DEPARTMENT OF THE ARMY
HEADQUARTERS, 266th FINANCE COMMAND
UNIT 29001
APO AE 09007

AEUFC-FOD

1 December 2005

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Finance Policy Memorandum #5, USAREUR Paying Agent Policy

1. References:

a. Department of Defense Financial Management (DoDFMR) 7000.14-R, Volume 5.

b. DFAS-IN Regulation 37-1, Finance and Accounting Policy Implementation, Chapter 9.

c. USAREUR Pamphlet 715-4, Manual for Ordering Officers.

d. Financial Management Operations, FM 14-100, Appendix C.

2. Purpose: This policy is to provide instructions to Disbursing Officers (DO)/ Deputy Disbursing Officers (DDO), and Disbursing Agents (DA) on how to fund and train Paying Agents (PAs) within USAREUR.

3. Scope: Applicable to all finance battalions and Paying Agents appointed by external units within USAREUR.

4. General. PAs are only used when adequate payment, currency conversion, or check cashing services can not be preformed by the DO, DDO, DA or cashier. PAs make payments for and in the name of the DO from funds advanced for that purpose.

5. Policy. It is imperative that all disbursing officials properly fund and train all PAs appointed by external units in their area of responsibility. Follow the detailed instructions below for properly funding a PA.

a. Paying Agent Appointments.

1) Paying Agents must be appointed in writing (see encl 1) by his/her commander. Ensure the appointment order contains the Paying Agent's name, rank, SSN, duty station along with the name, rank, Disbursing Station Symbol Number (DSSN), and station of the Disbursing Officer (DO) for whom the agent will represent.

2) Verify that the PA is a Commissioned, Warrant, Noncommissioned Officer, or

civilian employee.

3) Appointment as a PA requires proper performance, high integrity, and attention to detail. PAs can be subject to criminal prosecution and held personally liable for any cash, negotiable instruments, and/or paid vouchers entrusted during their appointment, to include, irregularities in their account just like a DO, DDO, and DA.

4) Ensure the PA acknowledges acceptance of responsibility and completes the Memorandum of Understanding (MOU) (see encl 2). A copy of both the appointment order and MOU must be forwarded to the Disbursing Officer (DO) to which the PA is appointed. The DDO or DA will maintain a copy of all documentation until the order expires or is revoked. PAs may not serve concurrently in any other position during the procurement process or for any other DSSN. The PA is pecuniary liable for any cash, negotiable instruments, and/or paid vouchers entrusted during the appointment.

5) PAs are only authorized to receive and disburse cash for official business in accordance with the provisions of their appointment orders, this memorandum, and the references cited in paragraph #1.

6) It is imperative PAs become familiar with these instructions. If they fail to abide by applicable regulations, Memorandum of Instructions (MOI), and policies they may be held liable for any losses of funds or may be subject to administrative actions or criminal prosecution.

b. Requesting Funds. Upon initial contact with the PA, coordinate dates and times to conduct training and advance funds. Instruct the PA to bring the following items to the appointment(s):

1) Original appointment orders.
2) Valid US Armed Forces Identification Card.
3) Purchase Request and Commitment (DA Form 3953) (see encl 10) or Invitational Travel Orders (ITO).
4) Field Ordering Officer's (FOO) appointment orders signed by the appropriate authority at the contracting office.
5) Signature Card (DD Form 577) signed by the appropriate commander.
6) A government vehicle for the transportation of funds.
7) Temporary lockable suitcase or equivalent.

c. Training PAs.

1) Prior to signing for any funds, all PAs must complete the PA training and receive a briefing by the DDO/DA detailing the performance of their duties and the concept of pecuniary liability statement.

2) Provide the PA with the references listed in paragraph 1. It is imperative that PAs become familiar with these instructions. If they fail to abide by applicable regulations, memorandum of instruction, and policies they may be held liable for any losses of funds or may be subject to administrative actions or criminal prosecution.

3) Conduct the briefing with the PA and have them complete the practical exercise (see encl 5), and sign a pecuniary liability statement (see encl 3). NOTE: The PA must sign the pecuniary liability statement in the presence of the DO/DDO/DA.

4) Ensure you cover the storage and transport of funds in detail with the PA. PAs are pecuniary liable to the DO from whom the funds were drawn for the full amount of funds drawn. The Paying Agent must provide security and transportation of funds as specified in the DoDFMR, Volume 5, Chapter 3. General guidelines are as follows:

a. The PA must be the only person to have access to the funds. The PA is not authorized to delegate responsibility for the funds to anyone else. If funds are not in the physical possession of the PA, they must be secured in a combination, 3-tumbler lock, and fire resistant safe to which the PA has the only combination. The PA must also place a copy of the combination in a sealed SF 700 and store with their respective S2 or equivalent for emergencies. The PA must not conduct transactions while under duress. He/she may not commingle official appropriated funds with other funds, and may not loan, invest, or gamble official funds.

b. Transport of Funds. The responsibility for providing security rests with the command of the activity that requested such funds. In this regard, the decision whether to have an armed escort, how many, or the type of transportation to be used is all part of the command's responsibility. The command should consider such things as amount of funds to be protected, the distance and terrain to be covered, type of transportation available, and local military police which may be called upon.

5) PAs will not receive funding until they have submitted all required documents and have completed all necessary training.

d. Funding PAs (see enclosure 8, PA Advance Checklist).

1) Verify the PA has received training.

2) Advance funds to the PA on one DD Form 1081. Ensure the PA verifies the amount of funds advanced by ensuring the amount received matches the amount specified on the DD Form 1081.

3) Any discrepancies between the amount advanced and the amount on the DD Form 1081 must be resolved prior to the PA leaving the Disbursing Office. Once the PA leaves the Disbursing Office, the PA assumes all liability for discrepancies.

4) PAs will acknowledge receipt of funds by signing and dating the DD Form 1081 in the block entitled "On Advance". Two copies will be kept by the DO/DDO/DA and the PA will retain one copy.

5) The DD Form 1081 is a legal document; the PA therefore ***may not white out or cross out any information***.

6) Obtaining Foreign Currency or US Dollars. The PA is not authorized to exchange monies for different currencies with anyone by the DDO/DA who originally advanced the funds. It is imperative that the PA requests the proper type of currency during the initial funding. The PA is fully liable for any loss incurred due to an exchange of foreign currency.

7) Accommodation Exchanges.

a. Due to the sufficient infrastructure in USAREUR, PAs will not conduct such transactions within areas of Central Region. Exceptions to this policy will be approved only by the DDO/DA on a case-by-case basis.

b. If approved, use DD Form 2664, Record of Individual Exchange Transactions, to record all accommodation exchanges for each day.

c. The DDO/DA will provide the PA copies of the USAREUR Check Cashing policy and a current dishonored check list, as well as stamps reading ***"For Deposit Only to Official Account DSSN XXXX"; "Finance Officer, DSSN XXXX";*** and ***"I consent to full and immediate collection from my pay if this check is returned for insufficient funds"***. The PA will be held pecuniary liable for any loss resulting from improper procedures.

d. For foreign currency exchanges, the PA will convert at the rate at which he/she received the funds from the DDO/DA.

e. Files. The DDO/DA must create a new file for each PA and file by name. Each file will be in an active status (agent has not cleared) or closed (agent has not cleared). The files that are active will be reviewed monthly prior to month end reports. The files will be reviewed for the following:

1. The PA has submitted a correct accountability report.

2. The PA orders are still valid.

3. What documents are needed to close the PAs file.

f. Clearing PAs.

1. When clearing an agent, use the checklist at enclosure 9 to ensure that all funds are accounted for and nothing will be left out.

2. The DDO/DA must establish local policy to ensure PAs clear at least 60 days prior to their PCS/TCS/TDY date.

g. Extraordinary Situations. If the DDO/DA encounters a situation that is not covered by policy or regulations, stop and elevate the situation through your chain-of-command. Do not make assumptions as to how to handle the situation that may cause you the DDO/DA to become liable instead of the PA.

6 . Point of contact is Disbursing Operations, DSN 379-5169.

MICHAEL J. BENDICH, JR.
COL, FC
Acting Commander

11 Encls
1. Paying Agent Orders
2. Memorandum of Understanding
3. Pecuniary Liability Statement
4. Example of Paying Agent Brief
5. Example of Paying Agent Practical Exercise
6. Example Standard Form 44
7. Example Cash Register
8. Paying Agent Advance Checklist
9. Paying Agent Return Checklist
10. Example of DA Form 3953
11. Paying Agents Specific Instructions

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