



Department of Defense
DIRECTIVE

C, DoD
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January 17, 1989
NUMBER 7360.10



C, DoD

SUBJECT: Disbursing Policies

- References:
- (a) DoD Directive 7360.10, "Advancing Funds to Cashiers, Disbursing Officers or Individual Members of an Armed Force of a Friendly Foreign Nation," November 4, 1966 (hereby canceled)
 - (b) DoD Instruction 5100.71, "Delegation of Authority and Regulations Relating to Cash Held at Personal Risk Including Imprest Funds," March 5, 1973 (hereby canceled)
 - (c) DoD Instruction 7300.6, "Safekeeping U.S. Savings Bonds," September 23, 1975 (hereby canceled)
 - (d) DoD Directive 5100.57, "Delegation of Authority to Issue Substitutes of Checks Drawn on the Treasurer of the United States and on Certain Depository Banks," July 17, 1971 (hereby canceled)
 - (e) through (l), see enclosure 1

A. REISSUANCE AND PURPOSE

This Directive reissues reference (a) and supersedes references (b) through (d) to update policies, responsibilities, and procedures governing disbursing operations within the Department of Defense.

B. APPLICABILITY

This Directive applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Joint Chiefs of Staff (JCS), the Joint Staff and the supporting Joint Agencies, the Unified and Specified Commands, the Inspector General of the Department of Defense (IG, DoD), the Uniformed Services University of the Health Sciences (USUHS), the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "DoD Components").

C. DEFINITIONS

Terms used in this Directive are defined at enclosure 2.

D. POLICY

1. Electronic Funds Transfer (EFT)

a. It is policy that EFT transactions be properly authenticated. Authentication measures shall conform to American National Standards Institute (ANSI) Standard X9.9, "American National Standard for Financial Institution Message Authentication" or equivalent authentication techniques. This standard establishes a universally applicable method to authenticate financial messages, including funds transfer, letters of credit, security transfers, loans agreements, and foreign exchange contracts that are transmitted by electronic means.

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b. EFT vendor payments, as with all paperless processing of business-related transactions, shall use the DoD-adopted ANSI Standard X12, "Electronic Data Interchange." DoD Component proposals for utilization, to include specific data transmission formats, shall be coordinated with the Comptroller of the Department of Defense (C, DoD), early in the planning stage.

c. DoD Component applications of EFT that anticipate a recurring use of the U.S. Treasury Department's Fedwire (formerly the Treasury Financial Communication System - chapter 4-2500 of the Treasury Financial Manual (reference (e))) shall be coordinated with the C, DoD, before formalizing arrangements with the U.S. Treasury.

d. Complete documentation shall be maintained by the DoD Component to ensure that systems for EFT disbursements are supported properly.

2. Advancing Funds to Friendly Foreign Nations

a. Funds shall be advanced under the authority of P.L. 89-265 (reference (f)) and under a basic intergovernmental agreement that has been negotiated between the governments of the friendly foreign nation and the United States. (See model agreement at enclosure 3.)

b. Any proposed intergovernmental agreement to implement this statutory authority shall be negotiated in accordance with DoD Directive 5530.3 (reference (g)), to include coordination with the cognizant Unified Commander and the U.S. Chief of Diplomatic Mission or U.S. Embassy.

c. A supplemental agreement shall establish:

(1) The type of personal identification to be shown by a disbursing officer or by an individual Service member when drawing an advance of funds.

(2) The maximum amount that may be advanced to an individual Service member.

(3) That the lender nation shall be protected against loss due to fluctuating exchange rates.

(4) The address of the respective settlement officers to whom the lender nation's disbursing officer shall forward receipts for advances of funds with the request for reimbursement.

(5) That settlements shall be made locally, whenever feasible, or when that is not feasible, between the signatory nation's representatives in Washington, D.C., or other designated location.

(6) That settlement may be made in cash, or by check, and in the type of currency used to make the advance. Whenever possible, settlement should be made in the lender nation's own medium of exchange.

(7) Such other provisions, as local conditions may make necessary.

d. Funds shall be advanced only against the signed receipt of the disbursing officer or individual Service member receiving the advance for the following purposes and under the following conditions:

(1) To a disbursing officer of an armed force of a friendly foreign nation on presentation of proper personal identification for paying pay and allowances of troops, or for purchase of necessary supplies and services when the unit is serving in an area where personnel temporarily are unable to obtain funds from their own nation.

(2) To individual members of an armed force of a friendly foreign nation who are serving in an area where a disbursing officer of that force is not available to make payments. Such personnel are as follows:

(a) Temporarily separated from their units.

(b) In need of funds.

(c) Able to identify themselves satisfactorily as members of an armed force of a friendly foreign nation with which an intergovernmental agreement for advances has been negotiated. (See enclosure 3.)

(3) The receipt minimally shall contain the following information:

(a) The name, rank, Service number, title, organization, and country of the individual who receives the advance.

(b) The purpose for which the advance is needed.

(c) The type and amount of currency advanced.

(d) If applicable, the official rate of exchange to one U.S. dollar at the time the advance is made.

(e) The name, rank, organization, and address of the disbursing officer making the advance.

E. RESPONSIBILITIES

1. The Comptroller of the Department of Defense (C, DoD), or designee, the Deputy Comptroller (Management Systems) (DC(MS)), shall:

a. As delegated in DoD Directive 5118.3 (reference (h)), approve disbursing regulations developed by the DoD Components to implement the Treasury Financial Manual (reference (e)).

b. As delegated in reference (h), grant waivers to reference (e) in cases where such authority has been delegated by the Secretary of the Treasury to the Heads of Executive Departments and Agencies.

c. Grant requests for exceptions to this Directive.

2. The Secretaries of the Military Departments and, as applicable, the Heads of Other DoD Components shall:

a. In times of declared hostilities, arrange to maintain U.S. savings bonds for safekeeping, when requested by active duty military personnel. At the option of the Military Departments concerned, a similar safekeeping service may be extended to active duty personnel in peacetime.

b. Ensure that disbursements of \$10 million, or more, are reported to the Treasury Department in accordance with chapter 4-2000 of reference (c).

c. Coordinate with the C, DoD, any applications of electronic data interchange technology that affect disbursing, accounting, or payment systems.

F. PROCEDURES

1. Cash Held at Personal Risk. The procedures, limitations, and controls for the establishment and operation of cash funds are in chapter 32 of DoD 7220.9-M (reference (i)).

2. Imprest Funds

a. The procedures, limitations, and controls for the establishment and operation of imprest funds are in chapter 32 of reference (i). During periods of specified contingency operations as specified by the JCS, the limitations on imprest fund transactions may be increased to \$2,500 and the ceiling on cash holdings may be increased to \$100,000 per imprest fund.

b. Requests for deviations shall be submitted in writing through channels to the C, DoD, for approval, to include the following:

(1) Temporary or permanent exceptions or waiver of payment limitations. Emergency one-time exceptions for a single transaction may be approved by officials identified in paragraph 3 of enclosure 5.

(2) Placement of imprest funds in depository accounts or use of third party payment drafts.

(3) Use of credit cards for imprest fund purchases.

Copies of approvals must be retained for post review by representatives of the U.S. Treasury Department or the DoD Component audit organizations.

c. Cashiers may purchase money orders using imprest funds, when necessary, to do the following:

(1) Transmit collections for deposit.

(2) Deposit part of the fund when the fund is to be reduced or liquidated.

(3) Make approved cost-effective mail order purchases for one-time acquisition of reference manuals, singular publications or pamphlets, catalogs

type items, and fees for the inter-library loan of professional books. That procedure shall not be used to circumvent controls on the procurement of periodic subscriptions, as stated in DoD Instruction 4115.41 (reference (j)).

In implementing this authority, DoD Components shall establish and maintain internal controls. Minimally, those controls shall include attaching a legible copy of the money order (that shows purchasing activity, payee, and amount) to the requisition file, together with annotation of the date mailed. The original money order receipt shall be retained by the imprest fund cashier to substantiate disbursement of the money order fee.

3. Issuance of Recertified Checks

a. In applying the delegation in paragraph 1 of enclosure 5, DoD disbursing officers may issue recertified checks to replace any check originally issued. That authority includes replacement of checks lost, stolen, or destroyed both in transit and after receipt by applicable payees.

b. In applying the delegation contained in paragraph 2 of enclosure 5, DoD disbursing officers shall issue recertified checks drawn on depository accounts before the close of the fiscal year (FY) next following the FY in which the original checks were issued.

4. Safekeeping of U.S. Savings Bonds

a. Site. U.S. savings bonds may be accepted for safekeeping by the military finance center or disbursing office responsible for pay account maintenance, or arrangements may be made for bond issuance and safekeeping by a Federal Reserve Bank or branch.

b. Storage Facilities. Vault storage shall be provided for the bonds with security provisions at least equal to that provided for inscribed U.S. Treasury checks.

c. Records. Records shall be maintained for each Service member showing the bond number, issue date, and denomination. Each Service member shall be advised at least annually of the number of bonds held by denomination, or notified that the information is available on request.

d. Retention of Bonds. Bonds shall be held for safekeeping only as long as the individual is eligible for such service. Offices holding U.S. savings bonds for safekeeping shall establish procedures for monitoring records to identify Service members who are retired, discharged, or otherwise separated.

e. Return or Disposition of Bonds

(1) Request of Member. Savings bonds shall be returned to a Service member on request. A procedure may be used that requires the Service member's signature before mailing.

(2) Termination of Eligibility. In each case where eligibility under the program has been terminated, action shall be taken to return the savings bonds, or to forward them, to the proper recipient within 60 days. If the bonds cannot be returned to the former Service member, the following rules shall apply:

(a) If the office does not have a current address for the former Service member, the bonds shall be forwarded to the U.S. Treasury for disposition.

(b) In the event of a Service member's death, the bonds shall be mailed to the co-owner, beneficiary, or executor designated. If no co-owner, beneficiary, or executor was designated, or if unable to locate the designated co-owner, beneficiary, or executor, the bonds shall be forwarded to the U.S. Treasury for disposition.

f. Audit. Internal audit coverage of the program shall be provided by cognizant audit organizations in accordance with established DoD audit policies.

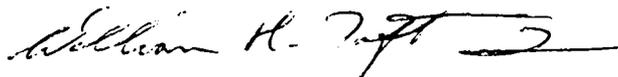
G. INFORMATION REQUIREMENTS

1. Each disbursing officer shall prepare and render monthly a "Statement of Accountability" and a "Statement of Transactions" in accordance with chapter 92 of DoD 7220.9-M (reference (i)). The "Statement of Accountability" (Standard Form (SF) 1219) shall categorize and report cash holdings, as identified in enclosure 4.

2. The monthly reporting requirements in subsection G.1., above, are exempt from licensing in accordance with paragraph E.4.b. of DoD 7750.5-M (reference (k)).

H. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward two copies of implementing documents to the Comptroller of the Department of Defense within 120 days.



William H. Taft, IV
Deputy Secretary of Defense

Enclosures - 5

1. References
2. Definitions
3. Model Intergovernmental Agreement
4. Supplemental Procedures for Preparing Monthly Statements of Accountability (SF 1219)
5. Delegations of Authority

REFERENCES, continued

- (e) Treasury Financial Manual¹
- (f) Public Law 89-265, (Untitled) October 19, 1965 (Title 10, United States Code, Section 2396(b))
- (g) DoD Directive 5530.3, "International Agreements," June 11, 1987
- (h) DoD Directive 5118.3, "Comptroller of the Department of Defense," May 24, 1988
- (i) DoD 7220.9-M, "Department of Defense Accounting Manual," October 1983, authorized by DoD Directive 7220.9, October 22, 1981
- (j) DoD Instruction 4115.41, "Management of Periodicals Purchased by the Department of Defense," June 19, 1986
- (k) DoD 7750.5-M, "Procedures for Management of Information Requirements," November 1986, authorized by DoD Directive 7750.5, August 7, 1986
- (l) Title 31, Code of Federal Regulations, "Money and Finance: Treasury," Part 245, Section 245.8, and Part 248, Section 248.2

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¹ Available from TFM Editor, Financial Management Service, Treasury Department; 441 G Street NW, Room 3118; Washington, DC 20013 (Telephone 202-566-9419)

DEFINITIONS*

1. Basic Agreement. An intergovernmental agreement negotiated with the government of a friendly nation that states in general terms the policies of P.L. 89-265 (reference (f)), and authorizes their use by mutual consent. A model of such an agreement is at enclosure 3.
2. Contingency. As designated by the JCS, an emergency involving military forces caused by natural disasters, terrorists, subversions, or by required military operations. Due to the uncertainty of the situation, contingencies require plans, rapid response, and special procedures to ensure the safety and readiness of personnel, installations, and equipment.
3. Electronic Data Interchange (EDI). The exchange of standardized information between business partners typically communicated electronically between computers. It is DoD policy that DoD Component EDI applications shall conform to the X12 standards (i.e., Data Element Dictionary, Segment Directory, and Transaction Sets) promulgated by the Accredited Standards Committee X12, Suite 355, 1800 Diagonal Road, Alexandria, VA 22314.
4. Electronic Funds Transfer (EFT). A system that provides the authority to debit or credit accounts in financial institutions by wire rather than source documents; e.g., paper checks. Processing typically occurs through the Federal Reserve System and/or the automated clearing houses (ACHs). As with all EDI applications in the Department of Defense, EFT transmissions shall be designed for transition to the ANSI X12 standards as soon as practical. Pending general acceptance of these standards in the financial services industry, the following formats, which include X12 data as addenda, may be used:
 - a. The cash concentration and disbursement plus addendum (CCD+) format for single invoice-single payment transactions.
 - b. The corporate trade exchange (CTX) format for multiple invoice-single payment transactions.
5. Individual Member. A uniformed member of an armed force, regardless of grade or rank, whose nation has signed a basic agreement, as contemplated under reference (f).
6. Recertified Check. A replacement payment using a check bearing a different check serial number from the original check. A recertified check may be issued to replace any lost, stolen, or destroyed original check, regardless of the disbursement purpose (e.g., pay, travel, or vendor payment).
7. Settlement Officer. A disbursing officer designated by one nation to make reimbursement to other nations for advances obtained by disbursing officers or individual members of that nation's armed force.
8. Supplemental Agreement. The local operating procedures formulated and used by the commanders of the armed forces of two friendly foreign nations, whose governments have signed a basic agreement as contemplated under reference (f). Such procedures shall be used in territories of mutual concern to provide each other with emergency financial support under the policies of the basic agreement. Supplemental agreements may be entered into by commanders of unified or separate armed forces, as considered appropriate.

*Other terms used in this Directive are defined in chapter 32 of DoD 7220.9-M (reference (i)).

MODEL INTERGOVERNMENTAL AGREEMENT

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA
AND FOR THE
RECIPROCAL ADVANCE OF FUNDS TO UNITS
OR PERSONNEL OF THEIR ARMED FORCES

The Governments of the United States of America and _____, each realizing that units or personnel of their respective armed forces may find themselves isolated from their parent units without financial means for support while in an area in which the other Government's armed force is present, and desiring to facilitate the financial support of such units and personnel in a situation of this nature, have agreed as follows:

Article I

When units or personnel of the armed forces of one of the Parties to this Agreement find themselves separated from their parent unit without adequate financial support in an area in which the armed forces of the other Party are present, cashiers, disbursing officers, or an individual member of the separated force may request funds from the appropriate area commander of the armed forces of the other Party, or his or her designated representative, for the purpose of paying wages and allowances or purchasing necessary supplies and services.

Article II

The responsible authorities of a Party receiving a request for funds, as set forth in Article I, after satisfying themselves that resources or services of the requesting forces are unavailable or inadequate, shall honor such request. Requests shall be approved on a case-by-case basis. Where circumstances permit, the eligibility of the individual to receive funds in the sum requested under this agreement shall be verified. Regardless of whether such verification is obtained, the Government of the units or personnel to whom the funds are advanced shall be responsible for effecting reimbursement.

Article III

The funds may be advanced in the currency of the lending State, of the State to which funds are advanced, or of the third State in which the forces may be located, or in any other available currency acceptable to the receiving force.

Article IV

The cashier, the disbursing officer, or the personnel of the force who receive funds shall give the authorities of the force who provided the funds a receipt for the funds received. Such receipts shall be substantially in the form prescribed in the Annex to this Agreement.

Article V

The authorities of the force providing the funds shall present the receipts to the designated settlement officer of the State to which funds were advanced for reimbursement. Normally, reimbursement shall be made in the currency that

was advanced at a rate of exchange to the currency of the country seeking reimbursement that is not less favorable to the lender than that existing at the time of the advance. Where mutually acceptable, reimbursement may be made in another currency if that settlement is made at a rate of exchange that is not less favorable to the country seeking reimbursement than that existing at the time of the advance. Settlement of accounts shall be made within 30 days of the advance.

Article VI

This agreement shall apply during both peace and war without limitation as to geographical area.

Article VII

This agreement shall continue in force until 3 months after the receipt by either Party of written notice of the intention of the other Party to terminate it.

IN WITNESS WHEREOF the undersigned representatives have signed the present agreement.

Done at _____ this _____ day
of _____, 19_____, in the English and _____
_____ languages, both texts being equally authoritative.

(Signature)

(Signature)

SUPPLEMENTAL PROCEDURES
FOR PREPARING MONTHLY
STATEMENTS OF ACCOUNTABILITY (SF 1219)

DoD disbursing officers shall adhere to the following procedures in order to ensure the consistency of data on cash holdings reported in Part B of their monthly "Statements of Accountability:"

Line 6.1 - Cash on Deposit in Designated Depository. Include the total checkbook balance of U.S. and foreign currency (valued in U.S. dollars at the official rate of exchange on the closing date of the statement period).

Line 6.2 - Cash on Hand. Include only currency and coins on hand in the disbursing office vault or with deputies or cashiers located in the disbursing office. Exclude currency and coins held by deputies and agents at other locations (see line 6.5) or cash held for payrolls (see line 6.8).

Line 6.3 - Cash-Undeposited Collections. Include all undeposited cash and cash items (e.g., checks and money orders) on hand at the close of the accounting period, which are for deposit to the Treasury General Account (TGA). Exclude deposits already mailed or presented for credit to the TGA.

Line 6.4 - Custody or Contingency Cash. Include currency held under custody account agreements in overseas contract military banking facilities or as cash reserves, as approved by Treasury, for contingency requirements.

Line 6.5 - Cash in Custody of Government Cashiers. Include coin and currency in hands of deputies, cashiers, and agents at locations other than the disbursing office.

Line 6.6 - Advances to Contractors. Include any cash advanced to contractors under pool agreements or other arrangements.

Line 6.7 - Cash in Transit. Include any cash in transit between disbursing offices.

Line 6.8 - Payroll Cash. Include all cash held for payday requirements.

Line 6.9 - Other. Include any category of cash or cash item not reportable on another line. Exclude items held as accountable property such as unissued travelers checks, gold, or other commodities.

DELEGATIONS OF AUTHORITY

1. The authority delegated to the Secretary of Defense under 31 C.F.R. (reference (l)) to provide by regulation for the issuance of recertified checks to replace checks lost, stolen, or destroyed is hereby delegated to the Secretaries of the Military Departments, Directors of the Defense Agencies, or their designees.
2. The authority delegated to the Secretary of Defense under reference (l) to issue recertified checks drawn on accounts maintained in depository banks in foreign countries and U.S. territories or possessions, and to receive and approve undertakings to indemnify the United States in such cases, is hereby delegated to the Secretaries of the Military Departments or their designees. Exercise of that authority shall be in accordance with the procedures in this Directive and in the Treasury Financial Manual (reference (e)).
3. Under the authority delegated by the Secretary of Defense in DoD Directive 5118.3 (reference (h)) and paragraph 4-3025.20 of reference (e), the Heads of DoD Components, or their designees, are delegated the authority to approve requests from disbursing officers, their agent officers, and alternates to hold cash at personal risk within the criteria prescribed in table 32-4 of DoD 7220.9-M (reference (i)).
 - a. Designees, if any, shall not be below the level of the commanding officer of an installation or activity.
 - b. Under special circumstances, such as fund requirements on ships at sea, cash holdings in excess of the limits prescribed in table 32-4 of reference (i) may be approved by the authorities herein, or designees, not below the level of the commanding officer of a major command, the Head of the operating Agency, or their equivalent.