

4 FAH-2 H-830 USDO AND CASHIER FISCAL IRREGULARITIES

*(CT:DOH-27; 06-22-2012)
(Office of Origin: RM/FPRA/FP)*

4 FAH-2 H-831 GENERAL PROVISIONS

4 FAH-2 H-831.1 Introduction

(CT:DOH-12; 05-12-2005)

This subchapter prescribes the guidance on how to determine what is a U.S. disbursing officer (USDO) or cashier fiscal irregularity, and how to report and track the fiscal irregularity until resolution and closure.

4 FAH-2 H-831.2 Descriptions

(CT:DOH-12; 05-12-2005)

- a. Fiscal irregularity—Any type of improper transaction or event having an effect on the USDO advance (including cashiers). A cashier out-of-balance condition, as defined in the Cashier User Guide (CUG) Chapter 18.0, Fiscal Irregularities, becomes a fiscal irregularity when it is unexplained on the monthly Form DS-3058 (FSC-365), Cashier’s Reconciliation Statement, or has been explained on one month’s Form DS-3058, but corrections are not made on the next Form DS-3058.
 - (1) Cashier fiscal irregularities could include:
 - (a) A cash shortage or overage of public funds;
 - (b) Illegal disbursements resulting from fraud, forgery, alteration of vouchers or improper practices; or
 - (c) Improper accounting for receipts.
 - (2) USDO fiscal irregularities could include:
 - (a) Checks paid when forged or fraudulent;
 - (b) Incorrect or improper check or electronic funds transfer (EFT) payments made for which funds cannot be recovered;
 - (c) Closures of USDO foreign banks with USDO account balances;

- (d) Frozen bank account balances; or
 - (e) Other anomalies in the USDO accounts that have not been corrected or recovered.
- b. Cashier out-of-balance condition—A difference reported on the monthly Form DS-3058, Cashier’s Reconciliation Statement.
 - c. Unexplained out-of-balance condition—When there is no written explanation for the difference, or if the explanation does not identify the difference directly to a certain transaction (i.e., post says it is researching the difference or that it “may be” a duplicate entry).
 - d. Explained out-of-balance condition—When the difference is identified in writing on Form DS-3058 as a data entry or other error related to a specific transaction that is being corrected (i.e., collection entered as \$5, actual collection document was \$500), or a debit voucher is reported outstanding and is not listed on Form DS-3058 (or vice-versa).

4 FAH-2 H-832 REPORTING CASHIER OUT-OF-BALANCE CONDITIONS

(CT:DOH-12; 05-12-2005)

- a. When an explained out-of-balance is reported on the monthly Form DS-3058 (FSC-365), Cashier’s Reconciliation Statement, the cashier monitor enters it into the cashier database (cashier monitor checklist) and tracks this condition to make sure the corrections are made on the following monthly Form DS-3058. If they are not, the cashier monitor, after consultation with the USDO, notifies the cashier’s U.S. citizen supervisor that this is now considered ‘unexplained’ and must be reported as a fiscal irregularity to RM/FPRA/FPMC in accordance with 4 FAH-3 H-397.3. Cashiers for non-Department of State agencies must report the fiscal irregularity in accordance with their agency procedures and provide a copy of the report to the USDO.

NOTE: An overage of cash is considered a fiscal irregularity and must be reported. (See 4 FAH-2 H-833.1 (e) for reporting and processing of overages.)

- b. When an unexplained out-of-balance condition is reported on the monthly Form DS-3058, it must be reported as a fiscal irregularity in accordance with the procedures in 4 FAH-2 H-834. All unexplained out-of-balance conditions on Form DS-3058 must be entered into the cashier database program on the cashier monitor checklist.

4 FAH-2 H-833 REPORTING OF FISCAL IRREGULARITIES AND QUARTERLY STATUS REPORTS

4 FAH-2 H-833.1 Reporting of Cashier Fiscal Irregularities

(CT:DOH-12; 05-12-2005)

- a. When it has been determined that there is a cashier fiscal irregularity, it must be reported in accordance with the following procedures.
 - (1) For a Department of State cashier, the fiscal irregularity must be reported to RM/FPRA/FPMC, and the USDO, following procedures in this subchapter and 4 FAH-3 H-397.3. RM/FPRA/FPMC serves as the staff liaison to the Department of State Committee of Inquiry into Fiscal Irregularities, so all correspondence concerning Department of State fiscal irregularities should be sent to RM/FPRA/FPMC.
 - (2) For cashiers of agencies other than Department of State, the fiscal irregularity must be reported in accordance with the agency's own procedures. A copy of the report should be sent to the USDO.
- b. Initial reports of fiscal irregularities should give all known facts available. If all facts are not available, the report should so indicate and state when a complete report will be available.
- c. If the fiscal irregularity is a cash loss, the USDO may temporarily increase the cashier advance during resolution, if cash is needed for daily cashier operations.
- d. If the fiscal irregularity is in local currency, a U.S. equivalent (USE) amount of the initial loss should be established, based on the exchange rate at the time of the loss. This USE amount will not change during the period in which the loss is being resolved, even if the exchange rate changes. Restitution of the loss, by repayment or charging of current year post funds, will be the USE amount established at the time of the loss. If partial repayments are made to the loss, the initial USE loss will be reduced. The initial amount of the loss in local currency (LCU) should also be reported, for information purposes only.
- e. An overage of cash must be reported as a fiscal irregularity, and excess funds collected to general fund receipt account 19 1060, Forfeitures of Unclaimed Money. For Department of State cashiers, a copy of the general receipt must be sent to RM/FPRA/FPMC to close the case.

4 FAH-2 H-833.2 Reporting of USDO Fiscal Irregularities

(CT:DOH-12; 05-12-2005)

- a. All USDO fiscal irregularities should be reported immediately upon discovery to the Director of RM's Global Disbursing Operations (RM/GFS/S/DO).
- b. All USDO fiscal irregularities that are not resolved within 24 hours of the initial discovery must be reported to RM/FPRA/FPMC in accordance with 4 FAH-3 H-397.3 and entered into the cashier's database, using the USDO Cashier Code 100. Upon receipt of the initial report RM/FPRA/FPMC will enter the fiscal irregularity into its database, and provide the USDO with a fiscal irregularity case number.

4 FAH-2 H-833.3 Quarterly Status Reports to RM/FPRA/FPMC

(CT:DOH-12; 05-12-2005)

On a quarterly basis, the USDO will provide a report of open fiscal irregularity cases to RM/FPRA/FPMC. This report will contain the following information:

- (1) Case number assigned by RM/FPRA/FPMC;
- (2) Servicing Financial Service Center;
- (3) Post where the fiscal irregularity occurred;
- (4) Date reported;
- (5) Total amount of initial loss in USE;
- (6) Total balance remaining to satisfy the debt;
- (7) Type of loss; and
- (8) Short description of loss with status of current actions for resolution.

4 FAH-2 H-834 RESOLVING FISCAL IRREGULARITIES

(CT:DOH-20; 11-01-2005)

- a. Department of State Cashiers—the procedures for resolving Department of State cashier fiscal irregularities differ depending on the amount of the fiscal irregularity:

- (1) Fiscal irregularities under USD 500 are resolved at post.
 - (a) The cashier supervisor should prepare a report for the Chief of Mission (COM) at post to approve action for resolution of the irregularity, following procedures in 4 FAM 374 and 4 FAH-3 H-397.5-1. A copy of the report should be sent to RM/FPRA/FPMC, with an information copy to the USDO.
 - (b) If the post cannot immediately resolve the irregularity, an initial report of the irregularity should be sent to RM/FPRA/FPMC and the USDO. RM/FPRA/FPMC will assign a case number and track the case as open while it is being resolved at post. When the irregularity is resolved, the final report must be submitted to RM/FPRA/FPMC. If the irregularity is not resolved and closed within 60 days (including processing of vouchers), RM/FPRA/FPMC will follow up to ensure closure.
 - (2) If the fiscal irregularity is USD 500 or more, it must be directed to the Committee of Inquiry into Fiscal Irregularities (see 4 FAM 374), in accordance with 4 FAH-3 H-397.3. The initial report should be sent to the RM/FPRA/FPMC staff, who will enter the fiscal irregularity into the database and provide the USDO and post with a fiscal irregularity case number. The post and USDO will be notified of any committee decisions and case resolutions.
- b. Cashiers of agencies other than Department of State—fiscal irregularities of agencies other than Department of State should be resolved in accordance with the agency's own procedures. Also, as a condition of the cashier designation, the parent agency or sponsoring organization must agree to fund and reimburse either the Department of State Class B cashier or USDO for any fiscal irregularities of their cashier or subcashier employees within 90 days of discovery. This agreement to reimburse must be stated in the request for designation. Agencies should notify the post and the USDO when the case is resolved and provide appropriate fiscal data to close the case. The cashier monitors will track the fiscal irregularity as open until the USDO is notified by the agency that the case is closed, or when the case is transferred to the agency suspense account (see 4 FAH-2 H-838 b).
- c. USDO fiscal irregularities:
- (1) Fiscal irregularities under USD 500 are resolved at RM/GFS Charleston or Bangkok. The USDO should prepare a report for the Director, Global Disbursing Operations, RM/GFS/S/DO to approve action for resolution of the irregularity, following procedures in 4 FAH-3 H-397 (the Director, RM/GFS/S/DO, acts as the principal officer at a post). The USDO should track the fiscal irregularity in

the cashier database until the irregularity is resolved and closed. The Director, RM/GFS/S/DO, must notify the USDO, with information to RM/FPRA/FPMC, when and how the fiscal irregularity is resolved. If the fiscal irregularity is not resolved and closed by the Director, RM/GFS/S/DO, within 60 days, RM/FPRA/FPMC will follow up to ensure closure.

- (2) If the fiscal irregularity is USD 500 or more, it must be directed to the Committee of Inquiry into Fiscal Irregularities (see 4 FAM 374), in accordance with 4 FAH-3 H-397. Since RM/FPRA/FPMC serves as the staff liaison to the committee, all correspondence concerning the case should be sent to RM/FPRA/FPMC and the Director, RM/GFS/S/DO.

4 FAH-2 H-835 FRAUD OR MALFEASANCE

(CT:DOH-12; 05-12-2005)

Each agency's inspector general is responsible for conducting and directing all investigations of complaints, allegations, or other information relating to the possible existence of fraud or malfeasance in the Department and the Foreign Service. Consequently, when an initial inquiry discloses an indication of malfeasance or a violation of law(s) and/or regulations(s), as specified in 2 FAM 030, such inquiry is to be suspended and a report made expeditiously to the regional security office (RSO) who will, in turn, contact the agency's Office of Inspector General (OIG).

4 FAH-2 H-836 FINAL REPORTS ON INVESTIGATION OF ALL IRREGULARITIES

(CT:DOH-12; 05-12-2005)

The post (cashier fiscal irregularities) or RM/GFS/S/DO (USDO fiscal irregularities) is responsible for the preparation of the final report of investigation of the fiscal irregularity. Final reports should include the following information:

- (1) A detailed statement of facts, including the name of accountable officer and the supervisor of the accountable officer, the type of irregularity, date, amount, and name and position of individuals involved;
- (2) A citation of pertinent supporting documents, such as receipts, pay records, contracts, vouchers, etc.;
- (3) A description of how the irregularity occurred and how it affected

- the accountable officer's account;
- (4) Information on procedural deficiencies, if known, and the corrective action taken, or to be taken;
 - (5) A statement of the evidence as to whether or not the fiscal irregularity occurred by reason of willful intent to defraud the government or fault or negligence on the part of the accountable officer or supervisory personnel; and
 - (6) Information as to the relief or restitution effected or contemplated from the responsible individual(s), if under USD 500, or the recommendation to seek relief or request restitution of USD 500 or more.

If the initial report (as described in 4 FAH-2 H-833.1) addresses the six items listed above, a separate final report is not required.

4 FAH-2 H-837 TRANSFERRING FISCAL IRREGULARITIES FROM THE CASHIER TO THE USDO OR AGENCY ACCOUNTS

(CT:DOH-12; 05-12-2005)

- a. For Department of State Cashiers—If the fiscal irregularity is not resolved within 60 days of the initial report, the USDO will transfer the fiscal irregularity from the cashier accountability to the USDO accountability, and report the irregularity on Line 5.1 of Form SF-1218, Statement of Accountability (Foreign Service Account). This includes unresolved fiscal irregularities under \$500. Post remains responsible for the irregularity until resolution and closure.
- b. For cashiers of agencies other than Department of State—if the agency has not provided fiscal data to clear the cashier fiscal irregularity (see 4 FAH-2 H-834(b)) within 60 days, the USDO will transfer the fiscal irregularity from the cashier to the other agency's suspense account (F 3875) for resolution by the agency. The USDO will not report other agency fiscal irregularities on their Form SF-1218. The USDO must provide details to the agency by sending the post's report to the agency headquarters, and informing them that the irregularity will be transferred to its suspense account. If the USDO needs assistance in locating the agency headquarters, they should contact the RM/GFS/S/WO Interagency Liaison Office for information. Once the USDO has transferred the loss, he or she must inform RM/FPRA/FPMC that the irregularity has been transferred (and provide the voucher processed for the transfer). The fiscal irregularity will then be closed in RM/FPRA/FPMC and USDO records.

- c. For USDO Losses—if the fiscal irregularity is not resolved within 60 days of the initial report, the USDO must report the irregularity on line 6.3 of Form SF-1218, losses—relief not granted. This includes those losses under \$500.

4 FAH-2 H-838 REPAYMENT OF LOSSES

(CT:DOH-12; 05-12-2005)

After the post or Committee of Inquiry into Fiscal Irregularities has determined not to grant relief, the process of how to repay the loss depends on where the accountability for the loss is being held.

- a. Losses being held in the cashier accountability.
 - (1) If relief **IS NOT** granted to the accountable officer, he or she is asked to replace the funds from personal assets. If the repayment is in cash, no transactions are entered into the system. If the replacement is by check the cashier should cash the check and put the cash in the imprest fund. Both of these procedures will bring the cashier accountability back into balance. No official collection is processed (Form OF-158, General Receipt). The cashier should document the repayment and provide Form SF-1165, Receipt for Cash, (not Form OF-158) to the person making the payment.
 - (2) If relief **IS** granted, a payment voucher is processed made payable to the cashier charging post funds. No collection document (Form OF-158) is processed. The disbursement voucher brings the cashier accountability back into balance.
- b. Losses being held in the USDO accountability.
 - (1) If the loss was initially a USDO loss, or was transferred from the cashier to the USDO accountability, the following procedures should be followed.
 - (2) The USDO processes a journal voucher that moves the funds from Form SF-1218 line 7.3 (loss of funds, relief not granted) or 9.3 (predecessor losses) into the USDO cash accountability (Line 6.1 cash on hand). The USDO's cash on hand is increased.
 - (3) If relief **IS NOT** granted to the accountable officer and he or she is asked to replace the funds from their personal assets, the replacement funds are deposited into the USDO bank. No official collection is made (Form OF-158) but a bank deposit is entered into the system, using the USDO cashier code. If the repayment is in cash or check, a deposit is made into the system using the USDO's cashier code. The deposit decreases the USDOs cash on hand, which was increased when the journal voucher (JV) in number 1

above was processed. The USDO's accountability is now balanced.

- (4) If relief **IS** granted, a disbursement is processed charging the post allotment. No collection document (Form OF-158) is processed. A deposit is not made, because there is no check. The USDO's accountability is decreased by the disbursement, which was increased when the JV in number 1 above was processed. The USDO accountability is now in balance.
- c. If the loss is not currently being held in the cashier's accountability, or reported on the USDO's Form SF-1218, line 7.3 or 9.3, then the loss was not initially recorded properly. Because there is no current out-of-balance condition either on the cashier or USDO's accounts, a collection (Form OF-158) must be processed in the system to offset the deposit made when repayment was received. The funds should be collected to general fund receipt account 19 1060, Forfeitures of Unclaimed Money, and appropriate documentation retained in the fiscal irregularity file.

4 FAH-2 H-839 REVIEW OF INTERNAL CONTROLS

(CT:DOH-12; 05-12-2005)

For all cashier fiscal irregularities, the USDO should:

- (1) Contact the post's financial management officer or management officer to determine if internal controls need to be strengthened to prevent a reoccurrence of the event.
- (2) Provide the assistance needed by the post to identify and strengthen internal controls or improve cashiering practices.
- (3) Ensure that the proper reviews were conducted (e.g. cashier monitors notified post of unusual transactions on Form DS-3058 unannounced verification documentation and that the cashier supervisor performed unannounced verifications).