

VOLUME 5, CHAPTER 27: “SAFEKEEPING OF FUNDS AND VALUABLES (FOR PERSONNEL AND MORALE, WELFARE, AND RECREATION ACTIVITIES)”

SUMMARY OF MAJOR CHANGES

All changes are denoted by [blue font](#).

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [***bold, italic, blue and underlined font***](#).

The previous version dated November 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Updated the chapter to include administrative updates and hyperlinks.	Update

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CHAPTER 27

SAFEKEEPING OF FUNDS AND VALUABLES
(FOR PERSONNEL AND MORALE, WELFARE, AND RECREATION ACTIVITIES)

2701 AUTHORITY FOR SAFEKEEPING DEPOSITS

270101. Authority

All Department of Defense (DoD) disbursing officers (DOs), deputy DOs (DDOs), and agents are authorized to accept for safekeeping, funds including cash and checks for morale, welfare, and recreation (MWR) activities, for which safe custody otherwise would not be available. When a DO, DDO, or paying agent is unavailable, or when it is impractical for **one of them** to accept and account for safekeeping deposits, the commander may **appoint** any military member or DoD civilian employee as a safekeeping custodian to accept and account for safekeeping deposits. Prepare a separate [Department of Defense \(DD\) Form 577 \(Appointment/Termination Record – Authorized Signature \(see \[Chapter 2\]\(#\)\)](#)) to appoint a DO, DDO, paying agent, military member, or DoD civilian employee as a safekeeping custodian. Keep safekeeping deposits **in a secured** safe and establish appropriate audit procedures **to maintain accountability**. DOs, DDOs, agents or other appointed custodians may be authorized to accept personal funds and valuables (for safekeeping) of military members and DoD civilian personnel assigned to the activity. In all cases, consider funds accepted for safekeeping to be funds held in trust for which the United States (U.S.) is accountable, but not all funds held in safekeeping are necessarily considered to be within the DO's financial accountability for purposes of reporting appropriated funds to the Department of the Treasury via the [Standard Form \(SF\) 1219](#) (Statement of Accountability).

270102. Restrictions

All deposits and withdrawals are subject to the commander's local regulations which, based on available facilities, establish necessary and proper restrictions as to the time, place, and frequency of deposits and withdrawals, and the types of objects classified as valuables. Impose necessary restrictions to prohibit interruption of the activity's priority fiscal operations, e.g., special and regular payroll activities. Safekeeping services **should** not be abused by the deposit of objects which, because of their nature or value, are not usually afforded additional protection. **Limit** deposited valuables to funds, negotiable instruments including bonds, credit cards, travelers' checks, and checkbooks, and objects classified as jewelry having an intrinsic value requiring additional protection. **Do not accept** objects such as wallets, snapshots, keys, or items having no intrinsic value to justify additional protection for **deposit**.

270103. Responsibility for Deposits

A. [Custodial Officers](#). **Commanders appoint** custodial officers **and** hold them responsible for the proper handling of and accounting for all safekeeping deposits as stated in paragraph 270101. **Appointments must state** the specific duties authorized to be performed by the custodial officer and include that he or she **will** be pecuniarily liability for safekeeping

deposits. Section 2702 applies to the safekeeping of nonappropriated funds for MWR activities. See Chapter 6 for processing of losses not identifiable to an individual account holder, but do not record losses of nonappropriated funds on the DO's [SF 1219](#). If a loss is sustained, **notify the depositor** of his or her right to submit a claim for reimbursement of the personal property loss as provided in the applicable DoD Component regulations. Submission of a claim need not be deferred to await findings of any investigation initiated to determine responsibility for the loss.

B. Assistant Custodians. When the volume or nature of safekeeping deposit transactions warrants, the custodial officer may formally appoint an assistant custodian for initial receipt and temporary custody of safekeeping deposits pending their delivery to the designated custodian. Provide separate safekeeping facilities to which no other person has access to the assistant custodian for safekeeping funds and valuables. Cover all custody transfers between the custodian and assistant custodian(s) with receipt. An assistant custodian is responsible for the proper accounting and handling including receipt and prompt delivery to a permanent custodian of all safekeeping deposits. Process **all** losses in accordance with subparagraph 270103A.

270104. Deposit of Postal Funds

Receive and handle safekeeping deposits of postal funds as prescribed in [DoD 4525.6-M](#), "DoD Official Mail Manual." Identify this deposit as "postage stamp fund" or "postal money order fund," as applicable, on the safekeeping deposit receipt.

270105. Deposit of Funds Under Emergency Conditions

Follow paragraph 270202 to receive and handle safekeeping deposits of funds by military banking facilities, nonappropriated fund custodians, and other DoD sponsored activities. Identify on the safekeeping deposit receipt the depositing agency, custodian making the deposit, and the deposit itself.

2702 SAFEKEEPING OF NONAPPROPRIATED FUNDS FOR MWR ACTIVITIES

270201. Accounting for Separate Funds

Except as provided in paragraph 270202, place each safekeeping deposit in a separate sealed envelope following the deposit procedures in paragraph 270202A. **Process** withdrawals in accordance with the procedures provided in paragraph 270202B.

270202. Accounting for Commingled Funds

When the volume of safekeeping deposits warrants, and when it is desirable to accommodate more than one deposit or withdrawal transaction in (nonindividual) safekeeping deposit accounts at nontactical activities, custodial officers are authorized to **collocate** the

safekeeping of funds. To **prevent commingling** with official funds, place safekeeping funds in a separate container identified as safekeeping funds. At activities other than Navy ships, if the total value of commingled safekeeping funds on hand is normally large, a bank checking account may be established as provided in paragraph 270203.

A. Deposits

1. Receipt for Deposit. Use a **DD Form 2674 (Record and Receipt of Deposits and Withdrawals of Safekeeping Funds)** for each deposit processed and assign a consecutive series deposit numbers beginning with “1” preceded by the letter “D.” Assign each depositor a depositor’s account number using a consecutive series of numbers beginning with “1.” The information on the DD Form 2674 should identify the depositor, depositor’s account number, date of deposit, and the amount deposited. The custodial officer gives the original signed copy of the DD Form 2674 to the depositor and the custodial officer retains a copy.

2. Individual Ledger Sheets. For each depositor, the custodial officer keeps a separate ledger sheet, the heading of which includes the following: depositor’s account number, name and location of the depositing MWR activity, and signature of the MWR activity representative making the deposit. The custodial officer enters the amount of each deposit in the debit column of the ledger sheet and the total amount on deposit in the balance column, as well as, the date of each deposit and the deposit receipt number.

3. Cash-on-Hand Ledger Control Sheet. In addition to the individual ledger sheets described in the preceding subparagraph, the custodial officer also keeps a cash-on-hand ledger control sheet entering the amount of each deposit in the debit column and the total amount on deposit by all depositors in the balance column. If preferred, a daily summary posting may be made to the ledger control sheet showing inclusive deposit numbers. The balance of the ledger control sheet must agree with the combined balances of the individual depositors’ ledger sheets.

B. Withdrawals. When requesting a full or partial withdrawal of the funds on deposit, the depositor presents the original deposit receipt(s) to the custodial officer. The custodial officer confirms the depositor’s account balance and obtains a signature in the applicable section of the retained copy of the DD Form 2674 verifying it against the signature on the deposit record and/or the individual ledger sheet before releasing the funds requested. If the request is for a full withdrawal, the custodial officer destroys the original DD Form 2674 in the presence of the depositor. A depositor may make up to three partial withdrawals of a safekeeping deposit. If the deposit is not withdrawn in full after three requests, the custodial officer destroys the original DD Form 2674 and issues a new one for the new deposit amount. Return the identical currency that was presented by the depositor when the deposit is withdrawn, e.g., a deposit made in Japanese Yen cannot be withdrawn in U.S. dollars. For withdrawals by check as authorized in paragraph 270203, enter the check number on the withdrawal request. The custodial officer enters the withdrawal as a credit in the depositor’s individual ledger sheet and the custodial officer’s ledger control sheet. In lieu of individual entries in the custodial officer’s ledger control sheet, a daily summary posting may be made showing inclusive withdrawal numbers.

270203. Bank Account Procedures

A. General. With command approval, and if the amount of safekeeping funds available for deposit is large enough to preclude the payment of bank service charges or other fees, custodians of commingled safekeeping funds may establish and maintain a checking account in a local bank for deposit of safekeeping funds. Maintain such accounts only in financial institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund. Funds in excess of the insured limits are collateralized by the financial institution in accordance with [Title 31, Code of Federal Regulation, part 202](#), "Depositaries and Financial Agents of the Federal Government." Establish the account in the name of the disbursing activity, the safekeeping fund, and the custodian (e.g., "U.S. Naval Activity, Boston, MA, Safekeeping Deposit Fund, LT J. A. Hancock, SC, USN, Custodian"). Loans or investments from safekeeping deposit funds are prohibited.

B. Check Records. All checks should be serially prenumbered. A complete record of all checks drawn, deposits made to the safekeeping checking account, and a running account balance is maintained in the checkbook. Reconcile statements from the financial institution immediately upon receipt and file them with the bank ledger control sheet. Mark spoiled checks "VOID" and file them in sequence.

C. Deposits to Safekeeping Fund Bank Account. Deposit checks, money orders, and cash received for safekeeping (except cash required to be kept on hand to meet safekeeping withdrawal requirements) to the authorized account. Checks and money orders may be accepted for deposit to the safekeeping fund account subject to collection. Withdrawals, however, are not authorized until sufficient time has elapsed for clearance of the checks and money orders through the banking system.

D. Disbursements from Safekeeping Fund Bank Account. Draw checks for withdrawals of safekeeping funds on the safekeeping deposit fund account whenever practical. Checks may be drawn on the safekeeping fund account only for payment to a depositor for withdrawal, an authorized transfer of a depositor's account to another activity, replenishment of cash on hand (through an exchange-for-cash check) needed to meet safekeeping withdrawal requirements, or transfers of unclaimed monies.

E. Cancellation of Checks. All checks drawn on the safekeeping deposit fund account must bear the following stamped endorsement on the reverse side: "This check is not valid unless presented for payment within 12 months from date of issue." If a check is canceled, the custodian confirms stop payment action with the financial institution and credits the depositor's safekeeping account for the amount of the canceled check. An effort should be made to locate the depositor and effect payment. If the depositor cannot be located, close the account by drawing a check payable to the Department of the Treasury for deposit. The custodian prepares a [DD Form 1131](#) (Collection Voucher) with credit to **1060, Forfeitures of Unclaimed Money and Property when the amount is less than \$25. For amounts of \$25 or more, credit 20X6133, Payment of Unclaimed Moneys, including on the collection voucher all information available as to the identity and location of the depositor. The custodial officer presents the check and DD Form 1131 to the DO for collection. Forward any claim subsequently

received for the funds, with a copy of the related DD Form 1131, to the supporting Defense Finance and Accounting Service site for processing.

F. Bank Ledger Control Sheet. In addition to the cash-on-hand ledger control sheet, the [custodial officer](#) keeps a separate ledger control sheet for “cash-in-bank.” When cash, checks, or money orders are deposited in the bank, [the custodial officer debits](#) the cash-in-bank ledger control sheet and [credits](#) the cash-on-hand ledger control sheet. Post exchange-for-cash checks as credits to the bank ledger control sheet and debits to the cash-on-hand ledger control sheet. Post withdrawals by check as credits to the bank ledger control sheet and debits to the individual ledger sheet. The sum of the cash-in-bank and cash-on-hand ledger control sheets must agree with the combined balances of the individual depositors’ ledger sheets.

2703 SAFEKEEPING OF PERSONAL FUNDS AND VALUABLES OF MILITARY MEMBERS AND [DOD](#) CIVILIAN EMPLOYEES

270301. Deposits

[The custodian records all](#) deposits on [DD Form 2674](#). Use a series of consecutive numbers beginning with “1” for assignment to safekeeping deposits. Assign each deposit, at the time it is made, the next number in this series. [The custodian enters](#) the following data in the appropriate spaces of the DD Form 2674: the deposit number, the date of deposit, a description of the deposit (if money, then enter the amount in figures and words), and the signature and rank of the custodial officer (or assistant custodian) receiving the deposit. The depositor [is](#) required to enter his or her social security number, signature, and rank or rate in the spaces provided. [The custodian gives](#) the original signed copy of the DD Form 2674 to the depositor and retains a copy for file.

270302. Withdrawals

A depositor wishing to withdraw a deposit [presents](#) the original DD Form 2674 to the custodial officer, who verifies the depositor’s signature and determines that the serial number, date and description correspond with the data appearing on the retained copy of the form. After the identity of the depositor and authenticity of the receipt have been established, the depositor acknowledges receipt of the deposit by entering his or her signature and the date of withdrawal in the space provided on the retained copy of the DD Form 2674. [The custodial officer](#) destroys the original DD Form 2674 in the presence of the depositor. If the receipt has been lost, the deposit may be returned to the depositor only after the custodial officer is satisfied as to the identity of the depositor and the depositor’s entitlement to the deposit. In all instances, the entries on the DD Form 2674 constitute the official record of the deposit. At the time of withdrawal, the entire deposit must be withdrawn. Partial withdrawals are not authorized; however, subject to the restrictions prohibiting unreasonable repeated deposits, a new deposit in a new amount may be made.

270303. Withdrawal of Funds or Valuables Subsequent to Transfer of Depositor

If a depositor is transferred before withdrawing safekeeping deposits, the custodial officer delivers the depositor's cash balance to the DO in exchange for a U.S. Treasury check. Draw the U.S. Treasury check in favor of the depositor. The check and the depositor's valuables (if any) are forwarded, with a letter of transmittal, to the commander of the activity where the depositor was transferred for delivery to the depositor. The transmittal letter should include all available details about the depositor and request acknowledgement of receipt. Insert data regarding the transfer on the retained copy of the DD Form 2674 for file.

270304. Deposit and Withdrawal of Funds by Incapacitated Persons

To process deposits and withdrawals of funds and valuables, an officer or any other person designated by the commander must accompany an incapacitated person to witness and sign each transaction. Deliver receipts for safekeeping deposits to the commander.

270305. Deposits of Deceased or Missing Persons

The custodial officer delivers cash on deposit to the DO in exchange for a U.S. Treasury check payable to the payee designated by the officer (or inventory board) appointed by the commander to take custody of the depositor's personal effects. The Treasury check is drawn as "Exchange-for-Cash, Safekeeping Deposit No. _____ of name, rank or rate, SSN." Deliver the check and the depositor's valuables (if any) held for safekeeping to the appointed officer (or inventory board) for disposition in accordance with the applicable DoD Component regulations. Obtain a receipt for the check and valuables (if any) transferred in accordance with these instructions. Enclose a retained copy of the DD Form 2674 with a notation describing the disposition. If available, destroy the original DD Form 2674.

2704 BALANCING AND VERIFICATION OF SAFEKEEPING DEPOSITS

270401. Balancing

The safekeeping custodial officer balances all safekeeping deposits on the last day of each month. The cash on hand (and in the safekeeping fund bank account, if applicable) must equal the total of the amounts credited in all of the active depositors' accounts as shown on the retained copies of DD Forms 2674, or the individual ledger sheets and ledger control sheet, as applicable. The custodial officer certifies that balancing was accomplished on the ledger control sheet or the last DD Form 2674 issued:

All safekeeping deposits, serial Nos.
 _____ through _____, balanced and verified (date).
 Total cash deposits equal \$ (amount).

 (Signature and rank of custodial officer)

270402. Verification

A. General. At unannounced intervals, not less frequently than once during each calendar quarter, the cash verification team (appointed by the commander), verifies all safekeeping deposits in the presence of the custodial officer. Include the results of the verification in the report of verification to the commander.

B. Separate Deposits. Separate deposits should be confirmed by verifying the contents of each envelope against the retained copies of DD Form 2674. The verifying officers should certify:

All active safekeeping deposits, serial Nos.
 _____ through _____, verified (date). Total
 cash deposits equal \$ (amount).

 (Signature and rank of verifying officer)

 (Signature and rank of verifying officer)

C. Commingled Funds. The custodial office verifies commingled funds by counting the cash held for safekeeping and comparison with an adding machine tape total of the individual depositors' ledgers as well as with the balance shown on the ledger control sheet. At activities maintaining a safekeeping deposit fund checking account, examine the latest statement from the financial institution and verify the amount on deposit in the checking account. The verifying officers certify the last entry on the ledger control sheet:

We, the undersigned, on (date), verified the commingled safekeeping funds by actual count and certify that the total amount on hand is \$ (amount), which is in agreement with active safekeeping accounts, Nos. ___ through ___, and with the ledger control sheet.

 (Signature and rank of verifying officer)

 (Signature and rank of verifying officer)

D. Reporting a Shortage or Overage. Safekeeping funds are considered funds for which the U.S. is accountable. Even though the U.S. has no beneficial interest in such funds, the U.S., by accepting custody of them, assumes a trust responsibility for their care and safekeeping. The custodial officer should promptly report any shortage or overage of safekeeping deposits to the commander who should take actions similar to those prescribed in Chapter 6 for a shortage or overage of public funds.

270403. Transfer of Safekeeping Deposits Upon Relief of Custodial Officer

In preparation for being relieved of custodial duties, the outgoing custodial officer balances all safekeeping deposits and prepares a duplicate list of all active deposits. The list and all active deposits should be turned over to the relieving custodial officer, who should verify all deposits and receipts. The DD Form 2674 and any other records of commingled deposits should be transferred to the relieving officer. If a checking account is maintained, the account should be reconciled and transferred to the relieving officer. The relieved custodial officer should make arrangements with the financial institution to transfer the account to the new custodial officer.

Figure 27-1. Department of Defense (DD) Form 2674 (Record and Receipt of Deposits and Withdrawals of Safekeeping Funds)

RECORD AND RECEIPT OF DEPOSITS AND WITHDRAWALS OF SAFEKEEPING FUNDS		1. DEPOSIT NUMBER	
PRIVACY ACT STATEMENT			
AUTHORITY: Executive Order 9397, Department of Defense Financial Management Regulation (DoDFMR) 7000.14-R, Vol. 5, Disbursing Policy and Procedures, and 31 CFR 210.			
PRINCIPAL PURPOSES: This form is designed exclusively to help overseas and afloat DoD custodial officers account for and track funds and valuables placed in safekeeping.			
ROUTINE USES: The information on this form may be disclosed as generally permitted under 5 U.S.C. Section 552a (b) of the Privacy Act of 1974, as amended. It may also be disclosed outside of the Department of Defense to Federal, state, or local government agencies, which have identified a need to know, for the purpose(s) identified in the DoD Blanket Routine Uses as published in the Federal Register.			
DISCLOSURE: Voluntary; however, failure to provide the requested information may result in refusal to accept funds and valuables for safekeeping.			
2. DEPOSIT			
a. AMOUNT DEPOSITED (<i>In words</i>)		b. AMOUNT DEPOSITED (<i>In figures</i>)	
c. DESCRIPTION OF OTHER PROPERTY DEPOSITED			
d. DEPOSITOR			
(1) SIGNATURE	(2) RANK OR TITLE	(3) ACCOUNT NUMBER OR SSN	(4) DATE (YYYYMMDD)
e. RECEIPT Receipt is acknowledged of the deposit of cash in the amount specified, or valuables as described, with the officer whose signature appears below, for safekeeping under the above deposit number. The deposit will be restored upon surrender of this receipt and identification of depositor by signature.			
(1) SIGNATURE	(2) RANK OR TITLE	(3) DATE (YYYYMMDD)	
3. WITHDRAWAL			
a. AMOUNT WITHDRAWN (<i>In words</i>)		b. AMOUNT WITHDRAWN (<i>In figures</i>)	
c. DESCRIPTION OF OTHER PROPERTY WITHDRAWN			
d. RECEIPT. I hereby acknowledge receipt of above amount/article(s) as a withdrawal of my deposit.			
(1) SIGNATURE	(2) RANK OR TITLE	(3) DATE (YYYYMMDD)	
4. WITHDRAWAL			
a. AMOUNT WITHDRAWN (<i>In words</i>)		b. AMOUNT WITHDRAWN (<i>In figures</i>)	
c. DESCRIPTION OF OTHER PROPERTY WITHDRAWN			
d. RECEIPT. I hereby acknowledge receipt of above amount/article(s) as a withdrawal of my deposit.			
(1) SIGNATURE	(2) RANK OR TITLE	(3) DATE (YYYYMMDD)	
(1) SIGNATURE OF DRAWER	(2) RANK OR TITLE	(3) DATE (YYYYMMDD)	