

T-935

DEPARTMENT OF THE INTERIOR

REGULATIONS
OF
THE INDIAN OFFICE

BOOKKEEPING
AND
ACCOUNTING

Approved by
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REGULATIONS OF THE INDIAN OFFICE

Bookkeeping and Accounting

1. The object of the Indian Service system of bookkeeping and accounting is to enable disbursing officers properly to account for all receipts and disbursements by appropriations and funds and to show the location of their balances; that is, whether they are on hand or deposited, and, if the latter, in what depositories. To be effective the system must provide currently the following information relative to each appropriation and fund, except Individual Indian Money and Special Deposits.

(a) *Treasury Cash*.—Balance of allotments which is available for advance to the disbursing officer or for direct settlement of claims by the General Accounting Office.

(b) *Disbursing Officer's Cash*.—Amount in hands of disbursing officer or subject to his check, including balances of advances and collections.

(c) *Allotments*.—Balance of funds which have been allotted and which are still available for encumbrance.

(d) *Encumbrances*.—Balance of actual or contingent liabilities which remain to be liquidated by payment or cancellation.

(e) *Unavailable Funds*.—Balance of funds in the custody of the disbursing officer which have been collected but which are not available for disbursement.

2. For "Individual Indian Money" and "Special Deposits" it is necessary to show only the amount of disbursing officer's cash under the several subtitles and the amount in individual Indian money banks.

BOOKS AND RECORDS

For local office records certain books, etc., are provided, which are described as follows:

3. *Appropriation Ledger* (Form 5-616).—To be used for all appropriations and funds (a separate sheet for each) except for Individual Indian Money and Special Deposits. All entries in these ledgers will be posted from journal vouchers. Receipts and disbursements should be posted daily.

Control sheets on Form 5-689 must be maintained when bookkeeping machines are used.

4. *Journal Vouchers*.—Journal vouchers have been designed to cover all transactions affecting appropriations. With the exception of official receipts, disbursement vouchers, and encumbrance documents, they will be numbered serially from 1 up for each unit and filed in loose-leaf binders.

(a) Journal vouchers which will be entered in the field appropriation ledger fall into two main groups: First, those covering transactions which will be posted by the Indian Office directly from copies of such vouchers; e. g., allotment of funds, deposits of funds, and claim settlement; and second, those covering transactions which will originate in the field and concerning which the Indian Office will have no knowledge before the submission of the field officer's report; e. g., purchase orders, other encumbrances, collections, and payments.

5. *Miscellaneous Journal Voucher* (Form 5-639).—This form will be used to record miscellaneous transactions; for example, interest credits to accounts of individual Indians and corrections of errors made in recording receipts and disbursements. A duplicate of this form will be prepared for transmittal to the Indian Office with the monthly trial balance.

6. *Allotment of Funds* (Form 5-626).—This is a form received from the Indian Office, advising of allotments of funds that have been made to the unit.

7. *Withdrawal of Allotment* (Form 5-646).—This is a form received from the Indian Office advising of the withdrawal of allotments previously made.

8. *Advance of Funds* (Form 5-627).—This is a form received from the Indian Office advising of the issuance of a requisition on the Secretary of the Treasury for funds. The entries provided for thereon will be made, not upon the receipt of this notice, but upon advice from the Treasurer that the funds requisitioned have been placed to the official credit of the disbursing officer.

9. *Deposit of Funds* (Form 5-638).—This form will be prepared for all deposits made to the credit of the United States, and the original, after description of the certificates of deposit has been entered, will be forwarded to the Indian Office. Appropriation ledger entries will be made from the duplicate copy at the time the check for deposit is drawn.

10. *Notices of Freight and Passenger Transportation Paid* (Forms 5-699, 5-699a and 5-722).— Notices of settlements will be furnished by the Indian Office on these forms. They will be used by the appropriation ledger clerk in liquidating the "encumbrance" account and by the general book-keeper in liquidating the "freight and transportation payable" account.

11. *Official Receipts* (Form 5-652).— Entries will also be made in the appropriation ledger from official receipts. One of these receipts will be prepared in quadruplicate for each collection, the original going to the payer, the duplicate and triplicate to accompany the monthly accounts and the fourth copy to be used in making the necessary entries (either individually or collectively) in the appropriation ledger.

12. *Miscellaneous Encumbrance Record and Journal Voucher* (Form 5-680).— This is a form for use in setting up journal entries for all encumbrances except those arising from purchase orders. When the exact amount of an encumbrance can not be determined the best estimate that can be made will be used.

(a) All original entries raising encumbrances or making changes therein, except liquidations through payment, will be made in that section of the form bearing the caption "Original entries," entries setting up the encumbrances or increasing the amount thereof being made in the credit column, and entries decreasing the amount in the debit column, the new balance being extended after each entry. All such entries will be posted to the appropriation ledger as directed on the form.

(b) Encumbrances may be classified as positive; those representing actual liabilities or obligations which will become actual liabilities upon the delivery of supplies or the rendition of services for which either oral or written contract has been made, and quasi; those representing estimated future expenditures of money which are not based upon any contractual obligations.

(c) After June 30 quasi encumbrances can not be considered as outstanding charges against the balances of appropriations for the preceding fiscal year. Consequently, all such encumbrances must be closed out each year before the trial balance for June 30 is submitted. After June 30 the annual appropriations for the preceding fiscal year will be available only for the liquidation of positive encumbrances raised on or before June 30.

(d) Encumbrances will be set up for all bills of lading executed and payable from funds other than "Purchase and transportation of Indian Supplies," either by entering a quasi encumbrance for the estimated amount of such bills of lading for the year, or by setting up an encumbrance for each bill of lading, using one sheet of the "Miscellaneous encumbrance record" for all such bills as may be paid from a single appropriation.

(e) Upon certifying a voucher for transfer of property, the receiving officer will set up an encumbrance to cover the amount thereof. If notified subsequently by the Indian Office that no transfer of funds is required, the encumbrance will be cancelled; otherwise it will be liquidated upon payment.

(f) Payments on account of encumbrances carried on the miscellaneous encumbrance record will be posted in detail to that form in the column "Liquidations," and the unliquidated balance will be extended.

(g) Payments on account of purchase orders will not be posted in detail to the journal voucher, but the date and number of the disbursement voucher will be noted thereon. Very infrequently such an encumbrance may be in part liquidated, and the amount paid will be noted on the form in addition to the date and number of the voucher, and the unliquidated balance extended. On the disbursement voucher in the "encumbrance" column will be entered the exact amount paid, exactly as when payments are made on other continuing encumbrances. No adjustment of encumbrance will ordinarily be made before the final payment.

(h) When encumbrances are fully liquidated the corresponding documents will be transferred from the current to a liquidated file. Thus, since entries to correspond with those made in detail in the encumbrance record, will be simultaneously entered in the encumbrance account in the appropriation ledger, the latter account, under any specified appropriation, will control the section of the encumbrance file devoted to that appropriation. In other words, the aggregate of the balances in the encumbrance file under any appropriation will always agree with the balance of encumbrances on the corresponding page of the appropriation ledger.

(i) Journal vouchers for miscellaneous encumbrances will be given numbers in a series

considerably removed from the series used for purchase orders, documents of each class being numbered consecutively.

(j) Original entries on encumbrance documents will be posted immediately to the appropriation ledger, after which the documents will be placed in either a vertical file or, preferably, a loose-leaf binder, where they will be arranged in numerical order behind guides bearing the titles and symbols of the appropriations.

13. *Check Registers*.—For units where bookkeeping machines are not used, two forms of check registers are provided; one (5-687) for accounts with the Treasury of the United States and the other (5-693) for accounts with depositories for Individual Indian Money and Special Deposits. If none of the latter accounts are kept at a unit, Form 5-687 will be used exclusively. At units having bookkeeping machines, Form 5-688 will be used for both the Treasury and local depository accounts.

(a) When preparing a requisition on the Secretary of the Treasury for funds, the Indian Office will make a duplicate thereof, which will serve as a notice to the field officer that the funds are in transit. Upon receipt of advice from the Treasurer that the amount requisitioned has been credited to the account of the disbursing officer, the total of the requisition will be entered in the deposit column of the check register for the United States Treasury, and the amount advanced from each appropriation will be debited to "Disbursing officer's cash" and credited to "Treasury cash" on the proper sheet of the appropriation ledger. Similarly, upon the deposit of cash to the official credit of the officer or the transfer of funds between depositories, postings will be made to the "Deposit" column of the register, for the receiving depository.

14. *Cash Book*.—The cash book (Form 5-684) is intended to show only collections and proceeds of checks drawn for cash, and their disposition. Receipts on accountable warrants will not be entered in this book. The balance shown by the cash book will represent the actual cash in possession of the disbursing officer.

(a) A consolidated debit entry will be made daily in the cash book to cover all the collections for the day, the total amount entered being the sum of the official receipts issued during the day. This total will be analyzed under two heads: "Collection vouchers" and "Individual Indian Moneys and Special Deposits." These official receipts will then be assorted by appropriations, and consolidated postings will be made to the debit of "Disbursing officer's cash" on the proper sheets in the appropriation ledger, "Allotments," "Unavailable funds," or "Individual trust funds" receiving appropriate credit.

(b) The total of the column headed "Collection voucher" enters into the "Summary of disbursing officer's transactions" in the monthly trial balance, which in turn will be checked against "Collection vouchers" in the general accounts. As transactions in "Special deposits" and "Individual Indian Moneys" are ignored in the general accounts, a correction made in the appropriation ledger in the original classification of receipts as between "Special Deposits" or "Individual Indian Moneys" and other appropriations involves a corresponding correction in the cash book.

15. *Purchase Order* (Form 5-678).—This is a form in duplicate used for placing orders for supplies or services. If an order is given pursuant to a contract that has previously been set up as an encumbrance, the duplicate copy will not be used. Additional copies will be made for the use of storekeepers and employees in charge of outlying stations, etc. For placing orders that raise encumbrances one original and one copy will be used if only one appropriation is involved. An extra blue copy will be made for each additional appropriation involved. The appropriations to be used in making payment will be indicated in the spaces provided therefor at the bottom of all blue copies which have been used. Postings will be made from these copies to the debit of "Allotments" and the credit of "Encumbrances" under the proper accounts in the appropriation ledger.

16. *Trial Balance of Appropriation Ledger* (Form 5-601).—Trial balances on this form will be submitted to the Indian Office promptly at the close of each month, supported by copies of all miscellaneous journal vouchers and reports of unliquidated encumbrances.

(a) The report last named will support the closing balances shown under "Encumbrances" in the several appropriations, a separate report being made for each appropriation. All encumbrances should be described fully enough to make possible an intelligent audit by the Indian Office.

For continuing encumbrances, this description will include a statement of the period covered. To enable the Indian Office to furnish to the Bureau of the Budget an analysis of outstanding obligations by appropriations at the close of each fiscal year, reports for the month of June must show whether the unliquidated encumbrances are for salaries, travel expenses, groceries, fuel or other, object, and give the amount for each.

(b) To meet other requirements, the trial balances for September, December, March, and June will be submitted, in duplicate, immediately after the close of the month and in no event later than the fifth day of the following month. In addition to the reports of unliquidated encumbrances, a memorandum must be attached to each copy of the trial balance showing the amount of indebtedness under each fund and appropriation incurred since the beginning of the fiscal year and remaining unpaid when the trial balance is submitted. The memorandum referred to will not be required for the month of June if the reports of unliquidated encumbrances (Form 5-677) show the actual obligations incurred but remaining unpaid on June 30.

(c) Each four-line section of the trial balance is complete in itself and will show the opening balance, changes during the month for which it is rendered, and the closing balance under each appropriation. The blank spaces between these sections must not be used for writing.

(d) A number is assigned to each field office. This number will be placed in the upper square at the extreme left end of each four-line section of the form. The number of the report will be placed in the square immediately below, the first trial balance submitted during the fiscal year being numbered 1, the second 2, and so on.

(e) The totals of transactions only will be shown under the proper classifications, and the numbers of all "Washington vouchers" relating to a given appropriation will be entered in the space provided at the left for that purpose.

(f) Special deposits and individual Indian moneys held as disbursing officer's cash will be brought into this trial balance as a single account, entries to balance those appearing under "Disbursing officer's cash" being made under "Unavailable funds."

(g) By selective addition, footings will be made at the bottom of the last sheet of the report opposite "Total, all appropriations." Care should be exercised to see that the total of the debit balances is equal to the total of the credit balances.

(h) The "Summary of disbursing officer's transactions" at the foot of the form disregards appropriations and is compiled from the cash book and check registers. These are column-ruled books so arranged that the figures required for this summary may be obtained by simply adding the columns. It should also be noted that the amount shown opposite "Balance at close of period" must correspond with the closing balance under "Disbursing officer's cash" opposite "Total, all appropriations."

(i) Extreme care must be exercised to see that the total field debits equal the total field credits and that the total Washington debits equal the total Washington credits before the trial balance is forwarded to the Indian Office.

(j) The "Analysis of disbursing officer's cash" is merely an abstract of balances taken from the cash book and check registers. The total must agree with the total shown in the trial balance and the "Summary of disbursing officer's transactions."

(k) Unexpended balances of cash in appropriations "without year" advanced under allotments for one fiscal year need not be returned to the Treasury at the close of that year if allotments under the same appropriations are made for the following year, but may be retained and transferred on the books by (a) debiting "allotments" and crediting "Disbursing officer's cash" in the appropriation ledger for the preceding year and (b) debiting "Disbursing officer's cash" and crediting "Treasury cash" in the appropriation ledger for the following year. Entry "a" reduces the balances in "Disbursing officer's cash" and "Allotments" under the accounts for the preceding year, thus closing the accounts to that extent, whereas entry "b" increases the balance in the hands of the disbursing officer available for disbursement on account of current bills and decreases the balance in the Treasury subject to requisition under the following year's allotment.

17. *Individual Indian Money and Special Deposits.*—The forms necessary for handling these accounts are: Individual Indian Money ledger (5-317); same for bookkeeping machine (5-317a).

Special Deposits ledger (5-318), check register (5-693), appropriation ledger (5-320), control sheet (5-689 for bookkeeping machine) and journal vouchers (5-639).

(a) Journal vouchers will be used to effect transfers between accounts of Indians, to make adjustment entries, and to record any other transactions except disbursements. Total disbursements for each day, however, should be consolidated and the aggregate amount thereof posted to the appropriation ledger by journal voucher.

ALLOTMENTS

18. Before the beginning of each fiscal year, disbursing officers will be advised of the amounts allotted to them from each appropriation as well as from each tribal or other fund available for expenditure.

19. Allotments are absolute as far as field officials are concerned and neither encumbrances nor disbursements in excess of allotments will be permitted. Disbursing officers will be held to strict accountability in this matter under the act of February 27, 1906 (34 Stat. L., p. 49).

20. When disbursements are directed by the Indian Office from an appropriation or fund from which no allotment has previously been made, or for some extraordinary purpose—such, for example, as a per capita payment to Indians—the letter of direction will be accompanied by a notice of allotment in regular form.

21. At the close of each fiscal year any balances in allotments no longer required must be eliminated by miscellaneous journal voucher debiting allotments and crediting Treasury Cash or Unavailable Funds as appropriate. These transactions will be shown on the Field Transaction line of the trial balance.

ENCUMBRANCES

22. The term "encumbrances" refers to portions of allotments which are set aside to meet actual or expected liabilities. One of the principal objects of the existing accounting system is to guard against involving the Government in any contract or other obligation for the payment of money in excess of appropriations. For this reason it is important to set up encumbrances to cover anticipated expenditures as well as formal contracts and other fixed charges. Disbursing officers are expected and required to set up encumbrances against their allotments for all liabilities incurred by them, whether payment is to be made by them or in Washington. It is not proper to set up entire allotments as encumbrances unless or until they are actually and fully encumbered. Encumbrance Records on Form 5-680 must be maintained and must be supported by "Reports of Unliquidated Encumbrances" on Form 5-677.

23. Claims submitted by disbursing officers to the Indian Office for settlement, including transportation requests, are necessarily charged against the allotments of such officers and the proper fund or funds should be encumbered before the submission of the claim or request for settlement.

24. When a claim is submitted to the Indian Office, the disbursing officer will be required to state in his letter of transmittal the full title of the fund that has been encumbered by him to cover the payment thereof, and when bills of lading covering incoming or outgoing shipments are accomplished, the disbursing officer will be required to note on each bill of lading the exact title of the fund which has been encumbered and to which the expense is to be charged, unless the transportation charges are payable from "Purchase and Transportation of Indian Supplies," in which case no allotment or encumbrance is required.

25. When claims originate in the Indian Office, and the unencumbered balance of the fund to be charged is shown by the latest trial balance to be insufficient for the purpose, additional allotments will be made, without requests from disbursing officers.

26. Disbursing officers must give this matter personal attention and avoid requests for allotment of funds to cover expenses already incurred, whether payment is to be made in the field or through the Indian Office. In other words, disbursing officers will be held to strict accountability for any excess of encumbrances over their allotments.

27. Allotments are to disbursing officers what appropriations are to the Indian Office and there is no more excuse for a deficit in the former than in the latter. Vouchers sent to Washington for

payment are charged against allotments of the disbursing officers by whom the obligations are incurred; hence, it is essential that there be sufficient Treasury Cash under the allotment and that the Indian Office be advised under what fund an encumbrance has been set up.

28. Before incurring any liability a disbursing officer must be sure (1) that the proposed disbursement would be legal; (2) that it is permissible under Office regulations and decisions of the Comptroller General; and (3) that there is an available balance in his allotment under the applicable appropriation or fund. Should there be any doubt on any of these points, action should be deferred until the question is presented to and decided by the Indian Office.

29. Materials and supplies must be used for the purposes for which the funds used in their purchase are applicable. However, they may be used for other purposes provided adjustments of funds are made by means of transfer vouchers on Form 5-723. Such vouchers, showing funds from which purchases were made and appropriations it is proposed to charge, will be submitted to the Indian Office for consideration before the transactions are otherwise consummated. Disbursing Officers will be notified by the Indian Office in each case whether or not a transfer of funds is required and will proceed accordingly. In either event the transfer of the property will be duly noted in the property accounts.

ADVANCES

30. Disbursing officers are expected to forward, about the first of every quarter, requests on Form 5-092 for advances of such of the funds that have been allotted to them as may be needed to meet expenses during the ensuing three months. When preparing requests for funds officers should take into consideration the balance of funds on hand and in transit. In no case will an advance of funds be made which causes the maximum credit allowed under the officer's bond to be exceeded.

31. Every requisition for funds made to the Treasury by the Indian Office must show the total amount of all funds held by the disbursing officer, including those in transit. This information must be furnished by disbursing officers with their requests for advances; otherwise the requisitions will be delayed until the information can be obtained.

32. Disbursing officers should anticipate their needs and request funds far enough in advance for the money to be made available and notice thereof received in the ordinary course of business by the time it is required for disbursement. As far as possible all funds needed for the ensuing quarter should be included in one request, at least the number of requests made should be reduced to the minimum.

33. Titles of appropriations and funds requested, as well as their symbol numbers, should be given fully and correctly. This is the only way to avoid mistakes where two or more funds bear similar titles.

34. The fact that funds are allotted and advanced to a disbursing officer does not necessarily mean that he is authorized to disburse them. Credit can not be allowed for any expenditure until it is authorized or approved.

35. Funds allotted and advanced for one object may be used for another which is authorized from the same appropriation. *Provided*, That the total expenditures from a given appropriation shall never exceed the amount which has been allotted and advanced to the disbursing officer thereunder.

COLLECTIONS

36. Collections of Individual Indian Money and Special Deposits will be recorded in the appropriation ledger sheet for that purpose, the entry therefor being to debit Disbursing Officer's cash (under subtitles) and credit Individual Moneys.

37. When a disbursing officer erroneously issues a check for a greater amount than is due the payee and credit is claimed for in his account, he should deposit the surplusage to his official credit without issuing an official receipt therefor or taking the sum into account, and notify the General Accounting Office of his action in the premises. Disbursing officers being responsible under their bonds for such overpayments, should make the deposits from personal funds without waiting for refundment by payees, which is a personal matter between them and the other parties at interest.

38. Collections of overpayments or disallowances for which credit has been claimed and which pertain to disbursements made under current bonds will be taken into the appropriation ledger under the captions of the appropriations from which the erroneous payments were made. The entry recording such collections will be to debit disbursing officer's cash and credit Treasury cash. In case this entry causes an overdraft (credit balance) in Treasury cash, the amount of such overdraft must be deposited to the credit of the United States without delay.

39. Official receipts covering collections of disallowances or overpayments must show the name of the appropriation and the number and month of the voucher to which the item pertains. In case the collection does not pertain to the current accounts of the receiving officer—that is, when it pertains to a disbursement under a former bond or to the accounts of a former disbursing officer—and has not been disallowed by the General Accounting Office, an official receipt will be issued. Such collections will be brought into the account as Sundry Receipts and deposited by separate check, and a complete analysis on Form 5-638 forwarded to the Indian Office.

40. All collections except disallowances, over payments, and those which are credited to Individual Indian Money, Special Deposits and other funds which may be retained by disbursing agents without being deposited to the credit of the United States, will be taken into the appropriation ledger under the caption, "Sundry Receipts." The entry for recording collections will be to debit disbursing officer's cash and credit unavailable funds.

41. During the month all Sundry Receipts will be carried in the official account of the disbursing officer with the Treasurer of the United States. Immediately after the close of the month, the entire amount of such collections must be deposited to the credit of the United States and report thereof made to the Indian Office. The appropriation ledger entry for recording such deposits will be to debit unavailable funds and credit disbursing officer's cash.

CARE

42. Disbursing agents shall keep safely without loaning, using personally, or depositing in unauthorized banks, all public and other money entrusted to them by virtue of their office until it is deposited, transferred, or paid out as required by law or regulations. (Sec. 5433 R.S.)

43. Where funds are kept in vaults or safes with "combination locks" such vaults and safes and the drawers and boxes therein shall be carefully and completely locked at night or when the office is left without occupants. No credit will be allowed for losses from safes fastened only with what is termed a "day lock" or "day combination," or for losses where the requirements of this section are not complied with.

44. Combinations on all vaults and safes shall be changed immediately when any disbursing agent or other employee acquainted therewith is separated from the Service, changes stations, or ceases to act in a confidential capacity. Before new vaults and safes are put into service the combinations thereon shall likewise be changed. Failure to comply with these requirements shall be regarded as prima facie evidence of contributory negligence in consideration of any claim for credit for money or things of value stolen from vaults or safes opened without resort to violence.

45. When any loss occurs by reason of theft, fire, storm, or otherwise, prompt report thereof shall be made to the Indian Office by telegraph. This must be followed by a letter giving full and detailed information on the subject.

46. A disbursing agent who has suffered loss of money or its equivalent and has made claim for credit shall not be required to deposit immediately the amount of the loss. Any balance against an agent on account of such loss may remain outstanding, unless otherwise directed by the Commissioner until his claim is settled, and in every Account Current rendered from the date of the loss until the claim therefor is settled a notation should be made concerning the loss, specifying the date, cause and amount thereof, and stating that a claim for credit is pending.

47. Disbursing agents shall see that only authorized and responsible employees are permitted to handle money and securities and will be held responsible for any losses caused by employees, unless and until it is shown that the disbursing agents are not at fault and they are relieved by Congress, or otherwise.

DISBURSING

48. Special care must be taken in the disbursement of public moneys to prevent their misapplication. Each appropriation is made for a specified purpose and must not be used for any other. (Sec. 3678, R.S.)

49. Appropriations made for one fiscal year are applicable, and can be used, only for expenses of that particular year. This does not mean, however, that sufficient supplies may not be purchased in one fiscal year to last until by the exercise of due diligence, supplies can be procured for the next fiscal year from appropriations applicable thereto.

50. Supplies which are purchased and delivered in one fiscal year will be paid for from appropriations for that year, provided there is no good reason to believe they are intended for use in the following year but are procured in advance to avoid the use of the next year's appropriations.

51. Supplies purchased in good faith for delivery and use during one fiscal year but not actually received until after June 30, will be paid for from appropriations for the year in which purchased.

52. Except as provided in paragraph 49 supplies will be paid for from appropriations for the year in which they are intended to be used, regardless of when they are contracted for, ordered or delivered. This applies especially to consumable supplies.

53. Wherever the word "supplies" appears herein the rules apply, as far as consistent, to services and other items of expense.

54. Should there be any reason for doubt as to the year to which an expenditure belongs, a statement should accompany the voucher showing when the need arose, when and what steps were taken to meet it, and when it is expected that the supplies will be used.

55. Expenses incurred in one fiscal year may be paid by disbursing officers during the first quarter of the ensuing fiscal year. If they are not paid on or before September 30, vouchers will have to be forwarded to the Indian Office for settlement as claims.

56. At agencies where funds are provided under treaty stipulations the treaties generally prescribe the manner in which they are to be expended. Treaty funds can not be diverted from the objects for which appropriated without the consent of the tribes, expressed in general council, which consent, stated in writing, must be approved by the President or the Secretary, as appropriate, and the approval communicated to the disbursing officer, before the diversion can be made. A copy of approval must accompany monthly accounts when forwarded to the Indian Office. (34 Stat. 1016.)

57. Advance payments are forbidden by law, except that subscriptions to periodicals which have been certified in writing by the Secretary of the Interior to be required for official use, may be paid in advance from appropriations available therefor. (Sec. 3548 R.S.; 38 Stat. 1049.)

58. When a disbursing officer makes an illegal or double payment on the order of a superior, he does it at his peril, and the Government reserves the right to charge it to either or both. (Treas. Cir. 13, 1877.)

59. Funds on deposit in a United States depository must be drawn out only as they are required for disbursement, and, when practicable, payment must be made by check drawn to the order of the payee. (Sec. 3620, R.S.)

60. Transfers from one appropriation to another for the purpose of charging disbursements to different appropriations from those formerly indicated in accounts can be made only in answer to letters of exception or other specific directions from the Indian Office or the General Accounting Office. If for any reason a disbursing officer believes he has charged a disbursement to the wrong appropriation in monthly accounts which have been submitted, he should report the circumstances to the Indian Office and request instructions before attempting to adjust the error by a transfer of funds. If the expenditure has been reported on the monthly trial balance but not yet on the account current, the expense should be charged directly to the proper fund on the account current, but the Indian Office should be requested by letter to make necessary corrections in the trial balance.

DEPOSITING

61. Unexpended balances of appropriations made for one fiscal year can not be used to liquidate obligations incurred in another fiscal year. (Sec. 3690, R. S.)

62. As soon as possible after the 30th of September of each year, disbursing officers must deposit to the credit of the United States all unexpended balances of prior year funds, remaining in their hands. This does not apply, however, to funds without year or to Individual Indian Money, Special Deposits, or other funds which disbursing officers may be authorized to collect and retain in their accounts until expended.

63. Any accounts against the United States incurred in one fiscal year and payable from funds not specifically mentioned in the preceding paragraph which are not paid before the expiration of the first quarter of the next succeeding fiscal year, shall not be paid by disbursing officers, but must be submitted to the Indian Office in the form of claims for settlement by the General Accounting Office.

64. No money shall be paid to any person for his compensation who is in arrears to the United States, until he has accounted for and paid into the Treasury all sums for which he may be liable. (Sec. 1766, R. S.)

65. Credit for a deposit must be claimed in the account for the month in which the check therefor is drawn on the Treasurer of the United States. The date and number of certificate of deposit, when known, should be shown on the account current.

66. Cash collections can not be deposited to the credit of the United States as "Sundry Receipts" until after their deposit to the official credit of disbursing officers has been completed. Hence, it follows that if such collections are not cleared before the close of a month, checks for their deposit to the credit of the United States can not be drawn during that month. The correct procedure in this case is to carry the collections over as cash on hand and deposit them to the credit of the United States in the next month.

67. Failure of a disbursing officer to render accounts, or to pay over, in the manner and in the time required by law, or by the regulations of the department to which he is accountable, any public money remaining in his hands is by law constituted embezzlement, the penalty for which is imprisonment for not less than six months nor more than ten years, and a fine equal to the amount embezzled. (Secs. 3624, 3633, 3634, 5491, 5492 R. S.)

68. Funds which are subject to deposit to the credit of the United States are divided into three general classes, viz:

a. "Unexpended Balances," which include only funds that have been advanced from the Treasury Department upon requisitions issued by the Indian Office.

b. "Refunds," which include funds collected or paid by disbursing officers to correct overpayments or other errors in their accounts under former bonds or for prior fiscal years, or in accounts of former disbursing officers. (Receipts for correction of errors in accounts of present disbursing officers for current fiscal years and under current bonds may be retained to the official credit of disbursing officers, subject to expenditure for authorized purposes during the year to which the funds are applicable.)

c. "Sundry Receipts," which include all funds not embraced in the two other classes with the exception of Individual Indian Money, Special Deposits and other funds which disbursing officers may be authorized to collect and retain in their accounts until expended.

69. In making deposits separate checks must be drawn to the order of the Treasurer of the United States for funds coming under each of the foregoing classes and a separate report for each deposit must be prepared in duplicate on Form 5-638 and forwarded to the Indian Office at the time such deposit is made. The funds deposited must be analyzed in each case on the report so as to show clearly the title of each fund or source of each receipt.

70. Individual Indian Money, Special Deposits, and other funds which disbursing agents may be authorized to collect and retain in their accounts until expended should never be deposited to the credit of the United States, except when specifically directed by the Indian Office.

71. The Treasurer of the United States must always be furnished with the names of disbursing officers for whose credit deposits are made. This is especially important when the deposits are for adjustment of errors in accounts of former disbursing officers.

72. Deposits of funds must not be included in Schedules of Disbursements. They should be shown only on the Account Current, with reference to numbers of certificates of deposit.

73. Deposits of *cash* to the official credit of a disbursing officer with the Treasurer of the United States shall be made daily through the Federal Reserve Bank, or a branch thereof, in his district: *Provided*, That if the disbursing officer is located in the same city or town with a national bank which is a general government depository, such deposits may be made through such bank.

74. Currency or coin, unless deposited personally with a general national bank depository, shall be remitted to the nearest Federal Reserve Bank, or branch by postal money order, express, or registered mail in the order named, and the necessary expenses of so doing may be paid from applicable funds. In addition to the person who prepares a remittance by express or registered mail, there must be at least one reliable witness to its preparation and dispatch and a record must be kept of the contents of each package. Postal and express money orders shall be deposited, subject to collection in the same manner as cash.

75. All checks, whether certified or uncertified, shall be forwarded for deposit each day to the Federal Reserve Bank of the district in which the depositors' head office is located or the nearest branch thereof. (Treasury Circular 176, as amended May 15, 1922.)

76. The last two preceding paragraphs do not apply to deposits of Individual Indian Money and Special Deposits, which will be made daily directly with the banks designated to receive this class of money.

77. Cash and checks forwarded for deposit to the official credit of an officer with the Treasurer of the United States shall be accompanied by Treasury Department Form 6599.

78. Disbursing officers, when making deposits to the credit of the United States, must separate from all other classes of deposits those which return to the Treasury unexpended balances from funds advanced upon accountable warrants in order that when certificates of deposit reach the Treasury they may be immediately segregated, and the moneys specifically identified as unexpended balances of funds advanced for disbursement as distinguished from Sundry Receipts and refunds of overpayments. Such separate deposits should be made when disbursing officers deposit unexpended balances of current annual or other appropriations either during or after the close of a fiscal year.

79. In transmitting for deposit official checks drawn on the Treasurer of the United States, disbursing officers will make special request in each case in the letters of transmittal that the certificates of deposit issued therefor state clearly the class of funds being deposited.

80. Checks drawn on the Treasurer for deposit of funds to the credit of the United States should be transmitted to the Treasurer of the United States direct and not through other depositories.

DEFICIENCIES

81. No department of the Government shall expend, in any one fiscal year, any sum in excess of appropriations made by Congress for that fiscal year, or involve the Government in any contract or obligation for the future payment of money in excess of such appropriations unless such contract or obligation is authorized by law. Nor shall any department or officer of the Government accept voluntary service for the Government or employ personal service in excess of that authorized by law, except in cases of sudden emergency involving the loss of human life or the destruction of property. * * * Any person violating any provision of this section shall be summarily removed from office and may also be punished by a fine of not less than one hundred dollars, or by imprisonment for not less than one month. (Sec. 3679 R. S., as amended by Act of March 3, 1905, 33 Stat., 1257.)

82. In order to prevent deficiencies the law requires that no expenditure shall be made or liability incurred on the part of the Government on account of the Indian Service for any fiscal year, unless in compliance with existing law, beyond the amount of money previously appropriated for said service during such year (Act of March 3, 1875, 18 Stat., 450).

83. Borrowing from one appropriation for the benefit of another, or making expenditures in excess of available appropriations, is prohibited by law. Hence, no expenditure must be made for any purpose in excess of the amount standing to the disbursing officer's credit under the particular appropriation to which the expense is chargeable. (Secs. 3678, 3679, 3732, R. S.)

84. No person, at his own option, can create a legal claim against the United States by advancing his own private funds, or borrowing money for disbursements.

the name of the depository, followed by the word "defunct" in the analysis of balances on the account current, and a similar notation will be made on the check register. In event of a change of disbursing agents the amount of such deposits will be transferred by journal voucher from the outgoing to the incoming agent.

305. When settlement for Individual Moneys on deposit in a defunct bank is made by the surety, an official receipt will be issued for the collection. The entire amount paid, both principal and interest, will appear in the body of the receipt, but only the amount of accrued interest will be extended to the amount paid column and taken up in the account. In the analysis of balances, the principal will be transferred by journal voucher from the defunct bank to the bank in which the collection shall be deposited.

306. The amount of coupon Liberty Bonds carried in the official accounts of a disbursing officer must be listed as a separate item in the analysis of balances.

307. In case of loss of Individual Moneys by theft or otherwise, the amount lost must be reported in the analysis of balances with a notation explaining the cause of the loss, etc., and thus carried until a claim for reimbursement is approved or the amount has been made good from personal funds.

308. The analysis of balances must show for each bank gross balance, outstanding checks, if any, and net balance. This information shall be compiled from the check register, if the bank's statements have not been received, and, if incorrect, a corrected analysis must be furnished when the statements shall have been received.

309. *Pupils' funds.*—Pupils' funds will be handled in the same manner as other Individual Indian Moneys except that vouchers therefor will be included in monthly accounts and the plan described in the following paragraphs and known as the petty cash system will be placed in operation at all units where pupils are in attendance at school.

310. A check will be drawn for cash in an amount estimated to meet the probable requirements of pupils for a week or ten days which shall be delivered to a clerk designated as "the pupils' cashier." The amount of this check will be debited in the cash book to "Pupils' Cashier."

311. Check books containing a supply of blank checks to which serial numbers shall be assigned will be prepared and delivered to the pupils. These checks will bear the individual account numbers of the pupils. Stubs should be so arranged that the pupil may check up his balance at any given time. While the checks will not be negotiable, still the business training they afford will be valuable to the pupil.

312. On certain specified days, say once each week, a check will be drawn by each pupil who needs money, in the discretion of the proper school officials, and presented to the pupils' cashier, who, if balances are available, will cash the checks. These checks will act as sub-vouchers in the disbursing officer's account. Charges must be promptly entered on the ledger accounts of the pupils.

313. The pupils' cashier will prepare a journal voucher for each day upon which payments are made, for the appropriation ledger clerk and submit it with the paid checks to the disbursing officer, who will examine the voucher and checks and give the pupils' cashier proper credit in the cash book, retaining the paid checks for file with his accounts.

314. From time to time, whenever this fund may require replenishing, a check will be drawn for cash in the same manner as above described. At least once a month the disbursing officer will check up the balance of cash held by the pupils' cashier and see that the aggregate of balances shown by the individual ledgers of pupils agrees with his control account.

315. *Special Deposits.*—An individual ledger account must be set up for each payor of funds designated as Special Deposits. As soon as final action has been taken on a land sale, lease, etc., disposition should be made of the collection either by transfer or disbursement. If unfavorable action is taken on the application, the amount will be returned to the remitter; if favorable action is taken, the amount will be transferred to the credit of the individual Indian or Indians, or to Sundry Receipts, under appropriate authority.

316. Guaranty deposits of unsuccessful bidders must not be taken up as Special Deposits, but should be returned to the remitters after making a record thereof, showing the remitter, reason for payment, description of remittance, when received and when returned. This record will be kept on file at the agency.

317. Fees taken up as Special Deposits will be transferred to the Indian entitled thereto, returned to the remitter, or transferred to Sundry Receipts, as appropriate, pursuant to instructions and the regulations governing their disposition.

318. Contributions for specified purposes, which are neither Individual Indian Moneys nor Sundry Receipts, should be taken up as contributed funds and disbursed in accordance with the regulations and under proper authority.

319. Proceeds of entertainments, concerts, athletic meets, or fund belonging to clubs, societies, or associations composed of students or adult Indians, may be received and expended by the duly elected officers of the organizations, which may be white or Indian employees, without being carried in the accounts of a disbursing officer, provided that such funds do not come into the hands of the latter and he exercises no control over them except in an advisory capacity. Itemized accounts of receipts and disbursements shall be kept in the office of the disbursing officer, who shall audit them and keep them on file, subject to inspection by investigating officials.

320. *Outstanding Liabilities.*—All checks on local depositories which have remained outstanding and unpaid for a period of two full fiscal years, and for which no duplicates shall have been issued, will be taken up as "Outstanding Liabilities." This applies only to checks which have been delivered to the payees and for any reason have not been paid. (Checks drawn against Individual Moneys on deposit with the Treasurer of the United States are subject to the regulations of that office, which require that checks must remain outstanding for three full fiscal years, at the expiration of which time the amounts are covered into "Outstanding Liabilities" by the Treasurer and may be paid by claim.)

321. Where an original check was drawn by a former disbursing officer, the new disbursing officer after notifying the bank to stop payment thereon shall issue his own official check for the amount involved, payable to himself, and take up the proceeds in his account as "Outstanding Liabilities." For this purpose, an official receipt will be issued to the bank.

322. In case the original check was issued by a disbursing officer who is still at the same unit, a check and official receipt will not be issued, but a journal voucher will suffice to record the amount in his current account after having a stoppage order placed against the original check.

323. The record to be made on the ledger and on the quarterly voucher will comprise the following data: Date, number and amount of the original check, name of the payee, depository on which drawn, issuing officer, account charged, and when taken up.

324. If the original check is presented to the bank on which drawn after the amount has been taken up as "Outstanding Liabilities," the holder will be referred to the disbursing office of the issuing unit, who, if satisfied that the claimant is a bona fide holder of the check, will issue to the claimant his official check and cite this paragraph as authority for the disbursement. The outstanding check will then be cancelled and transmitted to the General Accounting Office with other cancelled checks.

325. Should the original check have become lost or destroyed, the applicant for reimbursement must furnish an affidavit, describing the check, and stating in what way it was lost or destroyed, indorsements thereon, if any, and establishing his title thereto. This affidavit must be acknowledged before an officer authorized to administer oath for general purposes.

326. In addition to the affidavit, if the amount of the original check exceeds \$25, the applicant will be required to furnish a penal bond for twice the amount of the original check which may be secured by individual or corporate surety, for the protection of the Government against possible loss. Form 5-266 with suitable modifications should be used for this purpose. After the last clause in the condition on the bond form and opposite the word "witness" the following sentence should be added: "Wherever the words 'duplicate' or 'duplicate check' appear above it is hereby agreed that the words 'lieu check' are to be substituted therefor."

327. The affidavit and bond, when required, will be forwarded to the Indian Office with the recommendation of the disbursing office. The Indian Office, if satisfied that the claim of the applicant is valid and the papers are in proper form, will grant authority for the disbursement.

328. Unless and until proper space is provided on the appropriation ledger this account will be merged with Special Deposits but will be reported on a separate voucher.