

## 4 FAH-3 H-300 CASH MANAGEMENT

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*(CT:FMP-37; 03-07-2007)*  
*(Office of Origin: A/ISS/DIR)*

#### 4 FAH-3 H-311 GENERAL

*(TL:FMP-2; 04-30-1995)*

Cash management operations of the Department of State for the collection, deposit, disbursement, reporting and safeguarding of funds shall be carried out in accordance with the requirements established herein.

#### 4 FAH-3 H-311.1 Definitions

*(TL:FMP-2; 04-30-1995)*

The definitions that follow are specific to cash management in the Department of State. Additional definitions associated with specific cash management functions for collections (4 FAM 320); disbursing and reporting (4 FAM 330); Treasury checks (4 FAM 340); accommodation exchanges (4 FAM 360); cashiering (4 FAM 390) may be found in the subchapters indicated.

**Accountable officer** is any Government official who, on behalf of the United States receives and maintains public funds, certifies vouchers, or maintains and draws checks upon accounts of the United States. This applies to any employee appointed as a United States disbursing officer (USDO), cashier, sub-cashier, certifying officer, or collection officer. Employees of other agencies cannot be designated to an accountable officer position of the State Department without special prior approval of the Department of State and the other agency concerned.

**Accountable officer's forms and reports** are those which are signed by an accountable officer in an official capacity.

**Cash-flow process and report** is each process related to the collection or disbursement of Department moneys held outside the Treasury which is documented in a report summarizing the opportunities for cash management improvements.

**Cash management** is the practices and techniques designed to accelerate and control collections, ensure prompt deposit of receipts, improve control over disbursement methods, and eliminate idle cash balances.

**Cash Management Improvement Fund and Charge** is the revolving fund maintained by Treasury into which the amounts assessed the Department for noncompliance are deposited. The amount assessed is based on the cost to the general fund by noncompliance with collection and deposit initiatives.

**Cash Management Official** is the Managing Director, Directorate of Domestic Financial Services, who is responsible for establishing and monitoring compliance with internal control procedures; developing, maintaining and reporting cash management initiatives; and analyzing, interpreting, and coordinating the implementation of the Department's cash management program.

**Cash management review** is the ongoing study of the Department's cash-flows which monitor the efficiency, effectiveness, profitability, and corresponding cash management processes or mechanisms to identify areas of improvement.

**Deposit cutoff time** is a time designated by a financial institution beyond which transactions presented or actions requested will be deferred to the next banking day's business.

**Designated depository** is the financial institution designated by Treasury to maintain U.S. Government accounts.

**Funds or moneys** are all currency and negotiable instruments (including blank stock and travelers checks) which are:

- (1) Held (imprest funds);
- (2) Paid out (disbursed);
- (3) Owed to (payables); or
- (4) Collected (receipts) by the Department.

**Reconciliation** is the process of balancing available funds and records

(cash, negotiable instruments, etc.) to report the accountability of a fund or account. Typically, reconciliation is performed by the accountable officer or employee on a daily, weekly, or monthly basis, depending on the volume of transactions, to test the accuracy of debit and credit transactions along with other records which affect the balance of an account.

**Verification** is the process of testing the accuracy of a statement, fund, or report (e.g., reconciled reports) including the physical count of money and visual inspection of documents in sufficient detail to attest their truth. Verification is **always** performed by a person other than the person who issued the statement, maintained the fund, or prepared the report.

## 4 FAH-3 H-311.2 Management Controls

*(TL:FMP-2; 04-30-1995)*

- a. This section is designed to comply with the Federal Managers' Financial Integrity Act of 1982 (31 U.S.C. 3512(b)) to establish a system of internal control. Internal control systems are to reasonably ensure that the following objectives are achieved:
  - (1) That obligations and costs comply with applicable law; that all assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and
  - (2) That revenues and expenditures applicable to agency operations are recorded and accounted for properly so that accounts and reliable financial and statistical reports may be prepared and accountability of the assets may be maintained.
- b. Internal controls are essential to achieve the proper conduct of Government business with full accountability for the resources made available. They also facilitate the achievement of checks and balances against undesired actions. (See 4 FAM 020).

## 4 FAH-3 H-311.3 Cash Management

*(TL:FMP-2; 04-30-1995)*

- a. The Department, through the Cash Management Official, will develop and maintain a distinct set of written internal procedures covering the subject of cash management initiatives for timely collection and prompt deposit of receipts, appropriate disbursement

methods, and elimination of idle cash balances.

- b. Each initiative will be based upon a cash management review to determine whether the Department is billing, collecting, and depositing in compliance with the Deficit Reduction Act of 1984 and making disbursement according to the Prompt Pay Act of 1982. Each review will document the cash-flow and determine if any opportunity exists to implement or upgrade a process.
- c. Cash management reviews will be conducted according to guidelines in Treasury Financial Manual (TFM) 6-8080. Treasury reserves the right to periodically review the Department's cash management program to assure that adequate progress is being made to improve cash management. Cash-flow reports will be prepared for each cash-flow reviewed with an estimated interest savings being calculated according the TFM 6-8080.45.
- d. Treasury reviews the cash-flow report and may issue a warning letter identifying initiatives not being implemented on schedule and an amount that may be charged for non-compliance. A Notice of Deficiency may be issued if the initiative is not brought into compliance with the Department being charged a penalty. The appeal process by the Department is provided in TFM 8080.70.

## **4 FAH-3 H-311.4 Prompt Payment**

*(TL:FMP-2; 04-30-1995)*

- a. The Prompt Payment Act as amended (Pub. L. 97-177) requires Federal agencies to pay their bills on time, to pay interest penalties when payments are made late, and to take discounts only when payments are made within the discount period.
- b. Certifying officers and USDOs will make payments as close as possible to, but not later than, the due date, or if appropriate, the discount date. Payments will be based on receipt of proper invoices (bill or other written request for payment) and satisfactory performance of contract terms. Certifying officers and USDOs will pay interest penalties and charge interest penalty payments, within funds available, to the account of the administration or operation of the program for which the penalty was incurred.
- c. Payments to all vendors are subject to the Prompt Payment Act, including foreign vendors in foreign countries. However, if local conditions make it difficult or would prohibit meeting the 30-day prompt pay requirements, posts should revise contracts or

agreements to provide a realistic due date for payment. The contract terms, not the Prompt Payment Act provisions, govern the specific circumstances. Posts should consult with their servicing USDO to determine the appropriate time frame to include in their contractual agreements for payment processing. (See also 4 FAH-3 H-000—*Policy, Principles, and Standards*; and 4 FAH-3 H-400—*Voucher Processing and Certification*).

## **4 FAH-3 H-311.5 Forms and Related Procedures**

*(TL:FMP-2; 04-30-1995)*

- a. The Department of the Treasury shall have responsibility for all disbursement, collection, and reporting forms, both general and specific types, except that the Department of State shall have responsibility for forms falling clearly within its functional area abroad, such as reports published by Regional Administrative Management Centers for serviced posts. The General Services Administration shall have responsibility for forms dealing with transportation and the reimbursement of travel expenses.
- b. Procedures for the use of a particular form shall be prescribed by the respective agency responsible for the form.

## **4 FAH-3 H-311.6 Documentation of Financial Transactions**

*(TL:FMP-2; 04-30-1995)*

- a. All financial transactions, whether in cash, by check or electronic transfer, for the payment (disbursement) and/or receipt (collection) of amounts owed by or due to the Department of State or agency serviced shall be documented on prescribed forms. Forms used abroad are to be approved by the Deputy Chief Financial Officer/Deputy Assistant Secretary for Financial Services.
- b. Each collection shall be identified sufficiently to enable it to be deposited by the collection officer as required by law and for audit of the transaction (see 4 FAH-3 H-320 and 4 FAH-3 H-390).
- c. Each disbursement shall be supported by basic payment documents, including purchase orders, contracts, receiving reports, bills, invoices, statements of accounts, etc., showing sufficient information to account adequately for the disbursements and to

enable an audit of the transactions and make settlement with the certifying or disbursing officers as required by law (see 4 FAH-3 H-330).

## **4 FAH-3 H-311.7 Segregation of Operations**

*(TL:FMP-2; 04-30-1995)*

- a. Financial operations of any Department office responsible for either disbursing or collecting funds shall be segregated from such functions as:
  - (1) Purchasing goods and services;
  - (2) Recording the receipts of goods and services;
  - (3) Examining invoices;
  - (4) Preparing vouchers;
  - (5) Certifying vouchers;
  - (6) Authorizing the hiring of employees;
  - (7) Keeping time records;
  - (8) Preparing payrolls;
  - (9) Billing receivables; and
  - (10) Managing computer system operations.
- b. If such segregation is not practicable, preventive checks and controls must be scrupulously carried out and supplemented with internal reviews (see 2 FAM).

## **4 FAH-3 H-311.8 Right to Advance Decision**

*(TL:FMP-2; 04-30-1995)*

- a. An accountable officer has the right to apply for and obtain a decision by the Comptroller General on any question of law involved in payment on any voucher presented for payment (31 U.S.C. 3529). A request for such a decision must be accompanied by a copy of the voucher and each supporting document involved with a duplicate copy of the request being sent to FMP/F/DFS. Requests are to be sent to:

U.S. General Accounting Office  
441 G Street, N.W.  
Washington, DC 20548

- b. In lieu of requesting a decision by the Comptroller General for items of \$100 or less, an accountable officer may rely upon written advice from a serviced agency official designated by the head of each agency. If payment is advised, a copy of the document containing such advice should be attached to the voucher and will be considered conclusive settlement of the accounts involved.

## **4 FAH-3 H-311.9 Custody or Possession of Public Money**

*(TL:FMP-2; 04-30-1995)*

- a. Except as provided by another law, an official or agent of the United States Government having custody or possession of public money shall keep the money safe without:
  - (1) Lending the money;
  - (2) Using the money;
  - (3) Depositing the money in a personal account; and/or
  - (4) Exchanging the money for other amounts, without specific authorization.
- b. An official or agent of the Government receiving money for the Government from any source shall deposit the money in the Treasury or USDO account in accordance with the time limitations in 4 FAH-3 H-390.
- c. A person having custody or possession of public money, including any official having public money not for current expenditure (i.e., consular fees) shall submit deposits of money without delay, but not later than the 5th workday after the receipt of the money, to the Treasury or a depository designated by the Secretary of the Treasury under law.
- d. An official or agent of the Government having custody or possession of public money shall keep an accurate entry of each amount of public money received, transferred, and paid.
- e. An official or agent not complying with this section may be removed

from office. The official or agent may be required to forfeit to the Government any part of the money held by the official or agent (and to which the official or agent may be entitled) (31 U.S.C. 3302).

## **4 FAH-3 H-311.10 Custody And Control Of Check Stocks**

### **4 FAH-3 H-311.10-1 Responsibility**

*(TL:FMP-2; 04-30-1995)*

A disbursing officer is responsible for the protection against loss or theft of blank checks in storage and in the process of preparation. The disbursing officer may retain all the functions of check stock custodian or may assign these functions to another employee who does not perform a check printing, voucher auditing, accounting, or certifying function (except for a financial management officer who is designated and is acting in the capacity of alternate USDO).

### **4 FAH-3 H-311.10-2 Security and Verification**

*(TL:FMP-2; 04-30-1995)*

Safekeeping and control of safes and vault storage areas for blank checks should provide a high standard of security against theft, and prevent the possibility of damage to checks due to moisture, light, or heat. Access to safes and vaults should be restricted to persons authorized by the USDO. Persons so designated should inspect the safes or vault prior to locking and certify to the security of storage in a log maintained for this purpose. The disbursing officer should conduct unannounced inventories of blank checks at irregular intervals in addition to the monthly verifications performed in accordance with 4 FAH-3 H-317.2-1 and 4 FAH-3 H-317.2-4. Irregularities must be investigated immediately and any loss or theft reported as prescribed in Treasury Financial Manual 4-5040.

## **4 FAH-3 H-312 SUPERVISORY RESPONSIBILITIES**

*(TL:FMP-21; 09-05-2003)*

Principal officers have general supervisory responsibility for the financial management functions of their posts. These responsibilities may be exercised through the management officer and the financial management officer (FMO) who:

- (1) Ensure that adequate equipment and secure facilities are provided for performance of disbursing and cashier operations, including the collection and safekeeping of consular fees;
- (2) Ensure that personnel selected to perform cash management functions of disbursing, cashiering, or collecting of funds are made aware of their accountability, responsibility and liability and are adequately trained to perform the function;
- (3) Ensure that regular hours are established during the official workday for the transacting of business (including accommodation exchange transactions) and that such hours are always less than the official 8-hour workday to allow sufficient time for the proper maintenance of official accounting records, verification functions, and preparation of fiscal reports as required (the cashier is not expected to make fiscal transactions outside of the scheduled hours except in cases of emergencies or CODEL/VIP visits);
- (4) Investigate all suspected or alleged shortages or overages of cash or misuse of official funds and reports such cases which cannot be satisfactorily resolved within 24 hours after discovery to the Department of State, Cash Management official (FMP/F/DFS) and the Inspector General, OIG/A (see 4 FAH-3 H-317.3 and 3 FAM 4110); and
- (5) Supervisory personnel failing to carry out the basic responsibility to assure protection of U.S. funds from waste, fraud, or misuse may be held personally liable for the repayment of the loss and/or disciplinary action by the Department as prescribed in 3 FAM 4110.

## **4 FAH-3 H-313 FOREIGN SERVICE ACCOUNTABILITY (FSA)**

### **4 FAH-3 H-313.1 General**

*(TL:FMP-2; 04-30-1995)*

Available funds for USDOs to make payments chargeable to U.S. dollar appropriations of the Department of State and other agencies are termed "Foreign Service Accountability" (FSA). All official funds except Foreign Transaction Funds, e.g. 20FT Treasury, 19FT510 Congressional Travel, etc., and petty deposits (4 FAH-3 H-325.2-10) fall into this category. Funds available in this category (account) may be used to pay certified vouchers charged against U.S. dollar appropriations of the Department of State or other agencies, which the USDO is authorized to service (see 4 FAH-3 H-330).

## **4 FAH-3 H-313.2 Foreign Service Accountability and Its Use**

### **4 FAH-3 H-313.2-1 How to Obtain**

*(TL:FMP-2; 04-30-1995)*

The USDO draws FSA funds, by either U.S. dollar checks or approved electronic transfers, on an unfunded basis (unfunded basis means there is no bank balance as such). Normally, USDOs obtain funds by drawing and negotiating Treasury checks; by transferring 20FT funds; or from other accountable officers. Under the FSA account, collections are also available for disbursement. (See 4 FAH-3 H-330.)

### **4 FAH-3 H-313.2-2 Clearing Account Function**

*(TL:FMP-2; 04-30-1995)*

The FSA account represents a clearing account for collection and disbursement operations. Each disbursement is charged on the records to the specific appropriation, and each collection is credited to the proper receipt account, thus reducing or increasing the USDOs FSA balance.

### **4 FAH-3 H-313.2-3 Relation to Budgetary Control (Anti-Deficiency Act)**

*(TL:FMP-2; 04-30-1995)*

The USDO's balance in the FSA account is not to be regarded as controlling the amount of funds available for payment under specific allotments and appropriations. Allotment data is maintained by fiscal service posts, the Department, and other agencies for which the USDO is authorized to disburse; these entities provide the necessary control

to prevent payments in excess of available appropriations.

## **4 FAH-3 H-314 USDO ACCOUNTING RECORDS**

### **4 FAH-3 H-314.1 Accountability Record**

*(TL:FMP-2; 04-30-1995)*

Each USDO maintains permanent official records of all financial transactions. RAMCs and FMCs may maintain these financial accountability records on computer-generated magnetic tapes or other microimage forms readily available for audit. Separate computer files are maintained for each of the following accounts:

- (1) The Foreign Service Accountability (FSA) Account; and
- (2) Each Foreign Transaction (FT) Account under which the USDO holds, receives, or disburses funds. (Overseas posts refer to Department of State Records Management Handbook, Appendix B for disposition of accountability records).

### **4 FAH-3 H-314.2 Verification of Cash Accountability**

*(TL:FMP-2; 04-30-1995)*

The cash balances shown by the post's accountability records are verified at the close of each regular accounting period (month) and on such other occasions as prescribed by 4 FAH-3 H-317.2.

### **4 FAH-3 H-314.3 Temporary Absence or Disability of USDO**

*(TL:FMP-2; 04-30-1995)*

Accountability records are not closed when there is a period of temporary absence or disability of the USDO. Monthly accounts are prepared and submitted as prescribed in 4 FAH-3 H-330.

### **4 FAH-3 H-314.4 Change of USDO**

(TL:FMP-2; 04-30-1995)

- a. When official communication from the Department of State designates a new USDO and the incumbent ceases to act as the USDO, the outgoing USDO totals the accountability records at the close of business of the last workday and produces a Form FS-467, *Analysis of Balances Due U.S.* When the final balances have been verified in the manner prescribed in 4 FAH-3 H-317.2, the incoming USDO or, in the absence of the incoming USDO, the assistant USDO accepts accountability by signing the following certificate on the Accountability Report immediately below predecessor's final totals and balances:

I hereby acknowledge receipt of and assume accountability for the balances stated immediately above, with the exception of the unadjusted losses of predecessor U.S. disbursing officers as summarized below:

(Names and Amounts)  
(Date) (Signature)  
U.S. Disbursing Officer

- b. Local currency losses (i.e., USDO Loss Relief Not Granted Account) listed in such a certificate include the U.S. dollar equivalents at the time each loss was ascertained. The transfer of accountability is reported to the Department in accordance with 4 FAH-3 H-062.3.

## **4 FAH-3 H-314.5 Total Disability or Death of USDO**

(TL:FMP-2; 04-30-1995)

In the event of total disability or death of the USDO, the assistant USDO closes the cash accountability records of the post following the last transaction handled by the disabled or deceased officer in accordance with 4 FAH-3 H-330, and the accounts are verified in accordance with 4 FAH-3 H-317.2-3.

## **4 FAH-3 H-315 LIMITATIONS ON FUND BALANCES**

### **4 FAH-3 H-315.1 Maximum Accountable**

## **Balances of Funds**

### **4 FAH-3 H-315.1-1 FSA Funds Limitation**

*(TL:FMP-2; 04-30-1995)*

The maximum accountable balance in FSA funds held by a USDO, as reported on the accountability records, may not exceed the total disbursing requirements of the USDO for an average 7-10 day period. Funds are obtained only as needed. An appraisal of anticipated collections is made before local currency is purchased for, or transferred to, the FSA account, and the proposed purchase or transfer adjusted accordingly. Excess foreign currency balances are deposited to Foreign Transaction (FT) Funds.

### **4 FAH-3 H-315.1-2 Other Funds**

*(TL:FMP-2; 04-30-1995)*

There is no limit on accountable balances of Foreign Transaction (FT) Funds, Suspense Deposits Abroad (see however, 4 FAH-3 H-323.2), or Department-authorized special purchase funds.

### **4 FAH-3 H-315.2 Limitation on Cash Retained by Cashiers**

*(TL:FMP-2; 04-30-1995)*

A cash advance authorization is established for post and stateside cashiers by the Cash Management Official based upon a review of the prior six months' activity and projected needs. This cash advance authorization limits the total amount of U.S. and local currency (overseas cashiers) cash and/or negotiable instruments (travelers checks, if authorized) which may be retained by cashiers for transactions of normal fiscal functions, thereby reducing the possibility of loss by theft, fire, etc. The management of the cashier function is codified in 4 FAM 390.

## **4 FAH-3 H-316 RECONCILIATION AND VERIFICATION OF OFFICIAL FUNDS AND RECORDS**

## **4 FAH-3 H-316.1 Reconciliation of Accountable Officer's Balances**

*(TL:FMP-21; 09-05-2003)*

- a. The accountable officer, or in this officer's absence the assistant accountable officer, reconciles the accountability record, if possible, once each week and at least at the end of the accounting period.
- b. Any cash difference or erroneous transactions found in the reconciliation are reported to the FMO and the management officer.

## **4 FAH-3 H-316.2 Verification of Accountable Officer's Balances**

### **4 FAH-3 H-316.2-1 Monthly Verification**

*(TL:FMP-21; 09-05-2003)*

- a. The principal officer, or designee, appoints in writing two American employees (verifiers) other than the accountable officer, regardless of their agency affiliation, to verify the officer's accountable balances as shown on Forms SF-1218 and FS-467. The verifiers must carefully review the steps outlined below for the performance of the verification. The senior verifier is in charge of the verification.
- b. The verification is made at the end of the month, at the time the accounts are closed, and in the presence of the accountable officer. The verifying officers perform the following steps in conducting their verification:
  - (1) Examine and review all categories of the officer's accountability:
    - (a) Count all negotiable instruments (checks, etc.), cash (currency, coins), and temporary receipts;
    - (b) If applicable, verify any pre-positioned checks and blank check stock;
    - (c) Examine and total all unvouchered payments. Receipts more than 30 days old, which cannot be explained to the satisfaction of the verifying officers, are recorded on an attachment, showing the date, payee's name, goods

or services paid for, and the amount; and

- (d) List and age all currency purchases in-transit to banks (exchange voucher pending confirmation of deposit);
- (2) Examine checkbook balances, comparing FSA amounts with cash management standards and limitations (4 FAH-3 H-316);
- (3) Review reports of advances made to cashiers with the cashier files;
- (4) Review level of deferred charges on Form FS-467;
- (5) Total and age check overdrafts, from the post's copies of check overdraft OF-1017Gs;
- (6) Review all files pertaining to losses incurred during the accounting period. Age all prior losses, which must be resolved within one year or charged to responsible agency's suspense account;
- (7) Verify that the balances on hand and losses agree with the total of the accountable balances shown on Form FS-467;
- (8) Annotate Form FS-467 on the reverse, with a report of any cash differences, missing reports, discrepancies, etc., found in the verification, which were not resolved during the verification. The accountable officer acknowledges the difference by signing a statement to that effect. The senior verifier reports the differences to the FMO and the management officer;
- (9) Review any other categories; and
- (10) Sign Forms FS-467 and SF-1218 and retain a copy for audit purposes.

#### **4 FAH-3 H-316.2-2 Verification Upon Transfer of Accountability**

*(TL:FMP-2; 04-30-1995)*

- a. Upon the transfer of accountability from one accountable officer to another, including transfers to the assistant accountable officer, a special verification of the relinquishing of the officer's accountable balances is made in the same manner as the regular monthly

verifications, with the following exceptions:

- (1) The incoming officer accepting accountability serves as one of the verifying officers;
  - (2) If cash differences are discovered, the relinquishing officer signs the report thereof with the two verifying officers, and the incoming officer amends certificates of acknowledgment required by section 4 FAH-3 H-315; and
  - (3) The funds held by all cashiers and sub-cashiers are to be verified by their immediate supervisor on the last workday prior to the date the incoming officer assumes responsibility. (See 4 FAH-3 H-392 for redesignation of cashiers.)
- b. Forms FS-467 and SF-1218 prepared in the verification process is retained and made available to the State Department Inspector General staff during their periodic visits.

#### **4 FAH-3 H-316.2-3 Verification Upon Disability or Death**

*(TL:FMP-2; 04-30-1995)*

Upon total disability or death of an accountable officer, the principal officer directs the verifying officers to impound immediately all available cash, fiscal records, and related documents. Verification of the officer's accountable balances is made as soon as possible thereafter to avoid unnecessary delay in the resumption of post fiscal operations. During the course of the verification, an FS-467 and SF-1218 is prepared and certified by the verifying officers and delivered with the cash and fiscal records to the officer designated to prepare and submit the disabled or deceased officer's final account, as prescribed in 4 FAH-3 H-330.

#### **4 FAH-3 H-316.2-4 Special Unannounced Verification by State Department Inspector General Auditors**

*(TL:FMP-2; 04-30-1995)*

A cash count and verification of an accountable officer's and cashier's accountability are pro forma during regularly scheduled post inspections and audits. Because these counts are well announced and therefore of limited value, the Inspector General arranges visits to post for the sole purpose of conducting special cash counts and verification of accountability. To preserve the validity of these audits, the

following procedures are followed:

- (1) Posts selected for audit will be advised by a telegram headed "TO BE HAND DELIVERED TO THE PRINCIPAL OFFICER ONLY." The telegram will refer to this section and provide the particulars of the visit. The principal officer disseminates this information on a need-to-know basis for hotel reservations, etc. However, under no conditions is the custodian of the funds to be advised of the forthcoming count, or otherwise alerted thereto (including an unscheduled count by post personnel);
- (2) The auditors upon arrival promptly contact the principal officer, who at this time arranges for work space, the ready availability of related records and funds, and recent verifications as required by 4 FAH 3 H-316.2-1 through 4 FAH-3 H-316.2-3. The principal officer assures cooperation of appropriate post personnel and that the funds custodian and a U.S. employee are available as witnesses to the count;
- (3) The results of the verification are reported to the principal officer by the senior auditor; and
- (4) Differences, if any, are processed by the post in accordance with 4 FAH-3 H-316.3.

## **4 FAH-3 H-316.3 Cash Differences**

### **4 FAH-3 H-316.3-1 Investigation of Differences**

*(TL:FMP-2; 04-30-1995)*

- a. The financial management officer (FMO) makes an unannounced verification whenever there is a suspected or alleged shortage or overage of cash or misuse of funds. The FMO is accompanied by at least one other American employee who has no personal interest in or responsibility for the funds.
- b. The order for the verification is made in writing by the principal officer, addressed to the accountable officer through the designated verifying officers. An original and two copies of the order are given to the verifying officers, who in turn present the original to the accountable officer. A copy of the order is attached to the investigation report.
- c. Fiscal records and cash on hand may be impounded by the verifying

officers pending completion of the verification.

- d. The verification procedure to be followed is described in 4 FAH-3 H-316.2-1.
- e. Forms FS-467 and SF-1218 prepared during the verification is retained for use in any loss report submitted to the Department of State and is made available to the State Department Inspector General staff during their periodic visits.

#### **4 FAH-3 H-316.3-2 Report on Differences**

*(TL:FMP-21; 09-05-2003)*

- a. Differences which cannot be resolved in an accountable officer's accounts within 24 hours are reported to the Department of State, Managing Director, Domestic Financial Services Directorate, and the Inspector General, OIG/A, by the management officer, through the principal officer of the post. The circumstances surrounding the loss or deficiency are described in detail. Prompt and complete reporting of differences expedites the obtaining of relief for the accountable officer, if necessary.
- b. Copies of the reports are given to the accountable officer and the post security officer.
- c. When the loss is in foreign currency, the U.S. dollar equivalent reported to the Department of State, as well as in the current and subsequent monthly accounts, is the U.S. dollar value of the loss at the time the loss occurred.

#### **4 FAH-3 H-316.3-3 Relief for Losses or Deficiencies**

*(TL:FMP-2; 04-30-1995)*

- a. The Secretary of State, or designee, can request relief from the U.S. Comptroller General for losses or deficiencies not resulting from illegal or erroneous payments, upon determination that:
  - (1) The loss or deficiency occurred while the accountable officer was acting in the discharge of official duties or the result of an act or omission by one of the officer's subordinates;
  - (2) The loss occurred without fault or negligence on the accountable officer's part; and

- (3) The loss was not the result of an improper payment.
- b. The original report on the loss or deficiency, or a later report, as applicable, must include the recommendations of the principal officer with respect to the granting of relief to the accountable officer. The Department cannot act without this recommendation.
- c. When relief is considered to be appropriate for losses of \$3,000 or more, the Department must formally request relief from GAO.

## **4 FAH-3 H-317 SAFEGUARDING OFFICIAL FUNDS OR MONEYS**

### **4 FAH-3 H-317.1 Personal Accountability**

*(TL:FMP-2; 04-30-1995)*

Each employee designated to handle funds (disburse, collect, or hold) is responsible for the safekeeping of the funds, and is held personally accountable for any loss of official funds while in employee's custody. To ensure undivided responsibility, official funds in the custody of the accountable employee must be accessible only to that employee. See 4 FAH-3 H-311.10 for regulations pertaining to the safeguarding of USDO blank check stock.

### **4 FAH-3 H-317.2 Safeguarding Facilities and Equipment**

#### **4 FAH-3 H-317.2-1 Assignment of Facilities and Equipment**

*(TL:FMP-21; 09-05-2003)*

Each employee whose duties require that employee to handle funds (disburse, collect, receive, or hold) is to be provided adequate safeguarding office-space facilities and storage container equipment. The person responsible for ensuring that secure facilities and adequate equipment are provided is normally the management officer (see 4 FAH-3 H-313).

#### **4 FAH-3 H-317.2-2 Office-Space Facility**

*(TL:FMP-2; 04-30-1995)*

Ideally, the office-space facility is an enclosed area, with a barred cash window, and with the area itself equipped with a security-approved key lock for control of the area during nonwork hours. Access to the area during work hours is limited to the responsible employee or employees. Access to the area during nonwork hours is limited to Marine guards or any other persons designated to perform the physical check of safes and offices.

#### **4 FAH-3 H-317.2-3 Storage Container Equipment**

*(TL:FMP-2; 04-30-1995)*

Storage container equipment is provided for the exclusive use of the responsible employee. Each USDO, collection officer, or principal cashier is assigned an office safe or vault, equipped with a manipulation-resistant combination lock. Each subcashier is assigned either:

- (1) An office safe, the same type as assigned to a principal cashier;
- (2) A lock compartment equipped with a manipulation-resistant combination lock within an office safe; or
- (3) A cash box equipped with a manipulation-resistant combination lock, or combination padlock. A subcashier assigned a cash box is to be provided space in an office safe for the storage of the cash box when not in use.

#### **4 FAH-3 H-317.3 Security Of Lock Combination**

##### **4 FAH-3 H-317.3-1 Knowledge of Combination**

*(TL:FMP-2; 04-30-1995)*

The lock combination is known only to the employee to whom the equipment is assigned. Exceptions: The USDO may make the combination of the safe known to the assistant USDO, provided separate lock compartments or cash boxes are used to ensure that the funds for which each is separately responsible are kept inaccessible to each other. The same arrangement may be made between a principal cashier, a designated alternate, and/or subcashiers.

#### **4 FAH-3 H-317.3-2 Changing Combination**

*(TL:FMP-2; 04-30-1995)*

- a. The lock combination is changed by the employee to whom the equipment is assigned. When an employee having knowledge of a combination is succeeded in office, the successor employee changes the combination. When, due to emergency conditions, the safe is opened in the absence of the responsible employee, the responsible employee upon return to duty immediately changes the combination, and verifies the funds.
- b. The combination may be changed at any time the responsible employee deems it necessary to safeguard the funds in the responsible employee's custody. The combination should be changed at least annually.
- c. It is the responsibility of the resident regional security officer or the post security officer to instruct the responsible employee in the technique for changing the safe combination. Neither the security officer nor any Marine security guard will assist in the actual changing of the combination.

#### **4 FAH-3 H-317.3-3 Recording and Security of Combination**

*(TL:FMP-2; 04-30-1995)*

- a. The responsible employee records the safe combination on a Form SF-700, Combination Safe Card. The original Form SF-700 is placed in an opaque envelope. The combination is protected from direct contact with the envelope, either by enclosing Form SF-700 within a blank sheet of paper, or by folding inward the Form SF-700. The envelope is sealed, taped, and delivered to the post or resident regional security officer. The first copy of the form is not required, it is removed and destroyed before the combination is recorded.
- b. The date the envelope is delivered to the security officer, the signature of the responsible employee, and the signature of the security officer, are inscribed on the envelope. When the combination is known to other employees, as prescribed 4 FAH-3 H-317.3-1, their signatures are also inscribed on the envelope. Such signatures notify the security officer that the envelope may be released to them in the absence of the responsible employee.

- c. The envelope is sealed by the security officer in the presence of the responsible employee, with care being taken to securely seal all envelope flaps.
- d. Whenever the sealed envelope is opened, a new envelope is prepared, dated, signed, and sealed in the same manner as the original envelope.

#### **4 FAH-3 H-317.3-4 Safeguarding Combination Envelope**

*(TL:FMP-2; 04-30-1995)*

The security officer is responsible for safeguarding the envelope containing the combination in accordance with the instructions of the regional security officer.

#### **4 FAH-3 H-317.3-5 Release of Combination Envelope**

*(TL:FMP-2; 04-30-1995)*

- a. At any time, the responsible employee may request the security officer to return the envelope to:
  - (1) Verify the combination;
  - (2) Assure that the envelope and seals have not been tampered with or substituted; or
  - (3) Change the combination.
- b. In case of an emergency which includes the absence or incapacity of the responsible employee, and any other employee whose signature appears on the sealed envelope, the security officer may, upon request, release the sealed envelope to the principal officer, the deputy chief of mission, or the counselor of embassy for administration. The request for the envelope must be written, signed, and include the reason therefore. The security officer notifies the responsible employee of the action taken at the earliest possible time after the employee's return to duty.

#### **4 FAH-3 H-317.3-6 Inspection of Combination Envelope**

*(TL:FMP-21; 09-05-2003)*

If the theft of funds from safeguarding equipment is suspected, the envelope containing the combination is jointly inspected by the responsible employee and the security officer. Each then states in writing whether the envelope has been tampered with. These statements are given to the management officer for submission to the Department with the report on the suspected or alleged fiscal irregularities (see 4 FAH-3 H-316.3).

## **4 FAH-3 H-318 THROUGH H-319 UNASSIGNED**