



The Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Sergeant First Class Lindsay C.
Harrington, USA
File: B-222267
Date: October 10, 1986

DIGEST

Military member may not be reimbursed for a loss of \$81.01 he sustained in reconverting Honduran lempiras back to U.S. dollars at an exchange rate less favorable than the rate in effect on the date he converted dollars to lempiras. As a general rule, with limited exceptions not relevant here, the risk of incurring an exchange loss upon converting currency advanced for the purpose of temporary duty in a foreign country lies with the member. See 63 Comp. Gen. 554 (1984).

DECISION

The question for resolution is whether Sergeant First Class Lindsay C. Harrington, USA, may be reimbursed \$81.01 for exchange losses he incurred when he reconverted Honduran currency into United States currency.^{1/} Under the facts of this case, Sergeant Harrington must bear the loss.

BACKGROUND

In June 1985, prior to reporting for temporary duty in Honduras, Sergeant Harrington received a cash advance of \$805, which included \$405 for rental of an automobile. During an authorized stopover in Miami, Florida, he converted \$937 (the \$805 travel advance plus \$132 of his own funds) into Honduran currency at an exchange rate of .4025. Sergeant Harrington was unable to rent an automobile while he was in Honduras and was obligated, upon completion of the temporary duty assignment, to refund the \$405 amount which had been advanced for that purpose. At the conversion rate of .4025 in effect on the date he exchanged U.S. dollars for Honduran lempiras he received 1,006.21 lempiras for 405 dollars. At the end of the temporary duty assignment,

^{1/} The question was submitted by Major P. L. Capestany, Finance and Accounting Officer, Department of the Army, Fort Eustis, Virginia, and forwarded to us under Control No. 86-7 by the Per Diem, Travel and Transportation Allowance Committee.

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when he reconverted those 1,006.21 lempiras at an exchange rate of .3220, he received only \$325.99. Because Sergeant Harrington was required to refund the \$405 car rental advance in U.S. dollars, he was required to make up the \$81.01 difference out of his own funds. He has submitted a claim for the \$81.01 loss he sustained as a result of disadvantageous fluctuations in the exchange rates.

Members of the military are authorized to be reimbursed their actual and necessary expenses while engaged in temporary duty away from the permanent duty station. See 37 U.S.C. § 404 (1982). Implementing regulations are found in Part 4 of Volume 1 of the Joint Travel Regulations (JTR). Under these regulations, members may be reimbursed for the cost of commissions charged for conversion of currency and the cost of exchange fees charged for cashing Government checks issued in payment of travel expense in foreign countries. See 1 JTR, para. M4414 (formerly para. M4412). However, as a general rule the risk of incurring a loss due to fluctuating currency exchange rates would fall on an individual assigned to temporary duty in a foreign country. See 23 Comp. Gen. 212 (1943).

This Office carved out a narrow exception to the rule in 23 Comp. Gen. 212 in a case involving a civilian employee who was required to twice exchange currency to pay for accommodations in the Soviet Union. See Julian B. Hammond, B-185286, August 26, 1976. There, the exchange loss was directly attributable to a policy of the Soviet government which required official U.S. travelers to pay for hotel rooms with non-U.S. currencies then converted to Russian rubles. In that particular case we allowed reimbursement for the loss which occurred when U.S. dollars were converted first to Austrian shillings and then to Russian rubles since the conversion requirements not only resulted in an exchange loss but increased the cost of the accommodations occupied by the employee. That increased cost was reimbursed as a miscellaneous expenditure under authority now contained in Federal Travel Regulations (FTR), FPMR 101-7, para. 1-9.1d (September 1981), incorp. by ref., 41 C.F.R. § 101-7.003 (1985).

The Hammond case involved a civilian employee who was reimbursed under the authority of FTR, para. 1-9.1d which provides that miscellaneous expenses "when necessarily incurred by the traveler in connection with the transaction of business, shall be allowed when approved." For military members, analogous authority is contained in 1 JTR, para. M4420 (formerly para. M4416) which states that a military member may be reimbursed "necessary incidental expenses

related to the official travel" if the expenses were "necessary to the successful performance of the related duty and in the interest of the Government." Though we view these military and civilian authorities as analogous, we do not view the circumstances in Sergeant Harrington's case as analogous to those that justified reimbursement in Hammond since the currency exchange differential did not increase Sergeant Harrington's actual expenditures for travel to Honduras.

An individual who receives a travel advance in U.S. dollars and who chooses to convert all or a portion of the advance into a foreign currency is liable for any loss he incurs due to a currency devaluation. By the same token he is not responsible to account for any gain he may realize as the result of a favorable rate of exchange. See Chester M. Purdy, 63 Comp. Gen. 554, 555 (1984), and cases cited therein. Though we do not question the prudence of Sergeant Harrington's decision to exchange his travel advance and additional funds prior to departure from the U.S., the decision to exchange funds of a particular amount at a particular time was his own. The loss he incurred was a consequence of the fact that he exchanged amounts in excess of the costs he actually incurred and not to a requirement, as in Julian B. Hammond, B-185286, supra, that increased the costs he incurred.

Since a currency exchange loss is not one of the costs specified as reimbursable under 1 JTR para. M4414, and since it did not increase his actual travel expenditures as in Hammond, Sergeant Harrington's claim for the \$81.01 currency exchange loss is disallowed.

for Harry D. Van Cleave
Comptroller General
of the United States