

# **UNITED STATES ARMY FINANCIAL MANAGEMENT SCHOOL**



**U.S. ARMY SOLDIER SUPPORT INSTITUTE**

**Regulation EXTRACTS 2012**

**FOR**

**Perform Manual Cashier Operations  
(AAB6B101)**

December 2012

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## **FM 1-06 Chapter 3 Extract (4 April 2011)**

### **Banking and Disbursing Support**

Providing currency on the battlefield has been a Finance (now FM) responsibility for over 200 years. FM technology has redefined the method of providing “physical currency” on the battlefield. Currency, as a medium of exchange, is also provided through financial platforms such as mobile banking, stored value cards, and electronic funds transfer.

Banking support encompasses a wide spectrum of FM activities ranging from currency support of U.S. military operations to liaison with host nation banking officials to strengthen local financial institutions. Other FM activities within banking support include LD selection and LDA establishment, coordination with U.S. embassies, USAFMCOM, DFAS, and Treasury in order to integrate all agencies in support of banking initiatives.

Disbursing is the act of distributing funds from a specific account. A Disbursing Section makes payments (currency, electronic funds transfer (EFT), checks) on properly prepared and certified vouchers, receives collections, receives and controls currencies, maintains accountable records, cashes negotiable instruments, manages established LDAs, makes foreign currency conversions, determines the need for currency, and its replenishment.

### **SECTION I – BANKING SUPPORT**

#### **BANKING AND HOST NATION SUPPORT**

3-1. In order to ensure banking success, a partnering of national providers such as the DOD, the Treasury, the DOS, USAID, the Federal Reserve Bank (FRB) and DFAS should occur. These institutions are the cornerstones for providing the instrument of economic power during military operations. The interagency partnership among these agencies yields the synchronization of banking and E-Commerce initiatives across the spectrum of conflict. These agencies must be integrated early in the planning process and given the opportunity to deploy assets forward early in support of full spectrum operations and to plan for the establishment of a national banking system. In the early stages of operations financial managers play an important role in the integration of national providers.

3-2. The FMC Director, working in consultation with the Theater C-8/G-8, will develop an assessment of the theater and host nation banking requirements. The FMC assessment will consider infrastructure requirements necessary to increase stability of the host nation financial systems, to include central and wholesale banking processes and procedures, and correspondent banking relationships. The assessment centers on identifying and understanding the impact on the affected host nation's economy and of the U.S. presence in the diplomatic, informational, military, and economic domains. The host nation's banking laws, the Status of Forces Agreement, or other host nation agreements require review to determine what the banking rules are for foreign customers and which banking entities are permitted to operate within the country; a foreign bank, U.S. bank, Credit Union (CU) or a Military Banking Facility (MBF). Additionally, if the establishment of any type of bank on a DOD Installation (e.g., COB, FOB) is required, the FMC will facilitate the process; however the base commander is the signing authority for the operating agreement of a bank is his area. Follow the rules set forth in DODFMR Volume 5, Chapter 34 and DODI 1000.11 for DOD banking policy.

3-3. The U.S. Embassy of the host nation (a subset of the DOS) may be able to provide significant support to FM operations through its economic officer, finance officer and Treasury attaché. U.S. embassies maintain LDA with host nation banks to facilitate procurement of funds. The FMC analyzes the host nation banking sector in order to leverage the U.S. country team's expertise and determines where to open an LDA. Until the establishment of an LDA, FM units can procure funds from U.S. embassies through its already established LDA. Additionally, the DOS, in coordination with Treasury, is able to provide detailed information about a country's banking sector, which will assist FM units in the development of a banking plan/initiative early in the operation. Where there is not an established U.S. Embassy, the FMC Banking section procures funds until the theater matures, and an LDA is established.

3-4. Banking and disbursing support are complementary. A sound banking system promotes economic growth and development, as well as employment opportunities for the local populace in an immature theater. Therefore, reestablishing or improving the host nation banking infrastructure is critical to the transition from a U.S. dollar-based operation to one backed on local currency. FM disbursing operations serve as the catalyst for such a transition with an ultimate goal of leveraging technology to make payments electronically. This system promotes efficiency and decreases the opportunities for fraud and corruption. This essential process also promotes a healthy relationship between the Army and the host nation.

3-5. In order to strengthen host nation banking within the combatant commander's AOR, Army financial managers must—

- Develop a working knowledge of Army banking policies and procedures.
- Understand the relationships among the Treasury, DOD, FRB, DOS, and other governmental agencies as they relate to FM.
- Acquire knowledge of the global banking system and attain the financial tools available to the Department of Defense for global finance and banking engagement.
- Understand the regulatory, legal and cultural differences in host nation banking systems.

## **CASH MANAGEMENT**

3-6. The FMC provides currency support (U.S. and foreign) to a theater of operations. Coordination with the host nation, U.S. banks, CUs and MBFs provides currency to the FMCOs and other Services or multinational forces IAW Interservice and intergovernmental agreements. The FMC maintains the disbursing station symbol number (DSSN), and may be designated to provide currency to all components of a joint and/or multinational force. The DO is the central funding account holder and coordinates the establishment of any LDA in theater.

3-7. Generally, the FMC provides the primary source of currency in the operational theater. Deployed FMCOs and sister service FM organizations will draw and return cash through the FMC. In contingency operations where there is no FMC deployed, FMCOs must be prepared to resource cash requirements in support of theater operations. In this instance, pre-deployment coordination with national providers, agreements with approved funding sources, and establishments of LDAs, are all critical in support of funding requirements.

## **CURRENCY SUPPORT**

3-8. Currency support is the act of supplying foreign currencies, U.S. Treasury checks and local currency checks, available E-Commerce (e.g., EagleCash Cards, Paper Check Conversion Over the Counter, Government Purchase Cards, U.S. Debit Cards and mobile payments) and, in some operations, precious metals (gold, silver) to U.S. and multinational forces in the operational area. Additionally, FM units provide currency and coins to Army and Air Force Exchange Service facilities; tactical field exchanges (TFEs); postal units; and companies serving as in-theater defense contractors; as operational considerations permit. FM units provide physical currency for cash dispensing machines and where feasible, maximize the use of existing technology such as EFT and mobile banking, to minimize the use of cash in the operational area. Mobile banking is a portable solution that uses mobile phone networks and incorporates existing prepaid debit card, internet, and mobile phone technology to transmit instructions to financial networks that facilitate funds transfers (i.e., payments) to vendors.

## **FOREIGN CURRENCY**

3-9. Financial managers must make every attempt to minimize the use of U.S. currency and maximize use of foreign currency IAW METT-TC. When a foreign currency payment is required, the preferred method of payment is via EFT using the International Treasury Services website (ITS.gov). ITS.gov is the Department of the Treasury's comprehensive international payment and collection system. The establishment of an LDA enables FM units to disburse checks and conduct EFT payments in local currency when the infrastructure or mission does not support ITS.gov. The FMC Banking Officer will confer with the local

U.S. Embassy for assistance in determining which banks meet the selection criteria established by the Treasury. The Banking Officer will then provide those recommendations to the DO to establish an LDA.

3-10. Once the DO selects an LD, they must formally request approval and designation of that institution as an authorized LD from the Treasury. Chapter 14 of DODFMR Volume 5 provides specific guidelines on the establishment of an LDA. LDAs are not limited to the Banking Section of the FMC. FMCO accountholders are encouraged to establish an LDA to facilitate foreign currency cash operations in their respective AOR. All transactions involving foreign currency are treated as cash transactions and follow the same principles and guidelines established for controlling U.S. currency. All DOs, deputy DOs, pay agents, and cashiers who engage in foreign currency transactions will maintain a record of such transactions on DD Form 2663 (Foreign Currency Control Record). As required for each account, the DO will solicit competitive proposals from local financial institutions in the area to secure the most beneficial banking agreement in conjunction with the FMC banking section.

## **ECONOMIC IMPACT**

3-11. FM units analyze the economic impact of the use of currency (U.S. and foreign) on the local economy. The analysis includes, but is not limited to, the cost of acquisition of foreign currency, the cost-benefit of using ITS.gov versus an LDA, the availability of banking services and banking infrastructure, acceptance of local currency by vendors, the impact of U.S. currency on the local economy, and review of Treasury and other U.S. Government agencies reports on the local economy. Close coordination with CA, U.S. Embassy, Treasury and DOS officials will ensure accurate assessments.

3-12. Reduction of Cash on the Battlefield - A stable and growing economy requires low inflation and stabilization of purchasing power. Conflict, large budgetary deficits, lack of public confidence in the government, and other factors may add to inflation instability, and may cause a host nation's residents to resist the national currency and convert their funds to U.S. Dollars, Euros, or other currencies. The mere presence of U.S. Forces and interorganizational partners' will also directly and immediately affect the local economy. Without careful planning, U.S. Forces and interorganizational partners' demand on local resources may create inflationary pressure. To minimize the potential for inflationary pressure, FM units should make all payments for goods and services in the local currency, pay wages for local services at an appropriate wage-rate and determine appropriate pricing levels for local goods and services. Using the local currency helps put cash in the hands of the local populace, stimulates the economy and demonstrates confidence in the host nation's government.

## **SECTION II – DISBURSING OPERATIONS**

3-13. Disbursing is the arm within FM that ensures all payments are made IAW DOD regulations. It is strongly recommended that all elements of the Fiscal Triad are co-located to facilitate fiscal communication, accuracy of documentation, and timely payment of goods and services.

3-14. Disbursing is the paying of public funds to entities in which the U.S. Government is indebted; the collection and deposit of monies; the safeguarding of public funds; and the documenting, recording, and reporting of such transactions. Disbursements are cash, check, EFT, Intra-Governmental Payment and Collection System (IPAC), or interfund payments that liquidate established obligations, disburse amounts previously collected into a deposit fund account, or provide payment in advance of performance. The disbursing office ensures that only transactions that have been certified for payment by certifying officials are processed for payment. The DO is a military member designated to disburse monies and render accounts according to laws and regulations governing the disbursement of public monies. DOs safeguard public funds they collect or otherwise have in their custody or control. DOs may be held pecuniarily liable for the loss of these funds. DOs will not lend, use, deposit in banks, or exchange public funds in their possession for other funds except as specifically allowed by law. They secure public funds until ordered by proper authority to transfer or pay out the funds. When DOs receive orders for transfer or payment, they faithfully and promptly execute the directed transactions, and perform all other duties as fiscal agents of the Treasury imposed by law or regulations.

3-15. While providing the theater with cash (physical or electronic), FM officers are expected to implement initiatives to minimize cash usage in theater and develop E-Commerce solutions that reduce cash usage while supporting the theater commander's mission requirements. As a theater matures and operations allow, FM officers should transition the theater to a near cashless environment. An inverse relationship exists between the duration of a conflict and the usage of physical cash. It is incumbent on FM officers to continuously leverage technology and national providers to reduce cash on the battlefield.

3-16. The FMC and each FMCO may deploy with a contingency DSSN. The DSSN is assigned to a disbursing officer by Treasury and indicates authority to receive and disburse public funds and issue checks on the Treasury's behalf. The accountholder (i.e., DO) within the FMC and FMCO is accountable for the funds within their respective AOR. The FMC provides currency to the FMCOs in order to support the FMCOs financial operations. This decentralized approach allows for greater accountability and direct oversight of cash. **See *DODFMR Volume 5 for more information on disbursing policy and procedures.***

### **CASH VERIFICATION**

3-17. Critical to the success of FM operations is maintaining accountability of public funds entrusted to the DO. IAW DODFMR Volume 5, a cash verification team will conduct an unannounced verification of the cash and other accountable instruments under the accountability of the DO. The FMC coordinates with its higher headquarters for the required cash verification, while the FM SPO coordinates for the FMCOs and FMDETs.

### **REPORTING AND ANALYSIS**

3-18. All DOs are accountable to the Treasury for the cash items in their possession. The DOs will officially record and report accountability of funds to the Treasury on a monthly basis. In addition to the monthly reporting, DOs maintain documents representing cash for which they are accountable in their vault or safe and account for them daily (e.g., DD Form 2657 [Daily Statement of Accountability], DD Form 2665 [Daily Agent Accountability Summary], DD Form 1081 [Statement of Agent Officer's Account], SF 1219 [Statement of Accountability]).

3-19. The Analysis of Unmatched Transactions (AUT) is a tool that allows DOs the ability to evaluate the accuracy of their disbursing operations. When properly acted upon, utilization of the AUT prevents losses of funds and prevents fraud. To ensure account reconciliation, tools are available to the DOs. DFAS provides a report by DSSN on a monthly basis that includes DSSN reported deposit tickets and debit vouchers that do not match the Treasury's report. The discrepancies listed in the report lend to the accuracy of the DOs monthly SF 1219. Immediate action is required to research and reconcile all unmatched transactions. **See *DODFMR Volume 5, Chapter 19 for additional information on DO accountability reports.***

## **IRREGULARITIES IN DISBURSING OFFICER ACCOUNTS**

3-20. Irregularities are categorized as physical losses of funds; illegal, incorrect, or improper payments; or overages of funds. Physical losses of funds are segregated further by major losses and minor losses. A major physical loss of funds is a loss of \$750 or more, or any physical loss where there is evidence of fraud within the disbursing office, regardless of dollar amount. A minor physical loss of funds is a loss of less than \$750 without any evidence of fraud internal to the disbursing office. All agents (e.g., DOs, pay agents, deputy agents, cashiers) entrusted with funds are pecuniarily liable. Also, all persons not formally appointed as an agent (but having Government funds in their possession or control) become accountable for those funds as a part of their assigned duties and are subject to the same personal liability for the funds as if they had been formally appointed.

## **MANAGING A LIMITED DEPOSITARY ACCOUNT**

3-21. DOs are responsible for the maintenance and management of an LDA. DOs will ensure the amount of foreign currency purchased with U.S. dollars, together with the balance on hand, is commensurate with immediate disbursing requirements based on METT-TC, but normally would not exceed a 5 to 7 day supply. This requirement minimizes local currency operating bank balances and losses due to rate devaluations, and avoids premature drawdown on the U.S. Treasury's General Account. The DO maintains a record of every LDA transaction to include payee names, voucher numbers, amounts (in the currency of the check), check serial numbers, check dates, and the activity name under which the account is established. Periodic statements from the depositary are used to reconcile the disbursing records. **See DODFMR Volume 5, Chapter 14 for more information on LDA.**

3-22. DOs review the LDA on a continuing basis to ensure that—

- Maintenance of account balances are at the minimum necessary to meet immediate disbursement needs (checks issued and in process) commensurate with the activity in the LDA.
- Balances in excess of immediate needs (typically a 5 to 7 business day supply) are promptly withdrawn and deposited with the Treasury.
- The terms negotiated with the depositary are favorable to the government, including interest on the account at the highest possible rate.

## **TRANSFER OF ACCOUNTABILITY (SETTLEMENT)**

3-23. The DO is responsible for accounting for all funds expended while performing disbursing duties. Transfer of disbursing records only relieves the DO of the administrative requirement for documentation pursuant to the settlement of the account. Accountability for illegal, incorrect, or improper payments that cannot be adjusted despite the diligence of the settlement by the incoming DO remains with the DO who made the payments. The outgoing DO will keep the incoming DO informed of their current mailing address at all times. The outgoing DO is required to answer inquiries related to settlement of outstanding items and will furnish any advice or suggestions that may assist prompt and complete clearance of the discrepancy. If a deficiency exists in the account of an outgoing DO (and it appears that no action was taken to remove it from the accountability and no relief request is pending), the incoming DO shall initiate collection action against the accountable DO.

## **TYPES OF DISBURSING SUPPORT**

### **CURRENCY SUPPORT**

3-24. The DO is responsible for currency support within their area of responsibility and directs all currency operations. These operations include acquiring, accounting and safeguarding of currency and U.S. Treasury checks; collecting and redistributing surplus currency; and disposing of mutilated and contaminated currency. The DO requests to hold currency at personal risk (cash holding authority (CHA)) from the appropriate approving authority. The CHA is used to make miscellaneous cash payments, make change, conduct accommodation exchanges, and other specifically authorized transactions. The approving authority ensures the amount of the request is within established guidelines, and that management controls exist to ensure that routine reviews of cash requirements are conducted. When special circumstances require DOs to increase their CHA beyond stated amounts, the approving authority may authorize holding amounts temporarily in excess of the limits based on the circumstances. **See DODFMR Volume 5, chapter 3 for additional information on CHA.**

### **CURRENCY EXCHANGE**

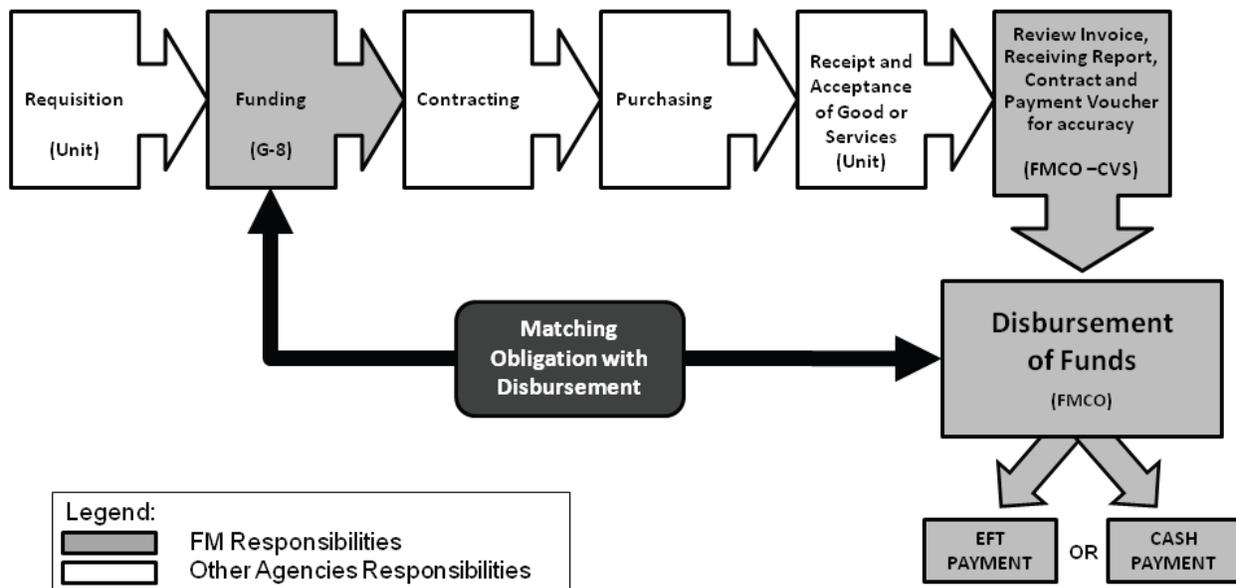
3-25. FM units maintain an important role in currency exchange and currency control. Currency exchange plans must consider all members of the uniformed Services, DOD civilians, authorized U.S. contractor personnel, other U.S. Government personnel, NGO personnel, and Pay Agents. Currency exchanges include U.S. to foreign currency and foreign currency to U.S. conversions must comply with currency control standards and discourage black market activities. Currency exchange, when done in large amounts, is very time consuming. FM units may perform conversions due to a number of circumstances. They include the following:

- Movement of forces from one country to another.
- Upon initial deployment to and final departure from the AO.
- Prevent and control black market activities.
- Assist in controlling inflation.

3-26. FM units will exercise caution when exchanging U.S. currency to alleviate laundering points for enemy currency, counterfeit currency, black market operations, and currency arbitrage. FM units may process EFTs or issue U.S. Treasury checks in exchange for excess currency accumulated by Service Members. Additionally, military banking facilities (MBFs), tactical field exchanges (TFEs), and nonappropriated fund (NAF) custodians may need to deposit their holdings of currency and coins with the nearest FM unit. U.S. currency and coins may be turned in to the servicing FM unit in exchange for an EFT transaction or a U.S. Treasury check.

### MULTINATIONAL FORCES CURRENCY SUPPORT

3-27. When an agreement has been negotiated between the United States and a multinational nation, DOs may be authorized to advance currency on an emergency basis to cashiers or members of the multinational nation's armed forces. Such agreements may require multinational forces to provide reciprocal support to U.S. forces. FM commanders must be aware of agreements with allies or HNs, which include reciprocal financial support as authorized by DOD Directive 5530.3. The FMC director or account holder is responsible for obtaining copies of these agreements and disseminating them to lower elements. These agreements will be coordinated with the SJA for legal sufficiency prior to implementation. **See DODFMR Volume 5 for additional information.**



## **PAY AGENT (PA) SUPPORT**

3-29. A PA is a U.S. military member or Department of Defense civilian employee appointed by the commander to act as an agent of a disbursing officer. The purpose of a PA is to make specific payments, currency conversions, or check cashing transactions from funds temporarily advanced to the agent by the DO. PAs are individuals whose regular duties do not involve disbursing functions and who are not organizationally located in the disbursing office. They are appointed to the position of PA as a collateral duty and will be under the exclusive supervision of the DO in all matters concerning custody and disposition of funds advanced to them. Funds advanced to a PA are held at personal risk by the agent. Immediately upon completion of the transaction(s) for which funds were advanced, the PA must clear his accountability with the DO. PAs provide the warfighting commander with a capability to procure local goods and services. DOs must provide PAs with detailed instructions on FO policies regarding the expenditure of cash.

## **DISBURSING OFFICER/ACCOUNT HOLDER RESPONSIBILITIES**

3-30. The DO or designee briefs new PAs to inform them of their responsibilities. They also provide PAs detailed written instructions regarding the specific functions they are to perform, procedures for the safeguarding and expeditious return of currency, and other instructions deemed necessary. Although the unit commander appoints the agent, the DO or designee retains the right to refuse funding the PA because of the DO inherent duty to properly safeguard government funds.

### **Method of Appointment**

3-31. A PA is appointed by the local commander IAW DODFMR, Volume 5 and the applicable theater policy. The appointment order specifies the FM commander to whom the agent is appointed, the types of payments to be made, the unit to be paid, the duration of appointment, and the maximum amount to be advanced.

3-32. The PA checks the appointment order for correctness and keeps it in his possession while performing duties as a PA. The PA forwards a copy of the appointment order to the DO to which the PA is appointed. The DO keeps a copy of the appointment order until the order expires or is revoked.

3-33. Newly appointed PAs will immediately contact the DO to receive a detailed briefing before they are advanced currency. PAs receive from the DO a copy of the current PA instructions and must become thoroughly familiar with all responsibilities. PAs sign a written statement acknowledging understanding and receipt of the oral and written instructions. The statement will be permanently filed with the DO.

## **Appointing Official's Responsibilities**

3-34. The appointing official ensures that every individual entrusted with public funds is supplied with a vault, safe or other adequate secure facility (e.g., a strong box) for exclusive use and accessible only to that individual. If it is not possible to provide separate safes, then furnish separate locked compartments in one safe or several strong boxes stored in one safe or vault. Never merge public funds with any other funds. Additional responsibilities include the following:

- Develop and publish a security program IAW command directions. The program must provide instructions on adequate protection for funds, the maximum amount of public funds and related documents and instruments that must be on hand at any given time.
- Ensure protection of funds is included in the overall disbursing security program. This includes requirements for periodic review of the adequacy of the security measures being used and for testing security equipment for proper operation on a semiannual basis.
- Ensure (when applicable) armed guards are made available to escort government funds to and from the disbursing office when funds are being transported. The appointing official makes this determination based on a risk assessment of the OE.
- Provide fire protection of government facilities and funds.

## **Safeguarding Public Funds**

3-35. PAs must acknowledge the receipt of funds by signing DD Form 1081. The safeguarding of these funds is a personal responsibility of the PA until the funds are returned to the FM unit. Failure to safeguard funds may result in an agent being held personally liable if any funds are lost. A PA may not entrust funds or accountable instruments to any other person for any reason.

3-36. PAs will make every effort to complete all payments and return funds and payment documents as quickly as possible. The agent should return the funds and receipts as soon as tactically feasible after providing the specified support, but no later than 30 days after the advance or as the DO directs. All agents must clear their accounts prior to departing the theater of operations, regardless of circumstances.

## **Types of Support**

3-37. PAs provide both local procurement support and individual support. Local procurement support is the purchase of supplies and services from the local economy in order to meet logistic shortfalls. Individual support entails making payments, cashing checks, and making foreign currency conversions for individual service members.

## **Local Procurement Support**

3-38. For local procurement support, the commander appoints a PA on an additional duty appointment order. This appointment authorizes the PA to disburse public currency IAW the special instructions stated in the appointment and the written instructions provided by the FM commander. The ordering officer whom the PA supports receives separate instructions from contracting officials. Field Ordering Officers (FOO) and PA train and work as a team; the PA should participate in with their FOO in training provided by the contracting officer. When appointed to make local procurement payments, the PA does not provide any individual support.

3-39. The PA or FOO may be held personally liable for any payment not IAW the appointment orders or prescribed instructions. The PA cannot simultaneously serve as either a certifying or field ordering officer. The PA uses an official credit/debit card to make payments whenever possible. When it is not possible to use an official credit/debit card to make payments, the PA takes the following actions:

- Reviews all SFs 44 (U.S. Government Purchase Order–Invoice–Voucher) prepared by the ordering officer.
- Disburses currency for the goods or services as stated on the SF 44, but only after the SF 44 has been approved by a field ordering officer.
- Pays for purchases not to exceed established limits. (An agent may not split purchases between two or more vouchers in order to circumvent the established limit.)
- Clears his account with the DO that advanced the funds

## **PAY AGENT CHALLENGES**

3-40. There are several players involved in field ordering operations besides FOOs and PAs. The Fiscal Triad and the unit commander are all part of the “team” that enables this program. Successfully navigating through a maze of personnel and bureaucracy roadblocks can be a daunting task. Proper training of PAs and separation of duties between PA and FOO are crucial to deterring and preventing fraud, waste, or abuse of funds. Whenever possible, the PAs and FOOs should receive combined briefings and training on their respective duties and responsibilities. Patience, flexibility, and creativity are required to reach the ultimate goal of supporting Soldiers. The following list includes just a few of the challenges FOOs/PAs may encounter:

- Corruption (number one threat).
- Customs and culture differences.
- Trafficking in persons.
- Enemy threats against vendors.
- Information security and operations security (vendors can provide intelligence to the enemy).
- Language barriers.
- Time-management challenges.
- Unauthorized commitments by you or by someone speaking for you.
- Chain of command and conflicting responsibilities.
- Contingency/combat environment.

## **SPECIAL PAYMENTS**

### **SOLATIUM PAYMENTS**

3-41. A solatium payment is monetary compensation given to indigenous personnel to provide relief from grief, suffering, and anxiety resulting from injury, property, or personal loss. Occasionally, solatium payments are made in order to meet cultural expectations. A solatium payment is nominal in amount, and is not an admission of liability by the U.S. The commander, in whose area of responsibility the incident occurred, is responsible for determining entitlement to solatium payments. FM units are responsible for the disbursing and accounting of all solatium payments. ***AR 27-20, Claims, contains more information on solatium payments.***

### **REWARDS PROGRAMS**

3-42. The Secretary of Defense may pay rewards to persons for providing U.S. Government personnel or government personnel of multinational forces participating in a combined operation with U.S. armed forces with information or non-lethal assistance that is beneficial to—

- An operation or activity of the armed forces or of multinational forces participating in a combined operation with multinational forces conducted outside of the United States against international terrorism.
- Personnel protection of the armed forces or multinational forces participating in a combined operation with U.S. armed forces.

3-43. This authority is useful to encourage the local citizens of foreign countries to provide information and other assistance, including the delivery of dangerous personnel and weapons, to U.S. Government personnel or government personnel of multinational forces. ***See DODFMR Volume 12 for more on the DOD Rewards Programs.***

### **BOUNTY PROGRAMS**

3-44. Bounty programs facilitate the purchase of weapons, radios, information, and other items from local nationals. The most common example of this type of program is Weapons for Cash. The Secretary of Defense must approve a Weapons-for-Cash program with the senior operational commander providing the funding authorization. PAs are used to ensure successful execution of the program. The DO advances cash to a PA who, together with a FOO, transacts the business regarding weapons for cash, and then clears the PA account with the funding DO.

### **COMMANDER'S EMERGENCY RESPONSE PROGRAM (CERP)**

3-45. The CERP enables commanders to respond with a means for urgent, small-scale humanitarian relief and reconstruction projects and services that immediately assist the indigenous populace. FM units are responsible for disbursing and tracking utilization of these funds within their AOR.

## **ENEMY PRISONER OF WAR (EPW)/CIVILIAN INTERNEE (CI) PAY**

3-46. FM units are responsible for processing deposits to and payments from deposit, trust, or other special fund accounts. They are also responsible for ensuring disbursements from these accounts are not made without specific authority. The FMC develops policies and advises the EPW camp commander on EPW and CI operations that relate to pay and accounting. Upon request, FM units provide training to personnel assigned to the camp or EPW unit. DFAS Regulation 37-1, Chapter 26 outlines associated finance operations procedures used for in and out processing of EPWs/CIs.

## **OTHER PROGRAMS**

3-47. Procedures need to be in place to address handling of captured currency, worn and mutilated currency. Counterfeit currency or coinage accepted in conjunction with official disbursing office business transactions are processed as physical losses of funds. Any Department of Defense DO acquiring captured foreign currency shall ensure the funds are safeguarded and delivered to the Treasury through FM channels. Captured foreign currency shall not be collected into the DOs accountability. **See DODFMR, Volume 5, chapter 12, for additional information.**

## **MISCELLANEOUS DISBURSING SUPPORT**

### **CURRENCY FOUND IN PERSONAL EFFECTS**

3-48. Appointed officials inventory all currency (paper, coin, precious metals), U.S. or foreign, found among the personal effects of Soldiers and civilians captured, killed, or medically evacuated, and turn in all currency to the nearest FM unit. These funds are either taken into the DOs accountability and placed in a suspense/deposit account or exchanged for a U. S. Treasury check when a Special Courts Martial Order Officer has been assigned. **See DODFMR Volume 5, Chapter 27 for more information.**

### **SAVINGS DEPOSIT PROGRAM (SDP)**

3-49. Military members deployed to combat zones, qualified hazardous duty areas, or certain contingency operations as designated by the Secretary of Defense may be eligible to deposit all or part of their unallotted pay into a DOD savings account up to \$10,000 during a single deployment. Interest accrues on the account at an annual rate of 10% compounded quarterly. FM units enable this program via cash deposit with the servicing FM unit or by allotment for Soldiers desiring to participate in this program. **See DODFMR Volume 7A Chapter 51 for eligibility, limitations and more information on SDP.**

## **CHECK CASHING (ACCOMMODATION EXCHANGE)**

3-50. The negotiable instruments that a DO is authorized to cash are: U.S. Treasury Checks; Traveler's Checks; Money Orders; third-party checks; state and local government checks; credit card checks; business checks; and personal checks, payable in U.S. currency. The definition of a third party check is a check on which the drawer, the drawee, and the payee are all different parties. The payee must be eligible for check cashing services. The DO has the right to deny check cashing privileges to anyone based on the non availability of cash or personnel resources. The FMC develops and recommends to the ASCC/theater G-8 theater policy to establish check cashing amount thresholds that may be cashed by authorized personnel. All authorized personnel who request check cashing privileges shall consent, in writing, to immediate collection against their pay for the total of any dishonored check. The use of stored value card technology should be the primary method to provide authorized personnel with access to their funds. The FMC develops and recommends to the ASCC/theater G-8 theater policy on local and partial payment limits and frequency for authorized personnel. **See DODFMR, Volume 5, Chapter 4, and Treasury Financial Manual Part 4, Chapter 9000 for more information.**

## **ADVANCE OF PAY AND ALLOWANCES**

3-51. The purpose of an advance of pay is to ease hardships imposed by the lack of regular payments when a member is mobilized, ordered to duty at distant stations, or deployed for more than 30 days to locations where the Soldier does not have means of withdrawing funds from their personal bank account. The use of stored value card technology should be the primary method to provide authorized personnel with access to their funds. The FMC develops and recommends to the ASCC/theater G-8 theater policy on local and partial payment limits and frequency for authorized personnel. **See DODFMR, Volume 7A for more information.**

## **NONCOMBATANT EVACUATION OPERATIONS (NEO)**

3-52. Noncombatant evacuation operations are conducted to assist the DOS in evacuating U.S. citizens, DOD civilian personnel, and designated host nation (HN) and third country nationals whose lives are in danger from locations in a foreign nation to an appropriate safe haven. Although normally considered in connection with hostile action, evacuation may also be conducted in anticipation of, or in response to, any natural or manmade disaster. During NEOs the U.S. ambassador is ultimately responsible for the successful completion of the NEO and the safety of the evacuees. In support of a NEO, FM units make advances of pay, dislocation allowance payments and travel entitlement pay. Evacuation payments would be made at the designated safe haven. If the situation warrants, minimum payments may be made in theater and this would preclude an outflow of U.S. currency in the theater of operation.

## **DISBURSING ROLES**

### **FINANCIAL MANAGEMENT CENTER**

3-53. The FMC serves as the conduit for banking and disbursing operations between the theater of operations, national providers and the theater's FM assets. Generally, the FMC coordinates for the establishment of LDAs, establishes a central funding capability, and publishes the theater's Finance Operation's policies and procedures. These policies must be nested with theater operations orders and promulgated throughout the area of operation. This ensures consistent execution of theater policies across the theater. Theater disbursing support is synchronized at every level of FM operations.

3-54. The FMC works closely with the FM SPO at the ESC and Sust Bdes to ensure cash requirements are meeting commanders' objectives. FM SPOs provide the FMC with immediate notification of changing cash requirements and ensuring dissemination of FM policies. In coordination with FM SPOs, the FMC establishes reporting procedures to monitor currency usage throughout theater.

3-55. The FMC Director recommends policies and procedures regarding currency use on local and partial payments and check cashing amounts. However, the senior geographic combatant commander retains final authority on these policies and procedures and may establish controls on the amounts of U.S. and foreign currency available and the type of currency used. This is necessary to control black market activities, secure the money of individual Service Members, and help control problems related to currency inflation of either U.S. or the host nation currency. If appointed the Executive Agent for FM, the FMC serves as the theater central funding proponent for all U.S. branches of Services in theater. Restrictions may be imposed to prevent disruption of the local economy and to prevent and control black market operations and counterfeiting.

### **FINANCIAL MANAGEMENT COMPANY**

3-56. Generally, the FMCO receives funding for its operations from the FMC. In cases where the FMC is absent from theater, the FMCO assumes central funding responsibilities. As the theater matures, and an FMC deploys, the FMCO transfers its central funding responsibilities to the FMC. The FMCO provides the FMC with estimates of currency requirements weekly. Once funded, the DO maintains full accountability of funds entrusted to them. The Disbursing Section maintains the day to day execution and management of disbursing operations. The FMCO has responsibility for funding subordinate FM Detachments assigned to the FMCO task organization. FMCOs ensure procedures are in place for daily account balancing by all assigned FMDET's.

### **FINANCIAL MANAGEMENT DETACHMENT**

3-57. The FMDET provides currency support to its subordinate FMSTs and PAs. Generally, the FMDET conducts disbursing support autonomously from the FMCO. As such, the FMDET must be prepared to conduct a full range of financial operations and will require the necessary expertise in manual and automated disbursing operations as well as proliferating E-Commerce operations in the FMDET's AO.

## DoDFMR Volume 5, Chapter 2

### **020205. Other Agents of Disbursing Officers**

**A. General.** Officers, enlisted members, or civilian employees satisfactory to both the appointing officer and DO may be appointed as agents, (e.g., disbursing agents, cashiers, paying agents, collection agents, change fund custodians, imprest fund cashiers). No agent may be appointed or used over protest of the accountable DO, serve concurrently in any other accountable position, or be charged with the handling or custody of any other funds. See paragraph 020201D.

1. Include in item 14 of the appointing **DD Form 577** specific duties and limitations, and the name of the individual being relieved, if any. See paragraph 020201B.
2. DOs' agents are pecuniarily liable under accountable officer laws for losses from public funds in their possession. When appointing agents, appointing authorities should consider carefully appointing non-U.S. citizens to accountable positions. In some instances, foreign nationals and other non-U.S. citizens may not be held pecuniarily liable for losses of funds. See **Chapter 1**.
3. From a security standpoint, do not allow an excessive number of individuals access to public funds.
4. The DO keeps appointing documents in a permanent file at the activity for at least six months after an individual ceases to serve in a position. Appointments as agents of DOs are effective only while the DO continues to serve as DO of that disbursing activity.
5. The appointing officer terminates appointments when appropriate (e.g., when the DO is relieved, when the agent ceases to perform the duties for which appointed, or for cause (see paragraph 020202E2a)), using Section IV of the original appointing DD Form 577.

### **B. Disbursing Agents (DA)**

1. **Duties and Responsibilities.** A disbursing agent is a DO's agent who is not a DDO and therefore cannot sign U.S. Treasury checks.
2. **Establishment of Position.** The appropriate major command or Defense agency establishes DA positions in writing.

3. Appointments. The DO appoints DAs following paragraph 020201B, gives the original DD Form 577, which includes the appointee's acknowledgement, to the DA, sends a copy of the DD Form 577 to the office where the duties are performed, and retains a copy for file.

## **C. Cashiers**

1. Selection Procedure. An officer, enlisted member, or a civilian employee with working knowledge of the cash functions and operations may be appointed as a cashier. The DO or disbursing agent should investigate the candidate thoroughly to ensure that he or she is of unquestionable integrity by examining personnel records and interviewing the individual and other persons as necessary. The DO or disbursing agent should also obtain a credit report if access to a credit reporting service is available, charging the associated costs to the Operations and Maintenance funds available to the activity. Safeguard credit reports against unauthorized access.

2. Duties and Responsibilities. Cashiers disburse, collect, and account for cash, and perform other duties as required concerning the receipt, custody, safeguarding and preparation of checks. To facilitate training and effective personnel use, cashiers may perform other duties when not performing as cashiers. A cashier may prepare DO accountability reports, but the DO, DDO, or DA must personally review them.

3. Appointments. The DO appoints cashiers following paragraph 020201B, gives the original DD Form 577, which includes the appointee's acknowledgement, to the cashier, sends a copy of the DD Form 577 to the office where the duties are performed, and retains a copy for file.

4. Restrictions. A cashier may not:

- a. Sign checks.
- b. Accept checks drawn (and endorsed to the cashier) in the name of the DO or disbursing agent to procure and disburse cash for any purpose.
- c. Prepare billing documents and accept collections for the same items. This restriction also applies to agents performing cashier duties.
- d. Prepare vouchers that they will later pay.
- e. Prepare vouchers on days when they perform cashier functions.

## D. Paying Agents

1. Appointments. Commanders appoint paying agents only when adequate payment, check cashing, or currency conversion service are not otherwise available. See paragraph 020201B. Appointments are for either a specific transaction, or a definite or indefinite time period. Do not appoint paying agents solely as a convenience when a DO, DDO, DA, or cashier can make the required transactions. In unusual situations (e. g., payments or currency conversions must be made at remote locations where use of checks is not feasible), the DO may request a remote location commander appoint a paying agent to make the necessary payments for and in the name of the DO from cash advanced for that purpose.

2. Restrictions. Paying agents may not act as certifying officers (see **Chapter 33**) or purchasing officers; escort officers serving as paying agents for expenses related to official travel may likewise not be purchasing officers.

## E. Collection Agents

1. Establishing Positions. Commanders may establish collection agent positions to receive funds derived from functions such as 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 where the safekeeping function is not performed by the DO; and similar functions when appropriate.

2. Appointments. Appointing authorities appoint collection agents following paragraph 020201B. Unless revoked by the appointing authority, collection agent appointments remain in effect through succeeding appointing authorities.

## F. Change Fund Custodians

1. Duties and Responsibilities. A change fund custodian receives a change fund from the parent DO, safeguards it, is pecuniarily liable for any loss, and makes change for sales transactions. The commander provides a detailed description of duties to be performed.

2. Establishing Positions. The sales activity commander (e.g., hospital, commissary) establishes the position.

3. Appointments. The activity commander or designee appoints a change fund custodian following paragraph 020201B, and in coordination with the parent DO.

G. Imprest Fund Cashiers. The activity commander appoints an imprest fund cashier following paragraph 020201B to make authorized cash payments for materials and non-personal services, maintain custody of funds, and file periodic vouchers to account for and replenish the imprest fund. An imprest fund cashier may be an officer, enlisted person, or civilian employee who is not responsible for originating, approving and processing imprest fund requirements. An imprest fund cashier (or alternate) may not have access to or control of more than one fund. The commander keeps the appointing document and approval for establishment of the imprest fund in a permanent file, and furnishes two copies of these documents to the cashier and one copy each to the DO and installation or activity contracting office. See section 0204.

#### H. Alternate Agents

1. General. When required, one or more alternate agents may be designated to serve only during the absence of an appointed primary agent. Alternate agents for DDOs are not permitted. The official authorized to appoint the primary agent also appoints alternates following paragraph 020201B. When serving in place of the primary agent, the alternate agent is subject to all regulations applicable to the primary. Alternate agents may not merge funds received with those of the primary agent, and maintain records separate from those of the primary agent to establish the amount for which each is responsible. Alternate agents may not conduct operations involving the handling of public funds concurrently with the primary.

2. Alternate Imprest Fund Cashier. Under paragraph 020201B, a commander may appoint an alternate imprest fund cashier to provide service during a principal's absence. Appointment requirements for principal cashiers apply to alternate cashiers. In planned absences of the principal cashier and with the appointing official's written authorization, the principal may advance cash to the alternate in any amount up to the limit of the fund, using a **DD Form 1081** for the advance. When the principal cashier resumes duty, the alternate returns the DD Form 1081 along with all paid receipts, subvouchers and residual cash. In the unforeseen absence of the principal cashier, the DO may advance funds to the alternate in the normal manner; these funds are in addition to the amount advanced to the principal under the established fund, but may not exceed the authorized amount of the fund. Upon return of the principal, the alternate returns paid receipts, subvouchers and residual cash to the DO.

I. Death, Incapacity, or Unauthorized Absence of Agents. In the event of the death, incapacity, unauthorized absence, arrest, or other emergency absence of an agent, the appropriate commander follows paragraph 020204B8 for deputies at branch offices, but appoints relieving agents following procedures applicable to the position involved. In the case of an imprest fund cashier, the relieving imprest fund cashier prepares the final voucher.

## **CHAPTER 19**

### **DISBURSING OFFICER ACCOUNTABILITY REPORTS**

#### **1904 PREPARATION OF DD FORM 1081**

**190401. General.** Prepare the DD Form 1081 (Figure 19-3) as a summary of cash transactions and receipt for cash and vouchers on hand between DOs and their agent officers (deputies, agents, cashiers, and paying and collection agents). Also, a DO advancing funds to an agent prepares this form. The agent officer initiates this form when to turn in funds and/or cash vouchers to the DO. Show cash transactions that increase the accountability of an agent officer in the Increase column. Show cash transactions that decrease the accountability of an agent officer

**190402. Preparation of DD Form 1081 by DO.** The DO prepares an original and two copies of the DD Form 1081 to account for an advance of funds to an agent officer. Enter the identifications of the DO and the agent officer in the blocks provided. Enter all totals in U.S. dollars; see Figure 19-3.

A. Line 1: The balance brought forward should be the same as the amount on line 12e of the last DD Form 1081. If this is a subsequent advance and the last DD Form 1081 was not for a return, then the beginning balance would be the total on line 12c of the last DD Form 1081. If no DD Form 1081 has been submitted, then the beginning balance is zero.

B. Lines 2 through 4: In the Increase column, enter on the appropriate line the amount of currency included in the current advance. Enter the foreign currency units and conversion rate on line 3.a. Show the U. S. dollar value of the foreign currency units on line 3.b. Leave line 4 blank.

C. Lines 5 and 6: Leave blank. Do not use these lines for an advance of funds.

D. Lines 7A, 7B, and 7C: In the Increase column, enter the amount of U.S. Treasury checks and/or any other negotiable instruments included in the advance. As space permits, enter the check number(s) on the corresponding line, continuing the list on the reverse of the form if necessary.

E. Line 8: Leave blank. Do not use this line on an advance of funds.

F. Line 9: In the Increase column, enter the dollar value of incorrect vouchers returned to the agent officer.

G. Lines 10 and 11: In the "Transactions" column, enter an identification of items other than those described above that are part of the advance of funds. Enter the amount of these items in the "Increase" column.

H. Line 12: In the "Beginning Balance" column, enter the grand total of the amount on line 1 plus the total of the amounts in the "Increase" column on lines 2 through 11. This grand total represents the balance in the agent officer's account after the advance.

#### I. Statements

**1. Disbursing Officer.** The DO places an "X" in the box provided opposite the "On Advance" statement to indicate that the form is to account for an advance of funds to the agent officer, and completes the Date and Signature blocks to authenticate the statement opposite the box checked. Send the signed original and duplicate of the form, together with the funds, to the agent officer. Retain the triplicate copy pending return of the signed original by the agent officer.

**2. Agent Officer.** The agent officer verifies that the items received agree with the amounts on DD Form 1081. The agent officer then places an "X" in the box provided opposite the agent officer's "On Advance" statement and completes the Date and Signature blocks to authenticate the statement shown opposite the box checked. Return the original DD Form 1081 to the DO as a receipt for the funds, and retain the duplicate.

**190403. Preparation of DD Form 1081 by Agent Officer.** An agent officer prepares an original and 2 copies of the DD Form 1081 to account for a return of funds and/or cash vouchers to the DO. Enter the identifications of the DO and agent officer in the blocks provided, showing all totals in U. S. dollars; see Figure 19-4.

A. Line 1: In the Beginning Balance column, enter the balance in the agent officer's account before the current return of funds and/or cash vouchers. The beginning balance on the DD Form 1081 must be the ending balance from the previously submitted DD Form 1081 for the agent. If there has been no previous DD Form 1081, then the beginning balance is zero.

B. Lines 2 through 4: In the Decrease column, enter on the appropriate line the amount of currency included in the return. Enter foreign currency units on line 3.a, showing the conversion rate. Show the U. S. dollar value of the foreign currency on line 3.b. Leave line 4 blank.

C. Line 5: In the Increase column, enter the amount of agent officer collections in the form of cash or negotiable instruments.

D. Line 6: In the Decrease column, enter the amount of deposits (SF 215) made by the agent officer to the credit of the Department of the Treasury for the DO's DSSN.

E. Lines 7A, 7B, and 7C: In the Decrease column, enter the amount of Treasury checks and/or any other negotiable instruments being returned to the DO, e.g., items previously advanced by the DO, but not used.

F. Line 8: In the Decrease column, enter the amount of vouchers paid in cash by the agent officer included in the return.

G. Line 9: Leave blank.

H. Lines 10 and 11: In the Transactions column, enter an identification of items other than those described above included in the return, and enter the amount of these items in the Decrease column.

I. Line 12: In the Beginning Balance column, enter the total of the amount on line 1 plus the total of the amounts in the Increase column on lines 2 through 11. In the Ending Balance column, enter the grand total of the amount in the Increase column of this line minus the total of the amounts in the Decrease column on lines 2 through 11. This grand total represents the balance in the agent officer's account as a result of the return.

#### J. Statements

**1. Agent Officer.** The agent officer places an "X" in the box opposite the agent officer's "On Return" statement to indicate that the form is accounting for the return of funds, cash, and/or vouchers to the DO, completes the "Date" and "Signature" blocks to authenticate the statement opposite the box checked, delivers the signed original and duplicate of the DD Form 1081 with the funds and/or cash vouchers to the DO, and keeps the third copy pending return of the duplicate signed by the DO. Subject to approval of the parent DO, paying agents in remote operational contingency locations may transmit electronically-scanned or facsimile copies of this documentation to the parent disbursing office when appropriate to minimize undesirable exposure of paying agents in remote operational contingency situations. A paying agent is solely responsible to ensure that all documentation is legible and that:

- a. the scanned or facsimile copies were produced from original documents and cannot be altered,

- b. any changes to the original documents and/or digital images can be detected,
- c. the copies are not destroyed but retained until the applicable retention period expires, and
- d. access to the images is limited to authorized personnel.

**2. Disbursing Officer.** The DO verifies that the amounts reported on the DD Form 1081 agree with the items received, places an "X" in the box opposite the "On Return" statement, completes the "Date" and "Signature" blocks to authenticate the statement opposite the box checked, returns the signed duplicate to the agent officer as a receipt for the items turned in, and keeps the original. In cases of agents transmitting documents electronically, the DO must verify and be satisfied that the electronic submissions are in fact from the paying agent. Further, the DO is responsible to ensure that adequate internal controls are implemented to prevent the posting of duplicate items when the remote operational contingency location is submitting the documents electronically and then sending the originals. The DO must also provide for the confirmation and acceptance of electronically-signed documents, and return of the accepted DD Form 1081 to the agent.

## **VOLUME 5, CHAPTER 21:** **"DISBURSING OFFICE RECORDS"**

### **CHAPTER 21 DISBURSING OFFICE RECORDS**

#### **2101 Retention of Disbursing Office Records**

##### **210101. General**

Keep original disbursing office records and associated papers, and supporting documentation for *6-year and 3-months*, consistent with guidance in the *National Archives and Records Administration General Records Schedule 6*. A disbursing officer (DO) or designated settlement official may, on a case-by-case basis, decide to keep records for a longer period to complete reconciliation of payment or collection discrepancies, or for other purposes.

## 210102. Disbursing Office Records

A. Original Disbursing Office Records. Original disbursing office records include, but are not limited to, records shown in Figure 21-1. The requirement for retaining original records applies to DOs who receive records that accompany payment or collection transactions, or who transmit financial reports. The requirement applies to both paper and electronic records kept as original supporting documents at both the functional and disbursing offices. When certifying officials send electronic payment files only to the DO, they keep supporting documentation for 6 years and 3-months, except that the retention period for such documentation for Foreign Military Sales (FMS) transactions is 10 years; see Volume 15, Chapter 6 of this Regulation. Adequate hardcopy and electronic records-storage controls must be in place to ensure that only authorized personnel have access to any paper documents and electronic images, and only for authorized purposes. Original disbursing office records and supporting documents in electronic format negate the need to store duplicate hardcopy documents. Electronic record storage requires adequate controls to ensure that integrity of the digital images accurately represent the corresponding paper documentation and detect changes to an original digital image.

**Figure 21-1. Original Disbursing Office Records**

### Original Disbursing Office Records

Original disbursing office records include, but are not limited to:

1. Disbursement and collection vouchers, including supporting documents (e.g., invoices, receiving reports, purchase orders or contracts, and lodging receipts).
2. Voucher control logs.
3. Daily Statement of Accountability (DD Form 2657).
4. Statement of Accountability (SF 1219).
5. Daily Agent Accountability Summary (DD Form 2665).
6. Check issue records and reports.
7. Limited depositary account (LDA) records and reports.
8. Records of deposits of negotiable instruments.
9. Deposit Tickets (SF 215) and Debit Vouchers (SF 5515).
10. Appointments and revocations of accountable individuals.
11. Records of payroll deposit transactions to individual service members' local pay accounts that are accessed via shipboard cash dispensers (automated teller machines).
12. Any other document, record, log or electronic file that supports disbursing transactions or affects the accountability of the disbursing officer or accountable individual(s).