government or by another competent authority, the official rate must be used. And, the selling officer must account for the resulting gain or loss.

## **SALE TO AN MBF**

A DO who does not have the option of selling foreign currency to another DOD DO is authorized to sell it to an MBF. But, the DO is authorized to do this only under certain conditions.

First, the selling DO must ascertain that no other DOD DO is available to purchase the foreign currency. Next, the MBF to which the DO intends to sell the

foreign currency must actually have a use or need for it. The rate of exchange will be the MBF's purchasing rate on the date the currency is exchanged. Any gain or loss will be taken up in the selling DO's accounts.

### **SALE THROUGH COMMERCIAL CHANNELS**

When a DO is unable to sell foreign currency (cash) by any of the methods we have already described, he or she is authorized to sell it through commercial channels. When the rate of exchange has been established by agreement between the United States and the foreign country, the sale must be made at the established rate. When the rate of exchange has not been officially established, the DO must request at least three bids from reputable banks or dealers in foreign exchange, if these sources are available. The DO uses the DD 2668 to solicit the bids. (Fig. 5-6 shows a sample DD-2668 for the sale of foreign currency.) The best bid will be accepted and must be certified by a commissioned officer other than the DO as the best bid of all the bids obtained. The DO must submit this bid with his or her financial returns.

### **DEPOSITS TO THE CREDIT OF THE U.S. TREASURY**

When no other method is available to dispose of foreign funds, the DO may deposit them to the credit of the U.S. Treasury. The DO must use different procedures for disposing of cash and other negotiable instruments.

#### **Cash**

To deposit foreign cash, the DO uses a specific procedure. The DO must first make arrangements with the Bank of America.

**BANK OF AMERICA.**— The DO's first step is to contact the Bank of America's foreign currency desk. The foreign currency trader at the Bank of America uses the client number for the U.S. Treasury (37539) plus the disbursing office symbol number of the selling DO to identify the transaction. The foreign currency trader also provides the currency exchange rate immediately along with the U.S. dollar equivalent. (The Bank of America can do this because the currency is being contracted for sale at that time. But, this makes it imperative for the DO to notify the Bank of America immediately of any change in the type or amount of the currency or a delay in shipment.)

**SHIPMENT.**— The DO must prepare a separate SF 215 for each type of currency. On the SF 215, the DO must also indicate the name of the foreign country,

the type and amount of the foreign currency, and the 5-digit client number. The DO must also prepare a Shipment of Funds, DD 165, and include it with the foreign currency and the SF 215. Next, the DO places both forms (DD 165 and SF 215) and the foreign currency in a sturdy brown envelope reinforced with standard shipping tape. If the amount is less than \$100 dollars, the DO sends the package by certified mail. For amounts from \$100 to \$5,000, the DO must use registered mail. If the amount exceeds \$5,000, the DO must use a Brinks self-sealing shipping bag.

**CREDIT AND DOCUMENTATION.**— Upon the sale of the currency, the Bank of America will give dollar credit to the Treasury and return the confirmed copy of the SF 215 to the DO. Usually, the transaction takes place without problems. Unfortunately, however, problems can and do occur. What happens if the DO makes an error in the deposit? What happens if the Bank of America discovers the foreign currency is counterfeit? If the DO makes a deposit ticket error, the Bank of America will adjust the error. The bank will issue an SF 5515, Debit Voucher, for a decrease in the amount. Or, it will issue an additional SF 215 for an increase in the amount. In either case, the bank will enter an explanation on the SF 5515 or SF 215, as well as the original SF 215. In the case of foreign currency found to be counterfeit, out of circulation, or outdated (having a lesser value), the Bank of America will prepare an SF 5515 and note the date of receipt, the currency note, and the serial number. Upon request, the bank will send a facsimile copy of the note to the selling DO.

#### **Negotiable Instruments**

There are several different classes of negotiable instruments. The type of negotiable instrument is based on the way it is payable. The first type of instrument is drawn on a foreign bank, but it is payable in U.S. dollars through a bank in the United States. The other types of instruments are handled differently. Some are instruments drawn on foreign banks payable in U.S. dollars through a foreign bank. Others are instruments drawn on foreign banks payable in foreign currency. These two categories are handled differently from the first type. Let's take a brief look at how each of these types of negotiable instruments is deposited.

**DRAWN ON A FOREIGN BANK/PAYABLE IN U.S. DOLLARS THROUGH A BANK IN THE UNITED STATES.**— These instruments are deposited with the normal deposits made for U.S. bank instruments.

REQUEST FOR BID (Purchase/Sale)			
<b>SECTION I - PURCHASE</b>			
1. DISBURSING ACTIVITY NAME AND LOCATION		2. DSSN	
3. NAME AND ADDRESS OF BANK, FINANCIAL INSTITUTION, OR FOREIGN EXCHANGE DEALER			
PLEASE INDICATE THE NUMBER OF CURRENCY UNITS DESCRIBED IN ITEM 4 YOU WILL FURNISH IN EXCHANGE FOR EITHER A CHECK DRAWN ON THE TREASURER OF THE UNITED STATES OR UNITED STATES DOLLARS IN THE AMOUNT INDICATED IN ITEM 5.		4. NAME OF FOREIGN CURRENCY REQUESTED	5. U. S. DOLLAR AMOUNT
6. DISBURSING OFFICER NAME, RANK OR GRADE		7. DISBURSING OFFICER'S SIGNATURE	8. DATE
OFFER IS MADE TO FURNISH THE NUMBER AND TYPE OF FOREIGN CURRENCY UNITS INDICATED IN ITEM 9. THE FORM OF PAYMENT REQUESTED FOR THIS CURRENCY IS INDICATED IN ITEM 10.		9. UNITS AND TYPE OF FOREIGN CURRENCY OFFERED	10. PAY BY (Check one) a. CHECK      b. CASH
11. NAME AND TITLE OF OFFERING OFFICIAL		12. SIGNATURE OF OFFERING OFFICIAL	13. DATE
14. CERTIFICATION			
a. CERTIFIED TO BE THE MOST BENEFICIAL BID.	b. NUMBER OF BIDS	c. COMMISSIONED OFFICER NAME AND SIGNATURE	d. DATE
15. BID ACCEPTED		16. DISBURSING OFFICER NAME AND SIGNATURE	17. DATE
<b>SECTION II - SALE</b>			
18. DISBURSING ACTIVITY NAME AND LOCATION USS FAIRFAX COUNTY (LST-1193) FPO AE 09569-1814		19. DSSM	
20. NAME AND ADDRESS OF BANK, FINANCIAL INSTITUTION, OR FOREIGN EXCHANGE DEALER BANCA COMMERCIALE ITALIANA BRINDISI, ITALY			
PLEASE INDICATE THE AMOUNT IN UNITED STATES DOLLARS YOU WILL FURNISH IN EXCHANGE FOR THE NUMBER OF FOREIGN CURRENCY UNITS INDICATED IN ITEM 21.		21. NUMBER AND NAME OF FOREIGN CURRENCY UNITS	
22. DISBURSING OFFICER NAME, RANK OR GRADE MARY N. CHRISTMAS, ENS, SC, USNR		23. DISBURSING OFFICER'S SIGNATURE <i>Mary N. Christmas</i>	24. DATE JULY 12, 19XX
		25. AMOUNT OF UNITED STATES DOLLARS OFFERED	
26. NAME AND TITLE OF OFFERING OFFICIAL F. A. BRUSH, VICE PRESIDENT		27. SIGNATURE OF OFFERING OFFICIAL <i>F. A. Brush</i>	28. DATE JULY 12, 19XX
29. CERTIFICATION			
a. CERTIFIED TO BE THE MOST BENEFICIAL BID.	c. COMMISSIONED OFFICER NAME AND SIGNATURE Jack R. Frost, LT, USN <i>Jack R. Frost</i>		d. DATE JULY 13, 19XX
30. BID ACCEPTED		31. DISBURSING OFFICER NAME AND SIGNATURE Water T. Door <i>Water T. Door</i>	32. DATE JULY 13, 19XX
33. REMARKS			

DD Form 2668, AUG 93

86NP0020

Figure 5-6.—Sample DD Form 2668, Request for Bid (Purchase/Sale) for the sale of foreign currency.





as valued in U.S. dollars. The value of each check must be or exceed the established minimum amount before Citibank will accept it for deposit. For checks from Canadian banks, the minimum amount per check is \$5.00 (U.S. dollars). For checks drawn on banks in other foreign countries, the minimum amount per check is \$15.00 (U.S. dollars). Sometimes, collection charges, such as uncollectible check charges or exchange fees, are incurred in connection with the foreign checks. These charges are assessed and, after dollar credit has been given to the Treasury, they are charged back to the DO. The DO will receive an SF 5515 prepared by Citibank showing these charges.

Upon receipt of the SF 5515 from Citibank, the DO is responsible for collections. Exchange fees and other collection charges are collectable from the person or vendor who presented the instrument to the DO. However, if collection cannot be made or is otherwise impractical, the assessed charges are properly chargeable to the disbursing activity's operations and maintenance funds. Any gain or loss as a result of a

difference in the dollar amount of the foreign currency as carried by the DO and the rate of exchange when processed by Citibank will be accounted for the same as any other gain or loss on revaluation.

### FOREIGN CURRENCY RECORDS AND REPORTS

All transactions involving foreign currency are treated as cash transactions and basically follow the same principles and guidelines established for controlling U.S. currency. However, disbursing personnel involved in foreign currency are required to maintain specific records.

### SUBSIDIARY RECORDS

All DOs, agents, or cashiers who engage in foreign currency transactions are required to maintain a record of those transactions on a DD Form 2663, Foreign Currency Control Record. A sample DD 2663 is shown in figures 5-7 and 5-8.

FOREIGN CURRENCY CONTROL RECORD (Section II)										8. COUNTRY France	
										7. CURRENCY UNIT TYPE Fr Franc	
8. DISBURSEMENTS		9. DEPOSITS/SALES/TRANSFERS		10. GAIN OR LOSS	11. SUB BALANCE				12. COMBINED BALANCE		
UNITS	DOLLARS	UNITS	DOLLARS	DOLLARS	a. ON HAND		b. LDA		UNITS	DOLLARS	
				10.00	100	110.00			100	110.00	
					110	121.00			110	121.00	
60	66.00				50	55.00			50	55.00	
		40	44.00		10	11.00			10	11.00	
60	66.00	40	44.00	10.00							

DD Form 2663, AUG 93 (Back)

86NP0022

Figure 5-8.—Sample DD Form 2663, Foreign Currency Control Record (back).

The DD 2663 shows the current balance of foreign currency on hand and in limited depositaries. It also shows the detailed transactions that increased or decreased the balance. Separate DD 2663s will be maintained for each currency used. Also, a separate DD 2663 will be maintained for the accommodation exchange of foreign currency if it is carried at a different exchange rate than that used for disbursements.

## **QUARTERLY REPORTS**

The following three quarterly reports on foreign currency transactions must be submitted to DFAS-CL:

1. Cumulative Report of Foreign Currency Purchased With U.S. Dollars From Sources Outside the U.S. Government
2. Report of the Balance of Foreign Currency Held Under Dollar Accountability
3. Report of Foreign Exchange Received by DOs and Credited Immediately to Miscellaneous Receipt Accounts of the Treasury

Each report contains specific information, but your disbursing unit can consolidate all three reports since they are all forwarded to the same place. The reports must be submitted within 15 calendar days after the close of each quarter.

### **Cumulative Report of Foreign Currency Purchased With U.S. Dollars From Sources Outside the U.S. Government**

This report is submitted at the end of each quarter and is cumulative for the fiscal year. It includes amounts acquired through accommodation exchange transactions as well as purchases from banks and other dealers in currency exchange. It is submitted in the form of a listing under the following headings:

- Country of Currency
- Monetary Unit
- Number of Units Purchased
- Total Dollar Outlay
- Memorandum—Dollar Outlay for Accommodation Exchanges

### **Report of the Balance of Foreign Currency Held Under Dollar Accountability**

This report is also in the form of a listing under the following headings:

- Country of Currency
- Monetary Unit
- Number of Units
- Dollar Equivalent
- Rate of Exchange

### **Report of Foreign Exchange Received by DOs and Credited Immediately to Miscellaneous Receipt Accounts of the Treasury**

These funds are received for such things as fees and services. They are immediately purchased by DOs with appropriated funds. They are used for operating needs. Repayments to appropriations are excluded. The report will be in the form of a listing under the following headings:

- Country of Currency
- Monetary Unit
- Number of Units
- Dollar Equivalent
- Rate of Exchange

DFAS-CL will consolidate these three quarterly reports. DFAS-CL will then forward them directly to DFAS-Headquarters in time to be delivered to the U.S. Treasury 45 calendar days after the close of each quarter.

## **STATEMENT OF ACCOUNTABILITY**

All foreign currency balances held under a DO's dollar accountability, including limited depositary checking account balances, will be reported on the Statement of Accountability, SF 1219. All entries in the amount column will be expressed in their U.S. dollar equivalent with the monetary unit or units of foreign currency shown in parentheses in the blank spaces next to the caption of the applicable line.

### **SUMMARY**

Foreign currency transactions, although not particularly difficult, do require compliance with many

regulations involving foreign governments, the U.S. Government, and the Department of Defense. The same mandatory strict accountability and security you are required to use for U.S. currency applies also to the procurement, handling, and disposal of foreign currency. One of the big differences in accounting for foreign currencies is that the value of a foreign currency may fluctuate, requiring disbursing personnel to make a revaluation of the currency on hand and maintain the

supporting documents to account for the resulting gain or loss.

Disbursing personnel must follow specific guidelines for the procurement and disposition of foreign currency to make certain the most beneficial rates of exchange are always obtained. The information in this chapter was intended to provide you with a general overview of some of these duties and responsibilities.



## CHAPTER 6

# PUBLIC VOUCHERS

Public vouchers (PVs) are used both ashore and afloat to settle obligations incurred by the Navy. As a senior Disbursing Clerk (DK), you may be assigned as the supervisor of a fiscal or PV/travel unit where you will deal with PVs daily. Therefore, you must understand the duties involved in handling them. You must be able to identify the correct forms and their associated submission and distribution procedures. You must know the correct procedures for handling discounts. You must know how to monitor each document for accuracy. Above all, you must be able to train and supervise junior personnel in these tasks.

This chapter is intended to give you an overview of the nature and requirements of PVs. It describes some of the responsibilities of the paying and preparing officers. As a senior DK, you may be assigned associated responsibilities. Remember, this chapter is only an overview of these operations. Do not use this training manual as a procedural instruction manual. You can find official information for processing PVs in two sources. For authorized preparation and payment procedures, you should consult the *Department of Defense Financial Management Regulation (DODFMR)*, Volume 5. For the accounting data you will need to charge payments made on PVs, you should consult the *Navy Comptroller Manual (NAVCOMPTMAN)*, Volume 2.

### NATURE OF A PUBLIC VOUCHER

The PV is the authoritative document every U.S. Government agency uses to justify payment for purchases of equipment, materials, supplies, and services other than personal. In fact, PVs are the only forms approved by the Comptroller General of the United States for the payment of government obligations. When properly prepared, attested, and accompanied by the required supporting documents, a PV constitutes the authority for a Navy disbursing officer (DO) to make a partial, complete, final, progress, or an advance payment. Stated simply, PVs are the only forms the Navy uses to pay its bills.

The use of PVs involves special rules and regulations. Navy DOs should use only the specific

forms that have been approved by the Comptroller General of the United States. Although the contents and the required supporting documents may vary slightly depending on the type of action or form used, every PV must contain complete and accurate data. Signatures and other information on an original PV must be written in permanent ink. All handwritten information must be legible.

Accuracy and legibility are important for many reasons. First, a PV is the data source for the accounting information used to record changes in the status of appropriations and funds. Second, a PV is legal evidence that a specific government obligation has been liquidated. For this reason, a PV must be retained as proof that the government has made payment and settled its obligation for that specific purpose.

### REQUIREMENTS OF A PUBLIC VOUCHER

Before the government can pay for a specific obligation, a PV must be properly prepared. If you are responsible for checking the PV for accuracy and completion, make sure all the following requirements are met:

- The payment discharges a legal liability of the U.S. Government.
- The written evidence assembled in support of the payment is complete.
- The PV is charged to an appropriation or a fund that is available for payment.
- The control over disposition of the PV (original and copies) and the maintenance of permanent records is such that no possibility exists for duplicate payment or overpayment by the government.
- The accounting data are accurate and complete so that the proper abstraction and adjustment of appropriations and funds may be made.

## **RESPONSIBILITY FOR PAYMENT**

The responsibility for the payment of PVs rests with both the preparing and paying officers. The specific duties of each are described in the following sections.

### **PREPARING OFFICER'S RESPONSIBILITIES**

In general, the preparing officer is responsible for the following actions:

1. Promptly submitting PVs and supporting documents to the paying officer to allow for timely payment to the vendor.
2. Initiating follow-up action to obtain missing supporting documents.
3. Assisting the Defense Accounting Office (DAO) or Financial Information Processing Center (FIPC) in obtaining information from vendors.
4. Ensuring the proper security for classified contracts and dealers' bills.
5. Preventing duplicate payments.
6. Meeting specific requirements for each type of PV submitted for payment.

Let's take a closer look at the preparing officer's responsibilities.

#### **Promptly Submitting PVs and Supporting Documents to Paying Officer for Timely Payment**

Promptly submitting PVs and their supporting documents to the paying officer for timely payment is important for two reasons. First, the government should take advantage of any acceptable discounts offered by the vendor in exchange for the prompt payment of bills by paying the bills within the designated discount period. Second, the Prompt Payment Act of 1982 (Public Law 97-177) requires a federal agency to make interest payments whenever that agency fails to make payments on time.

Vendors who make frequent deliveries or submit several bills during the month should be paid on a monthly basis. In cases of ships leaving United States ports, the supply officer should try to have all dealers' bills properly certified and forwarded to the nearest DAO or FIPC for payment before the ship leaves port. In cases of ships leaving foreign ports, the supply officer should make every effort to prepare and have the DO

pay all PVs covering dealers' bills for materials, ship's store stock, and services from foreign vendors before the ship leaves the foreign port. If this is not possible before the ship leaves the foreign port, the supply officer should make arrangements with the local shore activity, naval attaché, naval observer, or consular officer for payment of the bills. The supply officer will provide those offices with at least three copies of the purchase orders certified as to receipt and inspection of the supplies purchased or services provided. You can find additional information on these cases by referring to the *Afloat Supply Procedures*, NAVSUP P-485, and the *Ship's Store Afloat*, NAVSUP P-487.

#### **Initiating Follow-Up Action to Obtain Missing Supporting Documents**

Sometimes, an activity will receive materials or services, but will not receive the associated dealer's invoice. This happens even when the purchase authority has indicated the dealer's invoice must be submitted to the receiving activity. In these cases, the receiving activity's supply officer should originate an inquiry 1 month after receipt of the materials or services.

#### **Assisting the DAO or FIPC in Obtaining Information from Vendors**

Sometimes, a DAO or FIPC must return an invoice to a vendor for correction. Usually, this happens when the activity responsible for preparing the PV detects an error in the invoice before the bill is paid and refers the situation to the servicing DAO or FIPC. If the dealer does not resubmit the corrected invoice for payment within 1 month, the DAO or FIPC will send a tracer letter to the dealer with a copy to the receiving activity that prepared the PV. The preparing officer can assist the DAO or FIPC by contacting and working with the dealer to facilitate the resubmission and processing of the invoice.

#### **Ensuring the Proper Security for Classified Contracts and Dealers' Bills**

The original and all copies of a PV must not contain information that requires a security classification. They should contain only the name and address of the payee, the contract number, the amount and the date of the payment, the invoice reference number, the complete accounting data, the check number, and the disbursing office payment data.

All classified contracts contain special instructions telling the supplier to limit the information on the invoice so that supplies and services can be identified only by reference to the contract. In this way, invoices do not need to be classified.

When essential supporting documents or certificates are classified, these documents should not be attached to the original PV. Instead, they should be identified by the name of the DO, the disbursing office voucher and symbol number, and the period of the account. They should be retained with other classified material either at the payment site (for collateral classified programs) or the PV-preparing site (for special access programs). The original and all copies of the PV should contain only the essential information previously described, but should also contain the following statement for reference purposes:

The documents necessary to support this voucher have been retained at the (payment site or preparing office) with other classified material in accordance with (insert the applicable security regulation).

### **Preventing Duplicate Payments**

Every effort must be made to avoid duplicate payments to vendors. That is why all contracts and purchase orders must name the office designated to make payment. Payment will be made only by the DO specifically authorized by the provisions of the contract or purchase order.

The preparing officer is responsible for checking invoices, inspection reports, and contracts for possible duplication. If a duplicate payment does occur, the cause of the duplicate must be fully investigated and appropriate action taken to avoid recurrence of similar duplication. As the mandatory criteria for detecting suspected duplicate payments, the preparing officer must check the following information:

- Contractor invoice date
- Contractor invoice number
- Invoice gross amount
- Procurement instrument identification number
- Supplementary procurement instrument identification number, where applicable

If a suspected duplicate is detected, the preparing officer must then check all records of previous

payments containing the same data elements before making payment. Optimally, the preparing officer should check the previous 12 months of file data. At a minimum, the preparing officer should check the file data for the preceding 6 months. While the data files are being checked or research is pending, suspected duplicates should not be paid.

### **PAYING OFFICER'S RESPONSIBILITIES**

The paying officer or disbursing officer (DO) is responsible for verifying the legality and propriety of any payment he or she must make. To do this, the paying officer must make sure the following verification steps have been completed:

1. Payment is made only by the designated paying office and that payment has not been made previously.
2. Purchase was made according to pertinent laws, regulations, and directives.
3. Materials and services were received and accepted, or performance was completed, as required.
4. The unit price or rate, extensions, and totals are correct.
5. The required supporting documents, certificates, and signatures are present.
6. The accounting data are complete and correct.

### **Records and Files**

To control the assignment of PV numbers, the DO maintains the DD Form 2659, Voucher Control Log. The Voucher Control Log shows a daily record for each disbursement voucher paid in that disbursing office. A sample DD 2659 is shown in figure 6-1.

PV numbers are assigned consecutively starting at the beginning of each fiscal year. These numbers are identified with the disbursing office and not the individual DO.

The DO retains the paid original of all PVs and required supporting documents in his or her safe until these documents are forwarded as part of the original financial returns. A copy of each paid PV with copies of the required supporting documents will be filed in the DO's retained returns.





## Time of Payment

The payment of a properly approved invoice will be made as close as possible to, but not later than, the due date specified in the contract. When a due date is not specified in the contract, the due date is determined by the specific guidelines set forth in the Prompt Payment Act of 1982 (Public Law 97-177). Each dealer's bill requires a separate determination for a due date based upon these guidelines. Be aware that these guidelines will vary with the type of materials or services provided. The time can be from as little as 7 days from the date of delivery for such items as meat, poultry, and egg products. But the time can be as much as 30 days after the receipt of the invoice, acceptance of the goods or services, or the execution of a valid contractual agreement.

## Method of Payment

Within the United States and its possessions, PVs covering dealers' bills will be paid by U.S. Treasury checks or electronic funds transfer. Other types of PVs will normally be paid in the same manner. All remittances by mail must be made by check. In cases where a number of PVs are to the same payee, a single Treasury check can be used to fulfill payment obligations.

The only exceptions to the payment of PVs by Treasury check or electronic funds transfer are activities that regularly maintain cash funds for payrolls. When cash is available and desired, PVs may be paid in cash.

Dealers' bills stated in foreign currency received by ships or shore activities located in the United States will be paid by the DO serving the shore activity billed. The DO will pay by U.S. Treasury check, except when the purchase document requires the payment to be in foreign currency or when the bill is in an *excess* or *near excess* currency as listed by the Office of Management and Budget. In these cases, the bill will be forwarded for payment to a DO who holds the foreign currency. When the payment is made in U.S. dollars, the amount will be computed at the rate of exchange current at the time of payment, unless otherwise prescribed in the purchase document.

Payments to vendors in a foreign country will be made in a currency authorized by local foreign currency control laws or regulations. Department of State officials in the area will be contacted for guidance and information on the currency controls in effect. If no Department of State official is in the area, the DO must

learn and fully comply with the local foreign currency controls.

Payment to a vendor in a foreign country will be made by U.S. Treasury check or U.S. currency under the following conditions:

- Payment in U.S. currency is required by the purchase document.
- The foreign currency billed is not available to the DO serving the activity billed or to another overseas military DO, unless the foreign currency is listed as *excess* or *near excess*.

When the bill is stated in foreign currency and payment is made with U.S. currency or by a U.S. Treasury check, the rate of exchange current at the time of payment will be used. If the foreign currency is listed as *excess* or *near excess* but the currency is not available to the DO serving the shore activity billed, the bill will be forwarded for payment to a U.S. DO who has access to this currency.

## Discounts

In every case, when contracts or any other written purchase agreements contain a provision for a discount for prompt payment, the discount will be deducted if accepted and earned. All offers of discounts appearing on dealers' bills, whether printed, typed, written, rubber stamped, and so on, regardless of the type of purchase, will be considered as authorizing the deduction of discount if earned. If the discount terms of the contract are not in agreement with the discount terms offered on the dealer's bill, the discount most advantageous to the government will be taken.

### **DETERMINATION OF DISCOUNT PERIOD.—**

The discount period begins on the date placed on the invoice by the contractor. If no date has been placed on the invoice by the contractor, the invoice is improper and should be returned to the contractor. When no discount provision is included in the purchase agreement and a discount is offered on the dealer's bill, the discount will be considered in strict accordance with the terms of the offer. In such instances, if the offer on the invoice fixes a date for the beginning or end of the discount period, the date fixed will apply. Payment is deemed to be made for the purpose of earning the discount on the date of the government check, which will be as close as possible, but not later than, the discount date. If a discount period expires on a Saturday, Sunday, or holiday, the discount is earned if payment is made on the next business day.

**COMPUTATION OF DISCOUNT.**— Unless otherwise specifically stated, normally a discount will be computed on the total amount of payment requested by the dealer's bill and approved for settlement. The total amount includes such things as taxes and freight, whether these things were included in the contract price or shown as separate items on the dealer's bill. When trade-ins are involved, unless the contract or order specifies otherwise, discounts will be computed on the basis of the net contract price; that is, the actual cash balance due. Discounts will be computed on any amount approved for payment regardless of any offsets for indebtedness of a supplier to the government such as liquidation of advance payments, interest on advance payments, liquidated damages, or duplicate payments.

A discount for items priced on a free-on-board (f.o.b.) origin basis, will not be applied to transportation charges. Discounts will not be computed on any amount billed by the dealer that is not approved for settlement on account of rejection, pending tests, errors in billing, or other adjustments to correct the total billed. When a discount is taken, the rate will be shown in the body of the PV, and the deduction will be shown in the Amount column. Generally, discounts will be applied as reductions of charges to each of the funds chargeable for the PV. Net charges will be shown in the accounting classification space on the PV.

When a payment involves multiple lines of accounting data on a single PV and requires several computations, the entire amount of the discount maybe applied to the line to which the largest gross charge is applicable or to a selected line if two or more amounts are equal and larger than the others. When a particular line is due credit for a discount of \$100 or more on a single PV, the credit will be applied to that line.

**ACCEPTANCE OF DISCOUNTS.**— As previously stated, discounts will always be taken when they are accepted and earned. This means discounts will be taken when they are cost-effective. A discount is cost-effective when the rate offered is greater than the cost to the Department of the Treasury for borrowing the money to pay the invoice and when the dollar savings of the discount are equal to or greater than \$15. When the vendor offers a discount greater than the Department of the Treasury cost of funds and the absolute dollar of the discount is more than \$15, the Navy will accept and process the invoice to earn the discount in all cases. Invoices offering discounts of less than \$15 may be taken at the discretion of the paying office.

No discount will be accepted and processed if the discount is less than the rate at which the Department of the Treasury borrows funds. The Department of the Treasury's rate is published as an annual rate by a general disbursing message twice each year, in January and July. Invoices not offering a discount and those offering a discount that is not cost-effective will be paid in a normal manner. The discount terms may be reduced to an annual percentage by applying the formula shown in figure 6-2. An example is also provided in this figure.

**REFUNDS.**— The DO who paid the original PV is authorized to make a refund of discounts taken under the following circumstances:

- When a discount was deducted erroneously
- When a contractor has promptly protested a discount taken on reimbursable freight when the purchase document has provided for prices f.o.b. supplier's plant

Initially, the supplier must make a written request for the refund of the discount. The original request will be attached to the original PV upon which the refund is expended. When any question exists as to the right to deduct a discount, the DO will always take the discount and pay the balance to the supplier (payee). If the payee is not satisfied, he or she can accept the payment under protest and file a claim for a refund of the amount deducted. If a refund is not authorized under the criteria previously described, the DO will forward the claim to the General Accounting Office (GAO). When discounts not authorized under the purchase agreement are taken over a period of time on the basis of an offer on the dealer's bill, any protests subsequently received will also be processed as a claim to be settled by the GAO.

**LOST DISCOUNTS.**— All officers who receive, prepare, process, and pay dealers' bills are responsible for making sure bills involving discounts are paid promptly. This policy allows the Navy to take advantage of discounts when they are practical and economical. In most instances, bills with acceptable or mandatory discount terms will be paid in the normal course of business without any need for special handling.

However, special handling is required whenever processing through normal channels would cause the discount to be lost or when taking the discount as previously discussed is cost-effective. Special handling is not restricted to the actions of the paying office; it also means the receiving and vouchering

$$\frac{\text{Discount \%}}{100\% - \text{Discount \%}} \times \frac{360\text{Days}}{\# \text{ of days in payment period} - \# \text{ of days in discount period}^*}$$

\* Discount period begins with date of an invoice. Payment period begins with receipt of an invoice in the designated receiving office unless otherwise noted. In effect, the discount period will be reduced by the number of days' difference between the invoice date and the date of receipt.

Example:

Discount terms: 2% 10 days, net 30

Invoice date: 04 Jun 1995

Receipt date: 07 Jun 1995

$$\frac{.02}{1.00 - .02} \times \frac{360}{30 - (10 - 3)} = .31 \text{ or } 31\%$$

Based on this example, if the current annual Treasury rate is less than 31%, the discount should be taken.

Figure 6-2.—Computation of annual percentages for discounts.

activities must make every feasible effort to expedite the processing of all invoices offering discounts.

Unfortunately, however, discounts are sometimes lost. Whenever a discount is lost, whether intentionally or unintentionally, the paying officer should pay the bill in the normal manner when paying other bills not offering discounts. Each DO is required to maintain a record of discounts that were required to be taken but were lost because the disbursing office failed to process the bill within the allowed time frame. The record should contain all mandatory discounts that were lost, regardless of whether the purchase or service contracts called for the discounts. The record will identify each invoice and the activity responsible for losing the discount on that invoice.

Since the discount period begins with the contractor's invoice date, the Navy will be unable to take a discount in some instances because of circumstances beyond its control. An example of this would be a discounted invoice that was received after the discount period had already expired. A record of this type of lost discount will also be maintained.

Except for paying offices and those instances mentioned in the previous paragraph, the activity in possession of the dealer's bill on the date the discount expires is considered responsible for the loss. The

paying office is charged with the responsibility for any lost discounts from dealers' bills in its possession on the date the discounts expired under the following conditions:

- The dealer's bill offers a discount greater than \$15 but less than \$500 and was received at least 3 working days before the expiration of the discount period.
- The dealer's bill offers a discount greater than \$500 but less than \$1,000 and was received 2 working days before the expiration of the discount period.
- The dealer's bill offers a discount of \$1,000 or more and was received 1 working day before the expiration of the discount period.

Any activity that receives a dealer's bill offering a discount and fails to process the bill for payment within one-third of the discount period is charged with responsibility for the loss of the discount. The only exceptions are when the paying office can prove the following circumstances:

1. The dealer's bill was not delivered in time for the paying office to meet the payment requirements previously described.

2. The dealer's bill was held by a later processing activity for more than the allowable one-third of the discount period. In these cases, the paying activity is held responsible only if it acted as the forwarding activity and held the dealer's bill longer than one-third of the discount time, and the discount period expired while the bill was in transit.

Regular reviews of lost discounts will point out activities that habitually lose mandatory discounts. Based on these reviews, monthly advice is furnished to each of these activities. These activities will be requested to review their procedures and take necessary actions to prevent the continual loss of discounts. In addition to requesting corrective actions based on records of discounts lost, the DO will review all activities under his or her jurisdiction at least once every 6 months. Through this review, the DO will identify those activities regularly causing lost mandatory discounts and will recommend appropriate actions.

**INTEREST PAYMENTS.**— The Prompt Payment Act of 1982 (Public Law 97-177) requires a federal agency to make interest payments whenever that agency fails to make payment promptly. The interest payment provisions of the act are viewed as a penalty for failure to accomplish the important mission requirement of making payments on time. The Navy's policy is to reduce all interest payments to a minimum level.

When a vendor's contract specifies a due date, the government expects the federal agency involved to make payment in time to avoid interest charges. But what if your activity receives a vendor's contract that does not specify a due date for payment? How can you determine the due date for payment when no due date is specified in the contract? How can you determine whether or not interest is payable? When a contract fails to specify a due date for payment, the government requires you to treat the contract in the same manner as you would a contract that has a due date specifying payment within 30 days. As long as your activity makes payment within 30 days, no interest is payable. Incidentally, the government requires your activity to pay close attention to discounts. Interest is payable on improperly taken discounts.

The Secretary of the Treasury establishes the interest rate. Published semiannually by the *Federal Register* and NAVCOMPTNOTE 4330, the interest rate is effective for a 6-month period beginning 1 January and 1 July. Interest is computed from the day following the payment due date through the date of payment and

is compounded for each 30-calendar-day period following the original due date. Interest payments of less than \$1 should not be made. No further interest will accrue after 1 year beyond the original due date. The filing of a claim under the Contract Disputes Act will also stop accrual of additional interest as of the date of filing.

What do the Prompt Payment Act and the federal interest rate mean for a local disbursing office? Basically, the paying office will pay interest automatically without requiring any requests from the vendor or business concern. Payments due on Saturday or Sunday maybe paid on Monday or the next working day without interest, and payments due on legal holidays may be paid on the next working day without interest.

## **PUBLIC VOUCHER FORMS**

The DOD uses various types of PV forms. Figure 6-3 lists some of the most common PV forms found in disbursing offices. The purpose of this listing is to make you aware that certain types of transactions will be paid on prescribed PV forms. You must be able to determine the correct use of the properly prescribed forms for each type of transaction.

## **DISTRIBUTION**

Once a PV has been paid, proper distribution of its original and copies must be made. Again, the type of payment and the appropriation charged will determine the number of copies needed and where they will go.

## **ORIGINAL**

The DO retains the paid original PV, with the original dealer's bill and all other required supporting documents attached, in his or her safe or security container. (As previously mentioned, this container must carry at least a Class 1 or Class 5 rating.) The DO retains this documentation until forwarding it as part of the original financial returns.

The DO forwards the returns to the central disbursing officer (CDO) in support of the Daily Statement of Accountability, DD 2657, or the monthly Statement of Accountability, Standard Form 1219. The CDO consolidates the files of all original PVs and submits them with his or her financial returns. To ensure the integrity of the original PVs, the CDO uses a system of logs or check-out cards to control access to them.

FORM	USE
Standard Form 1034	Public Voucher for Purchases and Services Other Than Personal
Standard Form 1080	Voucher for Transfers Between Appropriations and/or Funds
Standard Form 1113	Public Voucher for Transportation Charges
Standard Form 1129	Cashier Reimbursement Voucher and/or Accountability Report
Standard Form 1156	Public Voucher for Fees and Mileage of Witnesses
Standard Form 1157	Claims for Fees and Mileage of Witnesses
Standard Form 1164	Claim for Reimbursement for Expenditures on Official Business

Figure 6-3.—Public vouchers commonly found in the disbursing office.

## COPIES

A copy of each PV will be retained by the paying office until disposition is authorized. Disbursing offices maintaining files of both original PVs and copies of PVs will maintain separate files to make sure information is available when either one type of document or the other is lost, misplaced, or otherwise unavailable. Copies of PVs will be afforded the same security as originals until the original financial returns are accepted or until the next regular reporting cycle is completed, whichever occurs first. After this, retained copies of PVs may be stored with no special security precautions in open files or ordinary cabinets.

Local records will be maintained to show the location, inclusive PV numbers, and inclusive dates covered by PV files. The DO will also retain a copy of all documents that were attached to the original PV with the following exceptions:

- Copies of supporting documents available at the naval activity originating the billing for appropriation and fund transfers using a Voucher For Transfers Between Appropriations and/or Funds, Standard Form 1080
- Dealers' bills or other sales documents supporting the Cashier Reimbursement Voucher and/or Accountability Report, Standard Form 1129, for payments made from imprest funds
- Itemized delivery tickets billed on summary invoices under a blanket purchase order

Additional copies of PVs may be required. Memorandum copies, properly authenticated if desired, may be distributed to additional offices, activities, or commands as administrative requirements demand. In addition, certain payments and appropriations require an additional copy be forwarded with the original returns. Copies of PVs that charge a bureau control number will also be forwarded weekly to the office, command, or activity accounting for the bureau control number, for use by the allotment accounting office. For complete information on the required distribution of copies of PVs outside of the disbursing office, consult the *DODFMR*, Volume 5, and your local administrative regulations.

## SUMMARY

The payment of PVs is an integral part of most disbursing offices. The proper, timely processing of PVs rests with the receiving, preparing, and paying offices. Without the efforts of everyone working together, the Navy can lose discounts. These losses can result in a substantial unnecessary waste of appropriations and funds. They can also result in possible additional payments of interest and penalties for late processing. As a senior DK, you will become involved with PVs. This chapter is only an overview of the responsibilities associated with PVs. For official guidelines, we recommend you consult the *DODFMR*, Volume 5, and the *NAVCOMPTMAN*, Volume 2.



## CHAPTER 7

# FINANCIAL RETURNS

Throughout the previous chapters, you learned that every disbursing officer (DO) is required to submit financial returns. You also learned that a DO is required to include certain documents in these returns. These requirements exist because a DO's financial returns and supporting documents make up the formal accounting to the United States for all public funds received and spent by that DO. Financial returns are also the basis for the official audit and settlement of accounts by the General Accounting Office (GAO). Additionally, financial returns provide the data from which the Department of Defense (DOD) maintains its administrative accounting controls.

In this chapter, you will read about some procedures and documents required of every Navy DO to accomplish the submission of financial returns. After studying the information in this chapter, you should be able to identify and describe the proper procedures for assembling and submitting financial returns according to the requirements set forth in the *Department of Defense Financial Management Regulation (DODFMR)*, Volume 5. You should also be able to describe the correct procedures according to the *official guidelines in the DODFMR* for maintaining and disposing of the retained returns.

### REGIONAL CENTRALIZATION OF REPORTS AND RETURNS

For Navy DOs, the submission of financial returns is regionally centralized. The purpose of regional centralization is to consolidate all transactions of individual Navy DOs located within a specific geographic area into the financial accounts of the designated regional central disbursing officer (CDO) of the financial information processing center (FIPC) serving that area. This procedure reduces the number of disbursing returns, permits the prompt reporting of financial transactions, and maximizes the use of the automated accounting machines available at the FIPCs.

The DOs of the following FIPCs have been designated as CDOs:

- Defense Accounting Office, Norfolk, VA
- Defense Accounting Office, San Diego, CA

- Defense Accounting Office, Oakland, CA
- Navy Supply Center, Pearl Harbor, HI
- Defense Accounting Office, Great Lakes, IL
- Defense Accounting Office, Arlington, VA
- Defense Accounting Office, Port Hueneme, CA
- Defense Accounting Office, Pensacola, FL
- Defense Accounting Office, New Orleans, LA

Non-tactical disbursing offices in the continental United States and in Hawaii are required to submit financial reports daily to the designated CDO of the FIPC serving the area in which the disbursing office is located. A *non-tactical disbursing office* is defined as a disbursing office permanently assigned to a location and not subject to mobilization or deployment. To spread the monthly workload of the FIPCs over the entire month and to expedite final reporting of financial transactions, certain overseas non-tactical disbursing offices are also required to submit daily returns; however, these offices will submit their returns to either DAO, Norfolk, or DAO, San Diego.

### RECIPROCAL RESPONSIBILITIES AND REQUIREMENTS

All Navy DOs are required to submit their financial reports to the Defense Finance and Accounting Service - Cleveland Center (DFAS-CL) through their designated CDOs at the regional FIPCs. As stated previously, each FIPC has a designated CDO. The financial accounts of all reporting DOs in that region are consolidated into the accounts of the designated CDO.

Each designated CDO is responsible for transmitting the monthly Statement of Accountability. This, however, does not remove personal and pecuniary responsibility from the individual DOs reporting to that CDO. Whenever a DO makes payments by cash or check, he or she remains personally responsible for any associated improper payment or loss of funds. This responsibility continues even after the DO has submitted the financial records to his or her designated CDO. Although each DO is authorized to disburse funds in his or her own name under one or more symbol numbers, the accounts of all DOs are ultimately

consolidated with those of the designated CDO. This is why each CDO, as well as each DO submitting returns to that CDO, must sign all checks issued under their respective names and-office symbol numbers. In the case of vouchers paid by DOs other than CDOs, both the office symbol number of the CDO and that of the paying disbursing office must be shown on the vouchers.

### **RESPONSIBILITIES OF INDIVIDUAL DISBURSING OFFICERS**

An individual DO is required to render both daily and monthly financial reports to his or her designated CDO.

#### **Daily and Monthly Business Reports**

The two documents that summarize daily and monthly business are (1) the Daily Statement of Accountability, DD 2657, and (2) the Statement of Accountability, SF 1219, respectively. The Transmittal of Statements and Vouchers, DD Form 2666, is the covering transmittal document.

**DAILY STATEMENT OF ACCOUNTABILITY, DD FORM 2657.**— The DD 2657 is prepared in duplicate as a summary of all daily transactions and a report of balances at the end of each business day. A sample DD 2657 is shown in figures 7-1 and 7-2. The original is certified by the DO. The DO is required to submit the original DD 2657 with supporting documents to the CDO no later than the first working day following the date on which the transactions occurred. For days on which there were no transactions, the DO is not required to prepare a DD 2657. However, on the first DD 2657 prepared following the day(s) on which no business transactions occurred, the DO should add the notation “No business on (insert date[s])” at the top of the form. Also, the DO should annotate the last DD 2657 for the month with the statement “FINAL DD FORM 2657 FOR MONTH OF (insert month).”

**STATEMENT OF ACCOUNTABILITY, SF 1219.**— At the end of each month, the DO will prepare a Statement of Accountability, SF 1219, in triplicate. In the upper right-hand corner of the SF 1219, the DO will insert the words “For inclusion in the consolidated account of (insert name of CDO and CDO’s symbol number).” The DO will forward the original SF 1219 and one copy to the CDO and will retain one copy.

**TRANSMITTAL OF STATEMENTS AND VOUCHERS, DD FORM 2666.**— The DO will ship each daily DD 2657 and all supporting documents under a covering DD Form 2666, Transmittal of Statements and Vouchers, using the Forms and

Vouchers sections of this form to list the submitted documents. In the Vouchers section, the DO lists the inclusive disbursement and collection voucher numbers. In the Forms section, the DO lists all applicable forms and, in the spaces provided, any other documents submitted as part of the daily financial returns that are not specifically included in the Forms or Vouchers sections of the transmittal.

#### **Checking Account Returns**

A DO submits his or her checking account returns based on the type of submission capabilities available. DOs at offices with magnetic tape capability will submit their returns directly to the Department of the Treasury. In offices where this capability is not available, DOs will submit the information for their checking account returns on data diskettes to their designated CDOs for conversion to magnetic tape.

### **RESPONSIBILITIES OF CENTRAL DISBURSING OFFICERS**

A CDO is required to perform the same daily tasks as a regular DO. In addition, a CDO is tasked with consolidating all the financial transactions processed by the DOs who are required to report to him or her.

#### **Business Records**

A CDO maintains two records of financial transactions. The first is a regular DD 2657, Daily Statement of Accountability, for the transactions of that individual CDO. The second is a consolidated DD 2657 that summarizes all transactions reported by the CDO and his or her reporting DOs.

**DAILY STATEMENT OF ACCOUNTABILITY, DD 2657.**— In the same manner as other DOs, a CDO prepares a DD 2657 to maintain a record of his or her daily business. The processing of documents is also similar. In fact, just like any other DO, the CDO must prepare a monthly Statement of Accountability for inclusion in the Consolidated Statement of Accountability.

**CONSOLIDATED STATEMENT OF ACCOUNTABILITY.**— The Consolidated Statement of Accountability summarizes all transactions made by the CDO and his or her reporting DOs during the accounting period. The CDO uses a regular SF 1219 and turns it into a consolidated report by inserting the word *Consolidated* immediately before *Statement of Accountability* in the heading. The CDO enters his or her name, rank, office symbol number, and activity, as well as the agency name and index number, in the appropriate spaces. The reverse of this SF 1219 is left blank.



DAILY STATEMENT OF ACCOUNTABILITY		1. DSSN 6700	2. DATE 3/15/XX	
<b>SECTION I - TRANSACTIONS AFFECTING ACCOUNTABILITY</b>				
a. LINE	b. DESCRIPTION	c. TODAY	d. MONTH- TO-DATE	
1.0	ACCOUNTABILITY - Beginning of Day			
2.1A	CHECKS ISSUED IN PAYMENT OF VOUCHERS	11,855.68	32,696.70	
2.1B	CHECKS ISSUED - ALL OTHERS	28,571.25	129,385.24	
2.3	OTHER TRANSACTIONS (Do not report on SF 1219)	12,500.00	37,000.00	
2.34	DISCREPANCIES IN DO ACCOUNT - CREDITS (Do not use this line)			
2.36	PAYMENTS BY ANOTHER DO (Do not use this line)			
2.37	TRANSFERS FROM OTHER DOs			
2.8	OPAC PAYMENTS AND COLLECTIONS			
2.9	TOTAL ACCOUNTABILITY INCREASES	41,071.25	166,385.24	
3.0	GROSS ACCOUNTABILITY	52,926.93	199,081.94	
4.1A	Gross Disbursements	36,300.69	180,757.70	
4.1B	Less: Refunds	1,000.00	1,234.00	
4.1C	Net Disbursements	35,300.69	179,523.70	
4.1D	Less: Receipts	15.00	82.00	
4.1E	Less: Reimbursements	250.00	375.00	
4.1F	NET EXPENDITURES	35,035.69	179,066.70	
4.2A	DEPOSITS PRESENTED OR MAILED TO BANK	1,010.00	3,134.00	
4.2B	EFT DEBIT VOUCHERS			
4.3	OTHER TRANSACTIONS (Do not report on SF1219)			
4.34	DISCREPANCIES IN DO ACCOUNT - DEBITS (Do not use this line)			
4.36	PAYMENTS FOR OTHER DOs (Do not use this line)			
4.37	TRANSFERS TO OTHER DOs			
4.9	TOTAL ACCOUNTABILITY DECREASES	36,045.69	182,200.70	
5.0	ACCOUNTABILITY - End of Day	16,881.24	16,881.24	
<b>SECTION II - DISTRIBUTION OF ACCOUNTABILITY - INCUMBENT DO</b>				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY INCREASE	e. MONTH-TO-DATE
6.1				
6.2A				
6.2B				
6.3A				
6.3B				
6.4				
6.5				
6.6				
6.7				
6.8				
6.9				
7.1				
7.2A				
7.2B				
7.3				
7.4				
7.5				
7.6				
7.7				
8.0	TOTAL INCUMBENT DO ACCOUNTABILITY			
<b>SECTION III - DISTRIBUTION OF ACCOUNTABILITY - PREDECESSOR DOs</b>				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY INCREASE	e. MONTH-TO-DATE
9.2A				
9.2B				
9.3				
9.4				
10.0	TOTAL PREDECESSOR DOs ACCOUNTABILITY			
<b>SECTION IV - DISTRIBUTION OF ACCOUNTABILITY - COMBINED</b>				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY INCREASE	e. MONTH-TO-DATE
11.0	TOTAL DSSN ACCOUNTABILITY			
3. DISBURSING OFFICER NAME, RANK OR GRADE, TITLE (Type or Print) John R. Doe, Major, USAF		4. DISBURSING OFFICER OR DEPUTY SIGNATURE <i>J.R. Doe</i>		5. DATE 3/16/XX

Figure 7-1. Sample DD Form 2657, Daily Statement of Accountability (front).



You have read only a summary of the responsibilities of DOs and CDOs for submitting the required financial reports. Many more factors and important procedures are involved with these reports before a DO submits them to his or her designated CDO. In the following sections, we will take a look at some of these requirements.

## **ACCOUNTABILITY REPORTS**

All DOs are considered to be agents of the Treasury. Each DO is accountable to the Treasury for the cash items (including receivables) in his or her possession. Consequently, every DO must follow certain prescribed procedures for maintaining accountability. We will now look at some of these procedures and their required documentation.

### **BALANCING OF CASH FUNDS**

Although all Navy DOs are responsible for the balancing of cash funds, the requirements and procedures for carrying out this responsibility are not the same for all DOs. The balancing requirements are based on whether the DO is located ashore or on board a ship. We will look first at the general balancing requirements and then at the requirements for afloat offices.

#### **General Requirements**

Cash in the possession of all DOs shall be balanced daily. To do this, DOs will use the Daily Statement of Accountability, DD 2657, as the permanent written record. A DO must also account for documents representing cash. (One example of documents representing cash are receipts for advances to agents.) A DO remains responsible and accountable for these documents even though they may not be physically in the DO's custody. Documents representing cash will be kept in the DO's safe and accounted for daily on the Daily Statement of Accountability, DD 2657, and monthly on the Statement of Accountability, SF 1219. When the DO's accounts are inspected, the DD 2657 will be presented to the inspectors for examination.

In reality, most cash transactions are performed by deputies, agents, and cashiers. For deputies, agents, and cashiers, the Daily Agent Accountability Summary, DD Form 2665, is the prescribed daily accountability document. Daily, a deputy, agent, or cashier will submit the DD Form 2665 to the DO using the Statement of Agent Officer's Account, DD Form 1081, as the covering transmittal document. Except in the case of some afloat units, the DO or primary deputy will balance all deputies, agents, and cashiers daily, using a DD 2665.

## **Aboard Ship**

The DOs aboard ship will also use the DD 2665 to balance all deputies, agents, and cashiers. Whenever workload and manning conditions permit, DOs aboard ship are encouraged to balance all deputies, agents, and cashiers on a daily basis. Regardless of the circumstances, however, DOs aboard ship are required to balance all deputies, agents, and cashiers at the following specific times:

- Once each week
- Immediately before and after each payday
- The last day of each month
- At any other time the DO suspects an irregularity has occurred

Remember, these times represent the minimum requirement for DOs aboard ship. This means DOs aboard ship must balance all deputies, agents, and cashiers no less frequently than at each of these times.

### **DAILY STATEMENT OF ACCOUNTABILITY**

The Daily Statement of Accountability, DD 2657, is very similar to the monthly Statement of Accountability, SF 1219. In fact, the DD 2657 is to one day what the SF 1219 is to one month. If the DO should cease operations on that day, the U.S. Treasury would look on the DD 2657 for the amounts it would seek to recover from that DO.

Refer to figures 7-1 and 7-2 for a sample DD 2657. Amounts on the DD 2657 are reported at a summary level only, including a summary of all disbursements and collections made during the business day by the DO and all reporting deputies, agents, and cashiers. Detailed transactions are reported by the DO's subsidiary records. Section I of the DD 2657 computes the DO's accountability to the Treasury at the end of the business day. The accumulated DD 2657 accountability on the last day of the accounting period (Month-to-Date column) is the accountability reported on the SF 1219. Section II (for the current DO) and Section III (for all prior DOs of that disbursing station symbol number [DSSN]) summarize the elements that make up total DO accountability. Sections II and III are totaled in Section IV. Section I totals (except for line 1.0, Accountability—Beginning of Day) will start with a zero balance at the beginning of each new accounting period (month) and whenever there is a change of DOs before the end of an accounting period.

The Month-to-Date totals are cumulative for the entire accounting period. Month-to-Date totals in Sections II, III, and IV are cumulative from month-to-month. The total of Section IV must agree with the total of Section I or the DD 2657 is out of balance.

The DD 2657 for a new business day should never be started until the DD 2657 for the previous business day is in balance. A properly balanced DD 2657 ensures the agreement between the DO's cash accountability to the Treasury and the disbursements and collection transactions recorded in the accounting system. The daily DD 2657 will be signed by the DO as an official attestation of accountability to the Treasury.

## **DAILY AGENT ACCOUNTABILITY SUMMARY**

Each deputy, agent, and cashier will prepare a Daily Agent Accountability Summary, DD Form 2665, daily. The DD 2665 summarizes the transactions for each business day. A sample DD 2665 is shown in figures 7-3 and 7-4.

A DO must have a continuous picture of the transactions affecting the accountability of any assigned deputy, cashier, or agent. This is why the first DD 2665 should be prepared after an agent's receipt of an advance from the DO (or other principal authorized to provide advances) to show the advance, and the last DD 2665 prepared up to the time of turn-in (submission of financial reports to the DO or principal) should show the turn-in. In this manner, the DD 2665 is a stand-alone document showing a complete picture of the deputy, cashier, or agent's accountability transactions from day to day. When possible, a turn-in should not be done in the middle of a business day. However, if a turn-in must be made in the middle of a business day, a DD 2665 will be prepared up to the time of the turn-in and will properly include the turn-in. Another DD 2665 will be prepared for the portion of the business day following the turn-in.

## **STATEMENT OF AGENT OFFICER'S ACCOUNT**

Each time a turn-in takes place or the settlement of an account occurs, the responsible deputy, agent, or cashier will prepare a Statement of Agent Officer's Account, DD Form 1081, as a covering transmittal. The DD 1081 summarizes the transactions for the period of duty covered by the turn-in. The DD 1081 is also used to document advances of funds. Sample DD 1081s are shown in figures 7-5 and 7-6.

Upon receipt of the DD 1081, the DO or primary deputy will perform the following actions:

- Verify the DD 1081 when the deputy, cashier, or agent's account is settled.
- Sign the original and copy of the form.
- Retain the original and supporting documents to support the DD 2665.
- Return the signed copy to the deputy, agent, or cashier.

The verification includes an actual cash count. The deputy, agent, or cashier will retain the signed copy as a record of the opening cash balance for the next period of duty or for record purposes if the account is balanced to zero.

## **STATEMENT OF ACCOUNTABILITY**

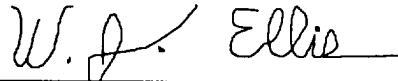
As stated previously, the Statement of Accountability, SF 1219, is a consolidated analysis of the transactions recorded for the accounting period. The SF 1219 shows summary totals of all receipts and expenditures of public funds occurring during the accounting period and the state of the DO's accounts at the end of the accounting period.

### **Preparation and Submission Requirements**

The Statement of Accountability, SF 1219, is prepared in triplicate. Erasures, strikeovers, or marks of any description other than legitimate entries are not permitted on the SF 1219.

A Statement of Accountability will be submitted each month for each disbursing symbol. Whether or not transactions have occurred or an accountable balance is involved does not matter; the SF 1219 must still be submitted each month. This requirement must be met each month until a SF 1219 marked "FINAL" (in the blank space directly above the name line) has been submitted and the notice of detachment without relief or closure of the disbursing symbol has been made. (This annotation is used only to indicate that a DO has been detached without relief or the symbol has been closed.) When a DO is relieved of duty, the last return will be endorsed with a certificate of transfer, but will not be marked "FINAL."

As a senior DK, you may be responsible for preparing or auditing the SF 1219. In preparing the SF 1219, be sure to use cumulative Month-to-Date totals from the final DD 2657 for the accounting period (or month) to complete the similarly numbered lines of the SF 1219. Certain alpha-suffixed cumulative line totals on the DD 2657 must be combined before they are entered on the SF 1219.

DAILY AGENT ACCOUNTABILITY SUMMARY							1. DATE 6/2/XX	
<b>SECTION I - SUMMARY OF DAILY ACCOUNTABILITY TRANSACTIONS</b>								
a. LINE NO.	b. DESCRIPTION				c. TODAY	d. CUMULATIVE		
1.	ACCOUNTABILITY - BEGINNING				11,500.00	0		
2.	I N C R E A S E S	ADVANCES	a. Cash	b. Prepositioned Checks	c. Other	10,000.00		
3.		VOUCHERED COLLECTIONS				500.00		
4.		TREASURY CHECK ISSUES	a. Vouchered 1,000.00	b. Other		1,000.00	2,000.00	
5.		TRANSFERS FROM OTHER DISBURSING OFFICERS						
6.		EXCHANGE GAIN ACCUMULATIONS						
7.		OTHER (Explain)						
8.		TOTAL INCREASES				1,000.00	12,500.00	
9.		GROSS ACCOUNTABILITY				12,500.00	12,500.00	
10.	D E C R E A S E S	TRANSFERS TO OTHER DISBURSING OFFICERS						
11.		EXCHANGE LOSS ACCUMULATIONS						
12.		OTHER (Explain)						
13.		RETURNS TO PRINCIPAL	a. Paid Vouchers 6,000.00	b. Deposit Tickets 500.00	6,500.00		6,500.00	
14.		TOTAL DECREASES				6,500.00	6,500.00	
15.	ACCOUNTABILITY - ENDING				6,000.00	6,000.00		
<b>SECTION II - DISTRIBUTION OF AGENT ACCOUNTABILITY</b>								
a. LINE NO.	b. ELEMENT OF ACCOUNTABILITY				a. ACCOUNTABILITY BEFORE TRANSFERS	d. RETURNS TO PRINCIPAL	e. ACCOUNTABILITY AFTER TRANSFERS	
16.	LIMITED DEPOSITORY	UNITS	RATE					
17.	CASH ON HAND (U.S.)				6,000.00	6,000.00		
18.	CASH ON HAND (Foreign)	a. ACCOMMODATION	UNITS	RATE				
		b. OPERATING	UNITS	RATE				
19.	PREPOSITIONED TREASURY CHECKS							
20.	NEGOTIABLE INSTRUMENTS (U.S.)							
21.	NEGOTIABLE INSTRUMENTS (Foreign)							
22.	MILITARY PAYMENT CERTIFICATES				6,000.00			
23.	PAID VOUCHERS				6,000.00	6,000.00	0	
24.	FUNDS IN TRANSIT							
25.	FUNDS WITH SUBAGENTS							
26.	DEPOSIT TICKETS (not LDA)				500.00	500.00	0	
27.	DISHONORED CHECKS RECEIVABLE							
28.	CHECK OVERDRAFTS RECEIVABLE							
29.	LOSS OF FUNDS							
30.	DEFERRED VOUCHERS							
31.	OTHER (Explain)							
32.	TOTAL AGENT ACCOUNTABILITY				6,500.00	6,000.00	6,000.00	
<b>SECTION III - LOCATION OF CASH/NEGOTIABLE INSTRUMENTS</b>								
a. LINE NO.	b. LOCATION	c. CASH (Foreign Units)	d. CASH (U.S.)	e. PREPOSITIONED CHECKS	f. MILITARY PAYMENT CERTIFICATES	g. OTHER		
33.	AGENT		6,000.00					
34.	DEPUTY AGENT							
35.	CASHIER							
36.	OTHER (Specify)							
37.	TOTALS		6,000.00					
2. NAME OF AGENT (Type or Print) WILLIAM J. ELLIS, SSGT				3. ADDRESS OF AGENT (Type or Print) DFAS - DE				
SIGNATURE OF AGENT								

DD Form 2665, AUG 93

86NP0026

Figure 7-3.—Sample DD Form 2665, Daily Agent Accountability Summary (front).

SECTION IV - MEMORANDUM AGENT ACCOUNTABILITY							
38. DEPOSIT TICKETS ON HAND							
NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
S							
39. PAID VOUCHERS ON HAND							
THRU		THRU		THRU		THRU	
THRU		THRU		THRU		THRU	
THRU		THRU		THRU		THRU	
THRU		THRU		THRU		THRU	
THRU		THRU		THRU		THRU	
NOT USED		DUPLICATED		VOIDED			
40. COLLECTION VOUCHERS ON HAND							
THRU		THRU		THRU		THRU	
THRU		THRU		THRU		THRU	
THRU		THRU		THRU		THRU	
THRU		THRU		THRU		THRU	
THRU		THRU		THRU		THRU	
NOT USED		DUPLICATED		VOIDED			
41. VOUCHERS RETURNED FOR CORRECTION (ON HAND)							
PAID VOUCHERS				COLLECTION VOUCHERS			
P							
42. TREASURY CHECK STOCK ON HAND							
SERIES A		SERIES B		CONTROL			
70,000,002	THRU 70,000,999	THRU		THRU		THRU	
THRU		THRU		THRU		THRU	
THRU		THRU		THRU		THRU	
THRU		THRU		THRU		THRU	
THRU		THRU		THRU		THRU	
43. AGENT REMARKS							
\$1,000 paid by check on DOV 400006 Turn-in as of close of business 6/2/XX \$6,500.00 (DOV 400001 - 400006; COV 200001; SF 215 123456)						E	

Figure 7-4. Sample DD Form 2665, Daily Agent Accountability Summary (back).

<b>STATEMENT OF AGENT OFFICER'S ACCOUNT</b>				
DISBURSING OFFICER'S NAME, ADDRESS, DISBURSING STATION SYMBOL NO.  K. S. ALEX, LTC, FC FORT FINANCE, IN 46216 C0001		AGENT OFFICER'S NAME, GRADE, SSN, UNIT ADDRESS (include ZIP Code / APO number and Telephone number.)  K. D. ANDREA, CPT, FC AGENT CAMP DOLLAR, IN 46032		
<b>TRANSACTIONS AFFECTING AGENT OFFICER'S ACCOUNT</b>				
TRANSACTIONS <small>a</small>	INCREASE (Received by Agent) <small>b</small>	BEGINNING BALANCE (In Agent's Account) <small>c</small>	DECREASE (Turned in by Agent) <small>d</small>	ENDING BALANCE (In Agent's Account) <small>e</small>
1. BALANCE FORWARD		0.00		
2. U. S. DOLLARS	2562.00			
3. FOREIGN CURRENCY				
4. MILITARY PAYMENT CERTIFICATES				
5. COLLECTIONS				
6. DEPOSITS				
7. NEGOTIABLE INSTRUMENTS:				
A. TREASURY CHECKS	15,000.00			
B. MILITARY PAYMENT ORDERS				
C. OTHER (Specify)				
8. PAID VOUCHERS				
9. INCORRECT VOUCHERS RETURNED				
10.				
11.				
12. TOTAL FUNDS IN HANDS OF AGENT OFFICER		17,562.00		
<b>STATEMENTS</b>				
DISBURSING OFFICER		AGENT OFFICER		
<input checked="" type="checkbox"/> <b>ON ADVANCE:</b> I HAVE INTRUSTED FUNDS AND/OR OTHER ITEMS AS INDICATED IN THIS STATEMENT TO THE ABOVE NAMED AS MY AGENT OFFICER.		<input checked="" type="checkbox"/> <b>ON ADVANCE:</b> I, AS AGENT OFFICER, HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ABOVE. I HAVE ASSUMED FISCAL RESPONSIBILITY THEREFOR. I WILL NOTIFY THE DISBURSING OFFICER IMMEDIATELY UPON DISCOVERY OF ANY LOSS OR SHORTAGE, AND I HAVE RECEIVED AND UNDERSTAND WRITTEN INSTRUCTIONS CONCERNING MY DUTIES AND RESPONSIBILITIES AS AN AGENT OFFICER.		
DATE 12/19/XX	SIGNATURE OF DISBURSING OFFICER A. B. SEAMAN, LTC, FC <i>A. B. Seaman</i>	DATE 12/19/XX	SIGNATURE OF AGENT OFFICER F. A. BRUSH, CPT, FC <i>F. A. Brush</i>	
<input type="checkbox"/> <b>ON RETURN:</b> I HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ON THIS STATEMENT FROM THE ABOVE NAMED AGENT OFFICER.		<input type="checkbox"/> <b>ON RETURN:</b> THE ABOVE STATEMENT OF ACCOUNT IS CORRECT.		
DATE	SIGNATURE OF DISBURSING OFFICER	DATE	SIGNATURE OF AGENT OFFICER	

DD Form 1081, MAY 75      PREVIOUS EDITION IS OBSOLETE

225/140

86NP0028

Figure 7-5.-Sample DD Form 1081, Statement of Agent Officer's Account (advance of funds).

<b>STATEMENT OF AGENT OFFICER'S ACCOUNT</b>				
DISBURSING OFFICER'S NAME, ADDRESS, DISBURSING STATION SYMBOL NO.  J. T. BOATE, LTC, FC FORT FINANCE, IN 46216 C0001		AGENT OFFICER'S NAME, GRADE, SSN, UNIT ADDRESS (include ZIP Code / APO number and Telephone number.)  W. T. DOOR, CPT, FC AGENT CAMP DOLLAR, IN 46032		
<b>TRANSACTIONS AFFECTING AGENT OFFICER'S ACCOUNT</b>				
TRANSACTIONS <small>a</small>	INCREASE <small>(Received by Agent)</small> <small>b</small>	BEGINNING BALANCE <small>(In Agent's Account)</small> <small>c</small>	DECREASE <small>(Turned in by Agent)</small> <small>d</small>	ENDING BALANCE <small>(In Agent's Account)</small> <small>e</small>
1. BALANCE FORWARD		0.00		
2. U. S. DOLLARS	2562.00			
3. FOREIGN CURRENCY				
4. MILITARY PAYMENT CERTIFICATES				
5. COLLECTIONS				
6. DEPOSITS				
7. NEGOTIABLE INSTRUMENTS:				
A. TREASURY CHECKS	15,000.00			
B. MILITARY PAYMENT ORDERS				
C. OTHER (Specify)				
8. PAID VOUCHERS				
9. INCORRECT VOUCHERS RETURNED				
10.				
11.				
12. TOTAL FUNDS IN HANDS OF AGENT OFFICER		17,562.00		
<b>STATEMENTS</b>				
DISBURSING OFFICER		AGENT OFFICER		
<input type="checkbox"/> ON ADVANCE: I HAVE INTRUSTED FUNDS AND/OR OTHER ITEMS AS INDICATED IN THIS STATEMENT TO THE ABOVE NAMED AS MY AGENT OFFICER.		<input type="checkbox"/> ON ADVANCE: I, AS AGENT OFFICER, HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ABOVE. I HAVE ASSUMED PECUNIARY RESPONSIBILITY THEREFOR. I WILL NOTIFY THE DISBURSING OFFICER IMMEDIATELY UPON DISCOVERY OF ANY LOSS OR SHORTAGE, AND I HAVE RECEIVED AND UNDERSTAND WRITTEN INSTRUCTIONS CONCERNING MY DUTIES AND RESPONSIBILITIES AS AN AGENT OFFICER.		
DATE	SIGNATURE OF DISBURSING OFFICER	DATE	SIGNATURE OF AGENT OFFICER	
<input checked="" type="checkbox"/> ON RETURN: I HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ON THIS STATEMENT FROM THE ABOVE NAMED AGENT OFFICER.	<input checked="" type="checkbox"/> ON RETURN: THE ABOVE STATEMENT OF ACCOUNT IS CORRECT.			
DATE	SIGNATURE OF DISBURSING OFFICER	DATE	SIGNATURE OF AGENT OFFICER	
12/21/XX	J. T. BOATE	12/21/XX	W. T. DOOR	

DD Form 1081, MAY 75 PREVIOUS EDITION IS OBSOLETE

225-148

86NP0029

Figure 7-6.-Sample DD Form 1081, Statement of Agent Officer's Account (return of funds/vouchers).



## Sections

In the following paragraphs, we will briefly describe the different sections of the SF 1219 and how they are used. Refer to figures 7-7 and 7-8 as you read these descriptions. Assume you are responsible for the entries and their associated procedures. Remember, the DD 2657 to which we will refer is the final DD 2657 for the reporting period.

**HEADING.**— The heading section of the SF 1219 is self-explanatory.

**SECTION I, GENERAL STATEMENT OF ACCOUNT.**— Section I consists of the following parts:

- Part A.—Transactions During Period Affecting Accountability
- Part B.—Analysis of Incumbent Officer's Accountability
- Part C.—Analysis of Predecessor Officer's Accountability

**Part A.—Transactions During Period Affecting Accountability.**— As the title implies, Part A summarizes the transactions during the period that affects accountability. As previously stated, the amounts on the Statement of Accountability are derived from the various Month-to-Date totals on the DD 2657. Refer to figure 7-7 and locate line 1.00 in Section I, Part A. This amount represents the total accountability at the beginning of the accounting period; therefore, line 1.00 will equal the Month-to-Date column total from line 1.00 of the DD 2657. This amount must be the same amount that was reported as the Accountability Close of Period amount on line 5.00 of the SF 1219 for the previous reporting period. In the case of relieving DOs the amount shown in line 1.00 of Part A must be the same as the amount shown on line 11.0 of the relieved DO's final SF 1219. DOs reporting foreign currency will enter the amount of foreign currency (including depository checking accounts) held at the beginning of the reporting period in the blank space opposite the caption for line 1.00.

Next, locate line 2.0 in Section 1, Part A. Lines beginning with the number 2 are concerned with increases in accountability. Line 2.1 reports the total amount of U.S. Treasury checks issued. This amount must agree with the combined Month-to-Date column totals of lines 2.1A and 2.1B of the DD 2657. This amount must also agree with the amount in Section II, Part A, column 5, on the reverse of the SF 1219 (as shown in fig. 7-8) and with the net total of checks issued as reported on the SF 1179. Be aware that any checks issued on a depository checking account will not be

included in this total but will be treated as cash transactions. Lines 2.34 and 2.36 are not used. Line 2.37 is used to record the final accountability of a deactivated DSSN that is being assumed by the DO. This amount will equal the Month-to-Date column on line 2.37 of the DD 2657. Generally, line 2.39 is not used; however, designated DOs participating in the Treasury's On-Line Payment and Collection System may use this line. The amount in line 2.9 represents total increases in accountability for the accounting period. Now, locate line 3.0, which represents the subtotal of the amounts in the preceding lines.

Next, locate line 4.0, Decreases in Accountability. (Notice how after the increases in accountability are reported in Part A, the decreases are summarized.) The amount in line 4.1 represents the net disbursements for the month and equals the Month-to-Date column total from line 4.1F of the DD 2657. The amount entered in line 4.2, Deposits Presented or Mailed to Bank, will equal the combined Month-to-Date column totals of lines 4.2A and 4.2B of the DD 2657. This amount must also agree with the amount in Section II, Part B, column 5, on the reverse of the SF 1219 as well as the amount from line 20.0 of the Schedule of Deposit Activity. Lines 4.34 and 4.36 are not used. Line 4.37 is used only when the DSSN is being deactivated and final accountability is being transferred to another disbursing office. Line 4.39 is not used. Line 4.9 represents the total decreases in accountability for the accounting period.

Line 5.00, Total Accountability Close of Period, represents exactly what it says—the total accountability at the close of the accounting period. It will equal the Month-to-Date column total on line 5.0 of the DD 2657.

**Part B.—Analysis of Incumbent Officer's Accountability.** — Part B is an analysis of the present DO's accountability. Be aware that several lines in Part B do not have titles but are still designated for specific information. Locate line 6.1 in Part B. The amount in line 6.1 will equal the Month-to-Date column total from line 6.1 of the DD 2657. If there is only one Limited Depository Account (LDA), show the name and location on the Name and Location of Depository line of the description column. If more than one LDA is maintained by your office, attach a schedule to each copy of the SF 1219 showing the name, location, foreign currency unit, and U.S. dollar equivalent for each LDA, and show the total of all LDAs on line 6.1. Enter "See Attached" on the Name and Location of Depository line. Amounts on this line will always be reported in U.S. dollars and agree with the DO's computed LDA checkbook balance.

**STATEMENT OF ACCOUNTABILITY**

NAME OF DISBURSING OFFICER John R. Doe, Major, USAF	LOCATION OF DISBURSING OFFICER (Mailing Address) 5090 Support Wing / ACF
NAME OF AGENCY Air Force	APO AE 09106
PERIOD OF ACCOUNT FROM 1 Jun XX THROUGH 30 Jun XX	AGENCY LOCATION CODE (ALC) (Show main check symbol number) 6700

**SECTION I. - GENERAL STATEMENT OF ACCOUNT**

PART A. - TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY		
1.00	TOTAL ACCOUNTABILITY BEGINNING OF PERIOD	46,770.07
2.1	CHECKS ISSUED ON U.S. TREASURY	138,000.00
2.3	OTHER TRANSACTIONS	
2.34	DISCREPANCIES IN D.O. ACCOUNTS - CREDITS	
2.36	PAYMENTS BY ANOTHER D.O.	
2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS	
2.39		
2.9	TOTAL INCREASES IN ACCOUNTABILITY	138,000.00
3.0	SUBTOTAL	184,770.07
4.0	DECREASES IN ACCOUNTABILITY	
4.1	NET DISBURSEMENTS	162,914.39
4.2	DEPOSITS PRESENTED OR MAILED TO BANK	2,000.00
4.3	OTHER TRANSACTIONS	
4.34	DISCREPANCIES D.O. ACCOUNTS - DEBITS	
4.36	PAYMENTS FOR ANOTHER D.O.	
4.37	TRANSFERS TO OTHER DISBURSING OFFICERS	
4.39		
4.9	TOTAL DECREASES IN ACCOUNTABILITY	164,914.39
5.00	TOTAL ACCOUNTABILITY CLOSE OF PERIOD	19,855.68

PART B. - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY		
6.1	CASH ON DEPOSIT IN DESIGNATED DEPOSITARY <i>Bank of London England (Pounds)</i> <i>(Name and location of depository)</i>	1417.00
6.2	CASH ON HAND (Pounds 40, 80)	6,643.27
6.3	CASH - UNDEPOSITED COLLECTIONS	775.00
6.4		
6.5	CASH IN CUSTODY OF GOVERNMENT CASHIERS	1,900.00
6.6	Advances to Contractors	500.00
6.7		
6.8	Payroll Cash	8,000.00
6.9		
7.1	DEFERRED CHARGES - VOUCHERED ITEMS	300.00
7.2	RECEIVABLES - CHECK OVERDRAFTS	60.00
7.3	LOSSES OF FUNDS	80.00
7.4	RECEIVABLES - DISHONORED CHECKS	30.41
7.5		
7.6		
7.7		
7.8		
7.9		
8.0	TOTAL OF MY ACCOUNTABILITY	19,705.68

PART C. - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY		
9.2	RECEIVABLES - CHECK OVERDRAFTS	50.00
9.3	LOSSES OF FUNDS	100.00
9.4	OTHER ACCOUNTABILITY	
10.0	TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY	150.00
11.1	TOTAL DISBURSING OFFICER ACCOUNTABILITY (Same as line 5.00 above)	19,855.68

4.11	Gross Disbursements	177,531.25	4.14	Reimbursements	12,420.00
4.12	Refunds	196.86	4.15	Total Collections	14,616.86
4.13	Receipts	2,000.00			

I certify that this is a true and correct statement of accountability for the period stated at the office referred to above.

NAME AND TELEPHONE NUMBER OF CONTACT D. M. JACKSON DSN 123-4321	SIGNATURE AND TITLE OF CERTIFIER <i>J R Doe</i>	DATE 1 Jul XX
-----------------------------------------------------------------------	----------------------------------------------------	------------------

Figure 7-7.—Sample SF 1219, Statement of Accountability (front).

SECTION II - SUMMARY BY SYMBOL OF CHECK AND DEPOSIT TRANSACTIONS WITH U. S. TREASURY						
PART A - CHECKS ISSUED AND ADJUSTMENTS FOR PRIOR PERIODS *						
CHECK SYMBOL (1)	AMOUNT OF CHECKS ISSUED THIS PERIOD (2)	ADJUSTMENTS FOR PRIOR MONTHS ISSUES (+ or -)				TOTAL CHECKS ISSUED ^ (5)
		BY TFS FORM 5206		OTHER		
		ISSUE	AMOUNT	ISSUE	AMOUNT	
6700	137,660.00	12/XX	50.00	2/XX	400.00	138,000.00
		1/XX	(10.00)	4/XX	(100.00)	
TOTALS !						
PART B - SUMMARY OF DEPOSITS PRESENTED OR MAILED TO BANK (Line 4.2)						
DEPOSIT SYMBOL (1)	DEPOSITS PRESENTED OR MAILED TO BANK THIS MONTH (2)	DEPOSITS PRESENTED OR MAILED TO BANK IN PRIOR MONTHS BUT RECORDED IN ACCOUNTS THIS MONTH		TOTAL DEPOSITS PRESENTED OR MAILED TO BANK ^ (Column 2 + 4) (5)		
		MONTH PRESENTED OR MAILED TO BANK (3)	AMOUNT (4)			
	TC 420			TC 420		
TOTALS !						
<ul style="list-style-type: none"> <li>* The totals reported in these columns must be in agreement with the corresponding amounts reported on the SF 1179.</li> <li>+ The total reported in this column must be in agreement with the total shown on Line 2.1 on the face of this statement.</li> <li>! For use only if more than one (1) symbol is listed.</li> <li>^ The total reported in this column must be in agreement with the total shown on Line 4.2 on the face of this statement.</li> </ul>						

86N P0031

Figure 7-8. Sample SF 1219, Statement of Accountability (back).

Line 6.2 will equal the combined Month-to-Date column totals of lines 6.2A and 6.2B of the DD 2657. Show foreign currency amounts in parentheses from line 6.2B of the DD 2657 (after the description). This line will include funds in the possession of Automated Teller Machine custodians. (Amounts held by deputies, cashiers, or agents at locations other than the main disbursing office and cash held for payrolls will not be included in line 6.2.)

Line 6.3 will equal the combined Month-to-Date totals of lines 6.3A and 6.3B of the DD 2657. Include all undeposited cash and cash items (such as checks and money orders) on hand at the close of the reporting period that are for deposit to the Treasury. Do not include deposits your disbursing office has already mailed or presented for credit to the Treasury.

Line 6.4 will be labeled “Custody or Contingency Cash” in the description column. This will be the amount from the Month-to-Date column of line 6.4 of the DD 2657. Line 6.5 will include coin and currency in the hands of deputies, cashiers, agents, or change fund custodians at locations other than the main disbursing office. It will equal the Month-to-Date column total from line 6.5 of the DD 2657. When foreign currency is included in the amount, enter the amount in parentheses in the space between the caption and the amount column. Line 6.6 will be captioned as “Advances to Contractors” and the amount entered should equal the Month-to-Date column total of line 6.6 of the DD 2657. Line 6.7 will be captioned “Cash in Transit” and should equal the Month-to-Date column total of line 6.7 of the DD 2657. Line 6.8 will be captioned “Payroll Cash” and should equal the Month-to-Date column total of line 6.8 on the DD 2657. This will only include cash that is being held for payrolls. Line 6.9 will be captioned “Other Cash Items” and its amount should equal the Month-to-Date column total of line 6.9 on the DD 2657.

In the deferred section, lines 7.1 through 7.4 will be equal to the corresponding Month-to-Date columns of the DD 2657. Lines 7.5 through 7.9 are not used. The final line, 8.00, will equal the total of lines 6.1 through 7.4. This amount must agree with the Month-to-Date column total of line 8.0 of the DD 2657.

**Part C.—Analysis of Predecessor Officer’s Accountability.**— As the title indicates, Part C includes the analysis of predecessor DO’s accountability. Lines 9.2 through 10.0 will be used only by settlement officers to complete the liquidation of any receivables or deficiencies of a relieved DO. (DOs at afloat activities are not authorized to make entries on these lines.) The

total disbursing office accountability is shown on line 11.0 and must be equal to line 5.0 and the total accountability as shown the Month-to-Date column total on line 11.0 of the DD 2657.

**CERTIFICATION.**— This part of the SF 1219 should show the name and telephone number (both commercial, including the area code, and DSN) of the person to be contacted should any questions arise regarding the SF 1219. The DO will sign **all** copies of the Statement of Accountability in the space provided using the same signature as he or she used for signing checks. The date shown will be the day the SF 1219 is signed. In the case of a DO being relieved, the relieving DO will certify the receipt of cash and cash items in this section. Deputies will sign the SF 1219 only as necessary due to the absence of the DO. When a deputy signs the SF 1219, the name and rank of the DO will be typed above the deputy’s signature and the signature will be identified by the word “Deputy.”

**SECTION II.— SUMMARY BY SYMBOL OF CHECK AND DEPOSIT TRANSACTIONS WITH U.S. TREASURY.**— Section II consists of the following parts:

- Part A.— Checks Issued and Adjustments for Prior Periods
- Part B.— Summary of Deposits Presented or Mailed to Bank

Section II is located on the back of the SF 1219. Refer to figure 7-8 as we take a brief look at this section. You may also wish to refer to figure 7-7 (front of the SF 1219) to compare the amounts you will need to carry over from Section I and enter in Section II.

**Part A.**— Part A of Section II breaks down the information reported for this period concerning the official U.S. Treasury checking account. Read the titles of columns (1) through (5). These titles specify the information you will need to enter in the respective columns. This information includes the symbol number, the total checks issued during the period, any adjustments for checks issued in prior months, and then a total of the checks issued. Notice that the amount entered for the total checks issued (5) is a total of columns (2), (3), and (4). This amount must equal the amount on line 2.1 on the front of the form. (See fig. 7-7.) This amount must also be the same amount reported in the summary portion of the SF 1179.

**Part B.**— This section is left blank. The Schedule of Deposit Activity prepared by your disbursing office is used in its place.

**Distribution**

The DO submits the original and one copy of the SF 1219 with the financial returns. The other copy is retained in the disbursing office with the other retained returns.

**Erroneous Statements of Accountability**

DOs will not submit corrected or amended SFs 1219 under any circumstances. But, what if you find an error in the SF 1219 after your DO has forwarded this document with the financial returns? Your DO will simply report the error on the SF 1219 for the following reporting period. If adjustment action is necessary, the adjustment will be made on the succeeding month's SF 1219. In

instances when a final SF 1219 has been submitted because of deactivation of a disbursing office and subsequent adjustments are found to be necessary, a supplemental SF 1219 will be submitted showing the adjustments. The adjustment entries will be explained in detail by supporting documentation attached to the SF 1219.

**SCHEDULE OF DEPOSIT ACTIVITY**

A Schedule of Deposit Activity will be prepared by all Navy DOs who prepare a Statement of Accountability (SF 1219). This schedule is not a formal form; it is a locally prepared document. The format for this document should be similar to the that shown in figure 7-9.

SCHEDULE OF DEPOSIT ACTIVITY			
Organization	USS Neversail (DDG-1)		
Location	Norfolk, VA		
DSSN: 1234	DO: A. B. SEAMAN	Period of Report: Aug 19XX	
20.0	DEPOSITS OR DEBIT VOUCHERS REPORTED THIS MONTH		
20.1	REPORTED THIS MONTH AND CONFIRMED THIS MONTH OR EARLIER		
	DATE PRESENTED		
DEPOSIT/DEBIT	OR MAILED	DATE CONFIRMED	
<u>VOUCHER NO.</u>	<u>YYMMDD</u>	<u>YYMMDD</u>	<u>AMOUNT</u>
123456	XX0804	XX0805	\$100.00
123457	XX0810	XX0812	200.00
123458	XX0817	XX0821	300.00
63211	XX0816	XX0816	(50.00)
20.1	NET OF 20.1 ITEMS		\$550.00
20.2	DEPOSITS REPORTED THIS MONTH BUT UNCONFIRMED		
	DATE PRESENTED		
DEPOSIT	OR MAILED		
<u>NUMBER</u>	<u>YYMMDD</u>		<u>AMOUNT</u>
123459	XX0824		\$100.00
123460	XX0830		200.00
20.2	TOTAL OF 20.2 ITEMS		300.00
20.0	TOTAL REPORTED THIS MONTH		\$850.00
30.0	TOTAL UNCONFIRMED DEPOSITS BROUGHT FORWARD		\$100.00
31.0	DEPOSITS REPORTED PREVIOUS MONTHS		
	DATE PRESENTED		
DEPOSIT	OR MAILED	DATE CONFIRMED	
<u>NUMBER</u>	<u>YYMMDD</u>	<u>YYMMDD</u>	<u>AMOUNT</u>
123455	XX0728	XX0802	\$100.00
31.0	TOTAL OF 31.0 ITEMS		(100.00)
32.0	DEPOSITS REPORTED PREVIOUS MONTHS BUT NOT YET CONFIRMED		
			-0-
33.0	DEPOSITS REPORTED THIS MONTH BUT NOT YET CONFIRMED		\$300.00
34.0	TOTAL DEPOSITS REPORTED THAT REMAIN UNCONFIRMED		\$300.00

Figure 7-9.-Sample Schedule of Deposit Activity.

## **Purpose**

The primary purpose of the schedule is to list the detailed transactions included in line 4.2 (Deposits Presented or Mailed to Bank) of the SF 1219. The schedule also serves as a transmittal for deposit confirmation documents and provides a detailed listing of those that remain unconfirmed.

## **Preparation**

The schedule will be prepared in an original and two copies. The original and one copy will be submitted with the Statement of Accountability, SF 1219. The other copy is retained by the disbursing office.

## **MESSAGE REPORT OF STATEMENT OF ACCOUNTABILITY AND DISBURSEMENTS AND COLLECTIONS**

This is an additional report that aids the Navy in the timely gathering of financial information. It is a message report of the Statement of Accountability with detailed information concerning U.S. Treasury checking account activity and the amounts by appropriation of disbursements and collections. Figure 7-10 shows a sample message.

## **SUBMISSION REQUIREMENTS**

On the first workday following the end of an accounting period (normally a calendar month), all DOs assigned to ships, tactical units, and overseas non-tactical units submitting financial returns to DAO Norfolk or San Diego will submit the message report of the Statement of Accountability and Disbursements and Collections. Negative reports are required. If MINIMIZE on message traffic is in effect, reports will take precedence over MINIMIZE and be transmitted as required.

## **Relief of a Disbursing Officer**

When a change of DOs is effected on other than the last day of the month, the message report for the month will be submitted as follows:

- The relieved DO will render a report no later than the first working day after relief covering the applicable period. The report will contain a statement identifying the relieving officer and will also state that officer will render a further report following the end of the month.

- The relieving officer will render his or her report to include only his or her transactions for the month and identify the period for which the report is made. Further, the report will contain a statement identifying the DO relieved and that the relieved DO reported partial month transactions that are not included in the current report.

## **Disbursing Officer Temporarily Ceases to Transact Business**

Under certain circumstances such as overhaul or emergency repairs, DOs assigned aboard ships may be required to temporarily discontinue processing disbursements and collections transactions. Generally the DO will make arrangements with a nearby non-tactical DO to process these transactions (including payrolls) during the overhaul or repair period. This action does not close the DSSN and the DO will continue to prepare and submit all required reports including the message report. When a DO temporarily ceases to transact business, but does not close the disbursing account, the message report will be submitted as follows:

- Immediately upon transfer of the disbursement and collection transaction responsibility to a non-tactical DO, the transferring DO will submit the disbursements and collections portion of the message to report all transaction performed from the first day of the reporting period through the date of transfer. The report will identify the period for which the report is made. The report will also identify the DSSN of the disbursing office to which the work is transferred and include an estimate as to when normal operations are anticipated to resume.

- On the first workday following the end of the reporting period during which the responsibility for disbursement and collection transactions is transferred, the DO will prepare the Statement of Accountability portion of the report in the usual manner. The disbursements and collections portion will be negative and will contain a statement referencing the message report submitted in compliance with the preceding paragraph.

- For each succeeding month until disbursing operations are resumed, the DO will continue to submit the message report. The Statement of Accountability portion will report the DO's accountability to the Treasury and the disbursements and collections portion will be negative.

FM USS NEVERSAIL  
 TO DAO-CL NORFOLK VA  
 UNCLAS //N07250//  
 MSGID/GENADMIN/USS NEVERSAIL//  
 SUBJ/STATEMENT OF ACCOUNTABILITY AND DISBURSEMENTS AND COLLECTIONS//  
 SYMBOL 1234, DISBOFF A. B. CEE  
 PASS TO CODE FF 32  
 PERIOD OF ACCOUNT 01 AUG XX THRU 31 AUG XX

1. STATEMENT OF ACCOUNTABILITY:

SECTION I, PART A

1.0		11,079.00
2.1	7,281.50	
4.1	8,379.50	
4.2	3,000.00	
5.0		6,981.00

SECTION I, PART B

6.2		5,000.00
6.5		1,000.00
7.4		981.00
8.0		6,981.00

SECTION I, PART C

11.0		6,981.00
------	--	----------

SECTION II, PART A

(1)	(2)	(3)	(4)	(5)
1234	7,281.50			7,281.50

SECTION II, PART B

DT/DV	NUMBER	DOC DATE	DATE PRESENTED/MAILED TO BANK	AMOUNT
DT	45678	XX0816	XX0816	500.00
DT	45679	XX0820	XX0820	1,500.00
DT	45680	XX0827	XX0827	600.00
DT	45681	XX0830	XX0830	500.00
DV	89978	XX0814		(100.00)
				3,000.00

2. DISBURSEMENTS AND COLLECTIONS:

CODE	APPRO/SUB	PROG ELE/ BUD PROJ	REIM SOURCE	AMOUNT
1	1731453.2253			8,957.23
1	1731804.702E			11,576.10
4	1731453.2201			857.00
4	1731453.2202			26,592.11
	DISBURSEMENTS TOTAL			47,982.44
7	1731453.2250			1,577.66
7	1731453.2251			844.12
7	1731804.702E			3,477.27
8	17X4911.2310			33,703.89
	COLLECTIONS TOTAL			39,602.94//

Figure 7-10.—Message report of Statement of Accountability and Disbursements and Collections.

- Immediately upon resuming disbursing operations, the DO will notify the appropriate DAO by message of the date operations are resumed and the DSSN of the disbursing office from which responsibility was retrieved (if different from the initial DSSN to which transferred).

### **Preparation**

The message report portion entitled "Statement of Accountability" is the basis for establishing the month's accountability. After the message is prepared and again immediately after the message is transmitted, the DO must review and balance the message to ensure there are no errors and the message agrees with the hardcopy of the Statement of Accountability. Normally, the message report is used for consolidation and as the basis for subsequent reporting to the U.S. Treasury. Once a properly balanced message report has been transmitted, no changes are permitted unless specifically authorized by the appropriate DAO. Therefore, the SF 1219 must agree with the message report. If any change is discovered after a balanced message report is transmitted, the DO will not include the changes on the SF 1219, but will report them in the next month's financial returns. There is no rounding of figures. Like the Analysis of Cash and Other Assets, any lines with zero amounts will be omitted. In the Section II, Part B, portion of the message, the amounts of debit vouchers are shown in parentheses to denote a negative amount.

The Disbursements and Collections sections require a code to identify the category of expenditure or collection, Category codes for this purpose are as follows:

- 1 - public vouchers
- 4 - military payrolls
- 6 - civilian payrolls (list payroll UIC number on references line of message report)
- 7 - collections not covered under code 8
- 8 - collections from ship's stores deployed in foreign waters

The totals of codes 1, 4, and 6 less the totals of codes 7 and 8 must equal total net disbursements reported on line 4.1 of Section 1, Part A. For a complete explanation of the preparation of this report, refer to the *DODFMR*, Volume 5.

## **FINANCIAL RETURNS TRANSMITTAL**

All documents comprising the financial returns of any DO will be shipped under a covering DD Form 2666, Transmittal of Statements or Vouchers. This form is also required with the daily transmittal of business for those offices required to submit daily business.

A sample DD 2666 is shown in figures 7-11 and 7-12, The front of the form is self-explanatory. The vouchers section is designed to accommodate a DO's using a single series of voucher for all transactions as well as a disbursing office's using a separate series of voucher numbers for each type of transaction. Documents submitted that are not specifically included in the Forms or Vouchers section of the transmittal will be listed in the spaces provided in the Forms section. In the Vouchers section, your disbursing office should list the disbursement and collection voucher numbers.

### **TIME OF SUBMISSION**

Monthly financial returns must be completed on the first workday following the close of the accounting period. Reports that have been completed on the first workday after the close of the accounting period will not be considered late or delinquent if they are delayed by inadequate postal or shipping facilities. If the reports are not completed on the first workday after the close of the accounting period, a written explanation of the delay must be furnished with the reports.

### **ASSEMBLY, PACKAGING, AND FORMAT REQUIREMENTS**

As previously stated, certain designated DOs must submit vouchers on a daily basis. The packaging and submission of the daily documents differ from those being submitted monthly. The *DODFMR*, Volume 5, gives the proper way to arrange those vouchers. The distribution and packaging of required documents comprising the financial returns other DOs must submit can be found in appendix 2 of this book.

#### **Assembly**

The returns will be grouped, unfolded and flat, and arranged in packages as designated in Appendix 2 of this TRAMAN. Each package will be numbered serially and appropriately labeled as to its contents.



TRANSMITTAL OF STATEMENTS AND VOUCHERS <i>(Use reverse if more space is needed)</i>		1. PERIOD COVERED		2. DSSN 0001
		a. FROM 1 Nov XX	b. TO 30 Nov XX	
3. TO DFAS INDIANAPOLIS CENTER ATTN: DFAS-INV INDIANAPOLIS, IN 45249-1036		4. FROM COMMANDER, FT FINANCE ATTEN: ATSG-F FT FINANCE, IN 46216		
5. STATEMENTS AND VOUCHERS ARE TRANSMITTED AS INDICATED BELOW				
a. NUMBER OF PACKAGES IN THIS SHIPMENT				
NUMBER OF ENCLOSURES		FORM TITLE AND NUMBER		
ORIGINAL	COPIES			
X	X	STATEMENT OF ACCOUNTABILITY (SF 1219)		
		MONTH END CHECK ISSUE SUMMARY (SF 1179)		
X		JOURNAL VOUCHERS (OF 1017-G) (SUPPORTING ADJUSTMENTS)		
		COPIES OF DOCUMENTS SUPPORTING LINE 4.2 OF SF 1219 (SFs 215 AND 5515)		
X	X	STATEMENT OF DESIGNATED DEPOSITARY ACCOUNT (SF 1149)		
X		CERTIFICATE OF REVALUATION OF FOREIGN CURRENCY		
X		REQUEST FOR BID (PURCHASE/SALE) (DD Form 2668) <i>(Procurement of Foreign Currency)</i>		
b. VOUCHERS				
TYPE OF TRANSACTION	DISBURSEMENTS		COLLECTIONS	
	NUMBER OF VOUCHERS	VOUCHER NUMBERS FROM      THROUGH	NUMBER OF VOUCHERS	VOUCHER NUMBERS FROM      THROUGH
Commercial Payments	1941	251040      252980	217	100309      100525
Travel Payments	95	600087      500181		
Miscellaneous Payments	281	700011      700291		
6. DISBURSEMENT VOUCHER NUMBERS NOT USED OR VOIDED		7. COLLECTION VOUCHER NUMBERS NOT USED OR VOIDED		
8. DUPLICATED DISBURSEMENT VOUCHER NUMBERS		9. DUPLICATED COLLECTION VOUCHER NUMBERS		
10. SUB-VOUCHER NUMBERS		11. DEFERRED VOUCHER NUMBERS		
12. REMARKS				
13. FOR INFORMATION CONTACT F. A. BRUSH		14. TELEPHONE (111) 123-4567		
15. TYPED NAME AND GRADE F. A. BRUSH, LTC, FC, USA		16. SIGNATURE <i>F. A. Brush</i>		17. DATE FORWARDED 31 DEC 19XX

DD Form 2666, AUG 93

86NP0032

Figure 7-11.-Sample DD Form 2666, Transmittal of Statements and Vouchers (front).



## **Packaging**

Packaging material may be any of the following, or their equivalent, depending on the number of documents to be included in each package:

- Heavy envelopes
- Folders (envelopes or wallet type)
- Cardboard backings with the package tied together with cord or tape

## **Contents**

Financial returns are submitted in two packages—Package No. 1 and Package No. 2.

**PACKAGE NO. 1 (ORIGINAL RETURNS).**— Package No. 1 contains the original and one copy of the Statement of Accountability and supporting documents. Vouchers will be grouped by each type with separate adding machine tapes. Within each group, the vouchers will be arranged in numerical sequence by voucher number. Tapes for disbursements and collections will be prepared and compared with the totals on the SF 1219 to ensure completeness of the package. The tapes will be marked and attached to the original SF 1219.

**PACKAGE NO. 2 (COPIES).**— Package No. 2 contains copies of certain required documents. These documents are shown in appendix 2. The documents which require a copy to be submitted in Package No. 2, as shown in appendix 2, will be packaged separately. They should be in the same order as Package No. 1. No tapes are required for these documents in Package No. 2, but care should be taken to ensure all necessary copies are included.

## **LABELING AND SHIPPING REQUIREMENTS**

The financial returns will be packed in a manner consistent with their bulk and the conditions under which shipment is made. When practicable, the returns will be forwarded in one parcel or box. Heavy cardboard boxes are normally adequate. If more than one box is required, each will be numbered and marked to indicate the number of the box and the total number shipped, such as “No. 1 of 3.” Each parcel or box will be marked in the upper left corner with the name and symbol number of the DO, the station, and the department concerned. Under this information will be shown “Financial return for (insert month and year).”

When not in excess of weight and size limitations imposed by the U.S. Postal Service, returns may be forwarded by mail unless it has been proven to be unduly slow or unreliable in the past. In the upper left corner, under the return address, all mailings will bear the printed statement “Official business.” To avoid customs delays, returns from overseas and deployed DOs will have the following information prominently displayed on the outer wrapper of the returns:

Government Financial Reports  
Due in  
(city, state) by (date)  
Please Expedite.

The use of registered or certified mail for the transmittal of financial returns is not required. When the U.S. Postal Service cannot be employed, due to size or weight limitations imposed, other transportation media may be employed as prescribed in the *Naval Supply Systems Command Manual*.

## **SUBMISSION TO NAVY SUPPLY CORPS SCHOOL**

Annually, DOs afloat will submit copies of a portion of the monthly financial returns to the Navy Supply Corps School in Athens, GA. The Navy Supply Corps School uses these documents for training purposes. Each DO afloat should send a copy of the Transmittal of Statements and Vouchers, DD Form 2666, the Statement of Accountability (SF 1219), and the Month End Check Issue Summary (SF 1179) covering the accounting period ending 30 September to the School.

## **TRANSMITTAL OF SUBSEQUENT INFORMATION AND OUTSTANDING VOUCHERS**

Vouchers or explanation in voucher form required to complete an account, which were not available when original reports were forwarded, will be forwarded as soon as possible. Each voucher or explanation will be forwarded with a cover sheet containing a brief description of the document or explanation. The voucher number, date, DO's name, DSSN, and accounting period to which it pertains will be identified on each document or explanation forwarded.

## **RETAINED RETURNS**

The requirements for retained returns, proper stowage, and disposition are discussed in chapters 1 and 6 of this TRAMAN.

## **AUDITING OF REPORTS AND RETURNS**

Auditing reports and returns is an essential function in disbursing. It serves a twofold purpose. First, auditing is an internal verification system designed to assure the correctness and propriety of financial documents and the related reports and returns. Second, auditing is a management tool that enables the DO or supervisor to evaluate the performance of office personnel.

What procedures do you follow in auditing? Audit simply means to examine to verify correctness and accuracy. Each person will develop his or her own style to achieve the end result. Common approaches are checkoff lists, tickler files, and keeping sample copies of documents for reference purposes. Regardless of the method, one of the most important aspects is to ensure that all new changes are incorporated.

The key to successful auditing of reports and returns is consistency. You have read about the importance of accuracy in financial reports and returns and the reasons these controls are so important. Failure to submit correct information causes problems for many others, as well as extra work for you and your subordinates.

## **SUMMARY**

Financial returns may appear to entail a lot of work. Although numerous forms are required to complete the monthly financial returns, it is not really a difficult job. If the cash and vouchers are properly posted, balanced, and maintained throughout the month, the process of preparing the monthly returns is simple. The final document preparation and assembly can easily be done in one working day after the close of the accounting period allowed for submission.

The purpose of the information in this chapter was to give you an overview of the nature of financial returns and the requirements and procedures you must know to submit them properly. For additional information, we recommend you consult the *DODFMR*.

## CHAPTER 8

# PAY ENTITLEMENTS

In *Disbursing Clerk 3 & 2*, NAVEDTRA 12658, you were introduced to military pay and allowances. In this chapter, you will read about the two pay entitlement areas that seem to cause more problems than any other entitlements—overseas station allowances and variable housing allowances.

After reading the information in this chapter, you should be able to describe the purpose of these pay entitlements, identify and use some terms associated with them, and recognize their disbursing procedures and required documentation. As a senior Disbursing Clerk (DK), you will be called upon to provide supervision in these areas.

### OVERSEAS STATION ALLOWANCES

The purpose of the overseas station allowance is to help defray the additional costs that a member will incur in conjunction with being assigned to an overseas area. In this section, we will talk about three of these allowances: (1) overseas housing allowance (OHA), (2) cost of living allowance (COLA), and (3) temporary lodging allowance (TLA). The purpose of the OHA is to allow a member assigned to an overseas location to defray a significant amount of the housing cost associated with that duty station. The purpose of the COLA is to help a member maintain purchasing power whenever he or she is assigned to a duty station in a high-cost overseas area. The purpose of the TLA is to allow a member to be partially reimbursed for the more than normal expenses associated with temporary lodgings and meals.

### TERMINOLOGY

Before discussing each of these entitlements in greater detail, we need to define a few terms. For the purpose of our discussion of overseas station allowances, the terms associated with this type of entitlement will be used consistently throughout this chapter according to the definitions in the following paragraphs.

### Member With Dependents

As applied to overseas station allowances, a member with dependents is defined as a member who meets the following qualifications:

- Is authorized to have dependents reside at or in the vicinity of the member's permanent duty station (PDS) outside the continental United States (CONUS) and whose dependents do so reside
- Is joined by or who acquires dependents while serving outside CONUS, provided the dependents are command sponsored
- Had a member spouse who was later released from active duty or separated from the service and remained in the vicinity of the first member's duty station as of the effective date of permanent change of station (PCS) orders

The requirements do not apply to members whose PDSs are in Alaska, Hawaii, Puerto Rico, or a U.S. territory or possession if the dependents who join the member or are acquired by the member are bona fide residents of the respective state, commonwealth, or territory or possession. This requirement is also waived for officers or employees of the United States who are stationed in Alaska, Hawaii, Puerto Rico, or a U.S. territory or possession.

### Member Without Dependents

In regard to overseas station allowances, a *member without dependents* is defined as a member who meets the following qualifications:

- Has no dependents
- Has dependents who do not reside in the vicinity of the member's PDS
- Is considered to be a member without dependents according to the preceding criteria, but acquires dependents or is joined by dependents during the remainder of a tour
- Has noncommand-sponsored dependents residing in the vicinity of the PDS

- Does not have legal custody and control of the dependents

### Sharers

The term *sharer* as applied to overseas station allowances is defined as a member who is entitled to OHA and resides with one or more of the following persons:

- Members entitled to an OHA
- Federal civilian employees, including dependents, entitled to a living quarters allowance
- Individuals, excluding dependents of the member, who contribute money toward the payment of rent, mortgage, and/or utilities

### Vicinity

For the purpose of overseas station allowances, dependents will be considered to be residing in the vicinity of the member's duty station for any period during which they reside in the country, state (when in Alaska or Hawaii), or territory or possession of the United States within which the member's PDS is located. When a member resides with the dependents at, and commutes to, the PDS from a place in an adjacent country (except the United States), the dependents will be considered also as residing in the vicinity of the member's PDS.

## ENTITLEMENT AND PAYABILITY REQUIREMENTS

The general conditions under which OHAs and COLAs are payable are the same. Based on the overseas command, entitlement and playability requirements for TLAs may vary. In the following paragraphs, we will discuss the general conditions under which these allowances begin and end. Later in the chapter as we discuss each entitlement in greater detail, we will look at the more specific eligibility and playability requirements.

### Commencement

Generally, a member's entitlement to OHA and COLA begins on the day the member reports to the new PDS.

The allowances begin on the day following the day the member reports to the new PDS under the following circumstances:

- The member reports without dependents and is entitled to a mileage allowance in lieu of transportation plus flat per diem allowance (MALT PLUS) or TLA.
- The member reports with dependents and is entitled to a MALT PLUS for the member and a TLA for the dependents or is entitled to a TLA for both the member and dependents.

Commencement of entitlement may also vary based on the location of the old duty station. In the case of a member with dependents, it may vary according to the vicinity in which the dependents were residing during the member's tour at the old PDS before the member received orders to the new PDS. In some cases, the entitlement can begin before the member's arrival at the new PDS. A common example of this is when the dependents precede the member to the new PDS. In these cases, however, the member's old PDS must be outside CONUS, and the dependents must have been residing in the vicinity of the old PDS before the orders to the new PDS were issued. If the member's old duty station is inside CONUS, the commencement of entitlement must begin when the dependents arrive on or after the effective date of the member's orders or the day the member departs CONUS, whichever is later.

### Termination

Entitlement to OHA and COLA generally ends on the day before the member departs in compliance with PCS orders. If dependents remain after the member departs because of reasons beyond the control of the member or dependents, the allowances may continue up to 60 days after the effective date of the member's orders. Some examples of qualifying reasons are illness or hospitalization of dependents; completion of school term; lack of acceptable housing at the new PDS; and difficulties related to transportation of dependents, shipment of household goods, or exigencies of the service.

In the following sections, we will discuss each of these allowances in detail. Notice how entitlement and playability conditions vary, depending on the type of allowance.

## OVERSEAS HOUSING ALLOWANCE

The OHA system provides an allowance to personnel assigned to overseas locations to help defray a significant amount of the housing costs associated with overseas duty stations. All members who are authorized to live in privately leased or owned quarters can be entitled to OHA.

Two types of housing allowances are paid under the OHA system: (1) an up-front, lump-sum move-in housing allowance (MIHA) to those who qualify and (2) a monthly allowance. The monthly allowance is discussed first.

### Monthly Allowance

The computation for the monthly OHA is based on a comparison of the cost of rent, up to a rental ceiling at the PDS, plus the average utility/recurring maintenance allowance with the member's BAQ or family separation allowance (FSA)—Type I, whichever the member is entitled to at the overseas station. When all the dependents are in the vicinity of the PDS and are noncommand sponsored, the BAQ at the with dependents rate will be used for the computation. The monthly utility/recurring maintenance allowance is a figure that has been determined by averaging such costs for members at a particular location.

**INDIVIDUAL OVERSEAS HOUSING ALLOWANCE (OHA) REPORT, DD FORM 2367.**— The member must complete an Individual Overseas Housing Allowance (OHA) Report, DD Form 2367, and submit it through appropriate channels to start, change, stop, or correct OHA entitlement. Figure 8-1 shows a DD Form 2367. Annually, the member must recertify entitlement to OHA by completing and submitting a new DD Form 2367. In addition, the member must submit a new DD Form 2367 whenever any data entered on the latest DD 2367 changes.

**COMPUTATION FACTORS.**— The information provided on the DD Form 2367 is used to compute the amount of the member's monthly allowance. The factors used are the monthly rent amount, number of sharers, maximum rental ceiling, and the utility/recurring maintenance allowance.

**Monthly Rent.**— Monthly rent is the amount paid per month by a member to a landlord for the possession and use of a dwelling place. The term *dwelling place* includes a mobile home or a vessel. The rent stated in the lease or as otherwise agreed to by the landlord and the tenant will be used in the computation. If the

member must pay a recurring condominium or homeowner association fee, it should be prorated to a monthly charge and included in rent. If the rent changes for any reason, the OHA will be recomputed.

When a member owns his or her dwelling place, the amount to be considered as monthly rent will be derived by dividing the actual purchase price of the dwelling or residence by 120. (**NOTE:** Settlement costs, fees for title search, and other legal and related costs will not be included in determining the actual purchase price.) Also, the amount of any personal installment-type loans and real estate equity loans obtained for the purpose of renovating, repairing, or enlarging the current dwelling place will be added to the actual purchase price before determining the derived rent. (**NOTE:** Do not include loans used to furnish or decorate a home, loans for personal reasons, or credit card or line of credit loans.) If the dwelling place owned by the member is a mobile home or vessel, the monthly lot rental or berthing fees paid will be added to this amount. If the member is a sharer, the member's monthly rent will be determined by dividing the total monthly rent charged by the number of sharers occupying the dwelling.

**Sharers.**— Sharers are entitled to up to the maximum rental allowance ceiling prescribed for a member without dependents unless they are accompanied by one or more command-sponsored dependents. The OHA to which each sharer is entitled will be computed by adding (1) the sharer's prorated share of the rent paid or the maximum rental ceiling established for the sharer's grade and locality, whichever is less, plus (2) the prorated monthly utility recurring maintenance allowance. The difference between this sum and the sharer's BAQ or FSA—Type I, whichever applies, is the sharer's OHA. Members entitled to MIHA will receive a full rather than prorated miscellaneous allowance. However, only one of the sharers may claim reimbursement for any individual rent or security-related expense.

**Maximum Rental Ceiling.**— The maximum amount of monthly rent considered in computing the amount of OHA payable is contained in the *Joint Federal Travel Regulations (JFTR)*, Volume 1, appendix K. The ceiling for members with dependents is determined from housing cost data obtained from members in each area using a percentile method. Maximum rental ceilings are designed to cover fully the rental expenses for 80 percent of the members with dependents assigned to the area. The ceiling for members without dependents is determined by

INDIVIDUAL OVERSEAS HOUSING ALLOWANCE (OHA) REPORT				INTERAGENCY REPORT CONTROL NUMBER 0374-DOD-AR	
<i>Before completing, read Privacy Act Statement and Warning on reverse side</i>				REPORT CONTROL SYMBOL	
<b>PART A - IDENTIFICATION AND HOUSING INFORMATION</b>					
1. SERVICEMEMBER			3. SERVICEMEMBER'S RESIDENCE ADDRESS (Street, Apt.No., City, Country)		
a. NAME (Last, First, Middle Initial)					
b. PAY GRADE		c. SSN	4. EFFECTIVE DATE OF LEASE/RENTAL, SALE AGREEMENT (YYMMDD)		
d. DUTY LOCATION OR HOMEPORT			5. IN WHAT CURRENCY IS YOUR RENT OR MORTGAGE PAID? (x one) <i>(See instructions on reverse side if you pay rent three or more months in advance)</i>		
(1) Station Name			a. LOCAL CURRENCY (Specify name of currency. Report amount in item 4)		
(2) City			b. US DOLLARS		
(3) Country		(4) Duty Phone	6. X THE APPROPRIATE BOX TO INDICATE WHETHER YOUR RESIDENCE IS LEASED OR OWNED AND GIVE THE MONTHLY RENTAL AMOUNT OR THE PURCHASE PRICE IN THE CURRENCY YOU SPECIFIED IN QUESTION 5.		
2. ARE YOU ENTITLED TO A COST-OF-LIVING OR OVERSEAS HOUSING ALLOWANCE FOR DEPENDENTS RESIDING ELSEWHERE? (x one)			a. LEASED / RENTED (Enter monthly rent below if sharing, report TOTAL rent not your share)		
a. YES (Specify location)			b. OWNED (Enter original purchase price, include on cost of home. Exclude closing costs, taxes, etc.)		
b. NO or NOT APPLICABLE					
<b>HOMEOWNERS, SKIP QUESTION 7 AND GO DIRECTLY TO QUESTION 8</b>					
7. UTILITIES (Excluding telephone) (x appropriate box)					
a. I SEPARATELY PAY ALL UTILITIES, NONE ARE INCLUDED IN RENTAL/LEASE AGREEMENT WITH LANDLORD.			8. TO DETERMINE IF YOU ARE A "SHARER" FOR HOUSING ALLOWANCE PURPOSES, ENTER AN X IN THE BOX AT LEFT FOR EACH CATEGORY OF INDIVIDUAL OCCUPYING YOUR RESIDENCE. FOR EACH CATEGORY YOU ENTER AN X, ENTER THE NUMBER REQUESTED IN THE BOX AT RIGHT, THEN RECORD THE TOTAL IN THE BOX AT THE BOTTOM. (NOTE: Do not count dependents unless covered by category C)		
b. I DO NOT SEPARATELY PAY FOR ANY UTILITIES (Excluding telephone.) ALL UTILITIES ARE INCLUDED IN RENTAL/LEASE AGREEMENT AND PAID BY LANDLORD.			X a. MYSELF		
c. I SEPARATELY PAY FOR SOME UTILITIES (Excluding telephone) AND SOME ARE INCLUDED IN RENTAL/LEASE AGREEMENT WITH LANDLORD. (Complete items (1)-(5) below indicating utilities services of which your landlord provides the MAJORITY)			b. SPOUSE WHO'S ALSO A SERVICEMEMBER (Enter "1")		
(1) Electricity			c. SPOUSE OR OTHER DEPENDENT WHO IS A FEDERAL CIVILIAN EMPLOYEE ENTITLED TO LIVING QUARTERS ALLOWANCE (Enter number)		
(2) Heating			d. OTHER SERVICEMEMBERS ENTITLED TO A HOUSING ALLOWANCE (Enter number)		
(3) Air Conditioning (x if window units used and landlord provides electricity)			e. EXCLUDING DEPENDENTS, ANY OTHERS NOT COVERED ABOVE WHO PAY A PORTION OF THE RENT, MORTGAGE, AND/OR UTILITIES (Enter number)		
(4) Water or Sewer			TOTAL (Be through e) if result exceeds "1" you are considered a "sharer"		
(5) Trash Disposal					
9. If Block 8 b or 8.d is marked, report their full name(s), Social Security Number(s) and Branch of Service in "Remarks" on reverse.					
<b>PART B - CERTIFICATIONS</b>					
10. SERVICEMEMBER. I certify that:			11. HOUSING OFFICER or APPROPRIATE OFFICIAL		
a. The information I have reported is true and correct.			I have reviewed and verified the member's lease/rental/sale agreement and information from it was properly reported		
b. I will immediately inform my commanding officer if any changes occur to the information I have reported.			a. MIHAMISCELLANEOUS PAYMENT AUTHORIZED? (x one)		
c. The attached copy of my housing lease/rental/sale agreement (or certification from landlord) is true and correct, if applicable.			(1) Yes (2) No		
d. I have read the overseas housing allowance briefing sheet provided by my commander or authorized representative, if applicable.			If yes, entitlement is (a) initial (b) Subsequent		
e. SIGNATURE		f. DATE SIGNED	b. SIGNATURE		c. DATE SIGNED
			d. TITLE		
12. CERTIFYING OFFICIAL. I have reviewed this action and certify the entitlement. If applicable to this action, member has read the overseas housing allowance briefing sheet and is aware of his/her entitlements and responsibility to report any changes.					
a. TYPE HOUSING ALLOWANCE ACTION (x one)			b. MIHAMISCELLANEOUS ENTITLEMENT (x one)		
(1) Start		(3) Stop	(1) initial		(2) Subsequent
(2) Change		(4) Correct	(3) None		
		(5) *Cancel	c. EFFECTIVE DATE OF ACTION (YYMMDD)		
		(6) *Report			
<i>*For Air Force use only</i>					
d. DOES MEMBER HAVE COMMAND-SPONSORED DEPENDENTS IN AREA OF PERMANENT DUTY STATION?			(1) Yes (2) No		
e. SIGNATURE		f. TITLE		g. DATE SIGNED	

DD Form 2367, APR 90

Previous edition is obsolete

86NP0034

Figure 8-1.—Individual Overseas Housing Allowance (OHA) Report, DD Form 2367.

prescribing an amount equal to 90 percent of the ceiling prescribed for members with dependents.

#### Utility/Recurring Maintenance Allowance.—

The utility/recurring maintenance allowances are also found in appendix K of the *JFTR*. The amount is based

on average expenses reported by members dependents, where possible.

For utility/recurring maintenance allowance purposes, members are classified into one of several



categories. The following entitlements are for members who separately pay for all utilities:

- Member married to a member and maintaining a joint household— Each member is entitled to half of the utility/recurring maintenance allowance.
- Member defined as a sharer— Member is entitled to a pro rata share of the utility/recurring maintenance allowance.
- Member with dependents—Member is entitled to the full utility/recurring maintenance allowance.
- Member without dependents and not defined as a sharer— Member is entitled to 75 percent of the utility/recurring maintenance allowance.

For those members whose rent includes all utilities, the member is not entitled to the utility/recurring maintenance allowance. However, the appropriate allowance as determined previously will be added to the member's rental allowance ceiling when the OHA is computed.

When rent includes some utilities, the member may not be entitled to the entire portion of the utility/recurring maintenance allowance for his or her category. A separate computation based on the climate and utilities paid must be made according to specific tables in the *JFTR*. In this case, the amount to which the member is not entitled will be added to the appropriate rental allowance ceiling when the member's OHA is computed.

**COMPUTATION PROCEDURE.**— Figure 8-2 shows each step in the procedure used to compute a monthly OHA.

#### **COMPUTATION FOR A MONTHLY OHA**

1. Ascertain the member's monthly rent in U.S. dollars. When rent is paid in foreign currency, convert to dollars by using the Rate of Exchange given in the *JFTR*, appendix K.
2. Ascertain the appropriate rental allowance ceiling for the member's paygrade and dependency status shown in the *JFTR*, appendix K. If rent includes all utilities, add the utility/recurring maintenance allowance to the maximum rental allowance ceiling. If rent includes some (but not all) utilities, add the amount computed in item 3 to the maximum rental allowance ceiling.
3. Ascertain the average utility/recurring maintenance allowance from the *JFTR*, appendix K. The following conditions apply:
  - a. Rent includes all utilities: Member is not entitled to a separate utility/recurring maintenance allowance; however, this allowance should be added to the rental allowance ceiling determined in step 2.
  - b. Rent includes no utilities: A member with dependents who is not a sharer is entitled to the full utility/recurring-maintenance allowance. A member without dependents who is not a sharer is entitled to 75 percent of the utility/recurring maintenance allowance. A member with or without dependents who is a sharer is entitled to a pro rata share of the utility/recurring maintenance allowance.
  - c. Rent includes some utilities: Member may not be entitled to full utility/recurring maintenance allowance. Compute percentage according to the tables in the *JFTR* based on climate and utilities paid. If the member is not entitled to the full allowance, the amount to which the member is not entitled is added to the maximum rental allowance ceiling determined in step 2.
4. Compare monthly rent computed in step 1 with rental allowance ceiling determined in steps 2 and 3. The lesser of the two is used to compute OHA.
5. Add the amount determined in step 4 and the utility/recurring maintenance allowance calculated in step 3 to determine the total housing expenses to be compared with member's BAQ or FSA-Type I.
6. Deduct from the sum determined in step 5 the member's BAQ or FSA-Type I, whichever applies. If the result is negative or zero, the member will not receive an OHA. If the result is positive, the member will receive an OHA equal to the amount of this result.

**Figure 8-2. Step-by-step procedure for computing OHA.**

**RECERTIFICATION.**— As mentioned earlier, all members entitled to an OHA must have their housing cost data, as reported on the DD 2367, recertified annually.

### **Move-In Housing Allowance**

The purpose of the MIHA is to defray costs associated with a member's occupancy of privately leased/owned quarters covered by the OHA program. To be entitled to MIHA, a member must be eligible for OHA.

**TYPES OF MIHA'S.**— There are three different types of MIHAs: (1) MIHA/Miscellaneous, (2) MIHA/Rent, and (3) MIHA/Security. The requirements and documentation will differ among the three types.

**MIHA/Miscellaneous.**— The miscellaneous entitlement reflects the average expenditures made by members to make their dwellings habitable. This payment recognizes that items such as sinks, toilets, light fixtures, kitchen cabinets, door/window locks, and a refrigerator and stove are sometimes not provided in overseas dwellings. The amount payable is found in appendix K of the *JFTR* along with the rental ceiling and utility/recurring maintenance allowances. The amount is determined from members' actual expenses reported to the Per Diem, Travel and Transportation Allowance Committee (PDTTAC) each year. All members entitled to MIHA will receive MIHA/miscellaneous. It is paid based on the DD 2367 completed for OHA entitlement. Only one payment is authorized at a duty station unless a government-funded local move occurs and the member occupies another dwelling covered by OHA.

**MIHA/Rent.**— The rent entitlement totally covers reasonable rent-related expenses and, therefore, does not apply to homeowners. The expenses covered are fixed, one-time, nonrefundable charges levied by the landlord, the landlord's agent, or a government, which the member must pay before or upon occupying a dwelling place. Examples are the real estate agent's fees, redecoration fees, and one-time lease taxes. Advance rental payments or refundable deposits are not covered. Recurring costs are also excluded. Any expenditure considered unreasonable by the authorizing/approving official must be disallowed in part or total. Those members who qualify must complete a Move-In Housing Allowance Claim Form, DD Form 2556. This form is shown in figure 8-3.

Appropriate receipts/documents must be provided to support the claimed amounts.

**MIHA/Security.**— The security entitlement covers reasonable security-related expenses for members assigned to areas where dwellings must be modified to minimize exposure to terrorist and/or criminal threats. Qualifying areas are listed in appendix N of the *JFTR*. Examples of permissible items are security doors, bars, locks, lights, and alarm systems. Expenditures that are not related to the physical dwelling, such as for personal security guards or dogs, are not permitted. The DD 2556 is used to claim MIHA/Security allowances. Appropriate receipts/documents are also required to support these expenses.

**MEMBERS NOT ENTITLED TO MIHA.**— A member in any one of the following situations will not be entitled to MIHA:

- A government-funded move does not occur. (Exception: If a member is entitled to a government-funded move but elects to move at personal expense, he or she is authorized MIHA. However, the member's commanding officer must issue a certificate stating that the member was entitled to a government-funded move but elected to move at personal expense.)
- Member executes a PCS but remains in the same dwelling place.
- Member moves from government quarters to a nongovernment residence in conjunction with retirement or separation.

### **Advance Payment of OHA**

When allowed by regulations, a member's commanding officer, the commanding officer's designated representative, or another official so designated may authorize an advance payment of OHA and BAQ. A member may receive the advance to pay advance rent, security deposits, or initial expenses that result from occupancy of other than government housing. The advance may be paid at any time during the member's tour at the duty station. It may also be authorized when a member has located housing incident to PCS orders. Normally, the advance will not be disbursed more than 3 working days before the date the payment under the lease or rental agreement must be made, but may be authorized earlier in extenuating circumstances. The request must also be made no later than 90 days after the member signs the lease/rental

<b>MOVE-IN HOUSING ALLOWANCE CLAIM FORM</b> FOR PERSONNEL OCCUPYING PRIVATELY LEASED/OWNED QUARTERS OVERSEAS <i>(Read Warning, Privacy Act Statement, and Instructions on reverse before completion)</i>			INTERAGENCY REPORT CONTROL NUMBER 0370-DOD-AR
			REPORT CONTROL SYMBOL
<b>PART A - SERVICEMEMBER IDENTIFICATION AND RESIDENCE INFORMATION</b>			
1. NAME (Last, First, Middle Initial)		2. GRADE	3. SOCIAL SECURITY NUMBER
4. DUTY LOCATION OR HOMEPORT a. STATION NAME		b. LOCATION CODE <i>(Official Use)</i>	5. RESIDENCE ADDRESS (Street, Apt. No., City, Country)
c. CITY	d. COUNTRY	e. DUTY TELEPHONE NO.	
<b>PARTS B - C - EXPENSES ASSOCIATED WITH OCCUPYING RENTED/OWNED QUARTERS</b>			
a. EXPENSE ITEMS <i>(Use all expense items in Parts B and C below. Enter "None" if appropriate. If a sharer, only one sharer may report an expense item. Report all amounts in dollars and cents. Refer to Instructions and Appendix N, JFIR, to determine what can and cannot be reported.)</i>		b. AMOUNT CLAIMED <i>(If payment made in foreign currency, convert to dollars at actual conversion rate)</i>	c. AMOUNT ALLOWED <i>(If certifier excludes any amount, provide explanation on separate sheet)</i> <i>(Official Use)</i>
PART B - RENT - RELATED EXPENSES <i>(Not applicable to homeowners)</i>			
6. PART B SUBTOTAL <i>(Official Use)</i> →			
PART C - SECURITY-RELATED EXPENSES <i>(Allowed only in selected areas. See Appendix N)</i>			
7. PART C SUBTOTAL <i>(Official Use)</i> →			
<b>PART D - REIMBURSEMENT TO MEMBER <i>(Official use only. Servicemember - skip to Part E)</i></b>			
8. AMOUNT FROM LINE 6			
9. AMOUNT FROM LINE 7			
10. AMOUNT DUE MEMBER <i>(Sum of Lines 8 and 9)</i>			
<b>PART E - CERTIFICATIONS</b>			
11. SERVICEMEMBER. I certify that the information reported in Parts A - C is true and correct.			
a. SIGNATURE		b. DATE SIGNED (YYMMDD)	
12. HOUSING OFFICER OR DESIGNATED AUTHORIZING/APPROVING OFFICIAL. I have reviewed this claim and certify that information was properly reported. I have entered monthly rent <i>(in dollars using Part B conversion rate, if appropriate)</i> and total shares from members DD Form 2367. <i>(If homeowner, report "rent" as original purchase price divided by 120)</i>			
a. RENT	b. TOTAL SHARERS	c. TITLE	
d. SIGNATURE		e. DATE SIGNED (YYMMDD)	

DD Form 2556, Feb 90

86NP0035

Figure 8-3.—Move-In Housing Allowance Claim Form, DD Form 2556.

agreement or incurs initial expenses incident to occupying nongovernment quarters.

**REQUEST FOR PAYMENT.**— The member's request for the advance of OHA and BAQ must specify the following:

- The reason for the advance.
- The amount of the advance requested.
- The repayment period in months, if greater than 1 year, but not to exceed the member's tour of duty at the station.
- The repayment start date, if other than the month following payment. This date will always be the first day of the month.

The member's request must be submitted with the appropriate documentation to support the actual housing expenses. This would include a copy of the lease/rental agreement, applicable utility company statements, and any other pertinent documentation that will help determine the actual costs. The approving official must review these facts before approving the member's request for payment.

**AMOUNT.**— The amount to be advanced normally should not exceed the total of 1 year's allowances the member expects to accrue. A larger amount may be authorized if justified by proper documentation. In no case will the advance payment exceed the anticipated housing expenses or the OHA and BAQ accruable for the member's tour at that station, whichever is less. In addition, the member's ability to repay the advance, considering other advances of pay that may have been made and any recurring pay deductions, will be considered in determining the amount to be authorized. Expenses identified by a member that will be used in the purchase of any real estate or living accommodations will not be considered as a basis for authorizing or determining the amount of the advance.

**LIQUIDATION.**— Liquidation of the advance usually will be at a rate of not less than equal monthly installments of one-twelfth of the amount advanced per month for the next 12 months. Collection will begin on the first day of the month after payment has been made unless the member requests a later starting date and the authorizing official agrees that it is justified. The starting date may be postponed up to 3 months after the advance is paid. The repayment may be spread over a period of more than 1 year, but is not to exceed the member's tour at the station.

## **COST OF LIVING ALLOWANCE**

COLAs are paid to help members maintain purchasing power when they are assigned to high-cost overseas areas, including Hawaii and Alaska. The

COLA system compares a difference in cost for a "market basket" of goods and services purchased in an overseas area to a similar market basket purchased in CONUS. Using these data, the PDTTAC calculates the COLA index for an area. The COLA index is a number that represents the purchasing power difference for an overseas area versus CONUS. A COLA index of 110 means that prices are 10 percent more expensive overall than in CONUS. The COLA index for specific overseas areas can be found in the *JFTR*, Volume 1, appendix J.

## **Entitlement Factors**

The entitlement to a COLA will be based on one or more of the following factors: (1) the member's dependency status, (2) the availability of government messing facilities, and/or (3) the type of quarters occupied. First, we will look at the entitlement factors for a member without dependents. Later, we will look at the same factors for a member with dependents.

**MEMBER WITHOUT DEPENDENTS.**— For a member without dependents, the following factors represent the classifications and types of entitlements.

**Government Mess Not Available.**— COLA will be payable for any day during which a government mess is not available for three meals a day at the PDS. This allowance is not payable for any period in excess of 30 consecutive days the member is on leave in CONUS.

**Government Quarters and Mess Available.**— A member residing in government quarters at a PDS (including a vessel) where a government mess is available is entitled to a COLA of 47 percent (rounded to the closest penny) of the full rate specified for a member without dependents. This rate will also apply to a member who does not use an available government mess because of the presence of noncommand-sponsored dependents.

**Enlisted Member on Separate Rations.**— An enlisted member for whom government quarters are not available who is authorized to mess separately is entitled to a COLA.

**Members Authorized To occupy Nongovernment Quarters.**— A member in grade E-7 or higher occupying nongovernment quarters is entitled to COLA for any day during which it is impractical to use the existing government mess for all three meals. A member assigned to a ship or an afloat unit will have the COLA reduced to 47 percent of the full rate beginning on the day the ship is deployed when the period of the deployment is more than 30 days. This

only applies to members permanently assigned to a ship or an afloat unit.

**Use of a Government Mess Impractical.**—COLA is payable for any day the commanding officer furnishes a statement that the use of a government mess is impractical.

**Member Married to Member—Joint Residence.**— A member whose spouse is also a member and who maintains a joint residence with the spouse in government or nongovernment quarters is entitled to COLA for any day the member is not required to use a government mess.

**Member in Confinement.**— A member who enters a confinement status as a result of disciplinary action is not entitled to COLA while in confinement.

**MEMBER WITH DEPENDENTS.**— A member with dependents is entitled to a COLA notwithstanding the availability of a government mess to the member at the PDS (including a vessel), except under the following conditions:

- For any day in excess of 30 consecutive calendar days that a member accompanied by dependents is on leave in CONUS.

- When one or more of the dependents depart the vicinity of the PDS and return to CONUS for a temporary period, the entitlement for any day in excess of 30 consecutive calendar days that the dependents are in CONUS will not be payable for those dependents.

- When all the dependents return to CONUS for a temporary period in excess of 30 consecutive calendar days, the entitlement beginning on the 31st day that the dependents are in CONUS will be as a member without dependents.

- For any period for which a government mess has been declared available (whether or not used) for both the member and dependents for all meals because of unusual or emergency circumstances rendering the preparation of meals at home or the procurement of food in commercial establishments impractical.

- When one or more student dependents depart the vicinity of the PDS and return to CONUS to attend school, the entitlement will be reduced as of the day following the day of departure to the rate for the number of dependents remaining.

### Computation

To compute a member's COLA, you must use two of the appendixes in the *JFTR*— appendix J to find the index for the location and appendix L for the tables used to determine annual compensation and annual spendable income. To determine the COLA to which a member is entitled, you will need the following information about the member:

- Current paygrade
- Years of service
- Annual compensation (*JFTR*, appendix L, table I)
- Number of dependents
- Average annual spendable income (*JFTR*, appendix L, table II)
- Current duty station and COLA Index (*JFTR*, appendix J)

Figure 8-4 shows the step-by-step procedure to be followed in computing a member's COLA.

### COMPUTATION FOR COLA

1. Ascertain the member's annual compensation in the *JFTR*, appendix L, table I, based on the member's grade and years of service.
2. Locate the line in the *JFTR*, appendix L, table II, under Annual Compensation that corresponds to the annual compensation you determined in step 1 to find the member's Average Annual Spendable Income based on the member's dependency status.
3. Ascertain the COLA Index prescribed for the member's duty station from the *JFTR*, appendix J.
4. Subtract 100 from the COLA Index from step 3 and convert the remainder to a percentage (decimal).
5. Multiply the member's Average Annual Spendable Income from step 2 by the percentage (decimal) from step 4. The result is the member's annual COLA. Divide this amount by 360 and carry the result to five digits to the right of the decimal. This will give you the daily rate of COLA.

Figure 8-4. Step-by-step procedure for computing a member's COLA.

A sample computation is shown in figure 8-5.

## TEMPORARY LODGING ALLOWANCE

TLA is authorized as partial reimbursement for the more than normal expenses a member will incur during his or her occupancy of temporary lodgings. It is also used to help reimburse a member for the expense of meals he or she will incur as a direct result of using a temporary lodging facility outside CONUS that does not have facilities for preparing and consuming meals.

### General Entitlement Conditions

The following situations are examples of the circumstances under which a member may be entitled to a TLA:

- Upon initial arrival at (reporting to) a PDS outside CONUS and pending assignment of government quarters, or pending completion of arrangements for other permanent living accommodations when government quarters are not available, the member is entitled to a TLA.
- For reasons beyond the member's control, a member who was once established in permanent

quarters in the vicinity of the PDS is required to vacate these quarters, either permanently or temporarily. The member is then required to use temporary lodgings in the vicinity of the PDS either while seeking other permanent quarters or pending reoccupancy of the permanent quarters he or she formerly occupied, as the case may be.

- When a member without dependents vacates permanent housing because of a temporary duty assignment of 90 days or more, the member is entitled to a TLA while seeking permanent housing following the temporary duty.
- Immediately preceding departure on PCS orders from outside CONUS after vacating government quarters in connection with these orders or after surrender of other permanent living accommodations, a member is entitled to a TLA.
- While en route between PDSs, a member is hospitalized and the dependents are required to use temporary lodging during the member's period of hospitalization. The member is entitled to TLA for the dependents.

### SAMPLE COLA COMPUTATION

**SITUATION:** A member in paygrade E-8 with 19 years service is assigned to a duty station outside CONUS for which the *JFTR*, appendix J, prescribes COLA Index 122. The member is accompanied by a spouse and three children.

#### COMPUTATION:

1. The member's annual compensation from the *JFTR*, appendix L, table I, is \$38,250.
2. The member's average annual spendable income from the *JFTR*, appendix L, table II, based on four dependents is \$23,700.
3. The COLA Index in the *JFTR*, appendix J, is 122 for the member's duty station.
4. Subtract 100 from the COLA Index of 122. You should get a remainder of 22. Converting this to a decimal produces the multiplier .22.
5. Multiplying the member's average annual spendable income of \$23,700 by the multiplier of .22 results in an annual COLA of \$5,214:

$$(\$23,700 \times .22 = \$5,214).$$

Divide this amount by 360 and carry the result to five digits to the right of the decimal:

$$(\$5,214 \text{ divided by } 360 = \$14.48333).$$

This gives the daily rate of the member's COLA.

Figure 8-5.-Example of a COLA computation.

In the following sections, we will discuss some conditions under which TLA entitlements may begin and end.

**INITIAL ASSIGNMENT.**— Generally, entitlement to TLA begins on the same date a member is authorized for the commencement of COLA or OHA. The period of entitlement upon assignment to a PDS outside CONUS requiring a change of residence will not normally exceed 60 days. Since the senior commander in each country is required to issue regulations covering the administration of TLA for that country, a shorter period may apply based on local conditions. In addition, the regulations will designate those individuals who are authorized to approve the payment of TLA and set forth guidelines for the review of the necessity of TLA and for the economical administration of TLA payments. This will include a review of member's expenses and diligence in seeking permanent housing at the end of each 10- to 15-day period, as determined by local instructions.

**PERIODS IN EXCESS OF 60 DAYS.**— A period in excess of 60 days maybe authorized or approved for specific reasons in increments of 10 days or less. These reasons are as follows:

- Nonarrival of household goods
- Delay in availability of or assignment to government quarters because of exigencies of the Service
- Acts of God, fire, flood, earthquake, riot, civil unrest, or other disturbances that make normally available or anticipated housing temporarily or permanently uninhabitable or unavailable
- Withdrawal of housing from the market by a landlord
- Inability of member to secure housing considered by the housing officer to be suitable to the member's needs, in an acceptable location, and comparable to and within the price range of housing currently being used by other members in the area
- Hospitalization of member or dependent(s); or curtailment of opportunities to arrange for permanent living accommodations because the nature of the member's assigned duties require the member to be away from the PDS (home port, if attached to a vessel)

**MEMBER AND DEPENDENTS ENTITLED TO MALT PLUS.**— When a member and/or

dependents is/are entitled to a MALT plus a flat per diem (MALT PLUS) on the day of reporting to a new PDS, no entitlement to TLA for the member or dependents, as applicable, exists for that day.

**MEMBER ENTITLED TO PER DIEM FOR TRAVEL STATUS.**— In some circumstances, a member and/or dependents maybe entitled to per diem based on a travel status on the first day of reporting or after reporting to the new PDS. As indicated in the following examples, the entitlement to TLA will vary according to the circumstances.

**Day of First Reporting to New PDS.**— When a member and/or dependents occupy temporary lodgings on the day of first reporting to the new PDS, the member is entitled to TLA for self and/or dependents. Lodging costs incurred after termination of travel status on the day of first reporting will be included as TLA expenses.

**Period While Awaiting Arrival of Ship.**— When a member is in a per diem status while at the home port awaiting arrival of the ship to which he or she is assigned, TLA on behalf of the member is not payable during the waiting period. This period will begin with the day of arrival at the home port and will extend through the day before the member actually reports aboard the ship. Except on the day of reporting to the ship, lodging costs for quarters jointly occupied by a member and dependents will be apportioned 50 percent for the member and 50 percent for the dependents (regardless of the number of family members). However, on the day the member actually reports aboard the ship, the lodging costs will not be apportioned and the entire lodging costs will be included as a TLA expense. The number of dependents occupying temporary quarters, in the area of the PDS or the home port of the ship, will determine the rate payable for the days that the member is entitled to per diem.

**Period of Temporary Duty or Deployment While Away From New PDS.**— A member receiving TLA who is ordered on temporary duty after arrival at the new PDS or who is ordered on deployment from the home port may continue to receive TLA on the member's behalf. The TLA expense may include the member's share of the temporary lodging cost. This allowance applies when the member's military assignment requires that the temporary quarters be retained at the PDS or home port. The member's claim must be annotated with or have attached certification ascertaining that the reason the member retained those quarters was because of military necessity and not because of personal choice or convenience.

**MEMBER ARRIVES BEFORE DEPENDENTS.**— When a member arrives at an overseas PDS before the dependents, the member may be authorized TLA if the necessary conditions are met. Upon arrival of the dependents, TLA may also be authorized or approved for the member and/or the dependents for the period they are required to use temporary lodgings. If the dependents arrive after the initial 60-day period expires, an additional period of entitlement may be authorized if any of the specific conditions set forth for additional entitlements are met.

### **Special Entitlement Conditions**

The period of entitlement for TLA may vary depending on a variety of factors, including local directives.

**MEMBER AND DEPENDENTS REQUIRED TO VACATE PERMANENT QUARTERS.**— When a member and/or dependents are required to vacate the established permanent quarters for reasons beyond the member's control, the period of entitlement will be for the entire period that temporary lodgings are required, as long as this period is approved by the authorizing official. TLA will begin on the first day temporary lodgings are used and end on the day before permanent lodgings are reoccupied or on which the authorizing official determines that the allowance is no longer justified.

**MEMBER'S DEPARTURE TO NEW PDS.**— The period of entitlement upon a member's departure to a new PDS will not exceed the last 10 days preceding the day the member departs from the old PDS in compliance with PCS orders. Like almost all other things in the disbursing world, there are exceptions. The following conditions are the exceptions to the "last 10 days" rule:

- If one or more of the dependents should remain after the member departs, the period of entitlement will not exceed the last 10 days preceding the day the last dependent departs. However, the departure must be no later than 60 days after the effective date of the PCS orders.

- If one or more of the dependents should remain in the vicinity of the old PDS, the period of entitlement will not exceed the last 10 days preceding the day the last dependent departs, without regard to the effective date of PCS orders. The period of entitlement, based on the member's assignment to a restricted or unaccompanied tour, must be approved by proper authority.

- If one or more of the dependents should remain in the vicinity of the old PDS after the member is subsequently assigned to other than a restricted or unaccompanied tour, the period of entitlement will not exceed the last 10 days preceding the day the last dependent departs. The departure must be no later than 60 days after the effective date of the PCS orders to the new PDS. The period of entitlement, based on the member's assignment to a restricted or unaccompanied tour, must be approved by proper authority.

- If the member faces a delayed departure or early termination of permanent housing, a longer period of entitlement may be authorized. (We will discuss these conditions later in this chapter.)

- If the member or dependents are hospitalized or the nature of the member's assigned duties requires the member to be away from the PDS or home port, a longer period of entitlement may be authorized.

**DEPENDENTS DEPART BEFORE MEMBER.**— When dependents depart an overseas PDS before the member, TLA is authorized for the member and dependents, provided they meet the other requirements for entitlement to TLA. The period of entitlement incident to the dependents' departure will not exceed the last 10 days before the last dependent departs and will not begin earlier than the issue date of the PCS orders or official alert notice, as applicable. Upon departure of the member at a later date, TLA may again be authorized or approved for the member.

**DELAYED DEPARTURE.**— When the period of entitlement authorized begins and actual departure is delayed through no fault of the member or dependents, additional entitlement may be authorized or approved. The entitlement will be in increments of 10 days or less for the entire period that temporary lodgings must be used.

**EARLY TERMINATION OF PERMANENT HOUSING.**— When, for reasons beyond the control of the member and/or dependents, permanent housing is required to be relinquished more than 10 days before the estimated date of departure, the approving authority may authorize TLA beginning the day such housing is relinquished. An example of this is when the lease, custom, or law requires the housing to be surrendered at fixed dates more than 10 days before scheduled departure. TLA will be authorized only for the number of days needed to prevent undue hardship to the member during the period involved.



**MEMBER DETACHES FROM A SHIP AWAY FROM HOME PORT.**— While a ship home-ported outside CONUS is away from the home port, a member who detaches on PCS orders from the ship to the home port is entitled to TLA in his or her own behalf unless he or she is entitled to per diem. If the member is entitled to per diem at the home port, no entitlement to TLA exists for the member. Only the dependents occupying temporary lodgings at the home port are considered for TLA purposes.

**Computation of TLA Entitlement**

The computation of TLA is the same whether the member and/or dependents are arriving or departing. The computations are normally done in 10-day increments (15 days when determined to be appropriate by the TLA approving authority) or less when TLA entitlement ceases to exist before the end of that period. Figure 8-6 shows the step-by-step procedure you should use to compute TLA. Figures 8-7 and 8-8 are examples of TLA computations.

**COMPUTATION OF TLA**

1. DETERMINE THE PERCENTAGE TO BE USED BASED ON THE NUMBER OF INDIVIDUALS: Your first step is to establish a percentage based on the number of individuals according to the following facts:

<u>NUMBER OF PERSONS, INCLUDING MEMBER, IN FAMILY OCCUPYING TEMPORARY LODGING:</u>	<u>PERCENTAGE APPLICABLE:</u>
Member or one dependent	65%
Member and one dependent, or two dependents only	100%
For each additional dependent under 12, add	25%
For each additional dependent 12 and over, add	35%

2. DETERMINE THE MEALS AND INCIDENTAL EXPENSE (M&IE) EQUIVALENCY: Multiply the percentage computed in step 1 by the M&IE rate prescribed in the JFTR, Volume 1, appendix B, for the member's PDS.

3. DETERMINE THE GROSS DAILY EQUIVALENCY: Add the result from step 2 to the actual daily lodging cost. Receipts, invoices, or statements from the provider of the lodging are required to verify lodging expenses. If the member is in a per diem status, only half of the lodging expenses will be applied for the dependents' TLA. Lodging costs are not allowed when the member or dependents are staying with friends or relatives.

4. DETERMINE THE NET DAILY EQUIVALENCY: Deduct the total daily allowances for BAQ or FSA—Type I (as applicable), BAS, and VHA (Alaska and Hawaii only) from the result in step 3. Do not deduct with dependent BAQ or VHA if the claim is for the member only. Do not deduct BAS when it is not paid or when only the dependents are entitled to TLA.

5. DETERMINE THE MAXIMUM TLA ALLOWANCE: Multiply the percentage from step 1 times the locality per diem rate in the JFTR, appendix B.

6. DETERMINE THE APPLICABLE DAILY RATE: Compare the amounts found in steps 4 and 5. Pay the lesser of these two amounts for each day.

When temporary lodgings have facilities and spaces for preparing and consuming meals, as determined by the designated representative, the daily rate of TLA will be computed with the following modifications:

- a. Substitute one-half of the M&IE amount in the JFTR, appendix B, for the locality M&IE rate in step 2.
- b. Determine the maximum TLA allowance for use in step 5 by multiplying the percentage determined in step 1 by the total of the lodging amount and one-half of the M&IE in the JFTR, appendix B.

**Figure 8-6.—A step-by-step procedure for computing TLA.**

### EXAMPLE 1

CONDITIONS: This example shows TLA computations for an O-1 with one dependent, a spouse. The member is assigned to a ship home-ported in Gaeta, Italy. The per diem rate for the locality is \$132 (\$66 lodging, \$66 M&IE). The member is entitled to monthly BAS of \$129 (\$4.30 per day) and BAQ of \$393.30 per month (\$13.11 per day). While the ship is away from its home port on 01 October, the member and spouse arrive in Gaeta and occupy temporary lodging at a cost of \$98 per day. Facilities for preparing and consuming meals are not available. On 06 October, the ship returns to its home port and the member reports aboard that day. The ship remains in its home port.

COMPUTATIONS: Since the member is waiting for a ship and is in a per diem status for part of the time, the member is not entitled to TLA for the period 01 – 05 October; therefore, two different computations are necessary.

#### 01 – 05 October

1. Determine TLA percentage based on one individual. 65%
2. Multiply the percentage in step 1 times the M&IE rate.  $65\% \times \$66 = \$42.90$
3. Add the result in step 2 to the actual daily lodging cost.  $\$42.90 + \$49 = \$91.90$   
Divide the lodging cost by 2, because the member is in a per diem status.  $\$98$  divided by 2 =  $\$49$ .
4. Deduct the daily allowance from step 3.  $\$91.90 - 13.11 = \$78.79$   
BAQ =  $\$13.11$   
BAS =  $\frac{0.00}{\$13.11}$  (TLA for dependent only)
5. Determine the maximum TLA rate. Multiply the percentage in step 1 times the per diem rate.  $65\% \times \$132 = \$85.80$
6. Compare the amounts in steps 4 and 5, and pay the lesser amount for each day.  $\$78.79$  vs  $\$85.80$ ; Pay  $\$78.79$  for each day.  
 $\$78.79 \times 5 = \$393.95$

#### 06 – 10 October

1. Determine the TLA percentage based on two individuals. 100%
2. Multiply the percentage in step 1 times the M&IE rate.  $100\% \times \$66 = \$66$
3. Add the result in step 2 to the actual daily lodging cost.  $\$66 + \$98 = \$164$
4. Deduct the daily allowance from step 3.  $\$164 - \$17.41 = \$146.59$   
BAQ =  $\$13.11$   
BAS =  $\frac{4.30}{\$17.41}$
5. Determine the maximum TLA rate. Multiply the percentage in step 1 times the per diem rate.  $100\% \times \$132 = \$132$
6. Compare the amounts in steps 4 and 5, and pay the lesser amount for each day.  $\$132$  vs  $\$146.59$ ;  
Pay  $\$132$  for each day.  
 $\$132 \times 5 = \$660$

NOTE: This example shows computations involving these factors: (1) A computation for the member who is in a per diem status and (2) a regular computation for a member and dependents. Any computations for subsequent periods would be done in lo-day increments in the same manner as that shown for the period 06 – 10 October.

Figure 8-7.-Sample TLA computation involving per diem entitlement.

## EXAMPLE 2

**CONDITIONS:** This example is for a member, spouse, and two children under the age of 12 who are occupying temporary lodging that contains facilities for preparing and consuming meals. The locality per diem rate is \$150 (\$76 lodging and \$74 M&IE). The lodging expense is \$138 per night. The member receives \$13.11 per day for 3AQ and \$4.30 per day for BAS.

### COMPUTATIONS:

1. Determine the TLA percentage based on four individuals.	150% (100% for first 2 plus 25% each for children under 12)
2. Multiply the percentage in step 1 times one-half of the M&IE rate. Half of the M&IE rate = \$37.	$150\% \times \$37 = \$55.50$
3. Add the result in step 2 to the actual lodging cost.	$\$55.50 + \$138 = \$193.50$
4. Deduct the daily allowance from step 3.	$\$193.50 - \$17.41 = \$176.09$
BAQ = \$13.11	
BAS = $\frac{4.30}{17.41}$	
5. Determine maximum TLA rate—multiply the percentage in step 1 times the total of the maximum lodging amount plus one-half of the M&IE amount (\$76 + \$37)	in $150\% \times \$113 (\$76 + \$37) = \$169.50$
6. Compare the amounts in steps 4 and 5 and pay the lesser amount.	\$176.09 vs \$169.50; Pay \$169.50 for each day.

Figure 8-8.—Sample TLA computation involving temporary lodging with facilities for preparing and consuming meals.

**NOTE:** These figures are for illustrative purposes only and may not contain the specifically correct BAQ, BAS, or per diem rates you should use. The information in these figures is designed to help you learn how to compute TLA entitlements. Please consult the most recent authoritative publications for the currently correct rates.

### Restrictions on Concurrent Payments of Overseas Station Allowances

As a senior DK, you should be aware that concurrent payments of the overseas station allowances we have just discussed have certain restrictions.

Normally, OHAs and COLAS are not payable during a period in which a member is entitled to TLA for himself or herself and/or dependents. However, some exceptions to this rule apply when concurrent payments of overseas allowances are payable. The following situations are some examples of exceptions to this restriction. In these examples, concurrent allowances would be payable:

- A member's dependents are authorized to remain at their place of residence after the member

departs as long as the dependents are in compliance with the conditions we discussed earlier governing entitlement of a member's dependents to overseas station allowances.

- A member's dependents precede the member to the new PDS and the member is receiving allowances as a member without dependents at the old duty station.

- A member once established in permanent quarters is required to vacate those quarters temporarily. (OHA is not paid when housing cost is not incurred for permanent quarters.)

- Station allowances are authorized for dependents at a designated place outside CONUS while the member serves an overseas restricted tour.

After reading about the playability requirements and possible exceptions to these requirements, you may find yourself feeling somewhat overwhelmed by the technicalities involving payment of overseas station allowances. There are certainly many different rules concerning these entitlements. As a senior DK, you will discover that once you begin to work with these entitlements, the rules and computations will become second nature. We have covered the general rules. For

particular or unusual situations, always consult the *JFTR*, Volume 1, chapter 9.

## VARIABLE HOUSING ALLOWANCE

For personnel who are receiving BAQ inside CONUS, Alaska, or Hawaii, the variable housing allowance (VHA) is the equivalent of an OHA. The purpose of the VHA is to help a member who is entitled to BAQ defray some of the housing costs when permanent government quarters are not assigned or cannot be occupied jointly by the member and his or her dependents.

## GENERAL ELIGIBILITY REQUIREMENTS

To be eligible for VHA, a member must file a VHA Certificate and must fall into any one of the following entitlement categories:

- Be assigned to a PDS in an area of the United States that is a high housing cost area with respect to the member's paygrade.

- Be a member with dependents assigned to an unaccompanied tour outside the United States and for any period while the member is serving that tour, his or her dependents reside in an area of the United States that is a high housing cost area with respect to the member's paygrade.

- Be a member with dependents assigned to a PDS in the United States and, because of the location of the PDS or circumstances of the assignment, the dependents must reside at a different location in an area of the United States that is a high housing cost area with respect to that member's paygrade. (These conditions must be according to provisions of the *JFTR*, Volume 1.)

- Be a member with dependents assigned to an unaccompanied tour in Alaska or Hawaii; and be or would be entitled to an FSA—Type I, if the PDS were outside the United States.

## TERMINOLOGY

The terms defined in the following paragraphs will be used throughout this chapter. For the purpose of VHA, these terms should be used and associated with the definitions described in the following paragraphs.

## Permanent Duty Station

A member's old PDS is considered to be the PDS for VHA purposes through the day before the member reports to the new PDS in compliance with PCS orders. Annual certification of the member's housing costs is required for the payment of VHA.

**NOTE:** VHA is not payable for the number of travel days allowed on PCS orders for direct travel between the old and new PDS. A reduction in the VHA entitlement for those travel days will be made at the rate paid to the member while assigned to the old PDS or at the rate payable following departure from that PDS if an allowance was not paid while at the old PDS because government quarters were assigned.

## High Housing Cost Area

For VHA purposes, an area is considered to be a high housing cost area for a member when the median monthly cost of housing in that area for other members in the same paygrade exceeds 80 percent of the median monthly cost of housing in CONUS for members in the same paygrade.

## Member Without Dependents

The term *member without dependents* as used in this section means a member who is entitled to BAQ at the without-dependents rate.

## Member With Dependents

The term *member with dependents* as used in this section means a member who is entitled to BAQ at the with-dependents rate.

## Unaccompanied Tour

The term *unaccompanied tour* as used in this section means any portion of a member's assignment to a PDS in which any of the following circumstances pertain to the assigned PDS:

- Outside the United States when the dependents reside in, or during which all dependents return to, the United States to establish a permanent residence.

- In Alaska when the dependents reside in, or during which all dependents return to, one of the other states or the District of Columbia to establish a permanent residence and the member is entitled to VHA for the PDS provided the member would be entitled to

FSA—Type I during the assignment or following the departure of the dependents.

- In Hawaii when the dependents reside in, or during which all dependents return to, one of the other states or the District of Columbia to establish a permanent residence and the member is entitled to VHA prescribed for the PDS provided the member would be entitled to FSA—Type I during the assignment or following the departure of the dependents if the PDS were outside the United States.

### **Offset**

At times, a member's prescribed VHA plus BAQ will exceed the member's actual rental or ownership expenses. In these cases, the VHA payable to the member will be computed at an offset rate. The offset will reduce the member's entitlement so that the entitlement will more accurately correspond with the member's actual expenses. The VHA offset will be explained in greater detail later in this chapter.

**NOTE:** In no case will the amount of the offset or reduction exceed the member's prescribed VHA for his or her actual expenses. If the member's housing costs equal or exceed the total of the member's prescribed VHA plus BAQ, the member is entitled to the full VHA without offset.

### **Residence**

A residence is any quarters in which a member and/or his or her dependents actually reside.

### **Rental Expenses for a Residence**

A member who rents a residence maybe entitled to rental expenses for a residence. In the case of a member who rents a residence, the allowable housing expenses for the purpose of computing the VHA offset rate will be limited to the rent payment, liability and personal property insurance, plus the standard utility/maintenance expense (SUME) for the applicable location and member's paygrade.

For a member who rents a mobile home or houseboat as a residence, the allowable housing expenses will also include the lot or berthing fees, if applicable.

### **Ownership Expense for a Residence**

The term *ownership expense for a residence* refers to an eligible member who owns his or her residence.

In the case of a member who owns a residence, the allowable housing expenses for the purpose of computing the VHA offset rate will be limited to the periodic mortgage payments, and if not included in the mortgage payments, hazard and liability (homeowner) insurance and real estate taxes and personal loans used to repair, renovate, or enlarge the residence unsecured by mortgages plus the SUME for the applicable location and member's paygrade.

For a member who owns a mobile home or a houseboat as a residence, the allowable housing expenses will also include the lot or berthing fees, if applicable.

### **Standard Utility/Maintenance Expense**

An SUME will be used for computing the VHA offset rate for each geographic locality, grade, and dependent status. This expense will be based on reported utility and maintenance costs for each locality, grade, and dependent status as shown in a table prepared by the PDTTAC.

The SUME includes the monthly cost for electricity, natural gas/propane, fuel oil, wood/coal, water/sewer, and garbage. It also includes the average monthly cost of condominium fees, homeowner's association fee, property and hazard insurance if not part of the monthly house payment, and maintenance costs for upkeep of the residence. Maintenance costs include such items as plumbing, electrical, heating/cooling system, or structural repairs. It does not include the cost of home improvements such as remodeling, a new roof, a new furnace, major appliances, new fences, and other additions.

## **DOCUMENTATION FOR VHA ENTITLEMENT**

The documentation requirements for VHA eligibility include the VHA Certificate, Dependency Application/Record of Emergency Data, and other supporting documents.

### **VHA Certificate**

As mentioned earlier, the member must file a VHA Certificate for entitlement to VHA. A copy of the certificate is shown in figure 8-9.

# VA CERTIFICATE

FOR PERSONNEL USE ONLY  
 Start  Change Eff Date \_\_\_\_\_

(To be completed by member) **PART I - IDENTIFICATION AND HOUSING INFORMATION**

1. Service member

a. NAME (Last, First, Middle Initial) \_\_\_\_\_

b. Pay Grade \_\_\_\_\_ c. Social Security Number \_\_\_\_\_

d. Duty Location or Homeport  
 (1) Station Name \_\_\_\_\_

(2) City and State \_\_\_\_\_ (3) Duty Phone \_\_\_\_\_

2. Member's Residential Address (Street, Apt No., City, County, State and Zip Code) \_\_\_\_\_

3. Dependent's Residential Address (Street, Apt No., City, County, State and Zip Code) (If other than block 2 above) \_\_\_\_\_

4. Effective date of Lease/Rental/Sale Agreement (YYMMDD)  
 a. Member's \_\_\_\_\_ b. Dependent's (Complete if block 3 is filled out) \_\_\_\_\_

5. To determine if you are a "sharer" enter an X in the appropriate box of the left for each category of individual occupying your residence. For each category you mark with an X, enter the total number of individual's in that category in the box at the right.

X	a. Myself			
	b. Spouse who is also a Servicemember. (Enter 1 and provide the following data indicated.)	Name	SSN	Service
	c. Spouse or other dependent who is a Federal civilian employee entitled to a living quarters allowance. (Enter 1)			
	d. Other Servicemembers entitled to basic allowance for quarters (Enter total number)			
	e. Excluding dependents, any others not covered above who pay a portion of the Rent, Mortgage, and/or utilities (Enter total number)			
	f. Enter the total of 3a through 5e above. (Do not count dependents unless covered by category c. If the result exceeds "1" you are considered a "sharer"			

6. Expenses. If authorized, I am requesting YHA based on:  
 my permanent duty station;  my dependent's location;  both my permanent duty station and dependent's location

a. Monthly Ownership Expenses:

(1) Principle/Interest	_____   _____
(2) Taxes	_____   _____
(3) Insurance	_____   _____
(4) Other (Specify)*	_____   _____
Totals	_____   _____

b. Monthly Rental Expenses:

(1) Rent	_____   _____
(2) Insurance	_____   _____
(3) Other (Specify)*	_____   _____
Totals	_____   _____

\*Docking fee, trailer hookup fee or trailer lot fee. **DO NOT INCLUDE CONDO/MAINTENANCE FEE.**

Variable Housing Allowance (VHA) was implemented to provide military members an allowance based on the difference between a member's BAQ and the actual rent a member pays, not to exceed the maximum VHA payable. If changes occur in residency, dependency, number of member's sharing rent, or monthly rent, notify command/personnel/disbursing officer as soon as possible. The penalty for making a fraudulent claim/statement is a maximum fine of \$10,000.00 or maximum imprisonment of five years, or both (18 U.S. Code, Section 287)

I certify that I fully understand the conditions of entitlement to VHA and my responsibility for promptly notifying appropriate officials when changes affecting my entitlement occur.

\_\_\_\_\_  
 (Signature) (Date)

(To be completed by disbursing) **PART II - COMPUTATION**

7. VHA ELIGIBILITY COMPUTATION:

<p><b>Column A</b></p> <p>a. BAQ _____</p> <p>b. FSA TYPE - 1 _____</p> <p>c. VHA _____</p> <p>d. TOTAL _____              (Enter total in 7h)</p> <p>e. Housing Cost _____              (Divide by # of sharer's and enter sharer's portion.)</p> <p>f. Utility/Maintenance Expense _____              (Divide by # of sharer's and enter sharer's portion.)</p> <p>g. TOTAL _____              (Enter total in 7i)</p>	<p><b>STOP HERE if 7g is greater than 7d</b></p> <p><b>Column B</b></p> <p>h. Enter amount from 7d _____</p> <p>i. Enter amount from 7g _____</p> <p>j. Subtract 7i from 7h. Enter the difference _____</p> <p>k. Enter amount from 7c _____</p> <p>l. Subtract 50% of 7j from 7k _____</p> <p>m. Enter difference. This is the member's VHA entitlement _____</p>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

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Figure 8-9.—VHA Certificate.

## **Dependency Application/Record of Emergency Data**

The information in the VHA Certificate must be verified with the member's Dependency Application/Record of Emergency Data, NAVPERS 1070/602.

### **Other Documents**

In addition, each VHA Certificate must be submitted with documents (original or legible copies) showing the member's actual housing expenses according to whether the member is a renter or homeowner. Members in these categories will provide the required documentation as explained in the following paragraphs.

**RENTER.**— A member who is classified as a renter must provide the following documentation:

- Copy of the rental/lease agreement or a certificate from the landlord containing the member's name and the full rental/lease payment for the residence
- Copies of liability and personal property (renter's) insurance policies or substantiation of the premium payment
- Copies of rental/lease agreement/mortgage documents for mobile home lot or houseboat berthing space, if applicable

**HOMEOWNER.**— A member who is classified as a homeowner will provide the following:

- Copy of mortgage payment documents
- Copy of hazard and liability (homeowner) insurance policies or substantiation of the premium (if not included in the mortgage payment)
- Copies of real estate tax statements (if not included in the mortgage payment)
- Copies of rental/lease agreement/mortgage documents for mobile home lot or houseboat berthing, if applicable

### **VHA RATES PAYABLE**

VHA is payable to a member with or without dependents at one of the following rates:

- The offset rate

- A rate prescribed in a rate table prepared by the PDTTAC
- A rate prescribed in a special determination issued by the Secretary of the Navy and the Chairman of PDTTAC

As we explained earlier, VHA is not payable for the number of days of travel allowed on PCS orders for direct travel between the old and new PDS. A reduction in VHA entitlement for those travel days will be made at the rate paid to the member while he or she was assigned to the old PDS. If an allowance was not paid to the member because government quarters were assigned at the old PDS, a reduction will be made at the rate payable following the member's departure from the old PDS.

In the following paragraphs, we will explain how you will use these rates to calculate a member's VHA entitlement. Remember, the VHA entitlement is based on the circumstances of each individual member.

#### **Without Dependents Rate**

The VHA prescribed for a member's PDS will be used for determining entitlement for a member without dependents.

#### **With Dependents Rate**

Normally, the VHA prescribed will be used in determining the member's entitlement for a member with dependents whether the dependents reside with the member or at a different location.

When the Secretary of the Navy or a designated representative issues a determination that dependents must maintain a permanent residence in a military housing area other than the one in which the PDS is located, the VHA will be based upon the actual location of the dependents' residence.

In addition, the following conditions apply when the dependents reside separately from the member and the member is assigned to an unaccompanied tour at the following PDSs:

- Outside the United States—The allowance prescribed for the area within the United States where the dependents reside will be used in determining the member's entitlement to VHA for the dependents.
- In Alaska or Hawaii—The allowance prescribed for the area within the other state or District of Columbia where the dependents reside will be used to

determine the member's entitlement to VHA for the dependents.

● In Alaska or Hawaii— The allowance prescribed for the area within Alaska or Hawaii where the dependents reside will be used in determining the member's entitlement to VHA for dependents when both the PDS and dependents' residence are in the same state, provided the member in Alaska is entitled to FSA—Type I or the member in Hawaii would be entitled to FSA—Type I if the PDS were outside the United States.

In cases when the dependents reside in different locations, the member will designate the primary residence of the dependents for VHA entitlement.

### **Husband and Wife Both Members Rate**

When both husband and wife are members, each is entitled to VHA as a member, with or without dependents as applicable, depending on whether the member has a dependent other than the spouse. This entitlement exists whether husband and wife maintain a joint residence or separate residences. In no case will a spouse who is also a member on active duty be considered as a dependent for entitlement purposes.

When a member is married to another member and the couple maintains a joint residence, the combined maximum authorized housing expense (HE) and combined maximum authorized housing income (HI) of both members will be used to calculate the VHA offset instead of each member's proportional share of the HE or HI.

### **VHA Offset Rate**

When the member's prescribed VHA plus BAQ exceeds the member's rental or ownership expenses, the VHA payable will be computed at an offset rate. The resulting VHA entitlement should bring the member's VHA in line with his or her actual housing expenses.

**APPLICABILITY OF OFFSET RATE.**— The VHA offset rate is based upon the occupancy of permanent quarters and the amount of the housing expenses as compared to the housing income. The VHA offset does not apply to those members who are initially reporting to a new PDS and have not occupied permanent quarters.

Upon arrival at a new PDS or residence of dependents, as applicable, a member is authorized VHA without offset for a period of 60 days or until the

member and/or dependents occupy permanent quarters, whichever occurs first.

**AMOUNT OF OFFSET REDUCTION.**— The amount of the reduction will not exceed the member's prescribed VHA. In fact, if the member's housing costs equal or exceed the total of the member's prescribed VHA plus BAQ, the member is entitled to the full VHA without offset.

**EFFECTIVE DATE OF OFFSET COMPUTATION.**— The offset method of computing VHA will become effective when a member and/or his or her dependents occupy a permanent residence or 60 days after the member's arrival at the PDS, whichever occurs first.

**EXCEPTIONS TO OFFSET RATE.**— Offset provisions do not apply to members who are in the following status:

- In transit between PDSs, but otherwise entitled to VHA
- Residing in temporary quarters upon arrival at the new PDS (not to exceed 60 days)
- Residing in temporary quarters before departing an old PDS (not to exceed 60 days)
- Undergoing separation or retirement processing at a separation activity, other than the last PDS (not to exceed 60 days)

**COMPUTATION OF OFFSET RATE.**— Upon occupancy of a permanent residence or beginning on the 61st day after reporting to a new PDS, a member will report the actual rental or ownership expenses (SUME not included) by completing a VHA Certificate.

**Member's Expenses Are Less Than Prescribed VHA Plus BAQ.**— If the member's allowable rental or ownership expenses are less than the sum of prescribed VHA and the member's BAQ, the member's prescribed VHA will be reduced by 50 percent of the difference between the rental or ownership expenses and the sum of the prescribed VHA plus BAQ. In no event will the amount of the reduction exceed the prescribed VHA for the member.

**Member's Expenses Are Equal to or More Than Prescribed VHA Plus BAQ.**— When the member's rental or ownership expenses are equal to or more than the total of the member's prescribed VHA plus BAQ, the member will be entitled to the full prescribed VHA. Figures 8-10 and 8-11 show two examples of the



**EXAMPLE 1**

**SITUATION:** An O-4 with two dependents is assigned to a PDS and rents a house in the vicinity of the base.

**VHA ELIGIBILITY COMPUTATION:** STOP HERE IF 7g IS GREATER THAN 7c.

	<u>Column A</u>		<u>Column B</u>
a. BAQ	<u>519.90</u>	h. Enter amount from 7d.	
b. FSA Type I		i. Enter amount from 7g.	
c. VHA	<u>262.34</u>	j. Subtract 7i from 7h.	
d. Total		k. Enter amount from 7c.	
			<u>782.24</u>
e. Housing cost	<u>800.00</u>	l. Subtract 50% of 7j from 7k.	
f. Utility/Maintenance expense	<u>296.34</u>	m. Enter difference. This is the member's VHA entitlement.	
g. Total			<u>1096.34</u>

**VHA:** Since the member's housing cost plus utility/maintenance allowance (7g) exceeds the total of the BAQ and VHA (7d), the member is entitled to the full VHA.

**Figure 8-10.—Example of a VHA offset computation.**

**EXAMPLE 2**

**SITUATION:** An O-4 with two dependents is assigned to a PDS and owns a home in the vicinity of the base. The monthly mortgage, including taxes and insurance, is \$400.

**VHA ELIGIBILITY COMPUTATION:** STOP HERE IF 7g IS GREATER THAN 7c.

	<u>Column A</u>		<u>Column B</u>
a. BAQ	<u>519.90</u>	h. Enter amount from 7d.	<u>782.24</u>
b. FSA Type I		i. Enter amount from 7g.	<u>696.34</u>
c. VHA	<u>262.34</u>	j. Subtract 7i from 7h.	<u>85.90</u>
d. Total		k. Enter amount from 7c.	<u>262.34</u>
			<u>782.24</u>
e. Housing cost	<u>400.00</u>	l. Subtract 50% of 7j from 7k.	<u>42.95</u>
f. Utility/Maintenance expense	<u>296.34</u>	m. Enter difference. This is the member's VHA entitlement.	<u>219.39</u>
g. Total			<u>696.34</u>

**VHA:** Since the member's housing cost plus utility/maintenance allowance (7g) is less than the total of the BAQ and VHA (7d), the VHA offset applies and the member receives a reduced amount of VHA.

**Figure 8-11.—Example of a VHA offset computation.**

computation of the VHA offset. Only the bottom section of the certificate is shown.

**COMPUTING THE VHA OFFSET FOR SHARERS.**— For members who are considered sharers, the housing expenses and housing income are

computed differently. A member entitled to VHA and residing with one or more members entitled to VHA or individuals, excluding dependents of the member, who contribute money toward the payment of rental or ownership expenses is considered to be a sharer. In

computing for the VHA offset, the BAQ plus VHA to which each member sharer is entitled will constitute the housing income. The total rental or ownership expense for the residence plus the SUME at the with dependents rate, appropriate to each member sharer's grade, divided by the total number of sharers, will constitute each member sharer's housing expense. Each member sharer's prescribed VHA will be reduced by 50 percent of the difference between the member's housing income and housing expense. In no event will the amount of the reduction exceed the member's prescribed VHA. When the member sharer's housing expense equals or exceeds the housing income, the member sharer will be entitled to the full prescribed VHA.

**NOTE:** A member married to a member (such as a couple maintaining a joint residence) is not considered to be a sharer for computing VHA offset. However, when a member-married-to-another-member couple shares a joint residence with another person as a sharer, each member will be considered sharers for the purpose of computing the VHA offset for each member.

## CONDITIONS OF PAYMENT

The conditions of payment of any VHA are, of course, based on the conditions of entitlement. Entitlement to VHA is dependent on a member's entitlement to BAQ and, in most cases, begins and ends under the same conditions. As we explained earlier, VHA is not payable for the number of days the member is allowed for PCS travel directly between PDSs when a transfer is involved. Generally, VHA at the rate paid at the member's old PDS will continue through the day before the member reports to the new PDS, with a deduction for the travel time. The member becomes entitled to the rate prescribed for the new PDS on the date of reporting. If VHA was not paid at the old PDS because government quarters were assigned, the member is entitled to VHA at the rate applicable to the old PDS beginning on the day the member becomes entitled to BAQ.

The following general rules are:

- A member departing from a PDS located outside the United States incident to a PCS to a PDS in the United States is entitled to VHA applicable to the new PDS effective on the date the member reports at the new PDS or the date the member reports at the temporary duty (TDY) location if the member reports there first.

- A member departing a PDS located outside the United States incident to a PCS to a PDS in the United States is entitled to VHA applicable to the TDY location

effective the date the member reports at that location if a new PDS is not named in the orders.

- A member departing a PDS located in Alaska or Hawaii incident to a PCS to a PDS in CONUS and entitled to a VHA is entitled to the VHA applicable to the old PDS in Alaska or Hawaii until the day before the member reports to the new PDS in CONUS.

- A member departing a PDS located within the United States incident to a PCS to a new PDS in the United States with temporary duty en route at a location to which the member commutes from the permanent quarters that will be occupied at the new PDS will be entitled to the VHA rate applicable to the new PDS on the day per diem has been stopped based on the occupancy of permanent quarters. Entitlement will be at the VHA offset rate computed.

For those cases in which the dependents do not reside at the location of the PDS, consult the *JFTR*, Volume 1, to determine the location that VHA will be based upon and the effective dates of the rates.

## ADVANCE PAYMENT

Just as OHA may be paid in advance, a member may receive advance payment of VHA and BAQ, when authorized by the member's commanding officer or designated representative, to pay advance rent, security deposits, and/or initial expenses incident to occupying other than government quarters. The advance may be made at any time during a member's tour at the station concerned. Normally, the advance will not be disbursed more than 3 working days before the date payment, under the rental or lease agreement, must be made. In extenuating circumstances, however, the advance may be made earlier than the 3 working days before the date payment must be made.

### Amount

The amount to be advanced will be determined on the basis of housing expenses and the authorized VHA and BAQ. Housing expenses will be documented to include copies of the lease, utility company statement, and any other pertinent documentation available. The member's ability to repay the advance, considering any other advances of pay that may have been made and any recurring pay deductions will be considered in determining the amount of the advance. In no case will the advance payment of VHA and BAQ exceed the anticipated housing expenses or the total of 3 months' VHA and BAQ expected to be accrued by the member,

whichever is less. Expenses identified by a member that will be used in the purchase of any real estate or living accommodations will not be considered as a basis for authorizing or determining the amount of the advance.

### **Liquidation**

Liquidation of the advance usually will be at a rate of not less than equal monthly installments of one-twelfth of the amount advanced per month for the next 12 months. Collection action will begin on the first day of the month after payment of the advance has been made, unless a delay is justified by the member and approved by the authorized official. In the case of an approved delay, the beginning of the collection can be delayed up to 3 months after the advance is paid.

Repayment may be spread over more than 12 months, but the repayment period must not exceed the member's tour at that station. Upon receipt of information that the member has vacated the housing for which the advance was made, action will be taken

immediately to recoup in lump sum the amount of any advance made.

### **SUMMARY**

Overseas station allowances and VHAs are all designed to help offset the additional costs that maybe incurred by a member based upon the PDS. The rates payable are set by the PDTTAC and are based upon surveys of actual expenses that members incur. Each member's entitlement is based upon paygrade and income, and these factors are taken into account when the computation for the member's entitlement is made. Computations for these allowance may seem difficult to someone who does not work with them regularly. Once you have done a few of these computations, others will seem quite simple. There are many additional aspects concerning overseas station allowances and VHAs that could not be covered within the scope of this chapter. For complete regulations concerning these entitlements, refer to the *JFTR*, Volume 1, chapters 8 and 9.



## CHAPTER 9

# SEPARATIONS, DISCHARGES, AND RETIREMENTS

Every service member will eventually reach the point when he or she will be separated, discharged, or retired. To make sure these transitions go as smoothly as possible for all concerned, disbursing personnel are required to follow specific procedures. As a senior Disbursing Clerk (DK), you must do your part to see that these procedures are carried out as accurately and smoothly as possible. Service members making these transitions have enough to deal with; they do not need additional problems caused by untimely or sloppy processing of their pay and benefits.

Processing a separation, discharge, or retirement involves a great deal of coordination and paper work. Written procedures are established by local disbursing officers (DOs) and approved by commanding officers (COs) for this purpose. They prescribe proper lead times, allowing disbursing personnel to receive and process important documents on time. They set forth guidelines for the timely notification of service members who are being separated early (including members who are transferring to another activity for separation). They provide the disbursing office with necessary lead time to carry out many important procedures, including the following steps:

- Stopping allotments the month before the member's separation
- Performing the required precertification procedures in case the member is entitled to additional bonuses
- Getting recoupment rates, if they are needed

Above all, written procedures provide required guidance so that disbursing personnel can help service members go through these sensitive transitions as efficiently and painlessly as possible.

As a senior DK, you will be expected to know and understand the procedures involved in processing service members who are being discharged, separated, or retired from active service. This chapter provides an overview of some of these procedures. After studying the information in this chapter, you should be able to describe some of the basic procedures used throughout

Department of Defense (DOD) disbursing offices for processing officer and enlisted discharges, separations, and retirements. You should also be able to identify the basic requirements and procedures for processing death gratuities. Keep in mind that the scope of this chapter is limited to an overview of these operations. Do not use this chapter or any other part of this training manual as a procedural operations manual. For official guidelines, we recommend you consult the *Department of Defense Financial Management Regulations (DODFMR)*, Volume 7A, *Defense Finance and Accounting Service (DFAS) Pay/Personnel Procedures Manual (Navy)* (DFASPPM), *Naval Military Personnel Manual (MILPERSMAN)*, *Source Data System Procedures Manual (SDSPROMAN)*, and your local command's instructions and directives. As a DK1 or DKC, you will be expected to know how to carry out your command's procedures efficiently and effectively. Most important, the DOD is depending on you to train junior personnel to carry out these important responsibilities with accuracy and sensitivity.

### ENLISTED PROCESSING

Enlisted processing involves the coordination of disbursing and personnel functions. You may be assigned to carry out or supervise some of these functions. If so, you will likely become involved in processing more enlisted members than any other category of DOD personnel. To do this, you must be able to identify, obtain, and process the specific, required documentation. In the following paragraphs, we describe some of these documents, the sources you may need to contact to obtain them, and the disbursing procedures you will likely use to process them.

### INITIAL ACTION BY DFAS— CLEVELAND CENTER

For a member who is separating from active service, the Defense Finance and Accounting Service—Cleveland Center (DFAS—CL) is the initial source of documentation. Based on an enlisted member's expiration of active obligated service (EAOS) date, the DFAS—CL will forecast payments

due the member upon his or her discharge or separation. This information will be printed on the member's Leave and Earnings Statement (LES) in the Remarks section. It will first appear 4 months before the member's EAOS date and will be repeated monthly through the month of discharge.

### **DOCUMENTS REQUIRED FROM THE PERSONNEL DIVISION**

The personnel division is required to prepare the following documents and forward them in the quantity shown to the disbursing office for processing:

- Detaching (Departing) Endorsement to Orders—Original and two copies
- DD 214, Report of Separation from Active Duty—Original and all copies
- Release orders—One copy

### **COMPUTATIONS OF FINAL PAYMENT REQUIRED FROM THE DISBURSING OFFICE**

The disbursing division is responsible for making the final computation of pay due. However, certain preliminary actions must be completed before your disbursing office can compute a member's final pay due.

#### **Preliminary Steps**

First, all allotments should have been stopped by now, based on the notification of separation or discharge the disbursing office received from the personnel division. Next, if the activity has Master Military Pay Account (MMPA) access, it should have provided a Forecast Separation Pay Computation (FSPC). The FSPC will be used in conjunction with the member's separation processing. If the activity does not have MMPA access, it is required to do the processing manually. Of course, your disbursing office must also have received the member's detaching endorsement, DD 214, and release orders from the personnel division, as described in the preceding section.

### **Steps for Processing Separations or Discharges**

Once you have the required documentation, you can start the procedure for processing the member's separation or discharge. Take the following steps in the order listed:

1. Remove the LES from the payroll file.
2. Post all regular and special payments in the Payments block of the LES that have not been reflected on the Payments Posted Since Last LES field.
3. Use a locally produced worksheet to determine the final payment on separation. (See figure 9-1 for a sample worksheet.) Make annotations on the worksheet from those made on the LES or any other documents on hand that have not yet been transmitted to DFAS—CL. File your original worksheet in the member's Personal Financial Record (PFR), and provide the member with a copy.
4. Adjust the leave balance. Make sure to account for the last period of leave as indicated on the detaching endorsement, separation or retirement leave, and any time not served (excess leave and UA).
5. If recoupment of a bonus or continuation pay is necessary, obtain the daily rate from DFAS—CL, if possible. If you cannot obtain the rate from DFAS—CL, a local computation should be made.
6. Review the NAVCOMPT 3071A, Miscellaneous Memoranda Record, and make checkage from the member's final pay for any deductions held in abeyance.
7. Pay all amounts due through the date of discharge, less 28 percent FITW on taxable items of separation pay and 4 percent SITW on those items, if the member is subject to state withholding taxes. All other taxable items, such as basic, special, and incentive pay, should be taxed based on the aggregate amount for the month using the normal tax tables.
8. Do not pay doubtful entitlements. Annotate the NAVCOMPT 3071A to indicate why the entitlement was doubtful and include all pertinent facts.

LES WORKSHEET FOR SEPARATION			
MEMBER'S NAME (Last, First, M.I.) <b>BOAT, JOHN L.</b>		SSN <b>123-45-6789</b>	PAY GRADE/RATE <b>E6</b>
PAY COMPUTED FROM <b>6/1/95</b>	TO (SEPARATION DATE) <b>7/3/95</b>	DISCHARGE LOSS CODES SPD _____ DOD _____	PHONE NUMBER <b>(619) 555-4913</b>
SEPARATION COMMAND/UC <b>USS Guadalcanal</b>	DSSN <b>5209</b>	DK/PAY CLERK <b>DK2 Frost</b>	
<b>LEAVE - DISTRIBUTION</b>			
1. LSL is only payable under Honorable and General discharges: 2. List last two periods of inclusive leave:		LEAVE EARNED	1. Ending leave balance from prior LES: <u>17.5</u>
From: <u>4, 3, 95</u> To: <u>4, 4, 95</u>		DAYS EARNED	2. Leave accrued (less UA/lost time) <u>5</u>
		1-6 0.5	3. Leave used <u>0</u>
From: <u>4, 7, 95</u> To: <u>4, 9, 95</u>		7-12 1.0	4. Leave balance on separation <u>18.0</u>
		13-18 1.5	5. Excess leave balance on separation <u>0.0</u>
		19-24 2.0	
		25-31 2.5	
*Consider unposted periods of leave (separation leave) and time not served (excess leave/UA) when computing final balance Verify LCN log.			
<b>MONTH OF SEPARATION</b> <b>JULY 95</b>			
BALANCE BROUGHT FORWARD FROM LAST LES OR PREVIOUS MONTH'S WORKSHEET (IF POSITIVE)	\$	\$	\$ <b>532.20</b>
BASIC PAY			<b>156.54</b>
BAQ ( D ) IF GOV. QTRS. VACATED WAS DOC. FWD TO DFAS-CL			<b>45.24</b>
VHA/OHA (ZIP CODE <u>92136</u> )			<b>5.95</b>
CRA THROUGH MONTH OF SEPARATION			<b>213.30</b>
BAS/RATS SEP TO 2400 HRS ON DATE OF SEPARATION			<b>0</b>
CSP			<b>31.50</b>
CSPP			<b>0</b>
FORDU			<b>0</b>
FSA-TYPE _____			<b>0</b>
SUB PAY/FLIGHT PAY			<b>0</b>
LEAVE RATIONS			<b>0</b>
SDAP			<b>5.49</b>
CANCELLED DOV _____ NPR _____ DSSN _____ DATE _____			<b>0</b>
CHECKS DOV _____ NPR _____ DSSN _____ DATE _____			<b>0</b>
MISC CREDITS DESCRIPTION:			<b>0</b>
MISC CREDITS DESCRIPTION:			<b>0</b>
MISC CREDITS DESCRIPTION:			<b>0</b>
LSL <u>18</u> DAYS BASIC PAY (Career Max 60 days)			<b>939.24</b>
LSL _____ DAYS ALLOWANCES (Saved Leave Only)			
TOTAL CREDITS	\$	\$	\$ <b>1929.46</b>
<input checked="" type="checkbox"/> 1. File copies of unposted documents and correspondence concerning unresolved problems in the PFR. <input checked="" type="checkbox"/> 2. Ensure all documents have been annotated on the payroll LES and carried forward to the separation worksheet. <input checked="" type="checkbox"/> 3. Ensure all documents have been forwarded to DFAS - Cleveland Center.			
TRANSMITTAL NO. DETACHING ENDORSEMENT <b>186-40</b>	TRANSMITTAL OF ALLOTMENT ACTION	TRANSMITTAL NO. MILITARY PAY ORDER/LEAVE	
TRANSMITTAL NO. DOC _____	TRANSMITTAL NO. DOC _____	TRANSMITTAL NO. DOC _____	

86NP0037

Figure 9-1.—LES Worksheet for Separation (page 1 of 3).

	MONTH OF	MONTH OF	MONTH OF SEPARATION JULY 95
BALANCE BROUGHT FORWARD FROM LAST LES OR PREVIOUS MONTHS WORKSHEET (IF NEGATIVE)	\$	\$	\$ 0
NAVY HOME ASSESSMENT THROUGH MONTH OF SEPARATION (MAKE THIS DEDUCTION FOR ENLISTED MEMBERS ONLY)			.50
SGLI THROUGH MONTH OF SEPARATION			8.00
FICA			11.97
SITW 4% (LSL, SEP PAY, SEV AND CONTRACT CANCELTION PAY)			0
SITW DAPMAN APPENDIX G, SDSPROMAN TABLE 7-1-7 EXMPT STAT (TN)			0
FITW 26% (LSL, SEP PAY, SEV AND CONTRACT CANCELTION PAY)			262.98
FITW DAPMAN APPENDIX G, SDSPROMAN TABLE 7-1-7 EXEMPT STAT (MOO)			0
ADVANCED LEAVE RATIONS			0
INDEBTEDNESS (REMAINING BALANCE)			0
ADVANCE PAY (REMAINING BALANCE)			0
BONUS RECOURPMENT (TYPE: _____)			0
(See Item 2 below) FORFEITURE OF PAY TO DISCHARGE DATE			0
UA CHECKAGE			0
EXCESS LEAVE (NO. OF DAYS CHECKED _____)			0
BAS OR RATS SEP CHECKAGE			0
DEPENDENTS DENTAL PLAN Description (STOPS MONTH PRIOR TO SEPARATION)			0
MISCELLANEOUS DEDUCTIONS _____			0
ALLOTMENTS: Indicate month of last deduction. TYPE			0
TYPE			0
TYPE			0
TYPE			0
TYPE			0
UNCONSIDERED PAYMENTS BF FM LES ANNOTATIONS NPR <u>N471</u> DSSN <u>5209</u> DATE PD <u>7/1/95</u>			532.00
NPR _____ DSSN _____ DATE PD _____			0
NPR _____ DSSN _____ DATE PD _____			0
TOTAL DEDUCTIONS			815.45
AMOUNT <u>UNDERPAID</u> OVERPAID OF (CREDITS-DEDUCTIONS)	\$	\$	\$ 1114.01
FINAL PAYMENT (IF UNDERPAID) NPR <u>N480</u> DSSN <u>5209</u> DATE <u>713</u>			\$ 1114.01
TOTAL OVERPAID AT DISCHARGE (IF OVERPAID, NO ADDITIONAL PAYMENTS CAN BE MADE).			\$ _____
ITEM			
1. Ensure any suspended waiver checkage, courts-martial fines, and non-consent indebtedness checkages are deducted in full.			
2. If member is separated early and recoupment of bonus is required, compute and enter type of recoupment.			
3. Does member owe remaining amount on "L" allotment? If so, a QN Type Payment must be made or the member must make repayment arrangements with Navy and Marine Corps Relief Society.			

86NP0038

Figure 9-1.—LES Worksheet for Separation (page 2 of 3).



<b>CHECKLIST</b>			
<input checked="" type="checkbox"/>	1. Delete from DDS, if applicable. Verify last DDS payment (DDS stop date) from MMPA Section JMPL, if available. If unknown, contact nearest PSD.		
<input checked="" type="checkbox"/>	2. If member is in a disciplinary status, contact local NEX for any unpaid Health and Comfort issues or bad checks.		
<input checked="" type="checkbox"/>	3. Provide the member with a blank travel claim and instruction sheet on how to complete the claim and where to mail for payment.		
<input type="checkbox"/>	4. The original NAVCOMPT 2272 for retired/retained members should have been forwarded to DFAS - Cleveland Center (Code FRA) at least 30 days prior to separation. If not, forward immediately under separate cover. "DO NOT INCLUDE IN PFR!"		
<input type="checkbox"/>	5. Place a copy of the separation Detaching Endorsement in PFR. Send an additional copy of the Detaching Endorsement to DFAS - Cleveland Center (Code FRA), Directorate for Retired Pay for fleet reservists/retired members.		
<input checked="" type="checkbox"/>	6. Ensure member's ATM account has been closed and the ATM card returned.		
<input checked="" type="checkbox"/>	7. Does member have savings bonds held in safekeeping? To request savings bonds, see DAPMAN, Vol. II, par. B60508 and SDSPROMAN II, par B60508		
<input checked="" type="checkbox"/>	8. Using the following MMPA sections, SDS Commands with MMPA access should verify that transactions are reflected on the LES or annotated thereon.		
	Outstanding Transaction File (JMPO)	Payment Section (JMPC)	Leave Section (JMPE)
	Entitlement Section (JMPB)	Allotments (A195)	
<input checked="" type="checkbox"/>	9. Ensure the separation worksheet has been filed in the PFR prior to forwarding the PFR to DFAS - Cleveland Center.		
<b>AUDIT</b>			
Ensure member has been deleted from the local payroll system. Verify outstanding payments and/or documents on UMIDS/SDS listings.			
DK/PAY CLERK	DATE	AUDITOR SIGNATURE	DATE
R. Frost, DK2	7/13/95	W. T. Door, DKCM	7/13/95
<b>REASON FOR OVERPAYMENT</b>			
IF MEMBER IS BEING DISCHARGED IN AN OVERPAID STATUS, PROVIDE THE REASON FOR OVERPAYMENT.			
<b>MEMBER CERTIFICATION</b>			
<p>I have read, understand and received a copy of the computations shown above. I understand that they represent a field-level analysis and not a final resolution. It has been explained to me that a final computation of my pay account will be conducted by DFAS - Cleveland Center (Code FRA). I understand that the totals shown on the worksheet could change due to information which was not known by the local DK/PSD/PSA at the time the worksheet was computed. I have been notified to keep DFAS - Cleveland Center advised by my current address in order to facilitate timely correspondence regarding the status of my pay account. I have been advised that under authority of 5 U.S.C 5514, if determined to be overpaid at separation, I will receive notification of my debt from the DFAS - Cleveland Center. I have been advised that payment in full is expected within 30 days of notification and can be made by check, money order, Visa or Mastercard.</p>			
SIGNATURE			DATE
<i>John L. Boat</i>			7/3/95

86NP0039

Figure 9-1.—LES Worksheet for Separation (page 3 of 3).

9. Prepare an information sheet similar to the one shown in figure 9-2 for the member.
10. Complete the Lump Sum Leave endorsement on the DD 214.

## **DOCUMENT DISTRIBUTION FROM THE DISBURSING OFFICE**

You are now ready to distribute the documents you received from the personnel office—the member’s detaching endorsement, DD 214, and release orders—and the member’s PFR. Use the following procedure to distribute these documents and their respective copies:

- Detaching endorsement. Original in the retained transmittals, one copy in the PFR, and one copy as local procedures require.
- DD 214. The original and all copies returned to the personnel division.
- PFR. If your activity has FSPC capability, retain the PFR as long as the MMPA is balanced based on local review. (Exceptions: Do not retain the member’s PFR if the member is deceased or has received a Voluntary Separation Incentive or Special Separation Benefit or if certain conditions exist, such as a noncompute account, preventing an FSPC worksheet from being generated.) If your activity does not have FSPC capability (and if the member’s records do not indicate any of the exceptions we just described), mail the PFR to DFAS—CL no later than 3 working days after the date of the separation or discharge. The face of the PFR will be annotated with the reason for submission.

## **FINAL ACTION BY DFAS — CLEVELAND CENTER**

Within 90 days following the member’s separation, DFAS—CL will balance the MMPA and determine the amount owed to the member or by the member, whichever the case may be. If the member was underpaid, a check will be sent to the member’s home address as shown on the detaching endorsement. If the member was overpaid, action will be taken to collect the overpayment. In either case, the MMPA will be closed.

As a part of the closing of the MMPA, DFAS—CL will prepare a final LES. An IRS W-2 form will also be prepared showing the member’s tax status for the

current year through the date of discharge. The final LES and the IRS W-2 will be mailed to the member’s home address.

## **OFFICER PROCESSING**

Most of the procedures for officer processing are the same as those for enlisted processing. The main differences are in the beginning of the process. Since an officer does not have an EAOS, the Bureau of Naval Personnel (BUPERS) must notify DFAS—CL of the officer’s pending release, resignation, or discharge. This notification will include the actual or approximate date of discharge or release from active duty and authorization for any separation payments due. Upon receipt of the notification from BUPERS, DFAS—CL will note the information in the Remarks section of the LES.

The required documents, disbursing processing, and document distribution procedures are the same as those we previously described for enlisted members.

## **RETIREMENT OR TRANSFER TO THE FLEET RESERVE**

When a service member retires or transfers to the Fleet Reserve, the processing procedure includes additional steps to those we have previously discussed for separations and discharges. For the most part, the differences are in lead time and documentation. However, different processing procedures are also involved. In the following paragraphs, we explain some of these requirements.

## **REQUESTS FROM MEMBERS**

A member requesting retirement or transfer to the Fleet Reserve should forward the request to BUPERS. Upon approval, BUPERS will notify DFAS—CL of the prospective date of the member’s release from active duty. This will be posted to the MMPA. For 4 months before the member’s retirement or transfer to the Fleet Reserve, the LES will reflect the necessary separation information in the Remarks section.

## **DOCUMENTS REQUIRED**

In addition to the normal separation documents, detaching endorsement, DD 214, and orders, a member’s retirement or transfer to the Fleet Reserve will require the processing of two additional forms—the Navy Retired/Retainer Pay Data Form, NAVCOMPT 2272, and the Fleet Reserve Transfer Authorization, NAVPERS 1830/2.



## **Navy Retired/Retainer Pay Data Form**

Commands must make sure preretirement counseling is given to a prospective retiree at least 45 days before the member's prospective retirement date. During this counseling period, the member should complete a Navy Retired/Retainer Pay Data Form, NAVCOMPT 2272. This form is used to make the designation of beneficiaries for unpaid retired pay, establish rates for federal and state withholding taxes, certify dependents, and elect the level of Survivor Benefit Plan (SBP) participation.

The original NAVCOMPT 2272 will be forwarded to the disbursing office along with any correspondence from the member relating to the SBP. The disbursing office will mail the NAVCOMPT 2272 to DFAS—CL no later than 30 days before the effective date of the member's retirement or release from active duty.

## **Fleet Reserve Transfer Authorization**

The Fleet Reserve Transfer Authorization, NAVPERS 1830/2, is a BUPERS form authorizing the member's transfer to the Fleet Reserve. It includes a statement of service. The CO endorses this form and forwards it to disbursing. As part of the final processing, the DO endorses the form stating that the account has been processed and payment has been made. The original is filed in the member's PFR, copy 2 goes to the DO's retained files, and the remaining copies are returned to the personnel division.

## **ALLOTMENTS**

When a member is retiring or transferring to the Fleet Reserve, the disbursing office must know how to handle the member's allotments. Certain allotments, such as Class C, E, and U allotments, must be discontinued. Other allotments, such as one that was administratively started because of garnishment, must continue. Still others may be deducted from the member's retainer checks upon request by the member.

Because of this, a member who is retiring or transferring to the Fleet Reserve must be interviewed to determine which (if any) allotments will be continued. This interview should take place in time for the member to establish any new allotments he or she desires before retirement.

## **DISPOSITION OF RETIRED/RETAINER CHECKS**

In conjunction with the allotment counseling, the member must also be counseled regarding the options available for the disposition of his or her retired/retainer checks. The preferred method is by electronic funds transfer (EFT) to a bank, credit union, or other financial institution.

Often, the member will want to use the same financial institution and account number he or she used for direct deposit while on active duty. In this case, the documents filed in the member's PFR that were used to establish the direct deposit should be forwarded with the NAVCOMPT 2272.

A member may desire a different financial institution or account number or may not have had direct deposit while on active duty. In such cases, any of the same source documents used for direct deposit may be used to establish the EFT to the member's desired institution.

If the EFT has not been established by the time the member retires, the checks will be mailed to the address on the NAVCOMPT 2272. Members who do not desire to use EFT may have their checks mailed monthly to the address of their choice.

## **DOCUMENT DISTRIBUTION**

The documents associated with a member's retirement or transfer to the Fleet Reserve are basically distributed in the same way as the documents associated with a separation or discharge. However, in the case of a retirement or transfer to the Fleet Reserve, the following additional requirements apply:

A copy of the detaching endorsement is forwarded to DFAS—CL, Retired Pay Department (Code JRE)

All PFRs are forwarded within 3 working days with a copy of the detaching endorsement and the original NAVPERS 1830/2 filed inside.

## **DEATH GRATUITY**

For a service member who dies, a death gratuity in the amount of \$6,000 will be paid to the eligible beneficiaries. The death gratuity is paid regardless of whether the member's death occurred in the line of duty or was the result of the member's misconduct.

## OFFICIAL GUIDELINES

The *Department of Defense Financial Management Regulations (DODFMR)*, Volume 7A, part A, covers completely the requirements and laws governing the payment of a death gratuity. The *Source Data System Procedures Manual (SDSPROMAN)*, Volume 2, and the *DFAS Pay/Personnel Procedures Manual (Navy) (DFASPPN)*, Volume 2, cover the procedures for payment of the death gratuity.

### ELIGIBILITY OF MEMBERS FOR WHOM PAYABLE

Any person who is appointed, enlisted, or inducted into a branch of the military service, including the Reserve components, and cadets or midshipmen of the service academies, is considered to be a member of the military service. If the member dies, a death gratuity is payable to the eligible beneficiaries under current laws and policies. Examples of members for whom death gratuities are payable include those in the following categories:

- A member who dies while on active duty or while traveling to or from such duty.
- A member or former member who dies during the 120-day period beginning on the day following the date of discharge or release, under honorable conditions, from active duty (including retirement for either disability or length of service). In this case, the Administrator of Veterans Affairs must determine that the death resulted from disease or injury incurred or aggravated while the member was on active duty or in an authorized travel status to or from such duty.
- Any person who dies while traveling to or from a place for final acceptance into the military service or who dies at the place for entry upon active duty (other than for training) in the military service, as long as the person has been ordered or directed to go to that place, and has been provisionally accepted for that duty.
- A member whose death is determined by administrative finding under the Missing Persons Act.
- A reservist who dies while traveling directly to or from active duty.
- Any member of the Reserve Officers' Training Corps who dies while performing annual training duty under orders for a period of more than 13 days or while performing authorized travel to or from that annual training duty. Also, any applicant for membership in the Reserve Officers' Training Corps who dies while attending field training or a practice cruise or while performing authorized travel to or from the place where the training or cruise is conducted.

### ELIGIBLE BENEFICIARIES

When officially notified that a member of the command has died, the CO maintaining the member's personnel or service records determines if an eligible death gratuity beneficiary exists. Legal assistance officers can help in cases involving questions of law.

Generally, a death gratuity is payable to, or for, individuals in the following categories who are defined as the authorized living survivors of the decedent:

- Lawful spouse
- Child, or children, in equal shares (without regard to age or marital status)
- Member's relatives, consisting of parents, brothers, sisters, or any combination thereof as designated by the member
- Surviving parents in equal shares
- Surviving brothers and sisters in equal shares

All eligible survivors are restricted to these categories. If there are no survivors as previously described, the death gratuity is not payable to any other person. For clarification, let's take a closer look at each of these categories.

#### Lawful Spouse

A lawful spouse is a man or woman who is legally married to the member at the time of the member's death. This is determined by entitlement to basic allowance for quarters (BAQ) or evidence of assignment of government quarters to a member and spouse. In the absence of such proof, documentary evidence of marriage and proof of termination of any prior marriage of either the beneficiary or decedent may be used.

## Child or Children

If the decedent is survived by a child or children, but no spouse, the death gratuity will be paid to the child or children.

**GENERAL ELIGIBILITY CRITERIA.**— An eligible child can be a legitimate child; a legally adopted child; a stepchild, if the child was a member of the decedent's household; or an illegitimate child. Generally, you can use any of the following documentation to establish a child's eligibility status:

- Documentary evidence showing termination of any marriage, including a certified copy of the spouse's death certificate, divorce, or annulment decree
- Entitlement to BAQ for a child or children, or evidence of occupation of government quarters with the member before the member's death
- Documentary proof of the relationship, including the original or certified copy of the original birth certificate or a certified court order of adoption
- A certified copy of the appointment paper if a guardian of a minor child, or children, has been appointed by a court (as distinguished from being awarded physical custody)

**ILLEGITIMATE CHILD.**— In the case of an illegitimate child, the child's eligibility must be confirmed by evidence provided by or associated with the deceased service member. When the deceased service member is the child's father, you can use any of the following documentation to establish the child's eligibility:

- A statement, written and signed by the member, acknowledging and identifying the child as his own
- Evidence that the member was judicially ordered to contribute to the child's support or was before his death judicially or otherwise shown by satisfactory evidence to be the father of the child

When the deceased member is the mother, the child's eligibility can be established by a birth certificate or other satisfactory evidence that the member was the mother of the child.

**STEPCHILD.**— The relationship between a member and a stepchild may survive the end of the marriage from which it arose if close family ties have

continued. If such a relationship ended by the member's death, the relationship continues in the absence of evidence to the contrary. If the marriage ended by divorce (as distinguished from death), the relationship ends unless clear and convincing evidence is furnished showing continuance of close family ties and the intention to continue the prior relationship.

## Designated Beneficiaries

If the decedent is not survived by a spouse or child and has officially designated a father, mother, brother, or sister to receive the death gratuity, no further evidence is necessary.

This is true except in cases of *in loco parentis*. The DOD defines *in loco parentis* as a person who stood in place of a parent to the service member 24 hours a day for a period of at least 5 years before the service member became 21 years old or entered military service. The beneficiary, however, must furnish the following documentation:

- Documentary evidence that any marriage entered into by the decedent has been terminated.
- A statement, witnessed by two individuals, that there are no living children. For *in loco parentis* cases, entitlement to BAQ for that person is sufficient evidence. If this relationship has not been established, DFAS—CL will make the determination.

## DETERMINATIONS AFFECTING ENTITLEMENT

Several determinations place additional restrictions on the payment of a death gratuity.

### Death as Lawful Punishment

Death gratuity is not payable in the case of a member whose death is the result of a lawful punishment for a crime or military offense. This does not apply when the death is inflicted by any hostile force with which the armed forces of the United States had engaged in armed conflict.

### Member Killed by Beneficiary

Death gratuity is not payable to a beneficial or survivor who kills a member, unless there is evidence that clearly absolves such beneficiary or survivor of any felonious intent.

## Unauthorized Absence or Desertion

Death gratuity is payable in the case of a member whose death occurred while the member was in a UA, absence without leave, or absence over leave status. That includes an absence that resulted from the member's being in the custody of civil authorities, provided the date of death occurred before the normal expiration of contracted duty.

A death gratuity is not payable in the case of a member who is declared a deserter at the time of death, unless it is later found that the declaration was in error.

## PAYMENT PROCEDURES

Payment procedures for death gratuities will vary according to who the beneficiaries are and where they are located. The procedures will also vary, depending on the evidence supporting the claim. Let's first look at the procedures when no entitlement problems exist.

### Processing Disbursing officers in Cases of Nonquestionable Claims

In some instances, the payment of a death gratuity will be processed by the local DO. In other instances, it will be processed by a designated DO. Let's look at both cases when no eligibility problems are involved.

**LOCAL DISBURSING OFFICER.**— The DO maintaining the service member's PFR will make payment of the death gratuity to the payee only under the following conditions:

- The payee is the decedent's widow or widower or a designated beneficiary
- The payee is residing in the vicinity of the decedent's duty station.

The payment will be supported by a copy of the Personnel Casualty Report message prescribed in the *Naval Military Personnel Manual (MILPERSMAN)* and a DD 397, Claim Certification and Voucher for Death Gratuity Payment. The DO must advise the decedent's CO if the member had an E allotment and that the beneficiary may be entitled to a refired of funds deposited in the Veteran's Education Assistance Program (VEAP).

**DESIGNATED DISBURSING OFFICER.**— Upon authorization by BUPERS, the CO will request DFAS—CL or a field DO of any service to make payment of the death gratuity to the payee under the following conditions:

- When the payee is other than the decedent's widow or widower or a designated beneficiary
- When the payee is not residing in the vicinity of the decedent's duty station

BUPERS will notify the designated DO by message. This message will provide all the necessary information the designated DO will need to prepare the DD 397. The paying officer will prepare the DD 397 based upon the message information received from the CO and upon message authorization from BUPERS.

### Processing Agency in Cases of Questionable Claims

BUPERS must authorize the disposition of a death gratuity in cases involving questions of eligibility or law. In such cases or in cases involving consideration of doubtful facts as "doubtful claims," BUPERS determines if DFAS—CL must pay the claim or if it must be forwarded to the Government Accounting Office (GAO) for adjudication and payment. These cases include but are not limited to the following circumstances:

- A common-law widow or widower
- A minor child or children, an adopted child without properly certified court adoption papers, or an illegitimate child
- *In loco parentis* relationships

### Preparation of the DD Form 397 for All Claims

The DD 397 is prepared in an original and five copies. When local payment is being made, the DD 397 is originated in the admin office and signed by the CO. When payment is being made by a designated DO, preparation of the DD 397 is the responsibility of the paying DO who must use the information provided in the casualty message. This form is the authorization for the DO to prepare the check for the payment.

The DD 397 will be distributed as follows:

- Original forwarded with the DO's financial returns
- One copy to the payee
- One copy to the DO's financial retained returns
- One copy to DFAS—Cleveland Center

- One copy to the member's service record
- One copy to BUPERS

## **SUMMARY**

Separations, discharges, and retirements are not really difficult; but, they do involve considerable coordination, timing, and paper work. Everyone must work together to make sure all documents are properly prepared in time to allow for orderly processing. It is especially important that all documents are received and processed before final payments are made.

Inadequate documentation, bad timing, and sloppy processing will result in overpayments, underpayments, and accounts that are out of balance. Put yourself in the shoes of a service member who is being separated or discharged. This person is dealing with a lot. The DOD is counting on you to do your part to ease the strain. Any member making the transition from active duty is entitled to adequate support from the disbursing office. This person should not have to feel bitter and disillusioned because of problems in his or her pay and benefits. The death gratuity, because of the situation, requires special sensitivity along with quick and accurate action on the part of all concerned. The processing of the DD 397 and preparation of the gratuity check must be done without delay to meet the desired deadline of delivery to the payee within 24 hours. The key to all these procedures is coordination and attention to detail.

### **Delivery of the Death Gratuity Check**

The casualty assistance calls officer (CACO) or some other representative of the CO will personally deliver the death gratuity check to the payee. This should be accomplished within 24 hours, if possible. At the time of delivery, the payee will sign the original of the DD 397, certifying receipt of the payment and his or her status as a beneficiary. Two witnesses who personally know the payee must also sign the original form. The original is then returned to the DO.

### **Reports Confirming Payment of Death Gratuity**

In addition, a Navy DO must report the payment of a death gratuity by message to DFAS—CL with information copies to BUPERS and the commandant of the naval district where the payee lives. This message must refer to the original casualty message and include the name, social security account number (SSAN), and organization of the deceased; the name, relationship to the deceased, and address of the payee; and the amount and date of the payment.



**APPENDIX I**

**FINANCIAL REPORTS**

Type of Report	DODFMR, VOL 5, Reference	When due	To	Miscellaneous Requirements
<b><u>FINANCIAL RETURNS:</u></b>  <b><u>ADO:</u></b> Daily Statement of Accountability and supporting documents	200502	Daily	Appropriate CDO	Daily returns will not be accumulated for several days for forwarding at one time.
Statement of Accountability	200504	First workday of the following month	Appropriate CDO	
<b><u>Afloat DO:</u></b> All required financial documents	200504	First workday following the close of the accounting period	Appropriate DAO	
<b><u>Selected Overseas DOs:</u></b> All required financial documents	200503	Daily	Appropriate DAO	Daily Statement of Accountability supported by vouchers and adding machine tapes. Vouchers are submitted in numerical voucher number sequence, except military payrolls are segregated.
<b><u>Special Submission:</u></b> Navy Supply Corps School	200504	Accounting period ending 30 September every year	Navy Supply Corps School, Athens	One copy of afloat DOs: Statement of Accountability and Recapitulation of Block Control Level Totals of Checks Issued.
Treasury Checking Account Returns	090102, 090404	As required by the CDO or DAO/4 days after close of business week in which issued or 2 days after end of month	Appropriate CDO/DAO or Financial Analysis Branch, Financial Management Service, Department of the Treasury, Room 600E, 3700 East-West Highway, Hyattsville, MD 20782	

Type of Report	DODFMR, VOL 5, Reference	When due	To	Miscellaneous Requirements
Depository Account	140902	Within 30 days following the close of each calendar month	Appropriate DAO	A separate Designated Depository Account (SF 1149) will be prepared for each depository maintained.
<u>Special Reports:</u> Quarterly foreign currency reports	160202	On or before the 15th calendar day of the following month	DFAS-CL	Negative reports are required when the account normally involves foreign currency transactions.
Statement of Accountability and Disbursements and Collections	200506	On the 1st workday following the end of the accounting period	Appropriate DAO	Submitted by message by afloat and overseas DOs. Reports will take precedence over MINIMIZE.

## APPENDIX II

# DISTRIBUTION OF DOCUMENTS FOR MONTHLY RETURNS

NAME OF DOUCMENT OR VOUCHER	PACKAGE 1	PACKAGE 2	RETAIN
Statement of Accountability (SF 1219)	Orig and 1 copy	None	1 copy
Copies of Deposit Ticket (SF 215)	MEMORANDUM or confirmed copy	None	Agency Copy
Copies of Debit Voucher (SF 55 15)	Confirmed copy	None	Memo copy
Schedule of Deposit Activity	Orig and 1 copy	None	1 copy
Voucher for Transfers Between Appns and/or Funds (SF 1080)	1 copy	None	1 copy
Requisition and Invoice/Shipping Document (DD 1149)	1 copy	None	1 copy
Schedule of Canceled or Undelivered Checks (SF 1098)	Original	1 copy	1 copy
Cash Collection Voucher (DD 1131)	Original	1 copy	1 copy
Public Voucher for Purchases and Services Other Than Personal (SF 1034)	Original	1 copy	1 copy
Rations and Sales Report (NAVSUP 1357)	1 copy	1 copy	1 copy
Payroll for Personal Services - Payroll Certification and Summary (DD 592)	Original	1 copy	1 copy
SF 2812 and supporting SF 2812A	2 copies	1 copy	1 copy
Labor Roll/Material Charges and Credits	Original	None	1 copy
Certificate of Revaluation of Foreign Currency	Original	None	1 copy
Certified Accepted Bid (procurement of foreign currency)	1 copy	None	Original
Military Pay Voucher	1 copy	None	1 copy
Military Payroll Money List	1 copy	None	1 copy
Civilian Payroll Certification Sheets	Original	None	1 copy
DD 1351 series disbursement vouchers	Original	2 copies	1 copy
Collection Vouchers crediting Army, Air Force, or Coast Guard appropriations	Original	3 copies	1 copy
Disbursement Vouchers charging Army, Air Force, or Coast Guard appropriations	Original	2 copies	1 copy
All other collection and disbursement vouchers	Original	2 copies	1 copy
Recapitulation of Block Control Level Totals of Checks Issued (SF 1179)	1 copy	None	1 copy
Statement of Destruction of Checks	Original	None	1 copy



## APPENDIX III

# REFERENCES USED TO DEVELOP THE TRAMAN

*Department of Defense, Financial Management Regulation (DODFMR), DOD 7000.14-R, Volume 5, Comptroller of the Department of Defense, Washington, DC, 1993.*

*Department of Defense, Financial Management Regulation (DODFMR), DOD 7000.14-R, Volume 7, Part A, Comptroller of the Department of Defense, Washington, DC, 1993.*

*DFAS Pay/Personnel Procedures Manual (Navy) (DFASPPM), DFAS-CL, (NAVSO P) 3050.2-M, Volume 2, Defense Finance and Accounting Service-Cleveland Center, Cleveland, OH, 1994.*

*International Balance of Payments Program-A System for Accounting, Estimating, Reporting, Controlling and Managing, NAVCOMPTINST 7020.10E, Change 2, Office of the Comptroller of the Navy, Washington, DC, 1969.*

*Joint Federal Travel Regulations (JFTR), (NAVSO P) 6034, Volume 1, change 83, The Per Diem, Travel and Transportation Allowance Committee, Department of Defense, Washington, DC, 1993.*

*Naval Military Personnel Manual (MILPERSMAN), NAVPERS 15560C, Change 7, Department of the Navy, Bureau of Naval Personnel, Washington, DC, 1993,*

*Navy Comptroller Manual (NAVCOMPTMAN), (NAVSO P) 1000-2, Volume 2, Change 355, Navy Department, Office of the Comptroller, Washington, DC, 1992.*

*Source Data System Procedures Manual (SDSPROMAN), (NAVSO P) 3069-2-41, Volume 2, Change 41, Navy Department, Office of the Comptroller, Washington, DC, 1994.*

*U.S. Navy Travel Instructions (NTI), (NAVSO P) 1459, Change 33E, Department of the Navy, Office of the Comptroller, Washington, DC, 1990.*



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# *Assignment Questions*

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**Information:** The text pages that you are to study are provided at the beginning of the assignment questions.



## ASSIGNMENT 1

Textbook Assignment: "Financial Accountability," chapter 1.

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- 1-1. Which of the following is NOT required for a Disbursing Clerk (DK) assigned to an accountable position?
1. Complete awareness of the responsibilities of the accountable position
  2. The highest degree of personal integrity
  3. A security clearance of SECRET or higher
  4. Constant awareness of security
- 1-2. Which of the following activities has been assigned the responsibility of maintaining the central record of all accountable positions involved with Navy public funds?
1. DFAS-HQ
  2. DFAS-CL
  3. General Accounting Office
  4. Department of the Treasury
- 1-3. Which of the following persons may NOT serve as a disbursing officer?
1. A DKCM approved by DFAS-CL
  2. A GS-10 who is a non-resident alien
  3. An ensign in the Supply Corps
  4. A GS-7 who is a U.S. citizen
- 1-4. Disbursing officers are held ONLY pecuniarily accountable for their disbursing acts and have no personal accountability for the legal expenditure of funds placed under their control.
1. True
  2. False
- 1-5. For what reason are accountable positions limited?
1. To facilitate identification of each accountable position
  2. To reduce the cost to the Navy of surety bonds
  3. To remain within OPNAV-assigned manning levels
  4. To fix responsibility upon one individual
- 1-6. Which of the following additional duties would be prohibited for assignment to a disbursing officer?
1. Assistant supply officer
  2. Treasurer of the officer's mess
  3. Ship's store officer
  4. Maintaining safekeeping deposits
- 1-7. Which of the following authorities has final approval of the establishment of the position of a deputy disbursing officer?
1. DFAS-CL
  2. Disbursing officer
  3. Commanding officer
  4. DAO, Norfolk or San Diego
- 1-8. Which of the following officers is responsible for the appointment of a collection agent?
1. Commanding Officer
  2. Supply officer
  3. Officer responsible for collection of the designated funds
  4. collection of the designated funds
- 1-9. A paying agent is under the exclusive supervision of which of the following officers?
1. Commanding officer
  2. Disbursing officer
  3. Appointing officer
  4. The paying agent's division officer
- 1-10. Which of the following statements is NOT true concerning the handling of postage stamps and/or postal funds?
1. The disbursing officer may maintain custody of postage stamps and postal funds in excess of the amount authorized to be maintained by the custodian of postal effects
  2. Excess stamps and postal funds are handled as safe-keeping deposits
  3. Stamps are issued to the custodian of postal effects on PS Form 6019-MPO
  4. Excess postal funds may be intermingled with other monies

- 1-11. The disbursing officer receives and disburses official funds by order of, or on authority of, which of the following officials?
1. Treasurer of the U.S.
  2. Director, DFAS-HQ
  3. Commanding officer
  4. Director, DFAS-CL
- 1-12. A disbursing officer activates a new disbursing office. Which of the following information is NOT included in the letter report sent to DFAS-CL?
1. Symbol number assigned
  2. Opening date of the account
  3. Name of the activity
  4. Name of the FIPC to which the financial returns will be submitted
- 1-13. Which of the following is the appointing document for a deputy disbursing officer?
1. A formal letter of appointment from the disbursing officer
  2. A NAVCOMPT 195 Power of Attorney"
  3. A formal letter of appointment from the commanding officer
  4. A TFS 5583 Signature Card
- 1-14. An agent cashier is appointed by a formal letter from the disbursing officer. The original of the letter will be held by which of the following individuals?
1. The disbursing officer
  2. The commanding officer
  3. The agent cashier appointed
  4. Director, DFAS-CL
- 1-15. Which of the following duties may NOT be assigned to an agent cashier?
1. Cashing checks
  2. Signing Treasury checks
  3. Preparing financial documents
  4. Making cash collections
- 1-16. Which of the following officials may approve the change of the official signature used by a disbursing officer for all business relating to his or her symbol number?
1. The commanding officer
  2. Treasurer of the U.S.
  3. Director, DFAS-CL
  4. Director, DFAS-HQ
- 1-17. Which of the following positions require approval from DFAS-CL before being established?
1. Agent cashier only
  2. Agent cashier and deputy
  3. Deputy only
  4. Deputy and imprest fund cashier
- 1-18. Disbursing officers are accountable for erroneous payments or errors in their accounts and records even though the errors were caused by deputies or other agents.
1. True
  2. False
- 1-19. A commanding officer orders a disbursing officer to make a payment that the disbursing officer believes is contrary to law or current regulations. Which of the following is the correct action for the disbursing officer to take?
1. Make the payment without protest
  2. Refuse to make the payment
  3. Request the commanding officer to put the order in writing
  4. Make the payment and attach a memorandum for the record detailing the circumstances
- 1-20. Normally, a disbursing officer will be relieved by an incoming disbursing officer on which of the following occasions?
1. The last day of the month
  2. The first day of the month
  3. At the end of any payday
  4. When the incoming disbursing officer feels he or she is completely ready to assume the duties
- 1-21. Which of the following statements concerning the appointment of a deputy disbursing officer is true?
1. It must be revoked by letter
  2. It is automatically revoked without action when a disbursing officer is relieved
  3. It is automatically revoked 30 days before the deputy's transfer on orders
  4. It may only be revoked upon the approval of the commanding officer



- 1-22. Which of the following individuals is eligible to be appointed as a collection agent?
1. An imprest fund cashier
  2. A GS-3 working in the fiscal section
  3. A DK2 working in the travel section
  4. A PN3 working in the personnel office
- 1-23. Which of the following is NOT an authorized purpose for the appointment of a paying agent?
1. To make specific payments
  2. To receive collections
  3. To make currency conversions
  4. To cash checks
- 1-24. A disbursing officer designated as the reserve custodian for money orders will issue money orders to the money order clerk according to which of the following rules?
1. Issue a sufficient quantity for the month with any excess returned at the end of the month
  2. Issue a sufficient quantity for 2 weeks with any excess returned at the end of the period
  3. Issue a sufficient quantity for 1 day with any excess returned at the end of the day
  4. Issue a sufficient quantity for 1 week with any excess returned at the end of the week
- 1-25. If the amount of money from the daily sale of money orders is less than \$100, which of the following rules will apply?
1. The money order clerk will hold the money until it exceeds \$100
  2. An exchange-for-cash remittance check must be issued
  3. The money must be accepted as a safekeeping deposit
  4. The money may be accepted as a safekeeping deposit or an exchange-for-cash remittance check may be issued based on convenience
- 1-26. When the disbursing officer maintains the postage stamp fund, which of the following rules will apply?
1. The fund will be maintained as a separate safekeeping deposit
  2. The fund may be commingled with money or funds in safekeeping
  3. The fund may be commingled with any other safekeeping deposit
  4. All of the above
- 1-27. The specimen signature on a Signature Card, TFS Form 5583 must be certified by which of the following individuals?
1. The commanding officer
  2. The disbursing officer
  3. Any commissioned officer
  4. Any officer whose signature has already been recorded with DFAS-CL
- 1-28. Which of the following individuals would NOT be eligible for appointment to the cash verification board?
1. YN3
  2. CWO-2
  3. GS-9
  4. SKCM
- 1-29. To attest to the fact that a verification was held, the cash verification board must make an entry on the face of which of the following documents?
1. Most recent Statement of Accountability, SF 1219
  2. The Daily Statement of Accountability, DD 2657
  3. The Transmittal of Statements and Vouchers, DD 2666
  4. The Daily Agent Accountability, DD 2665
- 1-30. The cash verification board must verify cash and safekeeping deposits at least how often?
1. Monthly
  2. Bimonthly
  3. Quarterly
  4. Semiannually

- 1-31. Which of following events or conditions can be used to take the place of the required periodic cash verification?
1. When a transfer of accountability has occurred
  2. When a disbursing on-site examination team has made a cash verification
  3. When a representative of an area audit office has made a verification
  4. All of the above
- 1-32. The loss of at least which of the following amounts constitutes a major physical loss of funds?
1. Any amount where there is evidence of fraud
  2. \$100
  3. \$250
  4. \$500
- 1-33. If the appointment of an investigating officer is required because of an irregularity in the disbursing officer's account, which of the following individuals should the commanding officer appoint?
1. CWO-3 or above
  2. LT or above
  3. LCDR or above
  4. GS-9 or above
- 1-34. Which of the following situations would constitute an irregularity in the disbursing officer's account?
1. A physical loss only
  2. A physical loss or overage only
  3. An incorrect, illegal or improper payment only
  4. Either an incorrect, illegal or improper payment, or a physical loss or overage
- 1-35. When an irregularity is suspected, the disbursing officer will immediately perform a verification of all deputies and agents. A report to the commanding officer must be made if the irregularity has not been resolved within what maximum period of time?
1. Close of business for the day
  2. 24 hours
  3. 48 hours
  4. Close of business for the week
- 1-36. A major physical loss has occurred. The commanding officer reports the irregularity through the chain of command to which of the following officials or agencies?
1. Comptroller, DOD
  2. Treasurer of the U.S.
  3. DFAS-HQ
  4. DFAS-CL
- 1-37. A record of all physical losses or overages is maintained on what form?
1. Statement of Agent Officer's Account, DD 1081
  2. Subsidiary Accountability Record, DD 2667
  3. Daily Statement of Accountability, DD 2657
  4. Daily Agent Accountability Summary, DD 2665
- 1-38. A disbursing officer may request relief from liability for minor losses of funds by submitting which of the following documents?
1. A formal letter request
  2. A copy of the report to the commanding officer
  3. A copy of the Daily Statement of Accountability with a cover letter explaining the known circumstances
  4. A quarterly Minor Loss Report with copies of investigative reports for any loss in excess of \$25
- 1-39. If a minor loss of \$25 or less is attributable to the disbursing officer, an investigation will be conducted by which, if any, of the following persons?
1. The deputy disbursing officer
  2. The disbursing officer suffering the loss
  3. Any agent of the disbursing officer
  4. None of the above
- 1-40. A formal investigation of an erroneous payment is mandatory in which of the following cases?
1. The payment exceeds \$500
  2. The payment exceeds \$750
  3. The payment was made by the disbursing officer
  4. Fraud is suspected

- 1-41. When, if ever, can an overage of funds be used to offset a shortage of funds?
1. When they occur in the same week
  2. When there is an obvious relationship
  3. When the amount is less than \$25
  4. Never
- 1-42. Generally, a request for relief of liability for other than minor physical losses should be submitted within what maximum number of days following the loss?
1. 15
  2. 30
  3. 45
  4. 60
- 1-43. When an irregularity occurs in a disbursing officer's account, there is a presumption of fault or negligence on the part of the accountable individual.
1. True
  2. False
- 1-44. Which of the following documentation is NOT required to be included in a request for relief of liability for a major physical loss of funds?
1. A statement of involvement in any prior irregularities
  2. A statement of how the loss is being carried in the disbursing officer's account
  3. A copy of the individual's appointment letter
  4. A copy of the appropriate standard operating procedures or a statement of the utilized procedures
- 1-45. The request for relief from liability for a major physical loss will be forwarded through the chain of command to which of the following officials or agencies?
1. DFAS-CL
  2. DFAS-HQ
  3. GAO
  4. SECDEF
- 1-46. The request for relief from liability for an illegal, incorrect, or improper payment will be forwarded through the chain of command to which of the following officials or agencies?
1. DFAS-CL
  2. DFAS-HQ
  3. GAO
  4. SECDEF
- 1-47. An incorrect payment resulting in an overpayment in the amount of \$500 has occurred because of a clerical error in the check issue process. Which of the following officials or agencies has the final authority to grant relief of liability in this case?
1. SECDEF
  2. DFAS-HQ
  3. DFAS-CL
  4. Commanding officer
- 1-48. If relief of liability is denied, the procedures for effecting, processing, and accounting for the collection are prescribed by which of the following manuals?
1. DFAS P/PPM, volume 2
  2. SDSFROMAN, volume II
  3. DODFMR, volume 7A
  4. DODFMR, volume 5
- 1-49. When a disbursing officer is incapacitated, the commanding officer may authorize the deputy to continue to disburse the accounts under the name of the disbursing officer. For what maximum period of time can the deputy act in this capacity?
1. Through the last day of the month in which the absence began
  2. Through the last day of the month following the month of absence
  3. Through the last day of the second month following the month of absence
  4. Through the last day of the third month following the month of absence

1-50. The disbursing officer is declared an unauthorized absentee. The commanding officer should immediately carry out all of the following actions except which one?

1. Take possession of all disbursing spaces, keys, and property and seal the safes
2. Send a message to the Treasury reporting the last check issued
3. Appoint a board of at least three disinterested officers to inventory the vouchers, funds, and property on hand
4. Send a message to DFAS-CL detailing all actions taken

1-51. Retained records may be destroyed when they are how old?

1. 1 year
2. 1 year, 6 months
3. 3 years
4. 2 years, 6 months

1-52. When an afloat disbursing officer is relieved by another disbursing officer, what is done with the relieved officer's retain records?

1. Retained on board for 90 days, then forwarded to the appropriate FIPC
2. Immediately forwarded to the appropriate FIPC
3. Retained on board for 6 months, then forwarded to a federal records center
4. Immediately forwarded to a federal records center

1-53. When a disbursing officer ashore is relieved by another disbursing officer, what disposition is made of the relieved disbursing officer's records?

1. Immediately forwarded to the appropriate FIPC
2. Immediately forwarded to a federal records center
3. Retained for 90 days and then forwarded to the appropriate FIPC
4. Retained until 1 year old and then destroyed

1-54. A request for a copy of a voucher that has been previously shipped or destroyed should be made to what facility, if any?

1. The cognizant FIPC
2. DFAS -CL
3. The authorized accounting activity for the appropriation involved
4. None

1-55. The authority for a disbursing officer is automatically granted with his or her assignment to disbursing duty.

1. True
2. False

1-56. A disbursing officer must compute his or her average daily cash requirement. This is accomplished by which of the following methods?

1. Subtract daily cash disbursements from daily cash collections and average the results
2. Average the daily disbursements
3. Average the amounts picked up from the source of funds using the period of time between procurements
4. Subtract daily cash collections from daily cash disbursements and average the results

IN ANSWERING QUESTIONS 1-57 THROUGH 1-62, SELECT FROM THE FOLLOWING LIST THE PROPER PERIOD OF TIME THAT CASH SHOULD BE PROCURED TO COVER THE CONDITIONS DESCRIBED IN THE QUESTION.

- A. 3 days
- B. 1 week
- C. 2 weeks
- D. 4 weeks

1-57. Weekly requirements are \$25,000 and the source of funds is not reasonably close.

1. A
2. B
3. C
4. D

1-58. Weekly requirements are \$6,000 and the source of funds is reasonably close.

1. A
2. B
3. C
4. D

1-59. Weekly requirements are \$250 and the source of funds is reasonably close.

1. A
2. B
3. C
4. D

- 1-60. Weekly requirements are \$75,000 and the source of funds is not reasonably close.
1. A
  2. B
  3. C
  4. D
- 1-61. Weekly requirements are \$5,000 and the source of funds is remote.
1. A
  2. B
  3. C
  4. D
- 1-62. Weekly requirements are \$125,000 and the source of funds is reasonably close.
1. A
  2. B
  3. C
  4. D
- 1-63. A new request to hold cash at personal risk must be submitted at least semiannually to become effective on which of the following dates?
1. 01 January and 01 July
  2. 01 February and 01 August
  3. 01 March and 01 September
  4. 01 April and 01 October
- 1-64. Which of the following officials or agencies is the approving authority for a disbursing officer's request to hold cash at personal risk?
1. Commanding officer
  2. DFAS-CL
  3. DFAS-HQ
  4. Treasury
- 1-65. The disbursing officer's request to hold cash at personal risk should be for the amount held by which of the following persons?
1. Disbursing officer only
  2. Disbursing officer and deputies only
  3. Disbursing officer and agent cashiers only
  4. Disbursing officer and all deputies and agent cashiers at the main office
- 1-66. An afloat disbursing officer determines that the normal cash requirements will not be sufficient. What is the maximum number of days that the disbursing officer's request for a temporary increase may cover?
1. 15
  2. 30
  3. 45
  4. 60
- 1-67. The combination for all safes and containers used to store funds must be changed at least how often?
1. Every month
  2. Every 2 months
  3. Every 3 months
  4. Every 6 months
- 1-68. When a disbursing officer is relieved by another disbursing officer, what form is used to certify the transfer of funds?
1. Receipt for Cash-Subvoucher, SF 1165
  2. Statement of Accountability, SF 1219
  3. Daily Statement of Accountability, DD 2657
  4. Subsidiary Accountability Record, DD 2667
- 1-69. If a disbursing officer on shore duty has excess funds, what is the maximum amount that may be accumulated without deposit?
1. \$500
  2. \$750
  3. \$999
  4. \$1,000
- 1-70. Which of the following statements concerning deposits is NOT true?
1. Checks deposited must be sorted
  2. The check deposit is accompanied by an adding machine tape or listing showing the amount of each check and the total amount of the deposit
  3. Separate deposit tickets are required for cash and checks
  4. All deposits are accompanied by an SF 215

IN ANSWERING QUESTIONS 1-71 THROUGH 1-73,  
SELECT FROM THE FOLLOWING LIST THE COPY OF  
THE DEPOSIT TICKET, SF 215, DESCRIBED IN  
THE QUESTION.

- A. Original
- B. Memorandum
- C. Depository
- D. Agency
- E. Confirmed

1-71. Disbursing officer retains.

- 1. B
- 2. C
- 3. D
- 4. E

1-72. Submitted with the financial  
returns.

- 1. A
- 2. C
- 3. D
- 4. E

1-73. Forwarded to the Department of the  
Treasury by the depository.

- 1. A
- 2. B
- 3. C
- 4. D

1-74. Which of the following items is NOT  
required for the record of  
instruments deposited?

- 1. Serial number
- 2. Date drawn
- 3. Date cashed
- 4. Financial institution on which  
drawn

1-75. When a bank has a valid charge  
against a disbursing symbol number,  
what document is issued to effect  
that charge?

- 1. Journal Voucher, OF 1017-G
- 2. Deposit Ticket, SF 215
- 3. Voucher and Schedule of  
Withdrawals and Credits, SF  
1081
- 4. Debit Voucher, SF 5515

## ASSIGNMENT 2

Textbook Assignment: "Appropriation Accounting," chapter 2, and "Travel Allowances," chapter 3.

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2-1. On what specific date does each fiscal year end?

1. 30 April
2. 30 June
3. 30 September
4. 31 December

2-2. Which of the following is NOT one of the Five Year Defense Plan programs?

1. Research and Development
2. Operational Forces
3. Support of Other Nations
4. Intelligence and Communications

IN ANSWERING QUESTIONS 2-3 THROUGH 2-5, SELECT THE APPROPRIATION ACT FROM THE FOLLOWING LIST THAT IS DESCRIBED BY THE QUESTION.

- A. Regular
- B. Supplemental
- c. Deficiency
- D. Multi-year

2-3. Allows Congress to change the monetary limitation of a particular appropriation to permit the liquidation of known or anticipated obligations when the sums appropriated in the regular appropriation act are not sufficient to meet these obligations.

1. A
2. B
3. C
4. D

2-4. Changes the monetary limitation, the purpose, or both, of an appropriation that is still available for obligation or for payment of existing obligations.

1. A
2. B
3. C
4. D

2-5. The first appropriation act passed by Congress for a specific purpose for a particular fiscal year.

1. A
2. B
3. C
4. D

IN ANSWERING QUESTIONS 2-6 THROUGH 2-13, SELECT FROM THE FOLLOWING LIST THE TYPE OF APPROPRIATION DESCRIBED BY THE QUESTION.

- A. Annual
- B. Multiple year
- C. Continuing
- D. Current
- E. Expired
- F. Definite
- G. Indefinite
- H. Lapsed

2-6. No longer available for additional obligations, but is still available for 2 years from the date of expiration for liquidation of any existing obligations.

1. A
2. C
3. E
4. G

2-7. Available for incurring obligations for a definite period of time, but the period of time must exceed 1 fiscal year.

1. B
2. D
3. F
4. H

2-8. Available for incurring obligations until the appropriation is exhausted or until the purpose for which the appropriation was made is accomplished.

1. A
2. C
3. F
4. G

- 2-9 Has an undisbursed balance but by law is not available for :  
disbursement.
1. D
  2. F
  3. G
  4. H
- 2-10. Does not have a specific amount stated in the appropriation act.
1. B
  2. C
  3. G
  4. H
- 2-11. Available for incurring obligations only in the fiscal year specified in the appropriation act.
1. A
  2. D
  3. F
  4. G
- 2-12. Available for incurring obligations only during the current fiscal year.
1. A
  2. D
  3. F
  4. H
- 2-13. The amount is stated in the appropriation act as a specified sum of money.
1. A
  2. B
  3. C
  4. F
- 2-14. Which of the following appropriation accounts is established for the payment of obligations applicable to appropriations for the same general purpose, but which have either lapsed or been discontinued?
1. Open
  2. Closed
  3. Revolving
  4. Successor
- 2-15. In which of the following ways do funds differ from appropriations?
1. Funds are authorized by Congress
  2. Funds are permanent in nature
  3. Funds expire annually
  4. Funds may only be used for specific purposes
- 2-16. The Navy Stock Fund is an example of which, if any, of the following types of funds?
1. Trust
  2. Revolving
  3. General
  4. None of the above
- 2-17. Ship's Store Profits is an example of which, if any, of the following types of funds?
1. Trust
  2. General
  3. Revolving
  4. None of the above
- 2-18. Which of the following statements concerning the accounting classification code is NOT true?
1. Facilitates the forwarding of copies of public voucher disbursements and collections to the accountable activity for analysis of obligations and expenditures
  2. Identifies the activity responsible for accounting for the appropriation or part of the appropriation
  3. Shown on all purchase requests as well as the resulting obligation and expenditure documents
  4. Allows each accounting activity the ability to devise their own system for accumulating and reporting a variety of accounting information
- 2-19. The accounting classification code consists of how many maximum elements?
1. 1
  2. 2
  3. 7
  4. 9
- IN ANSWERING QUESTIONS 2-20 THROUGH 2-26 CONCERNING THE ELEMENTS OF THE COST CODE, SELECT THE ELEMENT FROM THE FOLLOWING LIST DESCRIBED BY THE QUESTION.
- A. Appropriation
  - B. Subhead
  - C. Object class
  - D. Bureau control number
  - E. Suballotment
  - F. Authorization accounting activity
  - G. Transaction type
  - H. Property accounting activity
  - I. Cost code



- 2-20. The source of any information that may be needed for the preparation of reports requiring additional detail subsequent to the level identified in the rest of the accounting classification code.
1. E
  2. F
  3. H
  4. I
- 2-21. Identifies the activity designated to perform allotment accounting and other accounting assignments.
1. D
  2. F
  3. G
  4. H
- 2-22. A subdivision of the appropriation that provides the funding authority for the accomplishment of a specific function or mission.
1. B
  2. C
  3. D
  4. E
- 2-23. Indicates the legal source of each transaction.
1. A
  2. C
  3. G
  4. I
- 2-24. Designates the nature of the services, articles, or other items involved.
1. B
  2. C
  3. D
  4. H
- 2-25. Identifies the charges or credits to the appropriation or fund for that particular transaction.
1. B
  2. C
  3. E
  4. G
- 2-26. The TANGO number or travel order number on TAD orders.
1. F
  2. G
  3. H
  4. I
- 2-27. The use of the letter X in an appropriation indicates that the appropriation is which of the following" types?
1. Continuing
  2. Successor
  3. Revolving
  4. Closed
- 2-28. How many major categories of object classes are there?
1. 8
  2. 9
  3. 3
  4. 4
- 2-29. The suballotment is determined by which of the following persons or agencies?
1. Congress
  2. Fiscal section
  3. Property accounting activity
  4. Allotment holder
- 2-30. When an element of the accounting classification code is not required for a specific transaction, what is used in place of that element?
1. The space is left blank
  2. N/A is used to indicate not applicable
  3. The space is zero filled
  4. The space is filled with dashes
- 2-31. Available funds within an appropriation can be authorized, issued, and administered to the Navy so it can be used to meet the financial obligations to support a specific mission or function. What term describes this type of fund?
1. Special appropriation
  2. Fund
  3. Allotment
  4. Allocation
- 2-32. A centrally managed allotment is an allotment made by the head of an office or command in a specific amount to be charged for specified purposes by designated officials, without specific limitations as to any individual official.
1. True
  2. False

- 2-33. Which of the following accounting item classify transactions according to the use for which the transactions were made?
1. Functional account number
  2. Unit identification code
  3. Suballotment
  4. International balance of payments code
- 2-34. There are how many major headings of functional account numbers?
1. 8
  2. 2
  3. 6
  4. 4
- 2-35. Functional account number series 74000 indicates which of the following types of expenditure?
1. Pay and allowances
  2. Training
  3. Subsistence
  4. Transportation
- 2-36. Which of the following statements concerning UICs is not true?
1. Every command has a UIC
  2. UICs are used to help identify the responsible paying office for pay and allowances
  3. UICs appear in the paid by block of public vouchers
  4. only commands within DOD are assigned a UIC
- 2-37. Which of the following statements correctly describes the proper country code for military payrolls for personnel afloat assigned to a ship home ported in a foreign country?
1. Country in which the personnel are located at the time of payment
  2. Country where duty is performed
  3. Country in which the greater part of the pay was earned
  4. Country in which the ship is home ported
- 2-38. Any voucher that requires a country code must also have an expenditure category code for disbursements or a source code for collections.
1. True
  2. False
- 2-39. The collection source code will appear in which element of the accounting classification code?
1. Object class
  2. Subhead
  3. Cost code
  4. Property accounting activity
- 2-40. The proper elements of the accounting classification code and complete instructions on how they are re-constructed can be found in which of the following manuals?
1. NAVCOMPT, volume 3
  2. DODFMR, volume 7A
  3. DODFMR, volume 5
  4. NAVCOMPT, volume 2
- 2-41. How many working days are allowed for a disbursing officer to settle a travel claim?
1. 5
  2. 7
  3. 10
  4. 15
- IN ANSWERING QUESTIONS 3-42 THROUGH 3-46, SELECT THE AGENCY FROM THE FOLLOWING LIST THAT IS ASSIGNED THE RESPONSIBILITY STATED IN THE QUESTION.
- A. Bureau of Naval Personnel
  - B. Comptroller of the Navy
  - C. Per Diem, Travel and Transportation Allowance Committee
- 2-42. Establishing the rate of overseas station allowances.
1. A
  2. B
  3. C
- 2-43. Developing and issuing Navy passenger transportation directives and procedures.
1. A
  2. B
  3. C
- 2-44. Clarifying orders, determining and providing facts affecting travel allowances, and resolving controversial matters relating to the use and procurement or transportation facilities.
1. A
  2. B
  3. C

- 2-45. Interpreting the laws and regulations relating to travel reimbursement based on the evaluation of all pertinent facts.
1. A
  2. B
  3. C
- 2-46. Ensuring that uniform travel regulations are issued according to the Career Compensation Act.
1. A
  2. B
  3. C
- 2-47. A member without dependents is eligible to receive DLA when transferred on PCS orders to a new duty station where government quarters are not assigned or are temporarily occupied for 60 days or less.
1. True
  2. False
- 2-48. Which of the following statements does NOT describe a member without dependents for DLA purposes?
1. Has dependents entitled to travel and transportation allowances, but the dependents do not relocate in connection with PCS
  2. Has a spouse who is a dependent on the effective date of the member's PCS orders that was a former member and received travel allowances upon separation from the service
  3. Has no dependents
  4. Is not entitled to travel and transportation allowances for travel of dependents in connection with PCS
- 2-49. Which of the following amounts is payable for DLA?
1. 1 month of BAQ for member's paygrade
  2. 2 months of BAQ for member's paygrade
  3. 3 months of BAQ for member's paygrade
  4. 4 months of BAQ for member's paygrade
- 2-50. Which of the following is one of the criteria used to determine whether a member's old and new duty stations are in proximity to each other?
1. They are within a 50-mile radius of each other
  2. The distance from the member's residence to the new duty station is less than or equal to the distance from the residence to the old duty station
  3. The commuting time between the duty stations is no more than 2 hours
  4. They are both served by the same local transportation system
- 2-51. A member with dependents moved on PCS orders but elected not to move the dependents concurrently. Government quarters were not assigned and the member was paid single DLA. If the dependents later join the member, which, if any, of the following amounts would be payable for DLA?
1. 1 month of BAQ with dependents for member's paygrade
  2. 2 months of BAQ with dependents for member's paygrade
  3. The difference between 2 months of BAQ for member's paygrade at the with dependents rate and the without dependents rate
  4. None of the above
- 2-52. For which of the following situations would DLA be payable?
1. A move from home to first PDS
  2. A move from last PDS to home
  3. A move from an overseas duty station back to CONUS because of inadequate medical facilities
  4. A move from last PDS in one period of service to first PDS in new period of service when there was no ordered PCS between those stations

- 2-53. When a member's old and new duty stations are in proximity to each other, a certification that the relocation of the member's household is mission essential and in the best interest of the government must be issued for DLA to be payable. A commanding officer must be of what minimum paygrade to sign such a certification?
1. 0-7
  2. 0-6
  3. 0-5
  4. 0-4
- 2-54. Generally a member is entitled to how many DLAs per fiscal year?
1. One
  2. Two
  3. Three
  4. Four
- 2-55. Which of the following dates is used to determine the fiscal year for which a DLA is counted?
1. Date the dependents begin travel
  2. Date the dependents complete travel
  3. Date the member reports to the new PDS
  4. Date member is detached from the old PDS
- 2-56. A member's dependents move their residence in compliance with PCS orders and complete the move to the new location. The member's orders are then modified to direct the member to a different new PDS. The dependents then move to the new duty station. Which of the following statements is correct?
1. The member will be paid DLA for only one of the two moves
  2. The member will be paid DLA for both of the moves
  3. The commanding officer must certify that the orders were modified before any payment can be made
  4. The member will be paid DLA for both of the moves provided the moves were in different fiscal years
- 2-57. When a member is married to a member, DLA is payable to either of them but not to both regardless of the circumstances.
1. True
  2. False
- 2-58. In which of the following circumstances can NAVCOMPT Form 2120 NOT be used to pay a reservist's travel allowances?
1. The period of active duty is less than 15 days
  2. The period of active duty is less than 30 days
  3. The disbursing officer does not use MCPS to pay the claim
  4. A travel advance was paid
- 2-59. Payment of travel allowances for reservists on ACDUTRA for less than 30 days is normally paid at which of the following times?
1. Prior to travel
  2. Upon arrival at the ACDUTRA station
  3. On the last day of ACDUTRA
  4. After return to the reserve center at the completion of ACDUTRA
- 2-60. A reservist on ACDUTRA may be paid in advance for miscellaneous expenses to be incurred during return travel to the reserve unit.
1. True
  2. False
- 2-61. A member is discharged while in confinement by civil authorities in the United States. Upon release from confinement, the member is entitled to which of the following types of transportation?
1. Government provided transportation from the confinement facility to home of record
  2. There is no entitlement to transportation
  3. MALT from the confinement facility to home of record
  4. Government transportation from last duty station to home of record

- 2-62. Jack Frost lost his ticket for onward transportation issued on his orders. Any transportation furnished will be funded using which of the following methods?
1. Charged to the appropriation on the orders subject to reimbursement by an offsetting checkage of his pay account
  2. Charged to the appropriation on the orders subject to reimbursement from the carrier for the unused ticket
  3. Charged to his pay account only
  4. Charged to the appropriation on the orders only
- 2-63. The maximum reimbursement for recruiters for actual and necessary expenses incurred in connection with their duties is normally what maximum amount?
1. \$25
  2. \$50
  3. \$75
  4. \$100
- 2-64. When a member has deferred COT leave, the travel must be performed before the expiration of what time limit?
1. 6 month within reporting to the new PDS
  2. 12 months within reporting to the new PDS
  3. 24 months within reporting to the new PDS
  4. Anytime prior to transfer from the new PDS
- 2-65. Dependents who are entitled to COT travel must perform the travel at the same time as the member.
1. True
  2. False
- 2-66. A dependent traveling for medical treatment between locations outside CONUS requires a nonmedical attendant. The nonmedical attendant is not a military or government employee. How will the attendant be reimbursed for expenses incurred?
1. Paid at the regular military temporary duty rate
  2. Paid at the regular U.S. Government civilian temporary duty rate
  3. Paid the full per diem rate for the area concerned
  4. Paid actual expenses not to exceed the full per diem rate for the area concerned
- 2-67. A member is permanently assigned to a ship that is undergoing overhaul at a place other than the home port of the ship. The ship enters overhaul on 16 February. On which of the following dates would the member accrue entitlement to transportation back to the home port of the ship?
1. 16 March
  2. 17 March
  3. 18 March
  4. 19 March
- 2-68. Which of the following statements concerning travel entitlements based upon a ship undergoing overhaul at a port other than home port is NOT true?
1. Any entitlement not used before earning another entitlement is lost
  2. When two or more members travel together by privately owned conveyance, only the operator is entitled to any allowances
  3. Reimbursement for personally procured transportation may not exceed the cost of government procured commercial transportation
  4. The amount paid for all dependents may not exceed the amount allowed for the member alone
- 2-69. For which of the following cases is per diem and transportation allowances payable?
1. Member traveling on permissive travel order
  2. Member traveling to meet ship in Mayport, Florida, which unexpectedly deployed from Norfolk, Virginia, while members was on authorized leave in New York
  3. Return to overseas duty station when no-cost transportation is not available
  4. Attendance at a public ceremony where the sponsoring agency bears the expenses

- 2-70. Which of the following statements concerning members traveling in a disciplinary statue is NOT true?
1. When government or government procured transportation is not available, the member may be reimbursed for the actual cost of the transportation
  2. The member will be reimbursed for gas and oil only when using a privately owned conveyance
  3. Per diem is not authorized while traveling or while at the disciplinary action point
  4. A mileage allowance of \$.25 per mile is payable for travel by privately owned conveyance
- 2-71. A member discharged under other than honorable conditions may be provided which, if any, of the following transportation entitlements?
1. MALT plus per diem to home of record
  2. \$25
  3. An amount equal to the cost to the government of the least expensive common carrier transportation to the home of record
  4. None of the above
- 2-72. A member on TDRL travels to a medical facility and is admitted as an inpatient. During which of the following periods does the member lose entitlement to per diem?
1. 0001 the day before admission through 2400 of the day before discharge
  2. 0001 the day of admission through 2400 the day of discharge
  3. 0001 the day of admission through 2400 the day before discharge
  4. 0001 the day after admission through 2400 the day before discharge
- 2-73. Which of the following statements is NOT true concerning transportation entitlements for convalescent leave?
1. More than one round trip may be permitted
  2. The illness or injury must have been incurred while the member was eligible for the receipt of hostile fire pay or imminent danger pay
  3. Per diem, meal tickets, and reimbursement for meals and lodging are not authorized in connection with convalescent leave
  4. The member may return to a different designated medical facility as opposed to the original treatment facility
- 2-74. The disbursing officer is accountable for the payment of fraudulent claims even though not a participant in the fraud.
1. True
  2. False
- 2-75. A claim that contains reimbursement items that appear excessive will be referred to which of the following officials or agencies for determination?
1. Disbursing officer
  2. Claimant's commanding officer
  3. Per Diem, Travel and Transportation allowance Committee
  4. Bureau of Naval Personnel

## ASSIGNMENT 3

Textbook Assignment: "U.S. Treasury Checks, " chapter 4.

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3-1. All U.S. Treasury checks currently issued are payable for what period of time?

1. 6 months from date of issue
2. 1 year from month of issue
3. 1 year from date of issue
4. 2 years from date of issue

IN ANSWERING QUESTION 3-2 THROUGH 3-6, SELECT FROM THE FOLLOWING LIST THE TYPE OF CHECK DESCRIBED IN THE QUESTION.

- A. Spoiled
- B. Voided
- C. Canceled
- D. Recertified
- E. Recovered
- F. Undeliverable
- G. Exchange-for- cash

3-2. An original check that is returned to the disbursing officer after it has been canceled.

1. B
2. C
3. D
4. E

3-3. A check that was misprinted or mutilated during the issue process and has not been and will not be replaced by a control check.

1. A
2. B
3. D
4. F

3-4. A check issued to replace an unavailable canceled check.

1. B
2. D
3. F
4. G

3-5. A check drawn by a disbursing officer in favor of himself or herself to obtain cash funds for disbursements.

1. B
2. D
3. F
4. G

3-6. A check that is misprinted or mutilated during the issue process that is replaced by a control check.

1. A
2. B
3. C
4. D

3-7. A control check may be easily distinguished by which of the following characteristics?

1. It has an 8-digit control number in the lower center
2. It has an 8-digit control number in the upper left corner
3. It does not have MICR encoding along the lower edge
4. It does not have the place of issue and DSSN preprinted

3-8. Orders for emergency checks must be made in multiples of which of the following quantities?

1. 100
2. 500
3. 1000
4. 2000

3-9. A check that is not delivered to the payee within which of the following time frames is classified as undeliverable?

1. Within 30 days of the date of issue
2. Within 30 days after the month of issue
3. Within 60 days of the date of issue
4. Within 60 days after the month of issue

3-10. Which of the following classifications is NOT considered to be a type of canceled check?

1. Available
2. Spoiled
3. Unavailable
4. Limited payability

- 3-11. A disbursing officer received a supply of emergency checks. Upon receipt of the regular-issue check order, the unused emergency checks should be voided and destroyed.
1. True
  2. False
- 3-12. Blank check stock should be kept in a burglary resistant safe or a security container carrying a rating of at least which of the following classes?
1. 1
  2. 2
  3. 3
  4. 4
- 3-13. When the number of checks issued is small, the working stock should consist of a supply of how many days?
1. 1
  2. 2
  3. 3
  4. 4
- 3-14. The disbursing officer or designee must inventory the bulk check stock at least how often?
1. Weekly
  2. Monthly
  3. Quarterly
  4. Semiannually
- 3-15. Which of the following check orders require(s) a separate order form?
1. Each check assembly
  2. Control checks
  3. Specimen checks
  4. All of the above
- 3-16. What minimum number of days should be allowed for the normal order and shipping time for Treasury checks?
1. 60
  2. 90
  3. 120
  4. 180
- 3-17. Reorder levels for Treasury checks should be set for when the check stock falls to which of the following months of supply-on-hand levels?
1. 9
  2. 6
  3. 3
  4. 12
- 3-18. Which of the following items is NOT required in the check control log?
1. Beginning check number
  2. Ending check number
  3. Balance on hand
  4. Name of person receiving checks
- 3-19. Blank check stock is especially sensitive to all except which of the following conditions?
1. Heat
  2. Cold
  3. Moisture
  4. Light
- 3-20. The 120-day warranty period on check orders begins on which of the following dates?
1. Date printed
  2. Date shipped
  3. Date delivered
  4. Date examined by disbursing
- 3-21. Payroll checks should be dated no earlier than the day the pay is due and mailed no earlier than what number of days before payday?
1. 1
  2. 2
  3. 3
  4. 4
- 3-22. If a payee presents a large enough portion of a mutilated check so that the check number, amount, date, and issuing symbol can be identified, that check may be treated as a spoiled check.
1. True
  2. False
- 3-23. The DD 2661, Spoiled/Control Check Record, may be destroyed how many months after the check issue date?
1. 6
  2. 12
  3. 14
  4. 18
- 3-24. Spoiled checks will be destroyed at least how often?
1. Daily
  2. Weekly
  3. Monthly
  4. Quarterly



- 3-25. The Certificate of Destruction for spoiled checks requires the signature of the disbursing officer and at least how many witnesses?
1. One
  2. Two
  3. Three
  4. Four
- 3-26. In which of the following cases may a control check be issued?
1. The original check was issued to a different payee
  2. The original check appears to have been altered
  3. The original check is more than 1 year old
  4. A control check was misprinted during issue
- 3-27. Which of the following items are required on the DD 2661?
1. Payee and amount
  2. Control check number and amount
  3. Original check number and control check number
  4. Payee and control check number
- 3-28. In the preparation process of a control check, which of the following actions is NOT required to be performed?
1. Type or stamp the RTN on the lower edge of the control check
  2. Enter the symbol number and serial number on the upper-right corner of the control check
  3. Record the control check number on the face of the original check
  4. Verify that the symbol number and serial number are correctly entered on the control check
- 3-29. Which of the following methods is used to report a void check on the record of checks drawn?
1. Report it as void
  2. Do not report information for that check number
  3. Report a zero amount
  4. Report it as destroyed
- 3-30. Within what period of time will voided checks be destroyed?
1. 30 days of date on which voided
  2. 30 days after month in which voided
  3. 60 days of date on which voided
  4. 60 days after month in which voided
- 3-31. What disposition is made of the original certificate of destruction for voided checks?
1. Filed with the monthly retained financial returns
  2. Submitted with the monthly financial returns
  3. Mailed to Treasury
  4. Held by disbursing officer as proof of destruction
- 3-32. Where should voided checks be stored pending destruction?
1. In any security container with a class 1 or class 5 rating
  2. In the disbursing officer's safe with all other checks
  3. In any secure environment that has limited access
  4. In the disbursing officer's safe segregated from all other checks
- 3-33. Under which of the following conditions may a disbursing officer NOT cancel an available check?
1. The check was drawn under the account of a predecessor of the same activity and symbol number
  2. The check was erroneously reported as void
  3. The check was drawn under the disbursing officer's own official checking account symbol
  4. The check was drawn under an account the disbursing officer is in the process of settling
- 3-34. Canceled checks are deposited with which of the following institutions?
1. A federal reserve bank or branch
  2. Any military banking facility
  3. Any designated depository outside CONUS and a federal reserve bank or branch inside CONUS
  4. Any designated depository

- 3-35. Which of the following statements concerning the deposit of canceled checks is correct?
1. Canceled checks may be consolidated with other negotiable instruments under the same SF 215
  2. A separate SF 215 is required for each canceled check
  3. Canceled checks are deposited on an SF 1096
  4. Canceled checks must be deposited on a separate SF 215 from other collections
- 3-36. Canceled checks will be deposited no later than which of the following dates?
1. The last day of the month in which canceled
  2. The last day of the month after the month in which canceled
  3. The 25th of the month in which canceled
  4. The 1st of the month after the month in which canceled
- 3-37. What disposition is made for undelivered checks held by other than the issuing DSSN?
1. Canceled and deposited after two weeks
  2. Returned after two weeks to the issuing DSSN
  3. Canceled and deposited after 60 days
  4. Returned after 60 days to the issuing DSSN
- 3-38. Claims for undeliverable checks which were canceled will be paid by which of the following offices?
1. Treasury
  2. DFAS -CL
  3. Any disbursing office
  4. The disbursing office that canceled the check
- 3-39. When a disbursing officer is detached without-relief, what action, if any, is taken regarding undelivered checks?
1. Transferred to the designated settlement office for disposition using the rules governing undeliverable checks issued by another DSSN
  2. Transferred to the designated settlement office for disposition according to the 60-day rule
  3. Canceled and deposited prior to transfer without regard for the 60-day rule
  4. None
- 3-40. Which of the following forms is used to cancel an unavailable check?
1. SF 1184
  2. SF 215
  3. SF 1098
  4. DD 1131
- 3-41. The statute of limitations for claims against the government bars claims for loss of checks after what period of time from the date of issue?
1. 1 year
  2. 3 years
  3. 6 years
  4. 7 years
- 3-42. If a disbursing officer suffers a bulk loss of blank check stock, a single SF 1184 may be submitted to cancel all checks involved in the loss.
1. True
  2. False
- 3-43. Which of the following reasons would be considered justification for a disbursing officer to refuse to issue a recertified check immediately?
1. The original check was endorsed by the payee when it was lost
  2. The payee has an outstanding obligation against which the payment may be offset
  3. The original check was more than 1 year old at the time of loss
  4. All of the above

- 3-44. In which of the following cases may the disbursing officer normally NOT immediately issue a replacement check?
1. Any payment made under protest
  2. Any composite or consolidated check
  3. A payee that reports nonreceipt of a recertified check
  4. Military pay and allowances
- 3-45. Until a Treasury status of "outstanding" is received, a recertified check may not be issued to a payee who has received more than what number of recertified checks in a 12-month period?
1. One
  2. Two
  3. Three
  4. Four
- 3-46. To ensure timely action is being taken to clear all balances in account 17F3880, the disbursing officer or primary deputy will review the account balance at least how often?
1. Weekly
  2. Monthly
  3. Quarterly
  4. Semiannually
- 3-47. How often must the disbursing officer certify the balance in account 17F3880 to DFAS-CL?
1. Monthly
  2. Quarterly
  3. Semiannually
  4. Yearly
- 3-48. The disbursing officer is held pecuniarily and personally liable for all illegal, erroneous, or improper disbursements of public funds by recertified checks.
1. True
  2. False
- 3-49. Disbursement and collections transactions affecting 17F3880 will be vouchered on which of the following forms?
1. SF 1080 and SF 1098
  2. TFS 2244 and TFS 3510
  3. SF 1179 and SF 1184
  4. SF 1034 and DD 1131
- 3-50. Upon relief of a disbursing officer, undocumented balances in 17F3880 will be handled in what manner?
1. Transferred to the incoming disbursing officer for resolution
  2. Processed as a loss of funds for the departing disbursing officer
  3. Transferred to DFAS-CL for resolution
  4. Balanced by preparing 1 voucher to transfer money to or from the account Unclaimed or Forfeited Monies
- 3-51. An undeliverable recertified check will be handled in which of the following manners?
1. Canceled 30 days after date of issue
  2. Canceled 60 days after the month of issue
  3. Canceled 60 days after date of issue
  4. Canceled immediately
- 3-52. To which of the following categories may an exchange-for-cash remittance check for official purposes NOT be made payable?
1. An individual
  2. An official by position title
  3. A government agency
  4. A private business
- 3-53. Which of the following individuals is eligible to purchase an exchange-for-cash remittance check?
1. A former government employee
  2. A retiree
  3. A current government employee
  4. All of the above
- 3-54. An exchange-for-cash remittance for the funds of deceased personnel is made payable to which of the following individuals?
1. The deceased
  2. The payee designated by the officer having custody of the personal effects
  3. The designated beneficiary on the deceased's NAVPERS 1070/602
  4. The officer having custody of the personal effects

- 3-55. Where on a check should the legend exchange-for-cash remittance be placed?
1. As part of the payee information
  2. Centered 1 cross the top border
  3. As the object for which drawn
  4. It is not required
- 3-56. To which of the following personnel may an exchange-for-cash disbursement check NOT be made payable?
1. The disbursing officer
  2. The commanding officer
  3. A deputy disbursing officer
  4. An agent cashier
- 3-57. A disbursing officer is obtaining funds by means of an exchange-for-cash disbursement check. The check will be made payable to which of the following individuals or agencies?
1. The disbursing officer
  2. The bank providing the funds
  3. Treasurer of the U.S.
  4. DFAS-CL
- 3-58. All Treasury checks that have not been cashed within 1 year of the date of issue are automatically canceled by the Treasury during which of the following time periods?
1. During the 12th month after the date of the check
  2. During the 13th month after the date of the check
  3. During the 14th month after the date of the check
  4. During the 15th month after the date of issue
- 3-59. A payee presents a check that is more than 1 year old to the disbursing officer. What should be done with the original check?
1. Returned to the payee
  2. Destroyed immediately
  3. Canceled and deposited
  4. Annotated as canceled under limited payability and retained with replacement check documentation
- 3-60. A disbursing officer submitting check issue data to Treasury via magnetic tape will submit the tapes no later than how many days after the end of the month?
1. 1
  2. 2
  3. 3
  4. 4
- 3-61. The SF 1179 is a summarization of the checks issued during an accounting period by which of the following categories?
1. Serial number only
  2. Amount only
  3. Serial number and amount only
  4. Serial number, amount, and date of issue
- 3-62. Which of the following documents is NOT included as part of the monthly checking account returns?
1. Statement of destruction of spoiled checks
  2. Statement of destruction of voided checks
  3. SF 1179
  4. OF 1017-G
- 3-63. During reconciliation of checks issued by the Treasury, a discrepancy of which of the following amounts would generate a TFS 5206?
1. \$ .26
  2. \$ .51
  3. \$ .76
  4. \$1.01
- 3-64. Which of the following forms would a disbursing officer use to correct a check issue discrepancy?
1. SF 1034 or DD 1131
  2. SF 1080 or SF 1081
  3. SF 1184 or SF 1186
  4. TFS 3023 or TFS 3510
- 3-65. Reconciliation statements and outstanding check lists are generated by the Treasury and sent to disbursing officers monthly.
1. True
  2. False

## ASSIGNMENT 4

Textbook Assignment: "Foreign Currency," chapter 5 and "Public Vouchers," chapter 6.

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- 4-1. If foreign funds are readily available, the amount held by a disbursing officer should not exceed the requirements for what number of days?
1. 1
  2. 5
  3. 3
  4. 7
- 4-2. Ships visiting foreign ports for more than 7 days where foreign funds are not readily available should limit the amount of foreign funds to the requirements for what number of days?
1. 1
  2. 5
  3. 3
  4. 7
- 4-3. What is the preferred source for the procurement of foreign funds?
1. Commercial currency exchanges
  2. Other DOD disbursing officers
  3. Cashiers at a U.S. embassy or legation
  4. A Military Banking Facility
- 4-4. Regardless of the source of foreign funds, the disbursing officer requests a signed certificate stating all except which of the following items?
1. A certification that the exchange was made at the prevailing rate
  2. The amount of foreign currency delivered
  3. The amount of U.S. dollars received
  4. The exchange rate
- 4-5. When the legal rate of exchange is not fixed, a disbursing officer obtaining foreign currency from commercial sources must obtain how many bids, if possible?
1. One
  2. Two
  3. Three
  4. Four
- 4-6. The accepted bid for procurement of foreign funds from a commercial source must be witnessed by how many commissioned officers, other than the disbursing officer?
1. One
  2. Two
  3. Three
  4. Four
- 4-7. When purchasing foreign currency in a country with a fixed rate of exchange, the disbursing officer is not required to obtain a certificate stating the amounts of U.S. and foreign currency involved or the rate of exchange.
1. True
  2. False
- 4-8. When a change to the official rate of exchange occurs, the disbursing officer should, if possible, make the revaluation of foreign currency on hand at which of the following times?
1. The end of the business day in which the change occurs
  2. The beginning of the business day in which the change occurs
  3. Close business and reevaluate upon receipt of the official notification
  4. Whenever it is most convenient
- 4-9. When a disbursing officer holding foreign currency that has no fixed rate procures additional foreign currency, the disbursing officer will expend the funds in which of the following manners?
1. At the rate of exchange used for the latest procurement
  2. At the prevailing rate at the time of expenditure
  3. At a computed average purchase rate
  4. At the rate of exchange being used for the funds on hand before the procurement

- 4-10. Which of the following entries,As used as the transaction type in accounting for gains on revaluation of foreign currency?
1. 2D
  2. 2I
  3. 3I
  4. 3C
- 4-11. Which of the following individuals or agencies authorizes the disbursing officer to make accommodation sales of foreign currency when adequate facilities are not otherwise available?
1. The manager of the nearest MSF
  2. The commanding officer
  3. The Department of Treasury
  4. DFAS-CL
- 4-12. For a disbursing officer to repurchase foreign funds from personnel departing an Overseas area on PCS, the person must have written approval from the commanding officer if the amount exceeds how many months of pay and allowances?
1. 1
  2. 2
  3. 3
  4. 4
- 4-13. Disbursing officers authorized to make accommodation sales of foreign currency are required to maintain a record of those sales, on which of the following forms?
1. SF 1034
  2. DD 1131
  3. DD 2664
  4. DD 2666
- 4-14. Disbursing officers of afloat units obtain approval, if required, from whom before making accommodation sales to the crew?
1. DFAS-CL
  2. Commanding officer
  3. Senior officer present afloat
  4. No approval is required
- 4-15. A disbursing officer of an afloat unit should not repurchase foreign currency from accommodation sales unless it can be disposed of within how many days?
1. 5
  2. 10
  3. 30
  4. 60
- 4-16. Which of the following statements concerning the sale of foreign currency to another DOD disbursing officer is NOT true?
1. The rate of exchange is normally the rate used by the purchasing officer
  2. The rate of exchange is normally the rate used by the selling officer
  3. Any gain or loss will be accounted for by the selling officer
  4. If the official rate is different from that used by the selling officer, the official rate will be used
- 4-17. When foreign currency is sold to an MBF, the rate of exchange used will be which of the following rates?
1. The rate the currency was purchased by the selling officer
  2. The rate determined in the latest revaluation by the selling officer
  3. The published official exchange rate
  4. The buy rate used by the MBF on the date of exchange
- 4-19. When foreign currency is sold through commercial channels and no official rate of exchange has been established, how many bids, if possible, should be obtained by the disbursing officer?
1. One
  2. Two
  3. Three
  4. Four
- 4-18. When no other method is available to dispose of foreign currency, the disbursing officer may deposit cash funds for credit to the Treasury with which of the following institutions?
1. Any MBF
  2. Any FRB
  3. Citibank
  4. Bank of America

- 4-20. Which of the following items is NOT required to accompany the shipment of foreign currency being deposited to the Treasury?
1. A certification stating that no other method was available to dispose of the funds
  2. A DD 165
  3. An SF 215
  4. A letter of transmittal giving specific instructions to sell the currency and credit the U.S. dollar proceeds to the Treasury
- 4-21. To avoid the impact of charges assessed for handling checks in foreign currency, the disbursing officer should refuse to accept or deposit instruments (other than Canadian bank checks) having a dollar value of less than what amount ?
1. \$10
  2. \$15
  3. \$20
  4. \$25
- 4-22. A negotiable instrument payable in foreign currency may be deposited for credit to the Treasury with which of the following institutions?
1. Any MBF
  3. Any FRB
  3. Citibank
  4. Bank of America
- 4-23. Exchange fees and other collection charges assessed for the deposit of instruments payable in foreign currency will be charged to which of the following sources?
1. The remitter
  2. The Operations and Maintenance funds of the disbursing activity
  3. Either 1 or 2 above, dependent upon availability
  4. The accounting data used to record losses on revaluation
- 4-24. Quarterly reports to DFAS-CL concerning foreign currency are submitted by which of the following dates ?
1. 15 working days after the end of the quarter
  2. 15 calendar days after the end of the quarter
  3. The last day of the month after the end of the quarter
  4. The first day of the month following the month after the end of the quarter
- 4-25. A disbursing officer holds Italian Lire and Spanish Pesetas and makes accommodation sales of both currencies at an exchange rate that is different from that used for disbursements. How many DD 2663's must be maintained?
1. One
  2. Two
  3. Three
  4. Four
- 4-26. The three quarterly reports concerning foreign currency that are submitted to DFAS-CL may be consolidated since they all go to the same place.
1. True
  2. False
- 4-27. How are foreign currency balances held under a disbursing officer's accountability, including depository checking accounts, reported on the SF 1219?
1. As dollar amounts only
  2. As foreign currency units only
  3. As both dollar amounts and foreign currency units
  4. They are not reported on the SF 1219
- 4-28. The Report of the Balance of Foreign Currency Held Under Dollar Accountability includes all except which of the following categories?
1. Country of Currency
  2. Dollar Outlay for Accommodation Exchanges
  3. Monetary Unit
  4. Rate of Exchange

- 4-29. Which of the following items appears on the SF 215 used to deposit a check payable in foreign currency?
1. Name of the bank on which the check is drawn
  2. The foreign currency amount
  3. The date of the check
  4. All of the above
- 4-30. Which of the following blocks are left blank on an SF 215 submitted for the deposit to the Treasury of a check payable in foreign currency?
1. Date Prepared
  2. Date Presented or Mailed
  3. Amount
  4. Both 2 and 3 above
- 4-31. The accounting data necessary to charge payments made on public vouchers can be found in which of the following manuals?
1. NAVCOMPT Manual, volume 2
  2. NAVCOMPT Manual, volume 4
  3. DODFMR, volume 5
  4. DODFMR, Volume 7A
- 4-32. Which of the following officials provides approval for forms used in the payment of public vouchers?
1. Director, General Accounting Office
  2. Comptroller General of the U.S.
  3. Comptroller of the Navy
  4. Treasurer of the U.S.
- 4-33. The responsibility for the payment of public vouchers rests with whom?
1. The preparing officer only
  2. The disbursing officer only
  3. Both the preparing officer and disbursing officer
  4. The commanding officer
- 4-34. The contents of vouchers and the required supporting documents may vary slightly depending on the type of action or form used.
1. True
  2. False
- 4-35. When properly prepared, attested, and accompanied by the required supporting documents, a public voucher constitutes authority for a disbursing officer to make which of the following payments?
1. Partial
  2. Complete
  3. Progress
  4. All of the above
- 4-36. If payment of dealer's bills for foreign vendors cannot be made before a ship leaves port, which of the following arrangements should be made?
1. Have them mailed to the ship for payment
  2. Have them mailed to the designated FIPC for the ship
  3. Have them paid by a local activity
  4. Each of the above
- 4-37. Essential supporting documents that are classified cannot be attached to the original voucher. Which of the following items is NOT annotated on the supporting documents before filing?
1. The name of the paying disbursing officer
  2. The voucher number
  3. The disbursing office symbol number
  4. The date of payment
- 4-38. Which of the following DD forms is used to control the assignment of voucher numbers?
1. 2657
  2. 2659
  3. 2665
  4. 2667
- 4-39. To prevent duplicate payments when a suspected duplicate is detected, the preparing officer should check at least how-many preceding months of data files?
1. 6
  2. 12
  3. 18
  4. 24



- 4-40. A new series of voucher numbers will be started at the beginning of which of the following occasions?
1. Relief of the disbursing officer
  2. Each calendar year
  3. Each fiscal year
  4. When the number will exceed 5 digits during the accounting period
- 4-41. Where will the paid original voucher and supporting documents be maintained pending submission with the original financial returns?
1. In the disbursing officer's safe
  2. In the safe of the individual making the payment
  3. In any locked container within the disbursing office
  4. In any file container within the disbursing office
- 4-42. When a due date is not specified on the contract, the specific due date may be determined by referring to the guidelines found in which of the following documents?
1. NAVCOMPT, volume 2
  2. NAVSUP P-485
  3. DODFMR, volume 5
  4. Prompt Payment Act of 1982
- 4-43. When a number of vouchers are payable to the same payee, which of the following methods should be used for payment?
1. Pay weekly
  2. A single payment for all obligations
  3. Pay each individually
  4. Group them according to amount using the table in DODFMR, volume 5
- 4-44. A dealer's bill stated in foreign currency and paid in U.S. dollars will be paid at the exchange rate in effect on which of the following dates?
1. Paid
  2. Delivered
  3. Shipped
  4. Contracted
- 4-45. In all cases when contracts or any other written purchase agreement contain a provision for discount for prompt payment, the discount must be taken.
1. True
  2. False
- 4-46. If a dealer's bill is rotated in a currency listed as excess and the currency is not available to the disbursing officer, what disposition should be made of the bill?
1. Paid by U.S. Treasury check
  2. Forwarded to the servicing FIPC
  3. Forwarded to Treasury for payment
  4. Forwarded to a disbursing officer having access to the currency
- 4-47. If the discount terms offered on a dealer's bill are not in agreement with the discount terms offered in the contract, what action should the disbursing officer take?
1. Pay according to the contract terms
  2. Pay according to the dealer's bill terms
  3. Pay using the terms most advantageous to the government
  4. Return the dealer's bill to the vendor for correction
- 4-48. Payment is deemed to be made for the purpose of earning a discount on which of the following dates?
1. Date of the voucher
  2. Date of the check
  3. Date check is mailed
  4. Date voucher is prepared
- 4-49. If a discount period expires on a Saturday, Sunday, or holiday, the discount is considered to be earned if payment is made on what date?
1. The last business day prior
  2. The next business day
  3. The second business day
  4. The third business day
- 4-50. If a discount is applied to a voucher having multiple lines of accounting data, what is the minimum amount that requires a credit to the specific line of accounting data involved?
1. \$ 50
  2. \$ 75
  3. \$100
  4. \$200

- 4-51. When trade-inn are involved, the discount taken will be on which of the following amounts?
1. The net contract price
  2. The gross contract price
  3. The net contract price less taxes and freight
  4. The gross contract price less taxes and freight
- 4-52. Discounts will be computed on any amount approved for payment without regard for all except which of the following conditions?
1. Offsets for liquidated damages
  2. Offsets for duplicate payments
  3. Transportation charges for items priced on an f.o.b basis
  4. Offsets for interest on advance payments
- 4-53. A discount is considered cost effective when the savings are equal to at least what amount?
1. \$15
  2. \$20
  3. \$25
  4. \$50
- 4-54. A discount that has a rate which is less than the rate at which the Treasury can borrow money but involves more than \$100 will be accepted.
1. True
  2. False
- 4-55. When is the official Treasury rate for borrowing funds published?
1. January and July
  2. October and April
  3. Quarterly
  4. Annually in October
- 4-56. When there is a question as to whether a discount should be taken, which of the following actions should the disbursing officer take?
1. Take the discount
  2. Do not take the discount
  3. Contact the vendor for clarification
  4. Return the voucher to the preparing officer for resolution
- 4-57. A dealer's bill offers a discount of "5% 15 days net 30," the invoice date is 12 December end is received on 17 December. What is the annual percentage rate for this discount (rounded to a whole number)?
1. 7
  2. 8
  3. 9
  4. 10
- 4-58. When a vendor protests a discount taken that cannot be refunded by the disbursing officer, to which of the following agencies is the claim forwarded for settlement?
1. The servicing FIPC
  2. DFAS-CL
  3. Treasury
  4. GAO
- 4-59. Which of the following officers is responsible for making sure bills involving discounts are paid promptly?
1. Receiving
  2. Preparing
  3. Disbursing
  4. All of the above
- 4-60. When a discount is lost, the bill should be paid using which of the following provisions?
1. Immediately upon discovery
  2. Within 3 business days of discovery
  3. With other bills not offering a discount
  4. By the end of the month
- 4-61. A record of discounts lost because of circumstances beyond the Navy's control will not be maintained.
1. True
  2. False
- 4-62. A discount of \$750 was lost on a dealer's bill that was in the disbursing office. The lost discount would not be considered the fault of the disbursing officer unless the voucher was received at least how many working days before the expiration date?
1. 1
  2. 2
  3. 3
  4. 4

- 4-63. An office that receives a dealer's bill offering a discount that is subsequently lost will normally be charged with causing the loss if the bill was not processed within what part of the discount period?
1. One-fifth
  2. One-fourth
  3. One-third
  4. One-half
- 4-64. How often is the disbursing officer required to review the record of lost discounts and advise activities continually responsible for causing lost discounts?
1. Weekly
  2. Monthly
  3. Quarterly
  4. Semiannually
- 4-65. Interest due on payments will be computed using which of the following rules?
1. Compute from the date payment is due
  2. Compute through the day before payment
  3. Do not pay interest on improperly taken discounts
  4. Compound for each 30-calendar-day period following the original due date
- 1-66. The minimum interest payment that should be made is what amount?
1. \$ 1
  2. \$ 5
  3. \$10
  4. \$25
- 1-67. Payments due on Saturday, Sunday, or holidays may be paid on the next working day without the payment of interest.
1. True
  2. False
- 4-68. Which of the following statements concerning retained public vouchers is NOT true?
1. After the original returns are accepted, retained vouchers may be stored in open files or ordinary cabinets
  2. Before forwarding the original vouchers, retained vouchers should be stored with the original
  3. Until the original returns have been accepted, retained vouchers will be afforded the same security as the originals
  4. Copies of dealer's bills supporting an SF 1129 for payments made from imprest funds are not required to be attached to the retained voucher
- 4-69. Copies of vouchers that charge a bureau control number are forwarded to the activity performing the accounting function how often?
1. Daily
  2. Weekly
  3. Biweekly
  4. Monthly
- 4-70. Copies of supporting documents available at the naval activity originating the billing for appropriation and fund transfers using SF 1080 1 re not required to be filed with the retained copy of the voucher.
1. True
  2. False

## ASSIGNMENT 5

Textbook Assignment: "Financial Returns," chapter 7.

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- 5-1. Which of the following statements give(s) the purpose of submitting financial returns?
1. Make up the formal accounting to the United States for all public funds received and spent
  2. Basis for the official audit and settlement of accounts by GAO
  3. Provide the data from which DOD maintains its administrative accounting control
  4. All of the above
- 5-2. Which of the following reasons is NOT a purpose for regional consolidation of financial returns?
1. Reduce the number of disbursing returns
  2. Permit the prompt reporting of financial transactions
  3. Reduce the number of accountable positions
  4. Maximize the use of the automated accounting machines available at FIPCs
- 5-3. A non-tactical disbursing Office is one that although subject to deployment is not expected to be in a combat situation.
1. True
  2. False
- 5-4. Which of the following statements concerning CDOs is NOT true?
1. Perform the same daily tasks as a regular disbursing officer
  2. Use both their own symbol number and the symbol number of DFAS-CL on paid vouchers
  3. Tasked with consolidating all the financial returns processed by the disbursing officers reporting to them
  4. Sign checks issued under their name and office symbol
- 5-5. How many separate records of financial transactions does a CDO maintain?
1. One
  2. Two
  3. Three
  4. Four
- 5-6. Which, if any, Of the following sections on the reverse of the "consolidated" SF 1219 does a CDO complete?
1. Section II, Part A only
  2. Section II, Part B only
  3. Section II, Parts A and B
  4. None of the above
- 5-7. A non-tactical disbursing officer stationed in the United States is required to submit the original DD 2657 with Supporting documents to the CDO not later than which of the following days after the transactions occurred?
1. The first working day
  2. The first calendar day
  3. The third working day
  4. The third calendar day
- 5-8. A disbursing officer prepares a DD 2657 for each working day, even if no transactions occurred on that day.
1. True
  2. False
- 5-9. Which of the following DD forms is used as a cover form for the DD 2657 and supporting documents?
1. 1081
  2. 2666
  3. 2557
  4. 2667
- 5-10. At the end of the month, the SF 1219 should be prepared in the original and what total number of copies?
1. One
  2. Two
  3. Three
  4. Four
- 5-11. Cash in the possession of all disbursing officers is balanced at least how often?
1. Every day
  2. Every 2 days
  3. Every week
  4. Every month

- 5-12. Which of the following DD forms is used as a covering transmittal for the DD 2665 submitted by an agent cashier to the disbursing officer?
1. 1081
  2. 2567
  3. 2657
  4. 2666
- 5-13. Disbursing officers aboard ship balance all deputies at all except which of the following times?
1. The first day of each month
  2. Immediately after each payday
  3. Immediately before each payday
  4. The last day of each month
- 5-14. Which of the following forms summarizes the amounts the Treasury expects to recover from the disbursing officer if the disbursing officer ceases to function operations on that day?
1. SF 1219
  2. DD 2657
  3. DD 2665
  4. DD 2666
- 5-15. Total incumbent disbursing officer accountability.
1. Section I
  2. Section II
  3. Section III
  4. Section IV
- 5-16. Vault cash.
1. Section I
  2. Section II
  3. Section V
  4. Section IV
- 5-17. Total DSSN accountability.
1. Section I
  2. Section II
  3. Section III
  4. Section IV
- 5-18. Gross accountability.
1. Section I
  2. Section II
  3. Section III
  4. Section V
- 5-19. For a DD 2657 to be in balance, the total of Section I must agree with the total of which of the following sections?
1. Section II
  2. Section III
  3. Section V
  4. Section IV
- 5-20. The DD 2657 is to 1 day what the SF 1219 is to 1 month.
1. True
  2. False
- 5-21. Which of the following DD forms is a stand-alone document that provides a complete picture of a deputy's accountability transactions for day to day?
1. 1081
  2. 2665
  3. 2657
  4. 2666
- 5-22. When, if ever, should an agent cashier prepare two DD 2665s on the same day?
1. When an advance of funds was received from the disbursing officer
  2. When a turn-in was made to the disbursing officer in the middle of a business day
  3. When an advance of funds was made to another agent cashier
  4. Never
- 5-23. Which of the following statements correctly describe(s) the use(s) of the DD 1081?
1. Summarize the transactions for the period of duty covered by a turn-in only
  2. Act as a covering transmittal for a turn-in only
  3. Document an advance of funds only
  4. All of the above
- 5-24. Which of the following is NOT a duty that a disbursing officer should perform when receiving a turn-in from an agent cashier?
1. Perform an actual cash count
  2. Sign both the original and the copy of the DD 1081
  3. Retain the original DD 2665 and supporting documents
  4. Retain the copy of the DD 1081

- 5-25. The SF 1219 is normally prepared in what total number of copies?
1. Original only
  2. Duplicate
  3. Triplicate
  4. Quadruplicate
- 5-26. Which of the following statements concerning the SF 1219 is NOT true?
1. An SF 1219 must be submitted even when no transactions occurred during the accounting period
  2. The SF 1219 prepared when a disbursing officer is relieved by another disbursing officer is annotated "Final" above the name line
  3. A disbursing officer who has two disbursing symbol numbers must submit two different SF 1219s
  4. Certain items on the SF 1219 are a combination of line items from the DD 2657
- 5-27. Line 2.1 of the SF 1219 must agree with which of the following items?
1. The total of line 2.1A of the DD 2657
  2. Line 5.0 of the SF 1219
  3. Total of checks issued on the SF 1179
  4. The amount in Section II, Part B of the SF 1219
- 5-28. Which of the following lines of the SF 1219 is only used by disbursing officers participating in the Treasury's On-Line Payment and Collection System?
1. 2.34
  2. 2.36
  3. 2.37
  4. 2.39
- 5-29. On the SF 1219, decreases in accountability are indicated by lines that begin with what number?
1. 1
  2. 2
  3. 3
  4. 4
- 5-30. Which of the following lines on the SF 1219 is used only when a disbursing office is being deactivated and the final accountability is transferred to another disbursing office?
1. 4.34
  2. 4.36
  3. 4.37
  4. 4.39
- 5-31. The amount on line 6.1 of the SF 1219 will be expressed in which of the following ways?
1. U.S. dollars only
  2. The foreign currency only
  3. Both U.S. dollars and foreign currency
  4. Either U.S. dollars or foreign currency
- 5-32. Which of the following items will NOT be included in the total of line 6.3 of the SF 1219?
1. Cash on hand
  2. Checks cashed for payday
  3. A deposit that has been mailed but not confirmed
  4. A postal money order cashed by the disbursing officer and not yet deposited
- 5-33. Which of the following dates will be used in the certification section of the SF 1219?
1. The last day of the accounting period
  2. The first working day of the subsequent accounting period
  3. The date prepared
  4. The date signed
- 5-34. Which of the following information is NOT included in Section II, Part A of the SF 1219?
1. The disbursing office symbol number
  2. The inclusive numbers of checks issued
  3. The total of checks issued for the period
  4. Adjustments for checks issued in prior months
- 5-35. How many copies of the SF 1219 are submitted along with the original in the financial returns?
1. One
  2. Two
  3. Three
  4. Four

- 5-36. When, if ever, will a disbursing officer submit a corrected or amended SF 1219?
1. When the error is discovered before the close of the subsequent accounting period
  2. When a SF 1219 for the subsequent accounting period has already been submitted
  3. When a SF 1219 marked "Final" has already been submitted
  4. Never
- 5-37. Which of the following disbursing officers must prepare a Schedule of Deposit Activity?
1. Tactical disbursing officers only
  2. Non-Tactical disbursing officers only
  3. Any disbursing officer preparing an SF 1219
  4. CDOs only
- 5-38. Which of the following statements is NOT a reason for preparing the Schedule of Deposit Activity?
1. To show deposits are made as required
  2. To provide a detailed listing of unconfirmed deposits
  3. To serve as a transmittal for deposit confirmation documents
  4. To provide a detailed listing of the transactions on line 4.2 of the SF 1219
- 5-39. The message report of the Statement of Accountability and Disbursements and Collections must be submitted no later than what date?
1. The last working day of the accounting period
  2. The first working day following the end of an accounting period
  3. The fifth calendar day following the end of an accounting period
  4. The fifth working day following the end of an accounting period
- 5-40. Which of the following disbursing officers is NOT required to submit the message report of the Statement of Accountability and Disbursements and Collections?
1. A disbursing officer on a ship
  2. A disbursing officer of a tactical unit
  3. A disbursing officer at a PSD in the United States
  4. A disbursing officer at a PSD in Japan
- 5-41. Any line on the message report of the Statement of Accountability and Disbursements and Collections that has a zero amount may be deleted.
1. True
  2. False
- IN ANSWERING QUESTIONS 5-42 THROUGH 5-47, SELECT THE CATEGORY CODE USED ON THE MESSAGE REPORT OF THE STATEMENT OF ACCOUNTABILITY AND DISBURSEMENTS AND COLLECTIONS THAT APPLIES TO THE SITUATION USED AS THE QUESTION.
- 5-42. A Navy payroll.
1. 1
  2. 6
  3. 7
  4. 4
- 5-43. Collection from the ship's store of a ship in Norfolk.
1. 1
  2. 7
  3. 8
  4. 4
- 5-44. A payment to a vendor for supplies ordered for a ship.
1. 1
  2. 6
  3. 7
  4. 4
- 5-45. A Marine Corps payroll.
1. 1
  2. 6
  3. 8
  4. 4
- 5-46. Collection from the ship's store for a ship in the Mediterranean Sea.
1. 1
  2. 7
  3. 8
  4. 4
- 5-47. Collection of an overpayment on a travel claim.
1. 1
  2. 6
  3. 7
  4. 8

- 5-48. Wich of the following actions should be taken concerning the message report of the Statement of Accountability and Disbursements and Collections if MINIMIZE is in effect for message traffic?
1. Transmit as required because the report takes precedence over MINIMIZE
  2. Hold until MINIMIZE is lifted and then transmit
  3. Send by express mail
  4. Send by regular mail

- 5-49. A balanced message report of the Statement of Accountability and Disbursements and Collections has been transmitted. Subsequently, you discover that the SF 1219 that has not been mailed is incorrect. Which of the following actions should you take?
1. Send a corrected message and correct the SF 1219
  2. Submit the SF 1219 to agree with the message and submit an additional message to make the correction to both documents
  3. Submit the SF 1219 to agree with the message end then prepare and submit corrected copies of each document
  4. Submit the SF 1219 to agree with the message and make any adjustments on the returns of the following accounting period

LT BOATE WAS RELIEVED OF DISBURSING DUTY BY ENS FROST ON FRIDAY, 12 OCTOBER. THE RELIEF WAS MADE AT THE END OF THE BUSINESS DAY AND ENS FROST ASSUMED RESPONSIBILITY FOR THE ACCOUNT AS OF 13 OCTOBER.

Figure 5-A

IN ANSWERING QUESTIONS 5-50 THROUGH 5-54, REFER TO THE INFORMATION CONTAINED IN FIGURE 5-A.

- 5-50. What is the latest date LT Boate should submit the financial returns for her period of accountability?
1. 12 October
  2. 13 October
  3. 15 October
  4. 17 October

- 5-51. What is the latest date that LT Boate should submit the message report of the Statement of Accountability and Disbursements and Collections?
1. 12 October
  2. 15 October
  3. 16 October
  4. 17 October

- 5-52. Which, if any, of the following items will LT Boate include in the message?
1. An explanation as to why the report covers less than a full month
  2. An explanation as to why the transfer was not accomplished on the last day of the month
  3. The name of the relieving disbursing officer
  4. No special information is required

- 5-53. When ENS Frost submits the message report of the Statement of Accountability and Disbursements and Collections, what inclusive dates should be shown for the accounting period?
1. 01-31 October
  2. 12-31 October
  3. 13-31 October
  4. 15-31 October

- 5-54. ENS Frost did not send the financial returns until 2 days after the due date. What special action should be taken?
1. Include an explanation of why the returns are late in the message report of the Statement of Accountability and Disbursements and Collections
  2. Send a message on the due date explaining why the returns are late and giving an expected date of completion
  3. Date the returns as of the due date since they were submitted within 3 working days
  4. Include an explanation of why the returns are late with the returns



- 5-55. The tapes prepared to verify the vouchers in package 1 of the returns should be attached to which of the following documents?
1. To the original SF 1219
  2. To the copy of the SF 1219 submitted with the returns
  3. To the retain copy of the SF 1219
  4. The disbursements tape to the first disbursement document and the collections tape to the first collection document
- 5-56. Monthly financial returns are normally forwarded by which of the following methods?
1. Regular mail
  2. Express mail
  3. Certified mail
  4. Registered mail
- 5-57. Disbursing officers afloat should submit a copy of selected documents from the financial returns to the Navy Supply Corps School for the accounting period ending on which of the following dates?
1. 31 January
  2. 30 June
  3. 30 Stptember
  4. 31 December
- 5-58. Auditing is a management tool that allows the disbursing officer or supervisor to evaluate the performance of office personnel.
1. True
  2. False

## ASSIGNMENT 6

Textbook Assignment: "Pay Entitlements," chapter 8, and "Separations, Discharges, and Retirements," chapter 9.

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IN ANSWERING QUESTIONS 6-1 THROUGH 6-37, CONSIDER ALL QUESTIONS AS REFERRING TO OVERSEAS STATION ALLOWANCES.

- 6-1. The purpose of overseas station allowances is to provide additional incentive for members to request overseas duty.
1. True
  2. False
- 6-2. Which of the following is NOT considered an overseas station allowance?
1. VHA
  2. OHA
  3. TLA
  4. COLA
- 6-3. Which of the following individuals is NOT classified as a member with dependents?
1. The member's active duty spouse was separated at the overseas location and remained in the area
  2. The member elected a command sponsored tour but the dependents did not travel to the overseas duty station
  3. The member acquires a dependent at the overseas location and receives command sponsorship
  4. The member is stationed in Puerto Rico, and marries a resident of Puerto Rico but does not request command sponsorship
- 6-4. Which of the following individuals is NOT considered a sharer?
1. A federal civilian spouse not receiving a living quarters allowance
  2. A civilian sister who helps pay the rent
  3. An active duty member not entitled to OHA, but does help pay the rent
  4. A federal civilian spouse receiving a quarters allowance
- 6-5. Under which of the following circumstances can COLA and OHA begin for dependents while the member is still at the old duty station?
1. The dependents were already located near the new duty station while the member was at the old duty station in CONUS
  2. The dependents are citizens of the country where the new duty station is located
  3. The dependents were residing in the area of the old duty station which was overseas
  4. The dependents were residing with the member in CONUS in an area designated as having a shortage of adequate housing
- 6-6. How many types of housing allowance are paid under the OHA system?
1. One
  2. Two
  3. Three
  4. Four
- 6-7. Which of the following items is NOT considered when computing the amount of monthly OHA?
1. FSA-Type I
  2. FSA-Type II
  3. Average utility/recurring maintenance rate
  4. Rental ceiling
- 6-8. How often must entitlement to OHA be recertified?
1. Annually
  2. Semiannually
  3. Quarterly
  4. Biannually
- 6-9. When a member owns his or her dwelling place, the rent used to compute OHA will be the purchase price of the dwelling divided by what number?
1. 30
  2. 60
  3. 90
  4. 120

- 6-10. The rental ceiling for a member without dependents that is not classified as a sharer will be what Percentage of the amount for a member with dependents?
1. 50
  2. 65
  3. 75
  4. 100
- 6-11. When a member is not entitled to the full utility/recurring maintenance allowance because some of the utilities are included in the rental amount, what happens to the amount to which the member is not entitled?
1. It is lost
  2. It is deducted from the BAQ
  3. It is added to the MIHA
  4. It is added to the rental ceiling
- 6-12. There are how many types of MIHA?
1. One
  2. Two
  3. Three
  4. Four
- 6-13. All members entitled to OHA will receive MIHA/Rent.
1. True
  2. False
- 6-14. Which of the following items is NOT allowable in the computation of MIHA/Security payable?
1. Security guards
  2. Alarm systems
  3. Security doors
  4. Lighting
- 6-15. A homeowner is NOT eligible for which of the following types of MIHA?
1. Rent
  2. Security
  3. Miscellaneous
  4. Habitable expenditures
- 6-16. Which of the following moves would make a member eligible for MIHA?
1. From one residence to another when the move is not government funded
  2. From one residence to another because of security problems
  3. From a rental property to a home that was purchased
  4. From one residence to another based on PCS between duty stations in the same area
- 6-17. An advance payment of OHA is normally not paid more than how many days before the date payment must be made under the rental agreement?
1. 3 working days
  2. 3 calendar days
  3. 5 working days
  4. 5 calendar days
- 6-18. Advance OHA must be requested no later than how many days after the member signs the rental agreement or incurs initial expenses incident to occupying the residence?
1. 30
  2. 60
  3. 90
  4. 120
- 6-19. The amount of advance OHA will normally not exceed the amount of allowances expected to be earned during what period?
1. 12 months
  2. 6 months
  3. 3 months
  4. The entire tour of duty at that station
- 6-20. Repayment of advance OHA will normally be made over a period of how many months?
1. 6
  2. 12
  3. 24
  4. 36
- 6-21. The beginning of the repayment of advance OHA may be postponed for a maximum of how many months?
1. 1
  2. 2
  3. 3
  4. 4
- 6-22. A COLA index of 150 means that prices are what percentage more expensive overall than in CONUS?
1. 150
  2. 50
  3. 15
  4. 5

- 6-23. A member residing in government quarters with messing facilities available is entitled to what percentage of the COLA rate for a member without dependents?
1. 100
  2. 75
  3. 50
  4. 47
- 6-24. A member without dependents on leave in CONUS losses entitlement to COLA for any period in excess of how many days?
1. 30
  2. 20
  3. 15
  4. 10
- 6-25. A member with dependents whose dependents all return to CONUS on a temporary basis will be paid COLA as a member without dependents beginning how many days after the dependents leave?
1. 120
  2. 90
  3. 60
  4. 30
- 6-26. Which of the following information is NOT required to compute COLA?
1. Ages of dependents
  2. Annual compensation
  3. Years of service
  4. Number of dependents
- 6-27. A member with an average annual spendable income of \$26,800 at a duty station with a COLA index of 137 would be entitled to what amount of COLA per day?
1. \$27.54444
  2. \$27.16712
  3. \$27.93333
  4. \$28.29431
- 6-28. TLA is normally payable for a maximum of how many days upon arrival at the new duty station?
1. 30
  2. 45
  3. 60
  4. 90
- 6-29. When a member is in a per diem status awaiting the arrival of a ship at the home port and the dependents are in a TLA status, what percentage of the lodging expense is used to compute TLA?
1. 47
  2. 50
  3. 65
  4. 100
- IN ANSWERING QUESTIONS 6-30 THROUGH 6-33 SELECT THE CORRECT PERCENTAGE OF THE LOCAL PER DIEM RATE USED TO COMPUTE TLA FOR THE INDIVIDUALS USED IN THE STATEMENT.
- 6-30. A member and spouse.
1. 65
  2. 100
  3. 125
  4. 135
- 6-31. A spouse, a 16-year-old, and an 11-year-old.
1. 100
  2. 125
  3. 135
  4. 160
- 6-32. A member, a spouse, a 6-year-old, and a 1-year-old.
1. 125
  2. 135
  3. 150
  4. 160
- 6-33. The member only.
1. 47
  2. 65
  3. 75
  4. 100
- 6-34. When temporary lodgings contain adequate facilities for preparing and consuming meals, what percentage of the M&IE rate is used to compute TLA?
1. 47
  2. 50
  3. 65
  4. 100
- 6-35. What is the maximum number of days of TLA normally allowed on departure from a duty station?
1. 5
  2. 10
  3. 30
  4. 60

- 6-36. TLA may be paid for delayed departure of dependents from a duty station provided the period is no later than how many days after the effective date of PCS orders?
1. 10
  2. 30
  3. 60
  4. 90
- 6-37. Which, if any, of the following allowances is/are normally payable while a member is entitled to TLA?
1. COLA only
  2. OHA only
  3. COLA and OHA
  4. None of the above
- IN ANSWERING QUESTIONS 6-38 THROUGH 6-48, CONSIDER ALL QUESTIONS AS REFERRING TO VHA.
- 6-38. The member's new permanent duty station is considered the duty station for VHA purposes beginning on the date of transfer from the old duty station.
1. True
  2. False
- 6-39. For an area to be considered as a high housing cost area for a member, the median monthly cost of housing must exceed what percentage of the median monthly cost of housing in CONUS for members of the same paygrade?
1. 60
  2. 70
  3. 80
  4. 90
- 6-40. Which of the following expenses is/are allowable in computing the rental expense for VHA?
1. Rental fee for a mobile home lot
  2. Berthing fee for a houseboat
  3. Liability insurance
  4. All of the above
- 6-41. The VHA Certificate is verified by which of the following NAVPERS forms?
1. 1070/602
  2. 1070/605
  3. 1070/606
  4. 1070/607
- 6-42. VHA is NOT payable during which, if any, of the following periods of time during a PCS move?
1. Leave
  2. Proceed time
  3. Direct travel time
  4. None of the above
- 6-43. The VHA offset rate is not applicable for up to what maximum number of days after arrival at a new duty station before occupancy of permanent quarters?
1. 10
  2. 30
  3. 60
  4. 90
- 6-44. The VHA offset may not exceed what maximum percentage of the prescribed rate for a member?
1. 50
  2. 75
  3. 90
  4. 100
- 6-45. When both husband and wife are active duty members and share a residence, they are each considered to be a sharer.
1. True
  2. False
- 6-46. A member occupying government quarters at the old duty station becomes entitled to VHA on what date?
1. Date BAQ begins
  2. Date of transfer from old duty station
  3. Last day of travel time
  4. Date of reporting to new duty station
- 6-47. What is the maximum number of months of VHA and BAQ that may be paid in advance?
1. 1
  2. 6
  3. 3
  4. 12
- 6-48. Advance VHA and BAQ will normally be repaid in how many equal monthly installments?
1. 18
  2. 12
  3. 3
  4. 24

- 6-49. Local written procedures for processing separations and discharges are established by which of the following officers?
1. Disbursing
  2. Commanding
  3. Executive
  4. Administrative
- 6-50. The LBS for enlisted members approaching their EAOS will contain forecasts of payments due on separation beginning how many months before the EAOS?
1. Six
  2. Two
  3. Three
  4. Four
- 6-51. Which of the following documents is NOT required by the disbursing officer for a member's separation?
1. Detaching (Departing) Endorsement to Orders
  2. Release orders
  3. DD 214
  4. DD 1199
- 6-52. What disposition should be made of the original LES Worksheet for Separation?
1. Filed in the PFR
  2. Filed in the service record
  3. Filed in the disbursing officer's retain records
  4. Given to the member
- 6-53. The daily rate of recoupment for continuation pay may be obtained from which of the following sources?
1. The PFR
  2. The LES
  3. The service record
  4. DFAS -CL
- 6-54. Any checkages held in abeyance to be collected from the member's final pay is found on which of the following documents?
1. NAVCOMPT 3071A
  2. NAVCOMPT 3071B
  3. NAVCOMPT 2285
  4. dD 214
- 6-55. What disposition is made of the second copy of the DD 214?
1. Given to the member
  2. Filed in the disbursing officer's retained records
  3. Forwarded to DFAS-CL
  4. Returned to the personnel division
- 6-56. The PFR of a deceased member should be forwarded to DFAS-CL not later than which of the following days after the date of death?
1. 1 working day
  2. 3 working days
  3. 3 calendar days
  4. 5 calendar days
- 6-57. Within how many days after separation will DFAS-CL balance the MMPA?
1. 30
  2. 60
  3. 90
  4. 120
- 6-58. The NAVCOMPT 2272 for a member transferring to the Fleet Reserve should be completed at least how many days before the prospective retirement date?
1. 30
  2. 45
  3. 60
  4. 90
- 6-59. The disbursing officer should mail the NAVCOMPT 2272 to DFAS-CL at least how many days before the prospective date of retirement?
1. 10
  2. 20
  3. 30
  4. 45
- 6-60. What disposition should be made of the original NAVPERS 1830/2?
1. Filed in the PFR
  2. Filed in the disbursing officer's retains
  3. Given to the member
  4. Returned to the personnel division

- 6-61. If a member does not elect to have the retired/retainer payments sent by EFT, the checks will be mailed to the address indicated on which of the following forms?
1. Detaching (Departing) Endorsement to Orders
  2. NAVPERS 1830/2
  3. NAVCOMPT 2272
  4. DD 214
- 6-62. If a member dies in the line of duty, a death gratuity is payable in what amount?
1. \$ 3,000
  2. \$ 5,000
  3. \$ 6,000
  4. \$10,000
- 6-63. Which of the following individuals is NOT an eligible payee for a death gratuity?
1. A minor child
  2. A sister
  3. An ex-spouse
  4. An illegitimate child
- 6-64. For a person to qualify for in loco parentis status, that person must have stood in place of a parent for at least how many years?
1. One
  2. Two
  3. Three
  4. Five
- 6-65. In which of the following cases would a death gratuity NOT be payable?
1. The member was in a UA status but his/her enlistment had not expired
  2. The member was killed by a beneficiary spouse
  3. The member was executed as a punishment by a hostile force with which the United States had engaged in armed conflict
  4. The member was a declared deserter but it was later found that the declaration was in error
- 6-66. When the beneficiary of a death gratuity payment is not in the local area of the decedent's duty station, the designated DO will be notified to make payment by which of the following activities or officials?
1. The DO holding the decedent's PFR
  2. The decedent's commanding officer
  3. DFAS -CL
  4. BUPERS
- 6-67. The DD 397 for a death gratuity payment must be prepared in the original and what total number of copies?
1. Six
  2. Two
  3. Three
  4. Five
- 6-68. The death gratuity payment should be made, if possible, within what period of time?
1. 24 hours
  2. 48 hours
  3. 3 working days
  4. 3 calendar days
- 6-69. The payment of a death gratuity must be witnessed on the original DD 397 by at least how many persons, if any?
1. One
  2. Two
  3. Three
  4. None
- 6-70. The message reporting the payment of a death gratuity is sent to all except which of the following individuals or activities?
1. DFAS-CL
  2. BUPERS
  3. SECNAV
  4. Commandant of the naval district in which the payee lives

