

## CHAPTER 11 - COLLECTION OF FUNDS/CASH IRREGULARITIES

### **A. COLLECTION OF FUNDS AT DRMOs.**

If your DRMO is experiencing difficulties with procedures for the collection and disposition of funds, submit a request in writing to DRMS-TRR with justification for any deviation to established procedures.

### **B. REPORTING OF CASH IRREGULARITIES IN PROPERTY SALES**

1. Cash Shortage. When it has been determined that a cash shortage exists, the cashier will prepare a separate DD Form 1131 showing the actual amount of the deposit and including a statement as to the amount and application of the cash shortage. Make an entry on the DRMS Form 1578 to show the amount of the DD Form 1131 and the cash shortage (shown in brackets). (See Supplement 4 for sample DD Form 1131 and DRMS Form 1578.)

2. Cash Overage. Whenever a cash overage exists, regardless of the amount, a separate DD Form 1131 will be prepared in the amount of the unexplained balance. Treat the DD Form 1131 as a collection for credit to deposit fund account 97X6501, Suspense. Make an entry on the DRMS Form 1578 to show the amount of the DD Form 1131 and the cash overage. (See Supplement 4 for sample DD Form 1131 and DRMS Form 1578.)

3. Formal Report. When irregularities or deficiencies are disclosed by cash verification, prepare a formal report and submit (NLT 10 workdays after discovery of the irregularity) in accordance with DoD 7000.14, Financial Management Regulation. Furnish a formal report covering irregularities or deficiencies disclosed by the cash verification to DRMS-TRR for review and necessary corrective action. DRMS-TRR is responsible for review and necessary corrective action for formal reports submitted by DRMO Central. The DRMO Chief is responsible for the timeliness and completeness of all administrative reports submitted to DRMS-TRR. If applicable, furnish a copy of this report to the appropriate accountable officer for property adjustments. If no response or request for additional information is received from DRMS-TRR within 60 days from the date the report was forwarded, the Sales Contracting Officer can close out the sale. However, a copy of the report of cash irregularity and a memorandum for record (MFR) stating that no follow-up from DRMS-TRR has been received is to be included in the sales file. The closing of a sale in this manner in no way relieves the parties involved of financial responsibility. The administrative report will include:

a. A detailed statement of facts, including the type of irregularity/deficiency, date, amount and names of individuals involved.

b. A citation to pertinent supporting documents; such as, contracts and vouchers (i.e., DD Form 1131, DRMS Form 1578, and DRMS Form 1427).

c. A description of how the irregularity/deficiency occurred.

d. Significant information on procedural deficiencies, if known, and the corrective action to be taken.

e. A statement that the loss occurred in the line of duty and with or without fault or negligence on the part of person(s) responsible.

4. Adjustment. Accomplish the adjustment of discovered irregularities (overages) in the following manner:

a. If it is determined that the amount should not have been accounted for as a collection, prepare a SF 1049, made payable to adjustments. This action reverses the erroneous collection and accounts for the funds in the proper manner.

b. If it is discovered that the amount should have been reported as a collection for credit to an accounting classification other than 96X6501, make the adjustment by use of an SF 1080 charging account 97X66501 and crediting the proper appropriation or fund account.

**DRMS-I 4160.14, Volume VI, Chapter 11**

c. After every reasonable effort to discover the source and disposition of the balance has proven unsuccessful, remove the amount from suspense to Deposit Fund (Miscellaneous) Receipt Account 1060, Forfeitures of Unclaimed Money and Property.